

MOLDOVA

Mid-Term Evaluation

Private Farmers Assistance Program And Private Farmer Commercialization Program

December 6, 2002

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MOLDOVA

Evaluation Report

I. Brief Executive Summary

The Evaluation Team found that the Private Farmers Assistance Program (PFAP) and the Private Farmer Commercialization Program (PFCP) were being implemented as planned and achieving impressive results in support of USAID/Moldova's SO 1.3. With the minor changes detailed below, the Team recommends that both programs be continued through to their scheduled completion dates of 11/30/03 and 1/31/04, respectively. The Team further recommends that both programs be extended 18-24 months beyond those dates with increased emphases on sustainability and marketing. Finally, the Team recommends the rapid inauguration of a new Rural Finance Project, completion of an irrigation assessment and the initial planning for a new Agricultural Marketing and Competitiveness Program to be started as current agricultural assistance activities wind down.

II. Background and Summary Findings

A. General¹

Moldova suffered greatly with the breakup of the Former Soviet Union (FSU) as markets were lost, agricultural and industrial production declined, emigration took place, political instability occurred and infrastructure deteriorated. While the past two years have seen positive growth, there is still a long way to go to reach and surpass the levels of the late 1980s.

The agricultural sector is critically important to the long-run economic growth prospects of Moldova and is almost entirely in private hands (the exceptions being a few state-controlled processing entities). USAID has been heavily involved in reforming and restructuring the sector through land privatization and a number of other programs.

This evaluation looks at the results being achieved by the two major agricultural sector assistance activities in building from the privatized land base. It also looks forward to what next needs to be done.

¹ Annex I provides a more detailed, but still concise history of development in Moldova since the breakup of the Former Soviet Union along with a description of the general issues facing Moldova.

B. Private Farmers Assistance Program (PFAP)

1. Brief Description: In December 2000, USAID signed a three-year Cooperative Agreement (CA) for \$14,781,940 with East West Management Institute (EWMI) to provide post-privatization assistance to private farmers and rural entrepreneurs in Moldova. USAID funding was matched by \$3,676,006 of EWMI resources.²

The goal of PFAP was to contribute to the business success of private farmers in order to ensure that the transition to private farms resulted in sustainable economic growth. It was envisioned that the project's central office and nine regional offices³ would establish a network of institutions, primarily NGOs, which would provide support to private farmers and enterprises in rural communities throughout Moldova. A secondary program goal was to complete the privatization of collective farms in Moldova, particularly, in Gagauzia, and to initiate a pilot collective farm privatization program in Transnistria.

Specific PFAP objectives were:

- Development of a sound legal and regulatory environment to improve the environment for farmers and agribusinesses through the elimination of legal and regulatory impediments and, where appropriate, the drafting of new laws and regulations;
- Development of rural enterprises, including farmer cooperatives and producer associations, that purchase farm products and supply farm inputs or services including the formation of new enterprises and strengthening of existing enterprises;
- Provision of landowner legal assistance and information support to help ensure the protection of landowners' rights, and to improve the information provided to farmers throughout Moldova by continuing

² The Cooperative Agreement was amended on February 25, 2002 to provide funding to continue technical assistance for the Department of Privatization and the Ministry of Agriculture. The amendment increased total USAID funding to \$15,234,674 with the matching funding from EWMI remaining unchanged.

³ Established by EWMI during their previous USAID-funded project focused on collective farm breakup and resolution of farm debt issues.

publications to help farmers buy inputs and sell products and gain information about their rights and the development of their farms;

- Completion of collective farm and agricultural land privatization, including debt resolution, land titling, and registration of new private farms. Privatization would be completed for those collective farms that had entered the National Land Program, but that had not finished by December 2000, and on additional farms that decide to enter the program after January 2001 (task to be completed in 2001).

2. Summary Assessment: In pursuit of the identified objectives, PFAP has successfully undertaken and implemented a wide and substantive variety of activities. Program managers have been flexible and pragmatic, adjusting the activities and program structure to reflect the changing political realities in Moldova, and increasing the focus on the sustainability of organizations and institutions being created and/or assisted. PFAP has met and exceeded most of the quantitative goals set for major activities each year. Women have been successfully targeted and are major beneficiaries of almost all activities undertaken.

Through PFAP, very large numbers of people have received training and technical advice in a variety of areas with large numbers of needed rural organizations also created and/or strengthened. New management, accounting and other systems in these organizations have been put into place, dozens of business plans have been prepared, additional credit has been provided and thousands of new land titles have been issued and hundreds of thousands registered. An acceptable policy environment for agricultural development has been maintained. The grants program has been effectively implemented and has been an important supporting component, particularly for institution-building activities.

Assessing the actual impact of the various program activities on the lives of rural residents was, however, not possible in many cases. On an aggregate basis, the Evaluation Team was not able to determine, the number of additional jobs created, the amount of additional farm income generated or the degree to which rural residents are more satisfied due to program activities than they were earlier. Aggregate impact information has not been systematically collected or reported.

Nevertheless, the Team concluded, based on individual success stories and reported tangible impacts of program activities in some instances, logical cause-effect relationships for most activities and the solid PFAP record of meeting targets, that real economic and employment benefits from the program were being achieved. It was further concluded, and is strongly recommended, that the Cooperative Agreement should be continued until the current completion date of November 30, 2003 with a set of impact indicators developed, agreed upon with USAID and reported on in each Quarterly Report. During the remaining months of the existing CA, the Team recommends the project begin to shift the focus of both technical assistance and the grants program toward further strengthening existing organizations, as opposed to creating new ones. The Team also recommends that the analytic capacity of the PFAP policy reform team be expanded.

Beyond November 30, 2003, the Team recommends that PFAP be extended for an additional 18-24 months to build on results being achieved, consolidation and increased sustainability of activities supported and an orderly phase-down as new assistance activities are developed. During that period, the program should focus on strengthening existing organizations (Republican Union of APAs, the individual Agricultural Producers' Associations and business cooperatives) and making them financially self-sustainable. Relatively little emphasis during this 18-24 month period should be given to establishing new producer associations and business cooperatives. The grants program should be continued, but operating subsidies to the Republican Union, producer associations and business cooperatives should be reduced gradually over this period. Through the network of agricultural producer associations, the development of the agricultural SME sector should be aggressively undertaken with the grants program increasingly targeted on agricultural SME development. The support to the Savings and Credit Associations (SCAs) should not be continued during the extension, as a rural finance project should be operational by that time.

Finally, the extension should allow for the option to carry out a farm privatization program in Transnistria and to develop local agricultural support organizations, if it becomes politically possible. No specific funding should be allocated or budgeted for this purpose until the possibility exists.

More specific comments and recommendations on individual PFAP objective areas are as follows:

In developing a sound legal and regulatory environment, PFAP has not achieved the range of expected positive results (i.e., adoption of significant new legislative initiatives) due to the change in government. However, the PFAP legal and regulatory unit has met or exceeded the requirements of the Cooperative Agreement and has been very effective in preventing negative changes to existing legislation while promoting a number of regulations and smaller legislative changes. To further increase the unit's effectiveness and impact, it is recommended that the analytic capacity of the unit should be strengthened beyond the current legal/regulatory orientation as soon as possible. The unit should also develop the capacity to conduct research that will inform policy, since data is limited and of questionable quality. During any PFAP extension period, the identified elements of an expanded policy support effort should be continued.

In addition to these changes, the Team recommends that the legal and regulatory unit change their activity reports to include some discussion of the political context of work completed and not simply be a list of laws and activities undertaken. This analysis of the political context would make the reports much more useful to the Mission staff.

In developing rural enterprises, PFAP has successfully helped establish a large number of business cooperatives with a recent emphasis on those providing mechanization services. Cooperative membership is growing and many cooperatives are providing valuable services to members. PFAP has also embarked on a very comprehensive set of activities to strengthen the regional Agricultural Producers' Associations (APAs), which were established during a previous project. Responsibility for a variety of technical assistance, training and service provision areas was transferred from PFAP regional offices to the regional business centers operated by and within APAs. This is an excellent strategy for long-term sustainability of these types of farmer support activities. PFAP recognizes that the APAs will not be financially self-sustaining by the end of the project, but is putting considerable effort into working on sustainability strategies with these organizations, as well as developing the capacities and strategic vision of the Republican Union. Marketing information and services is an appropriate, growing emphasis area of the Union.

The Evaluation Team recommends during the last year of the CA that the project focus increasingly on strengthening existing rather than creating new

APAs or business cooperatives. During the recommended extension period for PFAP, assistance should be provided to the Republican Union and regional APAs in such a way that the network of these organizations reaches at least 70 percent financial sustainability by the end of 2005.

Further, since more than 50 percent of the Moldovan population lives in rural areas and is engaged in agriculture, it is strongly recommended that the project very aggressively support agricultural SME development during the extension period. Finally, collaboration among programs such as was achieved between PFAP and 2KR in developing and strengthening private technology (machinery) parks should be continued and expanded whenever possible.

In the Savings and Credit Association area, grants to the Moldovan Micofinance Alliance (MMA) from PFAP have been effectively used in creating SCAs, training SCA members and staff and developing operational manuals. With nearly 500 SCAs having been established no further assistance for that purpose seems necessary. Further strengthening of existing SCAs and a strategy to make the MMA sustainable is needed, but should be part of a larger effort focused on rural finance in general (see Section VII below). For PFAP, very limited assistance to the SCA system during the next year is recommended with no assistance after January 2004.

The grants program has been a critical element of PFAP's strategy for developing and strengthening an array of rural organizations, including business cooperatives, SCAs, APAs and NGOs that providing training, information and other services. Over 130 grants totaling over \$2.2 million dollars have been made. Administration of the program has been transparent and effective. The Evaluation Team believes that a grants program should continue to be a part of the PFAP assistance arsenal over the next year and in any extension period. A more strategic use of such grants in the future with a greater focus is recommended. This probably means fewer, but perhaps larger, grants particularly during any CA extension period.

The assistance by the PFAP legal team to landowners and small and medium-size enterprise owners through arbitration and legal assistance has been provided very effectively. Responsibility for direct consultation of individuals is being turned over to the APAs, but continued PFAP team oversight and training to facilitate this process is recommended until the Cooperative Agreement ends. The upcoming USAID-supported land rights

project may cause an increase in legal issues involving land. Since about one-half of the arbitration cases already involve land and property shares, it would also seem appropriate to retain some PFAP involvement and oversight capacity in the arbitration/legal areas during any extension period.

The information dissemination effort of PFAP has been prolific and wide-ranging. Materials developed have been especially important for training and informational purposes. This element of the program should be continued to the end of the current project, but scaled back substantially during any PFAP extension period. Support to information dissemination mechanisms (i.e. *Farmer*) should continue, with continued emphasis on transition to sustainability. In an extension period, the APAs and extension networks need to be involved in information and training material dissemination to maximize results.

For several reasons outside the control of PFAP, not all collective farms in Moldova entered or fully completed the privatization process. Within the project and legislative timeframes, PFAP was very successful in land titling (124,630 titles issued), property distribution (65,000 extracts on property shares issued), debt resolution (30 collective farms liquidated) and land registration (862,220 land titles registered). No additional PFAP support should be provided for farm breakup or titling/registration unless a new opportunity arises in Transnistria.

C. Private Farmer Commercialization Program (PFCP)

1. Brief Description: On February 1, 2001 USAID signed a three-year Cooperative Agreement for \$12,078,657 with the Citizens Network for Foreign Affairs (CNFA) as a follow-on activity to the USAID-financed and CNFA-implemented Agricultural Partnership Project (AP I). The purpose of PFCP was to build upon the success of the USAID Farm Privatization Program and AP I by providing private farmers with access to essential inputs, credit, and output markets as well as technical assistance. The overall objective was to support USAID efforts to ensure that Moldova's private farmers achieve economic success. The \$12 million of USAID funds allocated to the program was to be matched by local partners who were expected to provide an additional \$14.0 million of investment.

During the three year CA period, CNFA was to build on the core structures it had established in the earlier project. An integrated approach that not only

provided input distribution and credit to new farmers and linked farmers to effective markets, but also that strengthened the capacities of key elements in the value-adding chain, particularly in areas of distribution and food processing was to be further developed. The program was to reach 90,000 additional Moldovan private farmers and to strengthen Moldova's capacity to process and market high value food through the following components:

- Launching 75 additional community level farm stores during the three years of project implementation period to provide a greatly expanded input supply, credit and market network to thousands of new private farmers;
- Developing nine new agribusiness partnerships, including four new farm service centers and five partnerships to improve Moldova's capacity to produce high value fresh and frozen products and to compete in world markets;
- Expanding credit programs in collaboration with participating Moldovan banks, World Bank, the Rural Finance Corporation, IFAD and other donor agencies;
- Increasing the emphasis on high impact effective training in farm management, business planning and cooperative development; and
- Promoting policy reforms that support both private farming and the development of competitive, world-class food processing and marketing enterprises.

2. **Summary Assessment:** The PFCP has remained very much on-schedule in opening farm stores and in establishing agribusiness partnerships. The farm stores are providing growing volumes of needed inputs and services to a client base of both small and larger farmers. Ownership of farm stores by cooperatives has been less than expected. The diversity of agribusiness partnerships is commendable as is the advanced technology being introduced and the increasing focus on outputs and marketing. The credit program through USDA-funding and the support for Savings and Credit Associations via the Small Enterprise Development Program using agribusiness volunteers have provided appropriate and valuable support for the farm store and partnership program elements. The PFCP has not been very important in the policy development arena, but the monthly roundtables they have organized do serve as a forum for discussion. Sustainability has been an explicit consideration for all their activities and the environmental compliance program has met program requirements while also having a demonstration effect in Moldova. Reporting on activities has been

comprehensive and clear with aggregated and disaggregated data on sales, clients, jobs created, local investment, etc. Impact indicators have been included in all farm store and partnership proposals and matching investments by local partners have been obtained as projected.

The Evaluation Team recommends that the PFCP be continued until February 2004 with only small changes. The remaining farm stores should be established, before August 31, 2003, with continuing attempts to increase the numbers owned by cooperatives and a heavier effort on including a marketing element. The strategy of working with existing SCAs rather than establishing new ones should be continued. The agribusiness partnership program should increasingly focus on marketing, solving marketing constraints and market development. A detailed analysis of marketing opportunities for Moldovan agricultural products should be undertaken as soon as possible in collaboration with other entities, such as IFAD and the Moldovan Export Promotion Organization. Monthly roundtables should be continued as long as they remain low cost in terms of staff and funding required.

The Team also recommends that the PFCP be continued for another 18-24 months beyond the current CA completion date to take advantage of the experience gained, to maintain existing program momentum and to involve smaller firms in the partnership program. During this period a new activity in marketing and competitiveness should be developed.

Specific comments on the individual PFCP objective areas are as follows:

The projected number of farm stores by the end of the current Cooperative Agreement (75 new + 10 existing = 85) appears adequate given the coverage that this network will provide and the increased availability of inputs from other sources. The addition of marketing services in recent farm stores adds a very necessary dimension that addresses a need emphasized again and again to the Evaluation Team and should be continued. Unless unexpected and overriding reasons emerge, no new farm stores should be established after August 2003 although, as indicated below, marketing services may be added and monitoring of performance should be continued. The number of SCAs that now exist in Moldova are considered by most to be adequate to meet demand. Instead of creating additional SCAs in association with development new farm stores, PFCP should, therefore, work with SCAs that already exist in the area.

In selecting agribusiness partners, PCFP has responded to market needs and demand by shifting toward agribusinesses that are export-oriented rather than only input-supply entities. Implementation of these partnerships has been fully satisfactory with very good matching fund contributions. The linkages with other donors in these activities has been effective and allowed good leveraging of funds. The partnerships (flash freezing, controlled atmosphere storage, seeding production, input supply services, viticulture nursery) have introduced new technology and provided valuable demonstrations of what is needed and possible to be competitive in a market economy. Modest levels of additional employment have been created. There has been a tendency to work with larger, relatively well-established firms.

The Evaluation Team believes that PCFP activities should continue through the current agreement completion date of January 31, 2004 largely unchanged, although additional attention to marketing is recommended. An export marketing study should be undertaken during this period.

An extension of PCFP for up to two years is also recommended. During the extension period, firm level assistance via smaller agribusiness partnership grants focused on medium-sized enterprises should be provided with lower matching grant requirements and greater flexibility in funding equipment. The growing emphasis on marketing and exports in these partnerships should be continued. Additional farm stores should not be funded during the extension period (except in Transnitra if the opportunity arises and in very exceptional cases elsewhere). Where opportunities exist within existing stores to add marketing services such additional assistance should be considered.

III. Evaluation Approach

A. Process

USAID/Moldova prepared a detailed Scope of Work (SOW) for the Evaluation, included as Annex III. This SOW provided the parameters for the evaluation, general guidelines for evaluation and a list of illustrative questions. Prior to arrival, to provide context and an understanding of the Project arrival, the Evaluation Team reviewed available published information about the project provided by USAID/Moldova.

B. Schedule

The evaluation was conducted over the period from 10/28/02-11/23/02. Different team members (3) from USAID/Kiev participated from 11/06/02 – 11/22/02, AIDW team members (2) participated from 11/07/02-11/22/02 and USAID/Chisinau staff participated over the entire period. A detailed list of sites and organizations visited is included in Annex II.

IV. Private Farmers Assistance Program - Detailed Component Descriptions and Results Achieved

A. Improvement of Policy, Legal and Regulatory Environment

Objective: The objective of this component was to create an enabling environment for private farmers and entrepreneurs.

This was to be accomplished in several ways. First, over 200 legal and regulatory impediments to the further development of private farmers and entrepreneurs in Moldova that had been identified in the 1999 policy study were to be eliminated and, when appropriate, new laws and regulations drafted. Second, to preclude the enactment of laws and regulations that might expand government control, and thereby increase business costs and uncertainty, a review of proposed laws/regulations was planned. Third, PFAP implementers were expected to serve as advocates for test court cases that would help define or refine the environment for farmers and enterprises. Fourth, evaluation studies to determine baselines and measure the impact of PFAP activities as the program evolved were to be carried out. Finally, analyses of input/output price relationships, as well as agricultural input supply and distribution, were planned.

Illustrative and Important Program Accomplishments:

- a) Laws developed and promoted: 116 legal and normative acts developed (versus 120 planned).
- b) Newsletters (issue papers) prepared: 27 newsletters (issue papers) prepared and disseminated (versus 15 planned).
- c) Studies and surveys: 5 studies and surveys conducted (versus 5 planned).

- d) Informational materials: 26 information pieces published (versus 11 planned).
- e) Legal assistance in settling disputes: EWMI monitored and provided assistance in 16 legal cases (versus 18 planned).
- f) Implementation and support of legal advisory units in the Ministry of Agriculture and the Privatization Bureau (on-going).
- g) A variety of training seminars for private farmers, farmer associations, rural NGOs, government officials, lawyers and judges on interpreting and implementing laws, and regulations (on-going).
- h) Other seminar and consultation activity (on-going).

Evaluation and Recommendations: The PFAP legal and regulatory unit consists of three lawyers and two economists working within PFAP. This internal policy team is assisted by a team of 5 lawyers located in the Ministry of Agriculture (MinAg) and a team of 10 people in the Department of Privatization.⁴

The PFAP and MinAg team have been successful in developing a legal and regulatory environment that gives private farms, agribusinesses and agricultural associations an opportunity to succeed or fail without government interference (See below for a discussion of the privatization team). Accomplishing this has been extremely difficult considering that the communist government (which took power shortly after PFAP began) had a stated aim to roll back market reforms and reintroduce collectivized agriculture. PFAP's policy team has devoted as much time and effort in preventing the adoption of regressive laws and regulations as in developing an enabling environment. The unit's most significant success has been in leading the effort against re-collectivizing agricultural land. The project collected data and developed sound arguments used by donors and International Financial Institutions to convince the GOM not to adopt changes to the land code.

⁴ Both groups are financed and supported by PFAP at USAID's request.

A significant factor in PFAP's success derives from the project's ability to maintain good communication with government managers and decision-makers. The unit leadership and associates are known and respected by GOM officials. The policy unit within PFAP is led by a former high level parliamentarian, and works closely with the Republican Union of Agricultural Producers' Associations, which is headed by the former Deputy Prime Minister responsible for Agriculture. Additionally, PFAP often commissions studies from Moldovan NGOs that have former high-level government officials on-staff. Because PFAP's spokespersons are known and respected within the system, PFAP recommendations have credibility and are presented in the language used by officialdom in Moldova.

The PFAP quarterly reports contain the translated text of the written communications to GOM. However these numerous, and sometimes voluminous communications, are not presented in an understandable context and their opacity is heightened because they are in GOM jargon. In the future, the Team recommends that the legal and regulatory component of the quarterly reports do not contain literal translations of draft legislation. Instead, the report should provide summary overview of each legislative initiative, a discussion of the context (i.e., the constraints it is intended to address and amount of support or opposition that any given initiative faces) and the potential impact of the initiative.

Another important reason that PFAP communications are listened to and their recommendations implemented is that at least forty percent of the work done by PFAP lawyers based within government agencies is in response to requests of the GOM. PFAP provides salaries for highly competent professionals that the GOM can't afford to hire on its own. In return for this direct support the GOM has empowered PFAP professionals to review all of its own recommendations for change. This enables PFAP to stay on top of all the legislative and regulatory changes being proposed.

Finally PFAP communications are successful because in addition to working on suggestions from the GOM, PFAP provides a communication channel for the private sector and international donors to the government. More than one-half of the legislative and regulatory proposals made to the GOM are based on requests received from this group.

Although PFAP has mastered numerous communication channels to deliver proposals for legislative and regulatory change, the group lacks the capacity

to undertake policy analysis. While the CA did not require that PFAP have this capacity, the need for such analysis has become apparent. PFAP has undertaken a few policy studies internally and hired external analysts for other studies. These studies have provided the project and the wider donor community with useful arguments with which to counter the current government's revisionist tendencies.

For example, the newly-elected GOM wanted to support the reintroduction of collectivized agriculture by setting up government farm machine centers to provide services to collective farms. Instead of directly dismissing this plan, PFAP consultants presented data comparing the investment in farm machinery made by Moldova's private farmers to investments made by collective farms. PFAP studies showed that Moldovan private farmers had purchased over a thousand pieces of agricultural machinery in 2000 and 1200 pieces in 2001. In contrast, during the last four years of collectivized agriculture, no new farm equipment had been purchased. GOM realize that they could not provide this support equal to that mobilized by the private farmers and they came to appreciate the information that PFAP had provided. PFAP continues to analyze government initiatives and is able to mount appropriate responses.

PFAP will undoubtedly continue to have success in the development and adoption of an enabling legislative and regulatory framework for private agricultural production and agribusiness. However, these initiatives derive from current business needs. It is less clear what the mid-term and long-terms needs and strategies for sector development are. An analytical team within PFAP should be prepared to provide this kind of leadership. One of the key areas for such analysis will be in the legislative and regulatory constraints to exports. As private agricultural enterprises expand their horizons to participation in export markets, the need for this analytical support will be critical. We recommend that PFAP's legislative and regulatory unit be expanded to provide such analysis and policy advice.

PFAP's capacity to do the type of analysis will be inhibited by the lack of reliable statistical information regarding economic performance, and other social and demographic data. For example, official Moldovan statistics on agricultural performance are based solely on reports provide by 851 large farms (farms over 500 hectares each). Data is not collected from the more than 500,000 private farms or from farms of less than 500 hectares. This means that data is not collected on farms that account for over half of

Moldova's farmland. Demographic statistics have not been updated since 1989. In order to conduct sound analysis, the PFAP team may need to collect some data directly.

The PFAP legal and regulative team spends a significant amount of time (approximately 20 percent) working with other USAID projects, USAID, and other donors. The team provides other donors, particularly the World Bank, with most if not all the information used by the Bank to develop its agricultural-related programs. Work with other USAID projects, such as Bizpro, coincides more with the original scope of work in that it targets legislative and regulatory changes to facilitate business. However, the most significant interaction the PFAP legislative unit has with other projects is with PFCP. PFAP provides PFCP technical assistance recipients with the opportunity to remove regulatory barriers. This is particularly meaningful because PFCP has no policy or legislative component other than monthly policy roundtables. These policy roundtables, with a broad variety of participants, provide opportunities for policy or business discussions, but have no direct connection to GOM policy. On the whole it appears that PFAP provides significant benefit for USAID in creating a supportive legislative environment and communicating information about the legislative environment out to other donors, Moldovans and the GOM.

To summarize, the PFAP legal and regulatory unit has met or exceeded the requirements of the CA. The activity of this unit should be continued to the end of the CA, including any extension period, but with modifications. Three changes are recommended. First, the analytic capacity of the unit should be strengthened to go beyond the original analytical framework for reform developed in a 1999 policy study by CARANA/EWMI that is now largely irrelevant. Second, the unit should develop information gathering capacity because all information about social and economic conditions in Moldova is unreliable, if available. Third, the unit should provide quarterly reports that focus on the political context of activities undertaken rather than providing lists of laws and activities undertaken.

B. Development of Rural Enterprises

Objective: The objective of this component was to develop multiple ownership enterprises and organizations that purchase farm products and supply farm inputs or services with an emphasis on business cooperatives. Work would be linked to other organizations and projects.

In implementing this component, an array of activities has been undertaken involving a large number of local organizations. These can be divided into four general areas – institutional support to APAs and the Republican Union of Agricultural Producers, support for business cooperatives and private agri-businesses, micro-finance, and assistance to CNFA’s farm stores. Each of these is discussed below.

1. Institutional Support to the Agricultural Producers’ Associations (APAs) and the National Union of Agricultural Producers’ Associations

HIGHLIGHTS OF THE 10 AGRICULTURAL PRODUCERS’ ASSOCIATIONS:

- **901 members** from all Moldovan counties;
- **507,540 hectares** of land farmed by members which represents **over 30%** of the farmland in Moldova;
- APAs members lease land from **301,474 landowners** (**28.7%** of all Moldovan landowners);
- **network of 10** well equipped and staffed **Business Centers** (with **21 branches**) providing technical services and advocacy to agricultural producers;
- **growing network of Mechanical Services Centers** providing a wide range of mechanical services to rural entrepreneurs and landowners (10 such centers opened so far).

Illustrative and Important Program Accomplishments:

a) Regional PFAP centers were closed and most functions of those centers transferred to business service centers within the regional APAs.

b) A training plan was developed for each of the APAs and training is continually provided in a number of areas. For example, during the period July-September 2002 11 seminars were conducted for Business Centers’ specialists:

- Marketing ABCs – three seminars;
- Marketing for Export;

- Promoting Agricultural Products at Exhibitions;
- Financial Analysis procedures;
- How to Create a Business Plan for a Grant Proposal;
- Analysis of Financial Reports for Business Cooperatives;
- Taxation of Agricultural Business Cooperatives in 2002;
- Strategic Planning Procedures – two seminars.

c) Using the opportunity offered by PFAP's Small Grants Program, EWMI's financial experts developed a series of activities focused on teaching APAs how to write a business plan for external funding (e.g. grants). APAs financial specialists were offered a detailed theoretical training on this topic, followed by several practical exercises.

d) In the field of marketing research, EWMI organized a training/commercial mission to the Republic of Belarus. This mission's major goal was to provide on-the-job training to APAs' marketing specialists in exporting agricultural products, identifying the needs of a specific market and conducting business negotiations. A total number of 11 people participated in this training/commercial mission, of which 7 were marketing specialists from regional Business Centers and 4 – farmers-entrepreneurs.

e) In order to help APAs to match their clients' requests in the land and property lease areas, EWMI legal experts developed a set of practical recommendations and comments regarding lease relations. In addition, they developed a model contract, which can be used by regional Business Centers. Special emphasis was put on teaching APAs' legal specialists to tailor the lease agreements according to farmers' needs and requests.

f) To enable regional Business Centers to provide support in the field of accounting, EWMI purchased a basic package of accounting software – 1C program – and adapted it to the requirements of accounting in agricultural business cooperatives. The adapted version of this software is now being distributed and installed in Business Centers. A similar package of software is currently being adapted for the specifics of accounting in other types of agricultural enterprises.

g) Another software tool delivered to all 10 regional Business Centers was a software package for monitoring the activity of business cooperatives.

EWMI technical experts provided regional specialists with all necessary instructions on installation and proper use of this software.

h) With PFAP staff support, Republican Union specialists prepared and distributed to the APAs as a sample list of paid services that can be offered to farmers. This document was discussed with each association, modified and adopted by members of associations within their general meetings or councils.

i) To raise managerial capacity of member associations, in close cooperation with specialists of PFAP/EWMI/Soros Foundation Moldova, RUAP continued to train specialists of business centers in marketing, accounting, finance, and cooperative creation. A special study tour to the United States on Farmer Organizations development for top managers of associations and Republican Union provided valuable experience in the field of building associations and conducting their daily activities.

j) In partnership with the Moldovan- Japanese project 2KR, ten Mechanical Services Centers were established and equipped under PFAP. These centers would offer agricultural equipment (plows, tractors, harvesters, seeders, etc.) and services to local farmers.

k) As an advocacy organization, the RUAP recently forwarded three official proposals to the public administration. The Ministry of Agriculture and the Parliamentary Commission for Agriculture agreed with proposals regarding modification Tax Law paragraph 277 and promoted the proposals within the government. The Ministry of Agriculture and Food Industry also agreed to improve the fiscal environment for agricultural producers and to consider such proposed changes in the process of elaboration of the next year's state budget. The last proposal to the Ministry of Economy, Ministry of Finance and Ministry of Agriculture and Food Industry was triggered by rapid price rises at the beginning of fall on 10-15 percent for the fuel (diesel oil). This proposal is still pending.

l) A tender was conducted to develop a software package to manage updated information on agricultural products offered for sale. Four local teams experienced in software programming participated and the best was selected and hired. The new database will replace the existing one (based on Microsoft Excel) and will increase the quality standards for information exchange.

m) Three new Agricultural Producers Associations have been registered and have applied to become members of the Republican Union.

Evaluation and Recommendations: The transfer of many of the activities and responsibilities of the regional EWMI (PFAP) offices that existed at the beginning of the project to Business Service Centers in Agricultural Producers Associations has proceeded well. The transfer to these existing entities rather than the creation of new NGOs reflects probably the best available strategy to develop a network of self-sustainable organizations providing the types of services PFAP was designed to supply. Strategy and planning assistance to the APAs provided by PFAP during this on-going process has been systematic and excellent in scope and quality. USAID-funded and EWMI-funded grants to the APAs have been very important in developing capacity and meeting operational costs.

The services being provided by the APAs cover a good range of producer needs, and APA staff seems capable of providing the needed services. Elected leadership of the APAs appears very committed. Clearly the APAs will require additional and on-going assistance in implementing and adjusting plans to provide services and to move toward self-sustainability. Some examples of the real impact that the APAs are having are available, but the Evaluation Team did not locate a comprehensive collection and reporting system of these impacts. Such a system is needed to capture the impact that PFAP is really having. The Team recommends that a series of impact indicators be identified, regularly collected, aggregated and included in Quarterly Reports.

Similarly, the development of the Republican Union of Agricultural Producers' Associations to serve advocacy and market information roles for the agricultural sector seems a very desirable long term objective. The elected president of the Union is exceptionally well qualified and has the credibility and experience needed to lead this effort. Nevertheless, the Union does need to be realistic in planning for the future. Identifying sources of funding and developing revenue-generating strategies are clearly necessary, but will probably be more difficult to achieve than PFAP and Union staff appear to believe.

For the APAs, the real questions are how to achieve financial sustainability and what is a reasonable timeframe to do so. The level of self-financing

from member dues and services is increasing. APAs are considering the development of additional revenue sources from input supply, marketing services or other agri-business ventures. Nevertheless, current projections indicate that for most of the APAs sustainability is probably not feasible until beyond 2005. Additional grants to sustain current momentum will be necessary and should be provided, though on a gradually declining basis. In addition, in both the near term and during an extension period, focused attention on attaining the maximum degree of financial sustainability is an absolute requirement.

Financial sustainability of the Republican Union is obviously tied to the sustainability of the APAs. For the Union, there is also a need to determine the level of effort to be devoted to advocacy and other possible functions such as policy analysis, market information, the provision of marketing services at an aggregated level, development of agricultural input or other agri-business related services such as insurance. There is an important continuing role for PFAP in advising on what is feasible for the Union and helping make that happen while ensuring that Union self-financing also increases as rapidly as possible. Continued technical assistance support combined with targeted grant support for the Union over the next year and during any extension period is recommended.

2. Strengthening Business Cooperatives and Other Rural/Agricultural Enterprises

Illustrative and Important Program Accomplishments:

a) The number of business cooperatives registered from program beginning with the support of PFAP is 132. Business cooperatives' have 8,607 members (5,787M / 2,820F).

b) According to PFAP data, thirty-four agricultural enterprises (including 22 business cooperatives) signed agreements with PFAP and/or APA Business Centers for assistance with financial management, business plan development, applications for bank loans and grants, and business evaluation. Assistance in organizing accounting and preparing financial statements constituted the subject of 38 agreements (24 of which were signed with business cooperatives). Thirty-five enterprises (including 16 business cooperatives) requested the following marketing services: market research or assistance in marketing the agricultural produce. Legal

assistance, including preparation of contracts, assistance in settling commercial disputes and consultations on legal aspects related to private businesses was requested by 37 enterprises (including 11 business cooperatives).

c) With some overlap with the above, 108 enterprise strengthening programs have been completed – 48 with business cooperatives and 60 with other agricultural enterprises. These included: business plan development (38), preparation of (PFAP) grant applications (35), preparation of other grant/credit applications (24) accounting and financial statement preparation (59), market research (23) legal support and assistance, including legal representation (46).⁵

d) Results from the 108 strengthening activities include 19 enterprises have received bank loans totaling \$163,000, 15 enterprises marketed products in the amount of \$105,000 and 4 enterprises concluded contracts in Belarus to sell products valued at \$772,000.

e) Business cooperative monitoring is also an important segment of strengthening efforts. Financial and legal activities, as well as human resources are evaluated within this process. Based on monitoring recommendations, elimination of drawbacks in the activity were developed and submitted to cooperative managers. These included, for example, the need for training the accountant and council members, the need for promoting the business cooperative activity and attracting new members, ways of optimizing/reducing costs. From the beginning of the Program, 97 business cooperatives have been monitored by the APA Business Centers.

f) Financial support has been provided to active business coops via the PFAP Small Investment Grant Program. Thirty-three coops, providing technical services to local farmers, have obtained grants in the amount of USD \$148,000 and received 15 tractors and 77 units of other agricultural equipment. This has allowed them to increase the range and volume of services, the efficiency and quality of the services, to promote better their activities and to secure additional cooperative members. As a result of this expanded availability of services, prices for securing machine services has decreased by 15%.

⁵ Numbers refer to number of services provided in each area. A single strengthening program may include more than one kind of service.

g) Accounting systems have been implemented in 153 enterprises, including 135 business cooperatives while accounting specialists have provided over 9,500 consultations.

h) Institutional support for business cooperatives including training for the manager, council members and business cooperative members, preparation and holding of the first General Meeting has been provided. Ninety-three training seminars have been held for cooperative members, management, and council members. The following topics were covered: "The role and responsibilities of business cooperative management bodies", "Organization of accounting and specifics of accounting in business cooperatives", "Financial statements in business cooperatives", "Development of business cooperative regulations", "Keeping member registries in business cooperatives", "Preparation for the General Meeting and presentation of the budget at the General Meeting". During these seminars the participants were instructed on how to conduct general meeting.

i) Women's clubs created under the National Land Program in 37 locations throughout Moldova have been supported via training. Twenty-four training courses especially for women have been presented. Two business cooperatives are managed by women while 2,820 women are members of cooperatives. Women also comprise about 51.6 percent of all Savings and Credit Association members.

Evaluation and Recommendations: PFAP has achieved fairly good success in assisting the development of and registering business cooperatives seeking to provide needed services to members and a limited number of non-members, although only 93 out of the 132 that were registered are currently engaged in economic activities. The combination of technical assistance in a variety of areas with financial resources provided through PFAP grants has given many of them a structure, a stock of income-generating resources and the business skills they need to be successful. PFAP and APA staff are correctly promoting cautious expansion and their message is being heeded by the groups they are advising. The machinery-based cooperatives appear to be particularly well-planned and effective in providing needed services at lower costs to members while maintaining a fee structure that covers all costs including replacement.

Current plans to achieve a modest expansion in the number of new cooperatives registered (20 is the target for 2003), as well as increases in the membership in already registered cooperatives (from 8,607 to about 12,000) are right on target. All of this work is carried out through the APAs. Deepening the capacity of existing cooperatives rather than large increases in the number of new cooperatives is (and should be) the emphasis over the next year. Such a strategy should also be followed in the longer-term. Fewer, stronger business cooperatives will be better able to meet member expectations and provide needed services than larger numbers of cooperatives with weak membership and/or capital basis.

The program of APA business center provided, fee-based support to other agricultural enterprises in areas such as financial management, marketing, accounting, technical issues and legal services has also been effective and should be continued. Limited grants for these purposes may be provided, but only for clearly-defined, economic purposes. Assistance in securing loans and/or grants from non-PFAP sources should be a priority. The Team strongly recommends the continuation of this activity until the end of any CA extension period. The promotion of agricultural SME development should be an important element of the APA support program.

3. Strengthening Savings and Credit Associations (SCAs)

PFAP's contribution to strengthening Savings and Credit Associations has been conducted through its grant program. During 2001 and 2002, PFAP provided grants to the Moldovan Microfinance Alliance (MMA), a non-governmental organization that provides technical support to Savings and Credit Associations. In 2001, two grants (for \$200,000 and \$18,130) were made for the establishment and training of SCAs. In 2002 four grants were made to MMA. One grant for \$170,000 was to support the establishment and training of SCAs. Another three grants were made for other specific activities, including one grant of \$4,000 for the creation of a manual for SCAs. The other two grants were related to business cooperatives, not SCAs.

MMA provides training to SCA staff in the areas of 1) Portfolio evaluation, 2) Financial Planning, 3) Risk Management, 4) Internal Audits, 5) Accounting for SCAs, and 6) Credit Analysis. The participants at these seminars are generally SCA accountants, bookkeepers and managers. MMA also monitors SCAs, provides technical assistance and consultation in

preparing quarterly financial statements and tax reports, holding general meetings, tracking portfolio performance and other indicators.

Illustrative and Important Program Accomplishments:

According to PFAP grant program information package provided to the evaluation team, MMA accomplished the following over the time period of the grants. However, the training and consultation figures may be inaccurate since there have been shifts in categorization used by PFAP and MMA:

- Created 55 new SCAs;
- Held nearly 1,200 training sessions, attended by over 14,000 people (<8,000 women). Participants in these training sessions represented 180 SCAs;
- Provided over 1,900 consultations to (almost 31,000 representatives of) 169 SCAs;
- Produced two manuals for SCAs: “Accounting for SCAs” and “SCA Managerial Control System”.

Since its inception, MMA has created 235 SCAs, with over 21,600 members, or approximately half of the active SCAs operating in Moldova today. The majority of the remaining SCAs were created with the support of the Rural Development Center (RDC), through support from DFID, USAID and other donors. A very few SCAs emerged spontaneously, but have subsequently received assistance by one or the other NGO. Of the SCAs created by MMA, 21 are no longer active. Of these, 17 received their loans from Rural Finance Center, and were therefore not covered by a monitoring and service agreement with MMA.

PFAP provides information on MMA’s cost for creating SCAs. According to this information, the cost of creating the associations increased from 5,800 lei in 2001 to almost 6,800 lei in 2002. According to MMA, the cost increase is primarily due to an increase in licensing fees. Cost figures do not include most overhead costs although they do include the salary for one specialist who is assisting the SCA formation. Creation costs per SCA were not available for RDC, so a comparison is not possible. In any case, while this cost indicator can be used as a proxy for evaluating the overall cost of services provided, creation of new SCAs will not be a major thrust of future activity in the sector.

Over the grant period 2001-2002, the 235 SCAs that were created by MMA have made over 33,000 loans valued at \$6.1 million (17,000 loans worth \$2.9 million in 2001, and 16,606 loans worth \$3.2 million in the first three quarters of 2002). In 2002, AgroInd Bank alone provided approximately \$2M of credit to these SCAs under an agreement with Soros Foundation.⁶ Soros provided a \$1M guarantee fund to AgroInd (for coverage of losses up to 25 percent), with the understanding that AgroInd would commission MMA to monitor, consult and provide training to the SCAs receiving these loans. Approximately 80 percent of the MMA SCAs (188 SCAs) are receiving loans through AgroInd Bank. Of the 235 SCAs that MMA has created, 22 have loans in arrears as of September 2002, and 39 were experiencing losses overall.

Evaluation and Recommendations: MMA and RDC both appear to have done a good in creating and training the SCAs that exist throughout the countryside. There does not appear to be any inherent difference between the SCAs created by one of the NGOs over the other. There is still significant work to be done to strengthen the rural financial system. Training of the type offered by both MMA and RDC will be an important component of efforts to strengthen SCAs as a part of this system. However, direct budget support to MMA (or RDC) may not be the most effective means of strengthening the overall system. This direct support to the NGOs may undermine the ability of the National Federation of SCAs to act as the clearinghouse and coordinator for SCA training.

At this time, both NGOs are almost completely donor-supported, with no plan or intention of shifting to a more sustainable long-term budget strategy. While their role as a service provider should continue to be subsidized by donors in the near-term, it is advised that their services be procured through the Federation on a fee basis. (For more on the rural financial system and National Federation, see recommendation section below.)

⁶ In 2002, AgroInd Bank loans to SCAs totaled \$4M, and represented approximately 49% of the loans capital to this sector. The other 51 percent came from RFC, whose market share had decreased from 75 percent in 2001 due to inadequate funds. Both AgroInd and RFC loan to SCAs at 14.5% interest, with further declines in interest rates expected for next year.

4. Assistance to CNFA Farm Stores

Illustrative and Important Program Accomplishments:

a) A total of 32 farm stores have been strengthened in partnership with CNFA. Of these 32 farm stores, 20 benefited from services by AGROSTOC, a PFAP grantee. Of these 32 farm stores, 20 farm stores were assisted by ACAI-NGO under a PFAP grant for training and other assistance (including creation of 11 demo plots). Under a grant awarded in 2002 by PFAP to ACAI-NGO, an additional 26 farm stores will be strengthened in 2002 - 2003.

b) A grant of \$200,000 was provided to AGROSTOC Cooperative, the agricultural input buying cooperative established by CNFA, to help capitalize the organization.

c) In the third quarter of 2002 “ACAI-Inform” NGO, under a grant from PFAP, developed a promotion activity of high quality inputs and crop diversification for agricultural producers. For this purpose, 11 demonstration plots were organized within the framework of farm stores created by CNFA. The results obtained on the demonstration plots have contributed to:

- promotion of improved inputs (seeds, fertilizers, pesticides etc) and subsequent increase of farm stores revenues;
- improvement of farmers’ knowledge in using modern crop production technologies;
- training of 585 private farmers and 165 students, members of Young Farmers’ Clubs.

Evaluation and Recommendations: It does not appear that this PFAP sub-component has achieved all of the results expected in the first workplan. At that time, it was expected that cooperative organization would be a joint activity. PFAP grants were to support farm stores and CNFA volunteers were to be linked with PFAP activities. It was anticipated that joint funding would enable a local NGO, ACAI, to organize and implement training for farm store employees; a grant to a buying cooperative would be made and a demonstration plot program would be implemented.

Both organizations do utilize ACAI, the local NGO, to work with farm stores and cooperatives, including those operating farm stores. A number of the farm stores have benefited from PFAP funded training. However, as indicated below, the number of cooperative-owned and -managed farm stores has not met early expectations due primarily to the business cooperative inability to provide the matching assets that CNFA requires to set up such stores. Nor has the cooperative training that has been funded been a joint effort. The grant to the buying cooperative was made, but the demonstration plots only recently started. PFAP grants have not been made to farm stores and CNFA volunteers have not been explicitly targeted to PFAP initiatives.

Because there are possibilities of overlap - input supply through APAs, machinery services through farm stores and business cooperatives and training provided by ACAI - there is a continuing need for coordination. It is recommended that targets for such coordination be required in both PFAP and PFCP annual work plans for 2003 and during any extension period.

C. Legal Assistance and Information Dissemination

Objective: This element of the PFAP project is driven by the recognition that the success of private enterprise development depends in part on the general population's understanding of new laws, regulations, and the business environment. This element is actually a combination of two tasks according to the original Cooperative Agreement. The objective of the first task was to increase land and property owners' awareness of laws and regulations governing the sector, provide legal assistance to ensure the protection of landowners' rights and assist in the resolution of disputes. The second task was to increase private farmers' access to information on input and output marketing options, and enterprise development. Each task will be described and evaluated separately below.

1. Legal Assistance: The original strategy of this element of the project was to use specialists in regional business service offices to provide direct legal assistance to private farmers and their associations and to help resolve disputes involving land/property and other enterprise issues. During the second year of the project, the strategy shifted with a transfer of the regional business service offices over to the business service centers of the local agricultural producers associations (APAs). With this transfer, the team

shifted its focus to capacity building among these legal consultants. However, the team's activities revolved around three basic activities: a) legal consultation services, b) arbitration, and c) legal representation (court). The team also supports dispute resolution related to land and property rights and enterprise privatization/development, though the regional consultants are the direct service providers. The PFAP legal team is essentially comprised of two full time lawyers and another consultant that serves both the policy and legal teams.

a) Legal consultations: The team develops new contractual forms, trains and monitors the capacity of the business center legal consultants, and provides direct consultation to rural entrepreneurs and enterprises, often as a way to mentor business center legal consultants. Legal consultation and services are the most frequently requested by members of the associations. Tracking data at business centers indicates that almost 40% of members' requests for services are for legal consultation. Since the transition to the new strategy, the PFAP legal team provided 124 consultations to 234 people (44 percent women) on such topics as

- Foundation, operation and discontinuation of activities for legal entities;
- Insolvency and bankruptcy;
- Issues related to repayment and settlement of accounts receivable;
- Import/Export documents; etc

b) Arbitration: By the end of year 2001 it was planned to have 300 arbitration cases resolved, benefiting about 60,000 people. Assistance would cover such areas as landowner disputes with lessees; division of common property shares; inheritance of land or property, etc.

Over the two years of the project, 712 disputes involving 78,000 physical persons and 340 private enterprises have been resolved through arbitration, or through preliminary negotiations and mediation before formal arbitration process. This includes 409 disputes in 2001, and 303 disputes in the first three quarters of 2002. The APA Business Center legal consultants have handled 173 of these disputes. A total of **12,751** people (49 percent women) and **89** agricultural enterprises benefited from the arbitration services provided by the APA Business Centers.

The PFAP team tracks the types of disputes that are resolved by the legal consultants in the business service centers. A little over half (59 percent) are

related to land, the remainder are related to property. Of the land cases, 45 percent are situations in which the lessor is seeking to terminate the lease because he decides to farm the land himself. Only 13 percent are because of lack of payment to the lessor. Most property cases involve a division of common property. In the majority of cases (59 percent), resolution is reached through a compromise agreement that is facilitated by the legal consultants. Another 33 percent of cases go to mediation, and only 8 percent of the cases are actually resolved through formalized arbitration. The arbitration process is binding. The parties to the case select arbitrators from a pool of qualified experts. PFAP conducts training seminars for arbitrators and mediators, as well as the legal consultants.

c) Assistance provided in court: When one or both parties to a dispute refuse to go through arbitration, the consultants will provide legal representation to the association members. This may include preparation of legal documents and/or representation of the client in court.

Important Program Accomplishments:

In 2002 alone, the APA legal consultants, with support from the PFAP legal team participated in 94 legal disputes, valued at over 2 million MDL. Of these cases, 45 have been resolved and 49 are still pending. Of the 45 cases resolved, 38 were resolved in favor of the APA clients—an 84 percent success rate for the legal consultants. Beneficiaries from this legal assistance included 52 enterprises and 84 individuals. The majority of cases involve contractual relations, such as breach of contract, non-payment. In some cases these are termination of lease of division of common property shares, however, the majority of such cases are generally handled through mediation or arbitration.

Evaluation and Recommendations: The PFAP legal team continues to provide an important service in the support they are providing to legal consultants in the Business Service Centers. They monitor the qualifications and capacity of these consultants to handle the issues that arise in the field. As the competency of the consultants grows the PFAP legal specialists provide less direct support. The PFAP team also claims that they also increasingly coordinate training activities so those stronger business center legal consultants can tutor their weaker counterparts in neighboring areas. These types of transitional strategies should be continued and expanded. The Team recommends that the PFAP central legal team should be gradually

stepping back from direct consultations and participation in such things as legal representation in court.

According to the PFAP documents, this element was projected to provide legal assistance and consultations to hundreds of thousands of landowners and small and medium enterprises. While the Business Service Centers that took over PFAP's activities in the field are clearly providing a valuable service to association members, including small and medium enterprises, they are not technically representing the interests of small landowners. It is true that the majority of cases are resolved through mutual compromise, and in the future associations may be expanded to allow landowners as members.

It is also noted that USAID will soon begin implementing a new project focused on providing information to landowners on their rights. It is expected that this will result in a rapid increase in the demand for legal assistance on land-related issues. Therefore, it is recommended that PFAP support in this area be continued until 2005.

2. Information Dissemination

Objectives: The program was to conduct mass communication campaigns, based on training seminars and published materials about new laws and regulations such as the business cooperative law, to reach the rural client base. The information delivered through training activities, consultations and other PFAP activities was strengthened by various publications developed by EWMI specialists, as well as by partner NGOs and capacity building projects. Publications (periodicals, manuals, handouts, and a website) support all PFAP activities.

The PFAP team is comprised of one full-time technical advisor who oversees the team's activities, and five young journalists who work more on a part-time basis. The journalists are all recent graduates, who were the top five interns in an earlier Project internship program. The journalists prepare informational and training materials—business cooperative and arbitration success stories and informational bulletins—and monitor the Moldovan media for news coverage of agriculture and agricultural reform.

Important Program Accomplishments:

During 2001-present, the team generated over 300 unique informational materials. These materials were printed in Russian, Romanian and English. A total of 2.1 million copies were printed and distributed to private farmers, APA members, business cooperative members, libraries, and departments of various educational institutions.

During the 3rd quarter of 2002, PFAP specialists, in cooperation with FMTAA, developed the training manual “Accountant’s Guide for Business Cooperatives in Agriculture”. This included logistical support in organizing a round table on the topic: “Accounting Teaching Practice at the University of Nebraska at Omaha (UNO)”. During this event a considerable part of the training manual was distributed to college libraries, university departments, specialized associations and other interested institutions from all over Moldova.

An important part of PFAP’s information dissemination strategy is a media information campaign that is carried out by NGO and media partners. This work is supported through a grant by the Project’s Grant team, though the information team monitors the media work and participates in grant reviews. Cooperation with NGOs in regard to publications:

a) Independent Press Association (API). API has received two grants to publish a farm supplement “Farmer,” a bi-monthly supplement. During the first grant year, there were published 28 issues with a circulation number of 56 000 copies per issue with a readership of approximately 2 million people. The supplement earned over \$9,700 from advertising. The percent of the supplement’s budget covered by the grant was decreased in the second year (88% in the first year to 46% in the second). It is anticipated that the supplement will be self-financing in its third year (2004).

API also publishes *Farmer Hour*, a specialty newspaper, originally begun under the National Land Program, that addresses legal, economic and technological issues of interest to private farmers. Though the publication began charging subscription fees in 2001, they were not able to cover costs. FH received an 8-month grant in 2001 through the PFAP grant program, conditional on the publication moving toward self-financing in 2002. During the grant period, 8 monthly issues were published, with 8,500 copies per edition. In 2002, FH issued 10 editions with an average circulation of

3,000 copies. Due to lack of financing and limited circulation, PFAP reports that the future development of the publication is questionable.

b) CAMIB. The Central Agricultural Marketing Information Bureau (CAMIB) has received two grants from PFAP to produce two bulletins with market information for private farmers, associations and other agricultural entrepreneurs, as well as domestic and external agricultural food industry operators. Over seven months of activity, CAMIB published 6 issues of the monthly newsletter “Agricultural Market News” with a circulation number of 1500 copies each (a total of 9000 copies) and 15 issues of the weekly commodity price bulletin “Prices,” with a circulation number of 50 paper copies each (a total of 1275 copies). The weekly newsletter “Prices” contains information about wholesale and retail prices of approximately 50 types of products marketed in Moldova or in the neighboring countries. Both publications are disseminated through mail or through e-mail. “Prices” is also sent to representatives of 13 other countries in Europe. CAMIB covers approximately 40 percent of their operating budget for these publications.

c) Agency for Consulting and Training in Agriculture (ACSA). Under a grant from PFAP, during July – September 2002 ACSA developed and issued 21 publications with a total circulation number of 70,000 copies.

Evaluation and Recommendations: The information dissemination team has certainly been prolific and effective in developing materials for use throughout the project. As PFAP has transferred some of its responsibilities to the Associations and others, these materials have been especially important for training and informational references. The brochures were frequently displayed in many of the business service centers. There may be a point at which the project reaches the saturation point in terms of necessary new materials for training. While the team should continue its efforts through to the end of the current CA, a scaling back of the team may be considered during a follow-on extension period. Continued cooperation with NGOs as mentioned above, is strongly encouraged and recommended.

It was suggested to the PFAP staff that if the team is monitoring the press coverage of agriculture, that periodic analysis of the nature of this coverage might be useful.

The utilization of grants to support information dissemination seems especially effective and well run. This program element has engaged media

organizations in the work of disseminating information of use to private farmers, associations and other rural enterprises. It is unfortunate that *Farmer Hour* does not seem to be sustainable. However, the model used by *Farmer*, attracting advertisement income, seems more sustainable in the long run. If there isn't too much duplication between the two, perhaps *Farmer Hour* could be encouraged to pursue this strategy (paid advertisement). It is impressive that the grants program has been dedicated to moving both of these publications toward sustainability. However, if *Farmer* can't achieve its goal of complete self-financing by year three, it is recommended that the grant program consider a third tranche to this publication.

CAMIB is providing an important service, especially as Moldova focuses more on marketing and exports. PFAP judges this service to not be capable of self-financing at this time. It is recommended that support to this service be continued through the end of the CA and during the program extension, if necessary. However, support should be provided to this group to help them develop a sustainability strategy.

D. Grants Program⁷

Objective: The objective of the PFAP Grant Program is to assist strategically in the development of primary beneficiaries (rural enterprises/organizations either created or supported by PFAP), as well as to provide catalytic support to a number of secondary beneficiaries (organizations able to continue providing support to key enterprises once PFAP ends). The PFAP Grant Program combines resources of EWMI, Soros Foundation-Moldova and USAID. The planned funding level for the life of the PFAP Grants Program is \$3,950,000 and to date \$2,182,542 has been dispersed.

The PFAP grants program supports two types of grant activities:

1. Direct business support and development grants to private rural enterprises that include:

- Development grants for coverage of staff training costs, for consulting services provided by other organizations, for procurement of office equipment/software. Grant fund range is US \$100 – 3,000.
- Investment grants for improvement of production facilities, increasing production capacities, introducing new or improving

⁷ See Annex II for a summary table on the grants program and subgrantee involvement.

the quality of existing products/services. Grants are for US \$ 3,000 or more.

Direct business support and development grants have been used to support the development of rural enterprises and business cooperatives, including the machine service centers that provide agricultural machine services to small farmers. A direct grant was also used to set up AGROSTOC, the business cooperative of farm stores.

2. Financial assistance to improve or provide services to project beneficiaries – primarily service organizations. Grants under this category include the support to APAs for business center services, training of SCAs through grants to MMA, and the information dissemination organization grants.

Award of grants includes the following:

- Providing information to potential grantees via workshops and advertising
- Requiring applicants to prepare and submit applications,
- Registration and initial screening of applications
- Competitive selection by independent panel (jury meetings)
- Application approval process
- Post grant follow-up, monitoring and compliance review
- Grant closure review

Illustrative and Important Program Accomplishments:

As of September 2002, 122 grants had been made totaling almost \$2.2 million. An independent panel selected proposals from among the 155 grant applications received. The distribution of grants, both in terms of number and total value, among the different types of grants

Direct business support and development grants: Of the 122 grants made through the program, 44 were investment grants. These include a grant for \$200,000 to help establish AGROSTOC, the business cooperative of farm stores. AGROSTOC's annual turnover this year was \$500,000. The remaining 43 grants were for private rural enterprises, including 33 to business cooperatives for the purchase of agricultural equipment. These

cooperatives provide critical machine services to small and medium sized farmers. Studies have shown that the provision of these services have led to a 15 percent reduction of machine service costs for farmers. Grants to the mechanical services center cooperatives are made in cooperation with the 2KR Moldo-Japanese project.

Financial assistance to improve or provide services: Numerous local partners have received financial support under this grant component. These include the Agricultural Producers' Associations (APAs) and their apex organization, the Republican Union, the Moldovan Microfinance Alliance for the development and strengthening of Savings and Credit Associations, and the Agency for Consulting and Training in Agriculture – ACSA for training of rural service providers. Recipients have also included the Independent Press Association, the Center for Independent Journalism for the training of newspaper journalists and improvement of the quality of agricultural reporting, and CAMIB for publication of marketing information.

Evaluation and Recommendations: The PFAP grant program is a well-designed competitive grant activity that is in compliance with USAID/ADS regulations. The selection process for grants is very transparent and objective, utilizing outside panelists with expertise in the field. From a USAID perspective, the grants program also is very positive in that it incorporates very significant contributions from other donors, particularly the Soros Foundation. PFAP is to be commended for establishing such an effective and ethical grants program.

The grants support development of organizations consistent with PFAP and USAID objectives. Areas that grants have supported include dissemination of information regarding agricultural enterprise and other rural business development, legal assistance, business cooperative development, organizational and managerial capacity building, strengthening rural communities via independent periodicals, empowering unemployed and unskilled rural women, agricultural input buying, training for agribusiness development and operation of Farm Stores, increasing farmers' knowledge of production and marketing, participation in conferences and international exchanges to the U.S., internships for students, training members of women's clubs, development of mechanical services markets for private farmers, and support and development of Savings and Credit Associations. While all of these activities are worthwhile, it appears that the measurable impact may have been reduced due to the wide range of areas covered.

Because the grants are a valuable element of the package of assistance provided to achieve important objectives, it is recommended that the program be continued through the current CA period and during the recommended PFAP extension period. The Team recommends, however, that the breadth of the grant portfolio be narrowed somewhat with a focus on on-going activities and attention to developing sustainability strategies for grant-recipients.

Specifically, the Team recommends continued support to the Republican Union and APAs, including support for business center legal, accounting and marketing consultants through the extension period, though with a gradual decline as these organizations work toward sustainability. Grants to rural SMEs should be provided, though the focus on development of new machine service centers should be done exclusively in coordination with the 2KR program. Support to the media collaborators should be gradually reduced, as these efforts become self-financing. The support to SCAs should be eliminated as the rural finance program takes responsibility for working with these organizations. A more detailed discussion of these recommendations is included under the corresponding substantive sections above.

E. Completion of Privatization, Debt Restructuring, Farm Liquidation and Titling

Objective: The objective of this component was to complete the privatization of those collective farms that were not finished by December 2000 (including all steps: initiation, land and critical property tenders, creation of new private debt-free farms, debt resolution, remaining property distribution, and collective farm liquidation). This included the completion of work left unfinished at the end of December 2000 (land surveying, titling and cadastral registration) and privatization for approximately 20 farms that did not previously privatize. Lastly a pilot project was to be undertaken in Ribnita to initiate land privatization in this Transnistria region for 28 farms.

Important Program Accomplishments:

Four major activity areas were undertaken in the PFAP Land Privatization Program. The information campaign included announcements in newspaper, letters to mayors' offices and farms and meetings with land/property

commissions and beneficiaries. This involved 11 newspaper announcements, 400 copies of letters issued and delivered and the continuation of 46 farms in the program and the signing of contracts of participation by 16 new farms.

To actually complete the land privatization and titling involved the selection and contracting of surveyors, control and monitoring of field work, over 500 training and information seminars/meetings with land commissions and participants, assistance in holding land tenders and the actual title issuance and registration. In the process, 28 contracts were signed with surveying companies and 28 land projects were developed. A total of 17 land tenders were held with over 36,600 persons entitled to receive land. A total of 124,630 land titles were issued to 38,237 persons and 862,220 land titles were registered.

Regarding property privatization, debt resolution and farm restructuring, a variety of activities were undertaken such as property commission training, assistance in property evaluation, property distribution, debt resolution, collective farm liquidation, seminars with leaders, support for new, private farm registration and assistance in establishing leasing systems. As a result, 208 buildings and over 4,300 units of machinery/equipment were appraised, 41 property tenders held, 30 collective farms were liquidated (including 11 from Gagauzia) and over 65,000 extracts on property shares were issued. A total of 38 new private agricultural enterprises were created and over 100,000 new lease contracts were signed.

The final component of farm privatization and file storage involved the approval of file contents, the preparation of files and the delivery of the files to the Department of Privatization. A total of 1,034 files were completed.

Evaluation and Recommendations: The activity provided an appropriate ending to the USAID-financed National Land Program. A substantial number of land titles were issued and an even more impressive number were registered. This activity can clearly be viewed as successful. For the future, the only USAID support for land titling and registration should be in Transnistria, should the opportunity arise.

F. Privatization Support

The Privatization Support element of the PFAP program was not part of the original EWMI proposal, but was included at USAID request. It is not in the mainstream of PFAP activities and is not supported with matching funds.

Objective: The objective of this task was to continue support for privatization at the Moldovan Department of Privatization and the Ministry of Agriculture. For the Department of Privatization, legal support in elaborating laws and regulations related to privatization in general and agricultural enterprises in particular were to be prepared. Company profiles to be utilized in the privatization process of 40 state-owned enterprises including wineries and tobacco processing companies were to be finalized.

Illustrative and Important Program Accomplishments:

Through its team of specialists, PFAP has continued to provide direct technical and methodological assistance to the Department of Privatization and State Property Administration of the Ministry of Economy and Reforms with the goal of implementing some government programs.

1. Assistance on Privatization of Enterprises

- Developed Short-Profiles of S.A."Zidarul-2", S.A."Victoria", S.A."Statia tehnologica de masini din Calarasi", IAS"Flori", S.A."Melioagroservice", Întreprinderea raionala "Nisporeni Cinema Video-service", SA"Zidarul Cahul" S.A."BITA-8," Cahul, S.A."Patria", SA"BTA-4", Ungheni, SA"Fertilitatea Cantemir";
- Updated Profiles and Short-Profiles of the following companies: S.A."Marculesti-Combi", S.A."BTA-12", S.A."Moldtehdmed", S.A."Valogrvin", and S.A."Fabrica Avicola Tochile";
- Updated Short-Profiles of S.A."Orizont-95", SA"Fertilitatea Stefan-Voda", SA"Fertilitate Ocnita", SA"BTA-5", SA"fal-Rulment", SA"BTA-37", SA"Restaurant Doina" and SA"Acva Balti";
- Updated the Department of Privatization Web-Page and displayed 3 Informational Notes for privatization through investment and commercial tenders of over 30 enterprises.

2. Legal Assistance

- Finalizing the Law on privatization in the new editing pursuant to the notifications and proposals of the permanent Commission of the Parliament of the Republic of Moldova;
- Development of the Draft Law on Privatization Program of the public property for 2003-2005, coordination of the draft with the interested ministries and public local authorities, discussing the draft with the Ministry of Justice, processing the text according to notifications and proposals received, coordination with the Legislative Creative Center, etc.
- Development of draft laws on modification of several legislative acts: Law on public property of the territorial-administrative units and Law on the local public administration, Law on Modification and Supplementation of the Law on Privatization of Wineries and Tobacco Companies;
- Development of the modifications and supplements to the Government Decision #998 dated September 29, 2000 for approval of the Regulation on Investment and Commercial Tenders and Direct Negotiations for Privatization of the State Property, the Government Decision on approval of the membership of the Investment Tenders and Direct Negotiation Committee for Privatization of the State Property;
- Counseling on 7 draft laws on modification and supplementation of some laws and 3 Government Decisions.

3. Other Assistance

- Providing technical support to the General Director of the Department of Privatization and Informational Center;
- Providing information to a potential investor interested in acquiring of the printing house, Tipografia Stefan Voda JSC;
- Development of the list of foreign investment banks and local commercial banks which were the potential participants in the tender for selection of the financial advisor for privatization of energy companies;
- Development and sending invitation letters to HSBC, CIBC, and Schroder investment banks for participation in the tender for selection of the financial advisor for privatization of energy companies;
- Development of the report on behalf of the Department of Privatization for participation in the Moldo-Chinese “Privatization process and privatization opportunities”;

- Delivering the developed company profiles “Calarasi-Divin”JSC and “Vismos” JSC to the consultant of the Government of Moldova “Raiffeisen Investment” AG.

Evaluation and Recommendations: The environment for privatization of state-owned companies in Moldova is difficult. Foreign investors have little interest in most of the remaining state-owned companies. Those companies, such as selected wineries, where interest might exist have not been targets of privatization except as required by IMF agreements.

Although substantial documentation that is need for the privatization process has been completed, tangible results as measured by actual successful privatizations during the project period have been very limited. With the recent assumption of investment promotion responsibility by the Moldovan Export Promotion Organization there may be some new reason for optimism. There may have been and there may also continue to be other reasons to maintain some level of USAID support in this area, such the access to information and individuals, that such an activity provides.

However, based on results it does not appear this activity should be continued. The Evaluation Team recommends that the utility of continued support for this effort be seriously assessed when the current term of support ends in June, 2003.

V. Private Farmers Commercialization Program (PFCP)

There are two major and two supporting elements to the Private Farmers Commercialization Program plus a very modest policy activity. The Agribusiness Partnerships and the Farm Store Program are the major elements and are funded through PFCP resources. The Small Enterprise Development and Private Farmer Credit Access activities are the supporting elements funded from other sources. The policy activity is also funded within PFCP.

Each of the elements is described and evaluated below with greater emphasis on the first two elements. The policy activity is addressed as part of the recommendations.

A. Agribusiness Partnerships

Objective: Improving Moldova's capacity to produce high-value products including fresh and frozen products and to effectively market its products in the highly competitive markets of the FSU and Eastern and Central Europe.

Targets and Process: With USAID funding, PFCP was to develop nine new agribusiness partnerships, including four new farm service centers and five marketing/processing Partnerships. As in the previous program, USAID/CNFA required a minimum investor match of 2.5 to 1 for all agribusiness partnerships, with grants ranging up to a maximum of \$500,000. The matching requirement was to ensure the proper level of capacity and commitment from project partners and to leverage an additional \$11.0 million of investment.

Qualifying partner enterprises were to have a focus on working with private farmers and enabling a cash market for farmers, ultimately helping raise their incomes. Examples included trading companies, processing companies (dairies, elevators, canneries, input supplier, etc.) who were expected to show commitment and a well-developed plan and financial capacity to complete projects even without assistance funding.

Service center projects were to provide a full array of inputs to private farm groups. Most centers were also able to deliver the agriculture output produced by farmers to cash markets. Over three years, four additional farm service centers, each directly serving an average of 3000 private farmers, were to be developed.⁸ In addition to service centers, five marketing/value-added processing partnerships were planned. Potential projects initially identified included flash-freezing, cold storage, and wholesale distribution.

Illustrative and Important Program Accomplishments:

Alfa Nistru Farm Service Center: In October 1999, USAID approved a \$499,600 Development Contract to assist in creating the Alfa Nistru Farm Service Center in the village of Volovita near Soroca. The project was completed October 31, 2001 utilizing roughly \$90,000 of PFCP resources. The FSC serves private farmers in the Soroca region by providing

⁸ Under the previous CNFA Agribusiness Partnership Program, four farm service centers had been completed (2) or were underway (2).

agricultural production inputs. Alfa Nistru also provides seasonal financing of inputs to private farmers as well as training in the latest agronomic technology. The establishment of this successful FSC provides a foundation for the production of raw materials. Alfa Nistru continues to expand its FSC operations and diversify the services it offers. For example, in 2002 Alfa Nistru added three black current harvesters and a sweet corn harvester worth \$250,000. This equipment will help prevent field losses and improve raw material quality resulting in increased farmer incomes and higher quality finished products. This is especially important as Alfa Nistru prepares to launch a flash freezing unit.

Mavisem Farm Service Center: With USAID-provided financing of about \$195,000 the Mavisem Farm Service Center project, begun under APP I, was successfully completed in March 2002 with the official opening at Vulcanesti in southern Moldova. This FSC focuses on the production of sunflower seeds, but provides a range of crop inputs and agronomic services to area farmers as well as an output market for sunflower seed. In 2002, Mavisem FSC provided combine harvester services on over 8000 hectares and supplied farmers with \$1.3 million in inputs, which are slight increases over 2001. By providing these products and services Mavisem FSC continues to play a very important role for area farmers.

Orhei Vit Farm Service Center: In March 2001, USAID approved a \$345,000 Development Contract to assist in creating the Orhei Vit Farm Service Center. The FSC is composed of three satellite locations, and is focused on serving private fruit and vegetable growers from Orhei Judet region. Project activities are aimed at providing input supplies to farmers for cash or for credit, increasing farmer's income by providing access to new markets and modern technology, increasing the quality of raw materials and to broadening the product mix of Orhei Vit cannery by developing berry crop production.

Results to date include: a) Chiperceni, Curchi and Putintei retail outlets were opened; b) The FSC bought \$15,000 worth of implements with another \$30,000 in purchases planned for next quarter; c) Farmers purchased \$15,000 worth of strawberry seedlings produced on the demo nursery; d) The IPM weather monitoring equipment has been purchased and installed; e) Orhei Vit purchased 30 hectares of land for agricultural production and demonstration purposes with about 20 hectares to be used to establish a berry and stone fruits nursery; f) Contracts were signed to

purchase \$15,000 worth of berry crop seedlings from Alfa Nistru and another \$15,000 worth from other sources to establish the nursery; and g) 20 new jobs have been created by the FSC.

DAAC Plant Marketing: DAAC Plant is in the business of greenhouse production and sale of high quality transplants and vegetables. In June 2001, USAID approved a \$331,000 development contract to assist DAAC Plant in a marketing project to increase its capacity to market its production and improve the business management of operations. DAAC Plant has greatly increased their production capacity and technical expertise in the past two years and they are at a stage in their development where assistance in retail and wholesale marketing and general business management will help them improve all aspects of their business. The project will effectively use the existing distribution network of Farm Stores and Farm Service Centers to the mutual benefit of all involved. In addition DAAC PLANT will develop its retail marketing capabilities.

Results to date include: a) DAAC Plant retail outlet and demo greenhouse had its official opening on July 23, 2002; b) Sales through the retail outlet averaged \$1000 per week; c) DAAC Plant is selling \$600 - \$700 per month of supplies and ornamentals to farm stores; d) Seedling sales for the past quarter were \$16,000 and fresh vegetable sales were \$15,000; e) DAAC-Plant web page (www.daac-plant.com) has been launched; f) The reconstruction of an existing warehouse into a 250-ton cold storage facility, through a Dutch PSO project, is nearly completed; and g) Negotiations underway to provide 10 million tomato seedlings to Chumak in Ukraine next year.

Alfa-Nistru Fruit and Vegetable Flash Freezing: In December 2001, USAID approved a \$496,000 development contract to assist Agriplan and Alfa Nistru in implementing a flash freezing project. **This will be the first IQF project introduced in Moldova.** The project brings new value-added technology into Moldova and represents an important collaboration between USAID, the Dutch government, private sector implementers and the local Moldovan Company, Alfa Nistru. In order to meet their objective, new equipment must be purchased, complementary management practices and operating procedures developed and new marketing techniques employed to sell the new products developed. The project envisages: a) Installation in Soroca of IQF line with capacity of 1-1.5 tons per hour; b) Construction of

up to 1,000 tons capacity low temperature cold storage; c) ISO 9001 and HACCP certification; d) Creation of 30 permanent and 100 seasonal jobs; e) Increase income by 20 percent for up 1,200 participating farmers; and f) Export of at least 25 percent of the products to the West (SVZ International)

Results to date include: a) The reconstruction of the facility housing the preparation equipment for both canning and freezing, is completed; b) The blancher/cooler has been shipped from the Netherlands and delivered to Alfa-Nistru; c) Compressors for low temperature cold storage have been sourced from Lagemaat at Nijkerk (the Netherlands) and will be delivered next quarter; d) The process of sourcing an IQF freezing line, packaging equipment and insulation panels is underway; e) Detailed drawings of the freezing facility have been completed; and f) An ISO/HACCP certification program is being developed with TUV to cover both flash freezing and canning operations

Anturaj Controlled Atmosphere Refrigerated Storage: In March 2002, USAID approved a \$495,250 development contract to assist Anturaj in implementing a Controlled Atmosphere (CA) refrigerated storage project. This will be the first CA facility in Moldova. The CA facility will allow 2400 tons of fresh apples and grapes to be marketed in the “extra season” from December to May when prices are traditionally 50 to 100% higher than at harvest. The project will: a) Increase income potential for farmers by increasing the demand for their produce; b) Train local farmers in harvest and post-harvest handling techniques; c) Establish the first CA refrigerated storage facility in Moldova; d) Establish a Quality Assurance program that includes ISO 9001 certification; and e) Triple Anturaj’s exports to 3000 tons of fresh fruit to the CIS and Eastern Europe.

Results to date: a) Construction of the 2400 ton Controlled Atmosphere facility was begun in June and completed in 3 months; b) Anturaj contracted with 8 farms (representing 1280 landowners) for delivery of apples and grapes to the CA facility; c) 1850 tons of apples were purchased and put into storage with farmers being paid 5 to 6 times the amount that they would be receiving from processors. (\$.03/kilo paid by processors versus \$.15 to \$.19/kilo paid by Anturaj); d) A sorting, washing, packing line was purchased, installed and is being used; and e) 16 new jobs created.

Dionysos Mereni Viticulture Nursery: Grant of \$401,300 approved by USAID on October 7, 2002 to be matched by \$2,385,650 of company funds.

Purposes of the partnership are to: a) Provide farmers with access to virus-free seedlings for establishing new vineyards; b) Train farmers in modern viticulture production; c) Raise farmer income by improving the quantity and quality of grapes produced; d) Develop a formal Quality Assurance program and assist Dionysos Mereni to become the first Moldovan winery to be ISO certified; and e) Market higher quality wine at premium prices to traditional CIS customers.

Evaluation and Recommendations: The agribusiness partnership program obviously benefited from being able to transition almost seamlessly from the earlier AP I program. Initial farm service center efforts were simply the completion of activities previously started or, in the case of Orhei Vit, the funding of a FSC for which planning and negotiation had started earlier. The experience and models developed in the earlier project have also been put to good use in developing the processing/marketing partnerships that are now underway or planned. A key has been the identification of good partners and CNFA seems to have exceptionally careful in carrying out the due diligence necessary to establish good relationships and to confirm the reliability of the Moldovan partners, most of whom are large and well-known in Moldova.

The set of new partners selected and the types of activities being undertaken also demonstrate an evolutionary and creative approach. At least three of the current partnerships can be considered on the cutting edge for Moldova – flash freezing with Alfa Nistra, controlled atmosphere storage with Anturaj and seedling production with DAAC – in the sense they are introducing new technology and emphasizing exports. They also reflect a marketing emphasis that starts to meet what the Team, and many other knowledgeable observers, see as the next big challenge for Moldovan agriculture i.e. finding markets for processed or fresh Moldovan products.

Certainly the results being achieved are measurable and impressive. Some 70 new, full-time and about 200 new, part-time jobs have been created directly in the agribusiness partnerships with a more than doubling of those numbers expected as current partnerships grow and new partnerships are established. More importantly, markets are being created for high-quality agricultural produce such as apples, berries and vegetables and higher prices paid.

The partners in these activities tend to be on the upper end of agribusiness scale in Moldova. Partly, this reflects limited ability of smaller operators to

provide matching funds for CNFA grants at the 2.5:1 ratio and partly this reflects a risk-taking tolerance that many smaller operators do not yet have. Continuing to seek out and support these larger and better financed entrepreneurs is needed in the Moldovan environment as is looking a little further down-scale.

The Team recommends that the agribusiness partnership program be continued until the end of the current cooperative agreement and during any extension period. To enable participation by smaller businesses in the program, the Team recommends, in addition to grants up to \$500,000, that smaller grants on softer terms be included in the program. This is probably not possible in the remaining year of the current CA, but in the recommended extension period, a number of processing/marketing grants at the \$50-150,000 level should be included. These smaller grants should include a minimum 1:1 matching requirement (new investment only), exclude facility rehabilitation as part of the CNFA grants and raise the percentage of the grant that can be used for equipment/machinery to 40-50 percent.

Before the end of the current CA, it is strongly recommended that PFCP conduct or finance a marketing study that seriously examines export market possibilities for Moldova. This study should help guide the targets for the grant and partnership program in the during the extension period. The involvement of the Moldovan Export Promotion Agency in the study is also recommended.

Finally, the Team recommends that the monthly agribusiness forums, which constitute the policy activity, be continued through the end of the current Cooperative Agreement. The utility of these roundtables should be re-examined prior to their inclusion in any extension of the Cooperative Agreement.

B. Farm Store Program

Objective: The purpose of village-based farm stores was to provide as many of the resources a farmer needs for success as possible in a single location including:

- Agricultural inputs
- Machinery, machinery services, parts and maintenance

- Marketing assistance for agricultural outputs
- Technical advice on agricultural production from store agronomists and NGOs
- Access to credit from Savings and Credit Associations
- Networking opportunities to share information with other farmers and specialists

The 3-year Private Farmer Commercialization Program was expected to develop 75 farm stores in Moldova with at least one store in every judet.⁹ Each farm store should directly serve an average of 1,000 private farmers who have received ownership or control of land through the USAID Land Program. Matching grants on a 1:1 basis are expected to range between \$30,000 and \$50,000 per farm store. Fifty percent of new stores was the target for cooperative ownership. Where appropriate, CNFA was to assist in cooperative development and in the development of Savings and Credit associations in the villages/areas where farm stores were established.

Important Program Accomplishments:

Projects/Stores Open

- 60 projects approved by USAID
- 60 planned by end of 2002
- 47 stores open
- 16 under construction
- Agrostoc input buying cooperative in operation

USAID/Local Investment

- \$1.1 million to date from USAID
- \$2.1 million to date from local partners

Sales/Profit

- Total of \$1.1 million in sales, program wide, in 2001
- Average 2001 weekly sales of \$1,000/store
- Average 2001 net profit of \$4,700/store
- 2002 average weekly sales - \$1,200/store
- \$1.63M in total sales, 2002 YTD

⁹ Ten farm stores were established under the previous CNFA project. Therefore at the end of PFAP a total of 85 farm stores are expected to be in place.

- Agrostoc sales will reach \$400,000 in 1st year of operation

Clients

- Average of 3,200 clients per store
- Total of 97,000 clients served program wide in 2001
- 1,600 farmers trained program wide in 2001
- 110 children participating in “young farmers’ clubs”, working with store demo plots

Components

- Town stores – 19
- Village stores – 25
- Stores selling inputs – 43
- Stores selling machinery services – 27
- Veterinary pharmacies – 11
- Stores providing output-marketing services – 3
- SCAs created – 18
- One supply cooperative

Evaluation and Recommendations: The goal of this PFCP component was to select partners that could provide management and resources to open 75 farm stores. PFCP would provide these partners with matching funds and technical assistance to develop farm stores. Additionally, PFCP expected to develop a farm store purchasing association/cooperative, “Agrostoc,” and to support farm store use of a business service provider.

There were at least two unstated assumptions that led to the inclusion of the farm store component in the PFCP activity. One was that the farm stores would focus on provision of goods and services to small farms, while the agribusiness partnerships would do the same for mid-sized to large farms. The second was that the primary purpose was to provide small sized production inputs for small and micro farms.

PFCP has been successful in finding appropriate commercial partners and, through the provision of matching funds and technical assistance, in opening the targeted number of stores. The stores appear to be commercially viable and therefore self-sustainable. Further, most of the stores have joined the PFCP developed farm store purchasing association, Agrostoc, and that association has in turn begun supplying inputs on credit to farm stores. Also

all farm stores are using the services of the PFCP identified business service provider, ACAI. AGROSTOC is an example of an excellent partnership between PFCP and PFAP.

However, the original expectation that close to fifty percent of the farm stores would be opened by farm cooperatives has not been met. In fact it appears that slightly less than 20 percent of the stores will be run by cooperatives. Other unanticipated outcomes are:

- 1) Although small clients vastly outnumber large clients in farm stores, in terms of volume more than 60 percent of sales on average go to mid-size and larger farms.
- 2) Market outlet services are often in higher demand than inputs that are now available from other sources.
- 3) Many if not most farm store clients use farm store credit, rather than credit from SCAs or other lending institutions, and pay for their credit in kind. It appears that anywhere from 40 to 60 percent of farm store business is being transacted on a barter basis.
- 4) New farm stores projects appear to be using much of the matching grant to purchase commodity processing or value added equipment, rather than farm machinery to provide farm services.
- 5) Farm stores cooperate with local extension service providers, but all rely on in store capacity to provide agronomic advice to farms. It appears that the staff agronomist accounts for a significant portion of sales.

The source of some of these unexpected outcomes stems from the individual USAID approval letters for each particular store. To some extent the farm stores have shifted their operations in response to USAID's interest in solving particular problems in a particular community, or to take advantage of particular opportunities. In general, PFCP appears to have taken into consideration and implemented USAID's concerns as expressed in the individual approval letters.

Another reason for the unexpected outcomes is that events have overtaken the program. One such instance is the initial expectation that the PFCP would encourage the side-by-side development of SCAs with farm stores. However, SCAs developed more rapidly than farm stores and the existence of roughly five hundred SCAs has met existing demand. It appears that all current farm stores under development, and those planned for the next year

will not be tied to a SCA. Another reason there has been no new SCAs side-by-side with farm stores is that the partners PFCP chooses tend to be capable of providing supplier credit directly or through the purchasing association, AGROSTOC.

A similar situation exists with the development of farm stores and cooperatives. The internal financial requirements that PFCP has for the farm store partners exceed the capacity of most new cooperatives. To meet the quantitative target for cooperative ownership of farm store, USAID would have to lower the contribution requirement imposed by PFCP on prospective partners. Alternatively, USAID could downward adjust the 50 percent cooperative ownership target for farm stores.

The PFCP partner selection program appears to favor well-financed clients as partners. As a result the partner in Glodeni is also the partner in Falesti. Selecting strong partners, in addition to providing strong backup and centralized purchasing, has allowed every opened farm store to stay in business. This admirable record indicates that PFCP takes very few risks and that the market is ready for this service. However, from a developmental perspective it may be better in the last year of the program to seek out weaker partners such as cooperatives.

One reason why supporting weak partners will not necessarily lead to increased store failures is that the PFCP program provides significant technical assistance. As has already been mentioned part of the technical assistance consists of centralized purchasing and contracting with a business service provider. However, of equal significance are PFCP requirements that part of matching funds be used to hire oversight personnel, that management received training, that PFCP farm store supervisors visit on a weekly basis, that only quality inputs are sold, and so on. In many respects, PFCP has turned the farm store into a franchising concept. A further example of imposing high standards has been PFCP's insistence that all stores have a standard high quality appearance. It appears that the numerous restrictions on the use of matching funds are effective.

Clearly, the unexpected outcomes test the validity of some initial objectives in the CA and approved work plans. Nevertheless, it appears incontrovertible that the farm store program is a major success with highly visible impact. Irrespective of the store focus, or location, it is a concrete example of direct assistance to rural communities. In most rural

communities it is the only visible example of assistance from any source. As a result, even the current government that has an anti free market, anti small farm orientation, takes every available opportunity to send high level official representatives from Chisinau to attend store openings and to take credit for USG assistance. Store clients encountered by the Evaluation Team were grateful that farm stores existed, because they provided needed advice, credit, quality inputs and output markets.

Although the farm store program is a major success, there are several reasons for not continuing this program beyond the current target numbers, with the exception of possible openings in Transniester. The first is that 85 stores (75 plus 10 under the earlier program) will be sufficient to provide coverage for the entire country. Second, the PFCP farm stores are starting to encounter private formal competitors who are copying the model.¹⁰ Finally the fact that farm stores have shifted to value added processing and to providing output markets indicates that the need for input providers has diminished or is likely to be adequately dealt with by market forces in the near future.

Although the Evaluation Team recommends that the creation of new farm stores be halted once the 85 are in place (with the possible exceptions noted above), the Team does believe the farm stores might be able to play a larger role in marketing and value-adding activities. Therefore, it is recommended, during any PFCP extension period, that a marketing component be added to the FS program which could include small equipment grants to existing stores, and that the entire farm store network continue to be monitored. In addition, it is recommended that an outside local organization be contracted to conduct an independent evaluation of the FS network. Finally, it is recommended during the next year that PFCP not rely so heavily on ACAI.

¹⁰ Initially the major competition faced by PFCP farm stores was from small traders who brought farm goods on a sporadic basis to communities during market days. This form of competitor still exists but because they continue selling poor quality inputs they are being squeezed out by the better quality goods sold through farm stores. The more important competitors that have appeared are two farm goods chain stores run by well-financed agribusiness from Chisinau. These new competitors have a larger market share of sold inputs than the PFCP stores because their primary client remains the large farm. Between the new competitors, and the remaining PFCP stores which will be developed there will be complete country coverage.

C. Small Enterprise Development¹¹

Brief Description: The SED Program, also known as the Agribusiness Volunteer Program or Farmer to Farmer Program, was initiated in October 1999, when CNFA received a 4-year Cooperative Agreement to implement the Farmer-to-Farmer grant in Moldova, Ukraine, Belarus and South Africa. SED brings U.S. farmers, agribusiness managers, farm credit professionals, production specialists and farm association members to Moldova to spend 2-4 weeks and share their valuable practical experience with local clients. The technical assistance provided is via a long-term multi-assignment effort, where each volunteer's work builds on the work of the previous specialist, thus taking an integrated approach to solving client's needs. Volunteers provide a wide range of training that offers innovative ideas and realistic solutions to Moldovan farmers and rural entrepreneurs.

Client selection procedures involve the following criteria:

- Client organizations are 100 percent privately owned, no state involvement;
- Client organizations are market-oriented and commercially driven;
- Volunteer training will have a positive impact on a group of individuals as opposed to one single person;
- Assistance is grass-roots and involves as many individuals as possible (not only leaders/managers);
- Applicants must demonstrate initiative and desire to implement changes;
- Applicants must be willing to share information about their current business activities.

Objective: The objective of the SED Program is to empower disadvantaged rural communities to increase income through entrepreneurship, private and cooperative business development, and market access. In Moldova, SED seeks to:

- a) Increase the incomes of private farmers by helping them engage in group commercial activities;

¹¹ Funding for the Small Enterprise Development program is from a separate Cooperative Agreement managed from AID/Washington. It is included in this evaluation because of the close links and support it provides to PFCP.

- b) Strengthen agribusinesses that contribute to the development of the private sector food production economy and improve the quality of life in rural areas; and
- c) Increase access of private farmers and agribusiness entrepreneurs to credit by deepening the understanding of financial planning and management.

Important Program Accomplishments:

Since October 1999, SED has hosted over 80 volunteers, with a target of conducting a total of 140 volunteer assignments by September 2003.

Volunteer assignments cover a wide range of topics impacting the agriculture sector including: a) farm financial management – 24%; b) marketing – 23%; c) association and cooperative organizational development – 19%; d) veterinary training – 8%; e) fruit and vegetable production – 7%; f) milk production – 7%; g) business management – 6%; h) honey production – 3%; and i) soil test development – 3%.

Geographically, volunteers literally have covered all sections of the country.

To date, as direct result of SED assistance:

- Nine business cooperatives have been provided new and improved services to over 1,000 private producers. In the last two years each of the following organizations increased sales by over 100 percent and significantly expanded membership: five dairy cooperatives, a beekeeper cooperative, two vegetable marketing cooperatives and one input supply cooperative.
- Modern management practices have been gradually introduced into rural micro-enterprises through an extensive and comprehensive small enterprise, management training program. Specifically, training has been received by:
 - Five dairy cooperatives representing 500 farmers;
 - A vegetable cooperative representing 150 producers;
 - A beekeeper cooperative representing 30 producers;
 - The National Federation of SCACs representing 330 SCACs and up to 30,000 farmers.
- Over 200 private farmers make better use of operational credit available through SCACs.
- Two Farm Service Centers implement western-style business management systems and provide needed services to their supply-line farmers.

Impact:

FY02 Volunteer Impact

Project	No. of vols	Lives Improved	Incl. Family Members
Mindria Albinii Beekeepers' Coop	12	39	117
Tiglau Farmers Coop	6	157	471
Floresti Dairy Cooperatives	23	353	1059
Alfa-Nistru Farm Service Center	5	46	138
Orhei-Vit Farm Service Center	4	6	18
ACAI	2	59	177
Nat'l Federation of SCACs	22	16	48
Cuizauca SCAC	3	90	270
Total	77*	766	2,298**

*represents number of volunteers hosted throughout the life of the project
** represents number of lives improved as result of training conducting in FY01. The impact of the volunteer training occurs over time and is based empirical data about client performance from one year to the next (in this case FY 02 compared to FY 01. CNFA therefore waits 12 months following its first volunteer assignment to a project to conduct a Project Impact Assessment (PIA). The impact data reported in this chart are drawn from the PIAs completed in FY 02.

Evaluation and Recommendations: The SED program is extremely well managed and targeted to address important constraints in the agricultural sector that impact small farmers as well as agricultural processors, wholesalers and retailers. As the SED program has developed, CNFA has done a very effective job in improving the program's methodology to systematically address constraints over time. Typically, in the past, volunteer assignments were not integrated to involve follow-up volunteer assignments or address complex, multifaceted tasks. Now, integrated, multiple task work plans are developed that bring the expertise of a number

of volunteers together to address a particular problem. This is a significant improvement over earlier efforts of the SED program as well as other Farmer to Farmer activities around the world. SED is doing a very good job in coordinating volunteer activities with other CNFA and USAID projects and thus providing much needed technical assistance to ongoing projects. Also, SED should be commended for working effectively to develop methodologies to assess impact using indicators that support USAID's impact data requirements.

It is recommended that SED be encouraged continue to provide this needed technical assistance and create added synergy among donor supported activities in the agricultural sector.

D. Private Farmer Credit Access¹²

Objective: The objective of this element is to develop sources of credit to meet growing demand from new land owners, farm stores, agribusinesses, marketing organizations and farm service centers.

Brief Description: The primary activity under this project element has been management of a credit fund that was set up in 1999 with proceeds from the monetization of soybean meal and wheat that were obtained through the USDA Food for Progress. The Private Farmer Credit Fund (PFCF) was established as a revolving fund with initial net available proceeds for lending of \$546,670. PFCF provided loans to private farmers, cooperatives and enterprises through two commercial banks, Agroindbank and Fincombank, and the cooperatively owned Rural Finance Corporative (RFC). PFCF loans for machinery, breeding livestock, land and other inputs. Commercial loans are in the \$15,000 to \$25,000 range and offered at medium term (3-5 years) in Moldovan lei at market rates. Lending with the RFC was through the SCAs for an innovative micro-lending for land program.

Additional project activity to increase credit access by creating and/or strengthening SCAs associated with farm stores is discussed under the section on farm stores.

¹² Credit resources for this program are provided from a USDA monetization program. However, the loans themselves, work with SCAs and training for farmers and agribusinesses on business plan preparation, record keeping and management are integral additions and parts of the other elements of the PFCF program.

Important Accomplishments:

By bringing Agroindbank and Fincombank into the loan program, PFCF was able to leverage \$345,000 of additional private commercial credit. Over 1,000 private farmers benefited directly and/or indirectly from the loans. The program was a major impetus for these commercial banks to engage in the sector, and Agroindbank even established a small-agricultural lending department as a result of participation in the program.

A pilot project was initiated with Rural Finance Corporation (RFC) in which \$40,000 of proceeds were loaned through Savings and Credit Associations to private farmers who wanted to expand their farms by purchasing additional land. A total of 29 micro-loans were made through this program. The average size of purchased plots is 2.9 hectares with each loan approximately US \$1,400. Technical training for the land-lending activity assured that the land to be mortgaged was properly titled, assisted the bank in establishing mortgage-lending procedures, and helped borrowers prepare business plans.

As of September 30, 2002, 110 loans had been made totaling over \$1,150,000. Of the 110 loans, 67 loans were for the purchase of land, of which 29 were micro-loans through the SCAs. Of the 110 loans, five are currently in arrears, and two of these have already gone through the court for repossession proceedings. Two of these are operational loans and three were land loans. The overall loan portfolio includes 55 loans in partnership with Agroindbank, 24 loans in partnership with Fincombank, 29 the micro-credit loans in partnership with Rural Finance Corporation and two direct loans.

Evaluation and Recommendations: This has been a highly successful and innovative program. The commercial mortgage lending that has been used in this program has been a leading innovation in programming through out the region. These are the first commercial land loans in the FSU. The work with commercial banks further drew these banks into the sector, where they had either not been active or had minimal activity. Unfortunately, the continued benefits and future legacy of this program is at risk.

In June 2002, USDA ordered CNFA to suspend all lending activities under PFCF, accusing CNFA of being in violation of agreements since they had not officially requested a modification before they started the land lending activities. CNFA has ceased all lending activities with PFCF funds, and continues only to monitor outstanding loans along with its partner

institutions. USDA has not responded to CNFA's modification requests or inquiries as to how to resolve the situation. If the funds are not released, CNFA will not be able to complete its cycle of lending or close out the program.

CNFA has recognized the importance of the Rural Finance Corporation in the rural financial system. It has developed a closeout plan for the monetization funds that would gradually transfer these funds over to RFC to increase its capital base. This is an important strategy that will make a significant contribution to strengthening an important institution. It is strongly recommended that the Mission support this strategy.

On a related note, it should be said that CNFA has done a commendable job to strengthen elements of the rural financial system through other elements of their project activities. For example, 10 Farmer-to-Farmer volunteers were provided to the National Federation of SCAs. Volunteers have helped with capacity and organizational development.

VI. Special Concerns

A. Gender

PFAP and PFCP were expected pay special attention to encouragement of women in agriculture and rural enterprise development. This goal was be integrated into all activities to ensure full participation of women in all programs.

From data and information provided, it is clear that PFAP has made a special effort to include women in their activities and has done a good job of tracking the participation of women. Disaggregated male/female participation data is provided for training courses, seminars, cooperative membership, and consultations of various kinds. The numbers are impressive. Some examples of participation numbers are seminars – 74,911 women and 98,027 men, business cooperative members – 2,820 women and 5,787 men, and consultations – 201,016 women and 262,849 men. In addition, as mentioned above in Section IV. B. 2) above, PFAP has funded a number of specific training courses for women focused on topics of particular relevance to women. Over 550 women have participated in these courses. Finally, women constitute over 51 percent of Savings and Credit Association members and over 46 percent of SCAs' Boards of Directors.

Through grants to MMA, PFAP has been involved in creating about 55 SCAs with an average membership of 106. This indicates that nearly 3,000 women members of these SCAs are directly benefiting from PFAP supported activities with thousands more benefiting from training, also funded through PFAP grants, provided through the MMA to their total SCA pool of about 235.

PFCP has also targeted and provides reports on the participation of women in activities being implemented. In particular they track farmers benefiting from training and consultations and women-owned or managed enterprises created and assisted. For these categories, PFCP reports having reached over 10,000 women via training and consultations along with about 30,000 men. A total of 3 women-owned or managed enterprises have been created and 18 have been assisted. In the credit area, PFCP has assisted in the creation of 76 SCAs. Applying the same formulas as used above (average of 106 members with about 51 percent women), this means over 4,100 women SCA members have directly benefited from PFCP support with additional numbers benefiting from training being provided through the local NGO, ACAI.

In terms of users and recipients of services from the farm stores, PFCP estimates that nearly 100,000 of these have been women. The farm stores have also created 140 full time jobs for women with another 60 projected as the remaining 25 stores are opened. Forty-one women have obtained full-time employment in currently operating agri-business partnerships and an addition 110 part-time employment. Projections for the remaining partnerships indicate another 9 full-time and 55 part-time jobs can be expected.

In short, both projects have made special efforts to ensure that women participate actively in activities supported. Good data is being collected on the participation by women in program activities and the Evaluation Team believes the results reported are excellent.

B. Environment

The Cooperative Agreements for PFAP and PFCP contain identical language regarding Environmental Review indicating “All activities and under this cooperative agreement are subject to the environmental requirements of 22 CFR 216. Activities will not be implemented by the recipient prior to

USAID approval of the appropriate level of environmental review called for in 22 CFR 216. The recipient will provide USAID with adequate information to allow USAID to prepare Requests for Categorical Exclusions and Initial Environmental Examinations (IEEs).”

A Programmatic Environmental Assessment was conducted for Moldova and both PFAP and PFCP have utilized the procedures established therein. For PFAP this means the preparation of IEEs for certain USAID-financed grants, and for PFCP this means the preparation of IEEs for each farm store and each agribusiness partnership. These IEEs are submitted to USAID for approval. PFCP has funded an environmental specialist who prepares needed IEEs for both Cooperative Agreements. He also performs the required monitoring.

In addition to ensuring that activities meet USAID and Moldovan environmental requirements, an impressive extra result is the establishment of a national water monitoring system that will establish benchmarks for Moldovan water quality.

The Evaluation Team believes the environmental activity is an excellent demonstration of inter-project cooperation as well as an example for other activities.

C. Linkage of PFAP and PFCP to Mission Strategy

The activities of PFAP and PFCP link directly to and support Mission SO 1.31, “Private Enterprise Growth Creates Jobs and Generates Incomes.” The two projects generate jobs and income in three ways: (1) directly; (2) indirectly; and through (3) multiplier effects. Site visits to Farm Stores (FSs), Agribusiness Partnerships (APs) and Business Service Cooperatives (BSCs) showed direct employment benefits in all cases. As indicated above, from only FSs and APs, an estimated 8-900 new jobs have been created. BSCs, Agricultural Producer Associations (APAs), APs and most FSs also had plans for increasing direct employment as they further develop their activities. Also as noted earlier, grants partners of the programs have generated very considerable direct employment.

Indirect employment and income benefits were also apparent from site visits. These occur when farmers are able to access required services and inputs and increase employment at the farm level either through higher production

of existing crops through uses of improved inputs and farm services or through intensification of production by altering output mix. They may also be able to obtain some services at a lower cost. An excellent example of higher employment is revitalization of Moldova's base of apple and vineyard production through distribution of planting materials. Lower machinery services costs as reported by several business cooperatives should lead to higher farmer income.

Multiplier effects occur when increased agricultural production creates additional jobs and income in transportation and assembly, and processing and marketing. Site visits also showed this type of effect. For example, a privatized agricultural processing company in northern Moldova is expanding its marketing of apple juice for the German and Dutch markets and its canned vegetables for markets in Belarus and Russia.

In short, the Evaluation Team saw or was provided information on numerous activities that were clearly having employment and income effects. There is no doubt these programs are supporting the USAID/Moldova strategy.

D. Linkages to Other Donor Programs

World Bank: The World Bank Poverty Reduction Strategy Plan (PRSP) for 2002-2003 for Moldova has six main components: (1) Structural Adjustment Credit; (2) Rural Investment and Services; (3) Energy Sector Reform; (4) Public Sector Reform; (5) Water Supply and Sanitation; and, (6) Trade and Transport Facilitation. The USAID-funded PFAP and PFCP activities complement the World Bank Program in these ways.

Direct USAID linkage to the World Bank Program is through the Rural Investment Services Program (RISP), which itself is divided into three main components: (1) rural business development support; (2) rural advisory services and (3) rural finance. While the first component, rural business development support, targets both agricultural and non agricultural rural businesses, much business development under this component will serve to strengthen the network of support services to production agriculture and agribusiness, including processing and trade. The second component, rural advisory services, supports networks of private agricultural extension advisors down to the village level. Supervised by the National Agricultural Extension Board, and its executing arm, the Agency for Consultancy and

Training in Agriculture, the activity fits well with USAID efforts to support the successful privatization of agricultural production in Moldova.

World Bank support for rural finance has probably been the most visible complementary program. Many Farm Stores include Savings and Credit Association (SCAs) offices on their premises that receive part of their lendable capital from the World Bank supported Rural Finance Corporation.

USAID and World Bank programs also complement each other in the areas of energy sector reform, public sector reform and trade and transportation facilitation. Supporting services for increased agricultural production need a public sector that is responsive and supportive of business development. Reliable energy supply is a prerequisite for many activities in agricultural processing. Increases in agricultural production achieved through the USAID-financed activities will require an improved environment, both institutionally and in supporting infrastructure, for trade

EU/TACIS: The EU/TACIS Indicative Strategy for 2002-2003 has the following focus: (1) Support for Institutional, Legal and Administrative Reform; (2) Support to Private Sector and Assistance for Economic Development; and (3) Support in Addressing the Social Consequences of Transition. The USAID programs to assist BSCs, as well as the regional associations of agricultural producers and the Republican Union of Agricultural Producers National, interface with the EU/TACIS program for (1) above which has a civil society component to “strengthen professional associations.” Component (2) of the EU/TACIS programs focuses on rural development, micro credit and export promotion, and complements USAID efforts to increase rural income and employment, and to achieve “multiplier effects” from increased agricultural production through the export of processed agricultural products.

Smaller Donors: Other examples of complementary of between the USAID activities are with, the Netherlands, United Kingdom (DFID) in agricultural technologies and with the Japanese Government which has supported credit for purchase of agricultural machinery for BSCs.

VII. Recommendations for Future Assistance

A. General: Given its natural resources endowment and limited industrial and service sector development, the Moldovan economy will

remain reliant on agricultural sector for the foreseeable future. With 40-45 percent of the population engaged in production agriculture and 66 percent of employment in agriculturally related employment of all types improvement in incomes necessitates agricultural sector growth and improvements in productivity. Consequently, an economic growth strategy for Moldova needs to be based on a more productive and internationally competitive agricultural sector, including agribusiness. It is recommended that in the development of the next strategy for USAID/Moldova, that there be an objective focused on agricultural sector development.

USAID had played an important role in establishing fundamental building blocks for agricultural sector development through their privatization and rural enterprise support programs. In the evaluation of the two current agricultural development programs in the USAID/Moldova portfolio, the Team has determined that these are effective programs and should be continued to the end of their terms with minimal modifications, as noted in the discussion above. In addition, the Team has recommended that each program be given an 18-24 month to continue their general program thrust, again, with some modifications as noted. These extensions will allow the Mission to complete this strategy cycle with some continuity, while continuing critical work to solidify the foundations for further agricultural sector development.

In addition to extensions on these two projects, the Team recommends that the Mission consider the following programmatic developments over the next 2 years. First a new project focused on rural finance should be designed next spring/summer, for implementation by next fall (early next fiscal year). The Mission should also consider commissioning a study on small-scale irrigation in CY 2003. Finally, the Mission should begin planning now for development of new agricultural sector development projects that would come on line as the current project extensions are wrapping up. Each of these programming recommendations is discussed in greater detail below.

B. Rural Finance: Growth and increases in productivity of the agricultural sector will require new investments. Significant progress has been made over the last several years in establishing a rural financial system. Continued decline of interest rates will likely make medium term lending feasible within 1-2 years. There is also the possibility of increased

mobilization of worker remittances for investment lending. Elements of the existing rural financial system include:

- Savings and Credit Associations—460 active SCAs with 51,000 members located in rural villages and small town across Moldova. Member equity share in 2002 totaled \$1,630,000. SCAs loans to members was valued at \$9 million. The average repayment rate in 2002 was 96%, down from 98% in 2001 due to a drought in several regions throughout the country. The SCAs' repayment rate to external creditors remains at 98%, however.
- Rural Finance Corporation—a non-bank financial institution that was formed by and serves 220 SCAs. In 2002, RFC disbursed 56 mln lei to SCA (51 percent of the market; the remainder of loans—54 mln lei—to SCAs came from Agroindbank). RFC loaned another 9 mln lei directly to agricultural enterprises. World Bank is encouraging RFC to develop its direct lending products through its RISP project.
- The National Federation of SCAs. The political apex organization for SCAs—350 of the 475 active SCAs are dues-paying members. In 2002, the share of Federation's budget covered by SCA membership dues was 37 percent (up from 6 percent in 2000). The Federation's two primary functions are 1) to lobby on behalf of SCAs' interests and 2) provide services, such as training and consultation, to SCAs.
- State Supervisory Board. A GoM supported agency for the oversight of SCAs. Recent changes in legislation on licensing took this responsibility away from the Board. However, they will continue to do the substantive assessment associated with licensing.
- Rural Development Center and Moldovan Microfinance Alliance. NGOs supporting the growth and strengthening of SCAs. Both of these NGOs were instrumental in establishing SCAs, and continue to provide training and consultation to SCAs with donor funding. Both are capable of developing into consultancies that provide development services, but need to work on their sustainability strategies.

While there is generally liquidity in the banking sector, banks are still hesitant to loan to agricultural enterprises. Several donor programs, including USAID's PFCF (under CNFA) and MSED agreement with Agroindbank, World Bank's RISP and the IFAD's Rural Enterprise Development Project have helped increased availability of financial capital

for agricultural/agribusiness enterprises. Commercial interest rates have decreased slowly over the last couple of years and are continuing to decline. Rates to SCAs from both RFC and Agroindbank are at 14.5 percent; commercial loans are around 20 percent. One notable exception to the financial liquidity story is the lack of funds available for the purchase of land. Aside from the small, and now defunct, mortgage lending activity under the CNFA program, there is little agricultural land mortgage lending in Moldova. This will continue to be a significant constraint to land market development and thus agricultural sector growth.

The extent of this rural financial network is impressive and a tribute to the vision and commitment of donors. It is also encouraging that at least one commercial bank has increased its lending to small and medium agricultural enterprises in the sector. However, the institutions of this network are still very weak and in need of donor support. Changes in licensing requirements will challenge SCAs and may drive many out of business.

Recommendation: USAID should launch a major new initiative in the area of rural finance directed toward strengthening the existing financial system and developing new areas of service. Elements should include assistance for consolidation and strengthening SCAs, mobilization of rural savings and remittances for productive investment, and development of new financial services such as deposit insurance. Policy work, such as reforms to the tax code and mortgage/foreclosure laws, should be conducted through existing Moldovan organizations (i.e. the National Federation) to the degree possible. USAID technical assistance should be used to facilitate and leverage use of donor and commercial credit lines. For example, IFAD has a credit line that was set aside for deposit insurance, but there are no funds for the technical assistance to develop such a service. Uses of Development Credit Authority should be explored to support specific targets, such as for land mortgage loans.

C. Irrigation: Agricultural export markets require high quality products and consistent quantities. The use of irrigation is one effective method of raising both yields and quality. Moldova has untapped water resources and currently irrigates much less than it did during the Soviet period.

Recommendation: USAID should fund an irrigation study in 2003 to examine the possibilities and requirements for development of effective irrigation systems. The focus of this study should be on small-scale

irrigation—access for small and medium producers. Determining how much land could be economically put under irrigation, how irrigation development might be organized and managed, and how such development could be financed are questions that should be included in such a study.

D. Development of Agricultural Marketing and Competitiveness: Between 40-45 percent of Moldavians are engaged in production agriculture. As technical efficiency in production agriculture improves, marketing, particularly export marketing, will become (and is already for some products) a binding constraint to the expansion of agriculture. Domestic demand in Moldova, because of the relative size of the agricultural sector, simply will not sustain prices at a remunerative level with greatly expanded production. The resulting low prices would make agricultural production unprofitable, particularly for innovation and investment. The only way this situation can be averted is through increased agricultural exports.

Recommendation: USAID should develop a major new program that focuses on support in export-oriented agricultural marketing linkages. Such a project would identify and develop sub-sector and product lines, both fresh and processed, in which Moldova can be competitive. Elements of the project might include market analysis, development/strengthening of market information systems, strengthening of producer/processor/food industry market linkages. The project should also identify and mitigate barriers to agricultural sector trade. The project should work closely with enterprises established under PFAP and PFCP, and with other projects, such as the PFID project on food safety and standards.

This project should be designed and competed so that it begins implementation as a smooth follow-on to the completion of the extensions of the current agricultural projects. This new project would form the core agricultural development program in the Mission's next strategy.

E. Agricultural and Agribusiness Policy: Due to budget constraints the Government of Moldova will remain unlikely to be able to support either in-house or contracted policy work in the near future, and most economic policy work will likely have to remain donor supported. At the same time, sector and sub-sector strategies need to be developed along with appropriate policies to support them. Policy interests reside in the Republican Union of Agricultural Producers, among high level government officials and in donor organizations.

Recommendation: Give consideration to inclusion of an explicit agricultural policy component in the next USAID/Moldova strategy.

Annexes

Annex I. General Assistance Environment

Present Situation: Following independence, Moldova saw the steepest among decline NIS countries, with official GDP dropping by 1999 to 32 percent of the 1989 level. Moldova fell in international classifications during this period from a middle income country to a low income country, and is now the poorest country in Europe, with per capita GDP in 2001 of \$387. As such, Moldova is the only NIS country in continental Europe included in the World Bank-IMF NIS-7 Initiative for low income NIS states that receive special attention (the others are in either central Asia or the Caucasus – Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Tajikistan and Uzbekistan). While inclusion of the informal sector estimated at 40-50 percent of official GDP would ameliorate the GDP statistics somewhat, Moldova's relative rank among NIS countries would likely be little changed, since comparator countries also have large informal sectors.

Social Indicators: It is clear that poverty has become widespread since independence. Survey-based data from the World Bank show a 20 percentage point rise between 1997 and 2001, to 55 percent, of the population that is living below the absolute poverty level for Moldova of \$2.15/day. Nutrition surveys show per capita consumption of 1890 calories/day/person against an FAO norm of 2500 calories. In 1999, the average real wage in the country was only 40 percent of the minimum consumption basket as computed by the UNDP. Infant mortality, at 18.4/1000 is four times the European average and tuberculosis rates have doubled since 1999. Truancy has become a problem in education with about 10 percent of compulsory age children not attending school, usually for economic reasons. The educational system is eroding at the base, with as many teacher positions reported as vacant as being filled, due to extremely low salaries often paid with great delay.

Demographic Effects of Economic Decline: No census has been conducted in Moldova since 1989. Consequently there are wide variances in current estimates of its population. The official UNDP estimate is 4.2 million (including Transnistria) but the UNDP also recognizes that “the number is based on extrapolation from the 1989 census, and the bases for

extrapolation from that census have been undermined.” TACIS estimates the population at 3.25 million, including 250,000 in the separatist Transnistria region. Estimates of population for the separatist Transnistria region range from 250,000 to 600,000. Moldova’s fertility rate is reported by the UNDP at 1.7 births per woman for 1993-99, compared to 2.8 per woman for 1980-85.

Large-scale emigration from Moldova took place after 1991, with estimates of total emigrants between 800,000 and 1,000,000, or about 17-22 percent of the 1989 population. Much of this emigration is considered as temporary, with Moldovan citizens taking jobs in Europe and Russia until conditions improve in Moldova. An additional reason for demographic decline is that Moldova was a favorite retirement location for Soviet military officers and civil servants. An underdetermined number of emigrants were retirees of Russian and other CIS nationalities who returned to support networks in home countries due to non payment of pensions.

Decline of Agriculture and Industry: Agricultural production accounted for 26.0 percent of GDP in 2001, down from 42.7 percent in 1991. Industrial production (including agro-industry) accounted for 24.1 of GDP percent in 2001, against 33.3 percent in 1989. Agricultural production declined by an average of 9.5 percent per year between 1991 and 1999, while the decline for industry was even steeper, at 11.5 percent per year. Government consumption declined by 11.3 percent during the same period, while gross domestic investment was decimated with an average yearly decline of 14.1 percent. While analysis of these figures is problematic owing to GDP valuation problems in a non market economy, it is clear that industrial and agricultural production fell precipitously when examined on a non price basis. Examples of decline are apple production and food processing: it is estimated that agricultural processing industries are currently operating at only 32 percent of capacity. Apple production stood at 2.0 million tons in 1989 is currently about 400,000 tons, and, of 36 large agricultural processing plants that operated in 1991, only four are still operating.

Macro Economic Performance 1991-99: GDP decreased by an average of 7.5 percent per year between 1991 and 1999. On an individual year basis, the only year during which there was positive real growth was 1997. The incipient economic recovery of 1997 was, however, halted by the 1998 financial crisis in Russia, the destination of over half of Moldova’s exports.

Macro Economic Stabilization 1999-2002: Containment of fiscal deficits and inflation, along with considerable donor financing, were successful in stabilizing Moldova's economy. Moldova's economy contracted 3.4 percent in 1999, but grew at 2.1 percent in 2000 and 6.1 percent in 2001. Growth for 2002 is forecasted at 4.8 percent and at 6.0 percent for 2003. Exports in 2001 were still below their level of 1998, and, according to GOM estimates, are not forecasted to reach their 1997 level until 2005. Inflation contracted from 45 percent in 1999 to 18.5 in 2000, 6.4 percent in 2001, and is forecasted at 6.0 percent for 2002. Moldova's current account deficit, at 20.6 percent of GDP in 1997 improved to 9.5 percent of GDP in 2000, and is forecasted at 8.9 percent for 2002, and 6.8 percent for 2003.

Underlying Causes of Severe Contraction in Moldova's Economy: Until 1991 Moldova's economy was closely linked, especially through trade in agriculturally related products, to other Soviet republics, particularly Russia. Following the collapse of the Soviet Union, its principal markets in Russia and other NIS republics for agricultural products were depressed. As noted above, large numbers of retirees from other Soviet republics left the country, which depressed domestic demand. Much of the country's industry had been linked to the Soviet military, and fell into decline after 1991. As a land-locked country, Moldova's exports must transit either Romania or Ukraine. Transportation infrastructure in both countries has been deteriorating and transit, particularly through Ukraine, sometimes complicated by corrupt customs services. In contrast to certain small E. Europe and NIS countries, such as the Baltic states, the Czech Republic and Slovenia, Moldova had no large, prosperous neighbors, a situation which itself generates a strong basis for trade, and which also generates a strong political interest by the larger state in assisting the smaller and weaker neighboring state. Moldova's much larger neighbors, Ukraine and Romania, were also experiencing severe economic decline. Indeed, Romania's bordering regions with Moldova are reportedly even more economically depressed than Moldova.

Moldova's problematic economic situation following independence was complicated by political instability. The country has seen five governments since independence. The Communist Part won a resounding victory in the last parliamentary elections and now holds 71 of 120 seats in parliament. While the Communist Party victory seemed prepared, initially, to threaten the economic reform process, and even rollback key land reforms, the

communist government has now made its commitment to a market economy clear, including the almost complete privatization of agricultural land.

Donor Support – Grant Assistance: Relative to the size of its economy and its population, donor support to Moldova has been at a very high level. The U.S. Government has consistently been the largest bilateral donor in Moldova, with FSA levels in the range of \$40-\$45 million during recent years. On a per capita basis, FSA support for Moldova has been running in the range of \$13.00-\$15.00, compared to about \$2.50-\$3.00 in neighboring Ukraine. TACIS assistance provided approximately \$31 million per year for 1999-2002, including border support, but excluding a balance of payment loan of \$15 million in 1999. Smaller levels of donor assistance are being provided by the Netherlands, the United Kingdom, Germany and Japan, as well as by private voluntary organizations such as Soros foundation.

Donor Support – Loan Assistance: Total lending by the IMF was approximately \$325 million between 1993 and 2001. Presently it is providing about \$45 million annually under its million on an annual basis under its 2000-2004 Poverty Reduction and Growth Facility, which was done for a total of about \$147 million. The EBRD has provided approximately \$178 million in loans and equity investments since 1991. World Bank lending totaled \$450 million 1991-2001 and new lending is targeted at a \$50 million disbursement level for the next three years. World Bank/IDA lending, 1999-2001, was adversely affected by instability in the Government of Moldova's economic policies: of \$125 million that was programmed, only \$76 million was disbursed. The IFC has provided a \$25 loan to power distribution companies and a \$16.6 loan for GSM-based telecommunications.

Overall Level of Donor Support: Overall, donor assistance to Moldova, including loans from the World Bank, the IMF and the EBRD, and grant assistance from TACIS and bilateral donors is about \$200 million per year, or about 13 percent of GDP (\$1.5 billion). When computed on a per capita basis, the donor support level for Moldova of \$50-\$60 is five or six times that of neighboring Ukraine, where the figure is about \$10 per capita. There are few countries that receive donor support at the relative level that Moldova has received it. Generally, countries having donor support levels exceeding 10 percent represent unusual situations involving conflict resolution

External Debt & Government Budget: External debt, at \$1.2 billion, or currently 83 percent of GDP, gives Moldova one of the highest debt-to-GDP ratios among NIS countries. Debt service costs this year amount to 60 percent of government receipts, and it is estimated debt service costs will be 40 percent of government receipts next year. The effect of debt service costs at these levels is to “crowd out” other spending priorities. Considering that 50 percent of the budgetary expenditures are social expenditures, primarily for pensions, education and health, all investment spending by the Government of Moldova is severely constrained. Consequently, the Government of Moldova has little ability to invest in its economy, including through participation in the funding of donor projects, which is desirable to gain “country ownership” of projects. An additional implication is that, in the absence of important foreign direct investment, nearly all public investment, and much private investment will be donor-related. Government revenues are reported at 29 percent of GDP, which is on the low end of this statistic for comparator countries, and the Government of Moldova is widely reported as to have a problem in achieving tax compliance. The Government of Moldova succeeded this year in negotiating an extension of its \$40 million Eurobond, and \$97 million in promissory notes, including arrears with the Russian energy company, Gazprom. Total external energy sector payment arrears to Russia, Romania, and Ukraine, public and private were estimated end-2001 at \$298 million.

Remittance income: With 0.8-1.0 million Moldavians having emigrated since 1991 abroad, worker remittance income to Moldova is considerable. The forecasted figure for 2002 is \$210 million, up from \$101 million in 2001. Higher levels of worker remittances are the principle reason for this year’s improvement in Moldova’s current account balance. The present official level of worker remittances is approximately equal to the level of donor support, and properly mobilized in the banking system could constitute an important source of investment capital. At present, most remittance income appears to be channeled into housing construction, which is done in stages as funds become available. While increased employment jobs in the construction and building materials sector are a beneficial result, such use of remittance income does not add to the productive capital stock of Moldova. As the financial and business environment of Moldova improves more remittance income could be intermediated into medium term investment lending.

Trade: Moldova's total exports for 2001 stood at \$603 million, of which \$116 million were agriculturally related goods. NIS countries account for 64 percent of total exports with Russia alone accounting for over 50 percent. Imports were \$873 million in 2001, with energy accounting for \$201 million, capital goods for \$102 million, and food for \$26 million. It is clear that the country has a solid positive balance in agricultural trade, with agriculturally related exports standing at \$116 million in 2001 compared to only \$26 million in food imports. Russia remains the primary source of imports, principally through the energy sector. While Moldova should neglect no opportunities for expanding trade with Russia, diversification of both its exports and energy imports would benefit its economy by making it less susceptible to economic shock emanating from any disruption in Russia's economy.

WTO, European Union and Stability Pact: Moldova acceded to the WTO in 2001. While accession has produced few visible benefits so far, it has reinforced Moldova's commitment to an open market economy, and it could prove crucial for attracting foreign investment as business and investment conditions continue to improve. The Government of Moldova has expressed an intention to join the European Union, but has not specified a target date for entry. Moldova is not presently considered a European Union "candidate country." Moldova does have a Partnership and Cooperation Agreement (PCA) with the European Union. The PCA is a highly flexible instrument and its expanded use could prove crucial in opening the EU to Moldova's exports and in attracting public and private investment. Moldova is a member of the Stability Pact, which could lead to expansion of its exports to Balkan countries and possibly to improvement of transportation infrastructure for trade to and through those countries.

Financial Sector: Macro-economic stabilization, along with adequate supervision, has restored health to Moldova's banking sector. The IMF reports that the 19 licensed banks in Moldova reporting a risk weighted capital adequacy ration of above 25 percent for end-March 2002, well above the required minimum of 12 percent, and that problem loans in the system have declined from 29 percent end-1999 to 10 percent end-March 2002. However, almost all lending in the national currency is still reported as short term, at average interest rates of 25 percent, which against inflation of 6.0 percent in 2001 yields a real interest rate of 19 percent. Larger businesses reportedly borrow in U.S. dollars at a much lower rate of 8.0 percent. It would appear that the first stage of banking sector consolidation and

stabilization has been completed. Banks are reported as overly liquid at the present time, and unable to loan available funds at present interest rates, which are declining. Bank credit grew by 18 percent in real terms in 2000 and by 27 percent in 2001. Monetization of the economy (money supply/GDP) has increased from 19.2 percent in 1998 to a forecasted level of 27.3 percent for 2002. “Dollarization” of the banking system remains high, and was reported at 46 percent for lending and 42 percent for deposits. As banking system deposits grow and as improved corporate governance and business regulatory practices take hold, and reduce risk in lending, the system is poised to intermediate more of national savings into medium term lending for investment by businesses.

Structure of Moldova’s Economy: Moldova’s rural population is estimated at 52 percent of the total. Production agriculture accounts for over 40 percent of employment in Moldova and 25 percent of GDP. When processing of agricultural products and other agriculturally related industries are considered, more than two-thirds of Moldova’s economy is considered agricultural. In the absence of opportunities for extractive industries or other broad scale industrialization, the country’s future economic well being will depend on the agricultural sector. Given the size of the agricultural sector in the overall economy, the implications of expanded agricultural production as the technical efficiency of the sector improves are extremely low agricultural prices unless agricultural exports are expanded. Extremely low agricultural prices would, in turn, stifle innovation and technical change in the sector since investment opportunities would become unprofitable. Aside from efficient agricultural production, Moldova needs agricultural transportation, handling, processing and marketing systems that are internationally competitive and export-oriented to the generate growth and income it needs reduce poverty and regain its status as a middle income country.

Transnistria: The breakaway Transnistrian Moldovan Republic presents a number of economic and political problems for Moldova, and its unresolved status probably adds to political risk indices that are adverse to Moldova attracting foreign investments. Transnistria is a geographically angular region on the east bank of the Dnister River forming most of Moldova’s border with Ukraine. A self-proclaimed and breakaway “republic,” it has its own currency, customs services, police and other governmental services. Russian army units stationed in Transnistria are scheduled to leave at the end of 2002. Transnistria is reportedly a center of clandestine arms trade and other types of smuggling activities. Because of its breakaway status,

Moldova does not control customs services along most of its eastern frontier. It also does not control gas meters on pipelines supplying gas from Russia to Moldova. Transnistria holds the largest electrical power plant and a modern steel production plant. Inspection of available statistics show drastic decline in almost all sectors of the Transnistrian economy with the exception of steel production, which increased from 1.322 million metric tons in 1990 to 1.544 million metric tons in 2000. Prior to 1991, Transnistria, highly industrialized, accounted for 40 percent of GDP for Soviet Moldova.

The peaceful re-incorporation of Transnistria would benefit Moldova in a number of ways: (1) it would lower political risk for investments in Moldova; (2) it would add to Moldova's industrial base, assuming plant and equipment that has fallen into disuse is still usable; (3) it would enable Moldova to enforce its customs legislation, enhancing government revenues; (5) it would reduce dependence on imported electricity; and, (4) steel exports from Transnistria would reduce Moldova's present dependence on agricultural exports, reducing overall risk to its economy.

Annex II. PFAP Grant Program Summary Table

	As of June 30, 2002	July	August	Sept embe r	Q3 (cum.)	As of September 26, 2002
Grant applications received	111	0	0	40	40	151
Concept papers received	45	1	0	0	1	46
Grants applications approved/funds given	81 / \$1,977,228	2/ \$29,043	0/ \$0	39/ \$176,368	41/ \$205,414	122 / \$2,182,642
Number of WG meetings	14	1	0	1	2	16
Number of PFAP Jury meetings	21	1	0	1	2	23

The PFAP subgrantees contribution to the achievement of PFAP goals and objectives is presented in the following table:

No.	Activities	2001		2002		TOTAL	
		Total PFAP	Including sub-grantees	Total PFAP	Including sub-grantees	Total PFAP	including sub-grantees
1	Training and Information						
	Number of seminars conducted	4273	2044	1249	791	5522	2835
	Number of persons attended seminars	141090	44722	31848	16068	172938	60790
	out of them women	62848	20005	12063	5265	74911	25270
2	Consulting						
	number of consultation offered	26237	12908	25099	21743	51336	34651
	number of beneficiaries, total	360626	36001	103239	63833	463865	99834
	out of them women	157971	13228	43045	24897	201016	38125
3	Legal assistance						
	Disputes settlement through						

arbitration							
Number of cases solved	409	0	303	173	712	173	
Number of persons	64795	0	34649	26474	99444	26474	
out of them women	28162	0	17301	13093	45463	13093	
Disputes settlement through consultation							
Number of cases solved	649	649	201	201	850	850	
Number of persons	4151	4151	1158	1158	5309	5309	
out of them women	1952	1952	531	531	2483	2483	
4 Creation of new enterprises							
Number of Bus. Coop. Created (registered)	80	34	52	39	132	73	
Number of B.C.'s members (cumulative)					8607	4740	
out of them women					2820	1414	
5 Publications							
Number of publications	142	67	158	76	300	143	
Number of copies	1026493	926923	1074190	941830	2100683	1868753	

Annex III. USAID Evaluation Program Agenda

Date	Type	Location, brief description	Participants	
			USAID	EWMI/CNFA/Organisati
28-Oct-02	FIELD	<ul style="list-style-type: none"> • 9.00 am - Tour to Braviceni Farm Store, Orhei Judet (vet pharmacy, milk collection point and small dairy), N. Cociorva, Director, “VC – Saturn – 13” Ltd; • 11.00 am – Tour to Orhei Farm Store, V. Marchitan, Director, “Samarvin” Ltd; • 12.00 pm Lunch 	Levinson, Botezatu	Patrick Norrell – FS Program Coordinator; Valentina Plesca – FS Program Manager N. Cociorva, Director, “VC – Saturn – 13” Ltd; , V. Marchitan, Director, “Samarvin” Ltd
29-Oct-02	FIELD	<ul style="list-style-type: none"> • 10:00 Visit to HANCESTI Agricultural Producers’ Association and Business Center (<i>Bumacov, Slusari</i>) • 13:00 Visit to a farm in Tochile-Raducani 	Levinson, Botezatu	Igor Vatamaniuc, Dorin Dumbraveanu <i>Vasile Bumacov, Deputy Director Uniagroprotect;</i> <i>Alexandru Slusari, Lawyer Uniagroprotect;</i> <i>APA Hincesti Director and Members of the council</i>
30-Oct-02	Chisinau, other org-ns	<ul style="list-style-type: none"> • 10:00 CAMIB (Min. Agriculture, 2nd floor) – <i>Galina Lyashenco</i> • 10:40 Association of Independent Press (St. Mare 123) – <i>Dorina Osipov</i> • 11:30 “Ora Fermierului” (31 August 98, 312) – <i>N. Misail</i> • 12:15 MMA (Pushkin 16, 2nd floor) – <i>Artur Munteanu</i> • 13:00 Rural Service (Armeneasca 20) – <i>Olga Poalelungi</i> 	Levinson, Botezatu	<i>Contact: Vitalie Iurcu Galina Lyashenco, Director CAMIB;</i> <i>Dorina Osipov, Director API; Nicolai Misail, Director Ora Fermierului; Artur Munteanu, Director MMA; Olga Poalelungi, Director Rural Service</i>
31-Oct-02	Chisinau	<ul style="list-style-type: none"> • 11:00 Union of Agricultural Producers’ Association press conference. Chisinau, MoldExpo (<i>Bulgari, Slusari</i>) 	Levinson, Botezatu	Igor Vatamaniuc, Dorin Dumbraveanu Valeriu Bulgari, Head of

				Uniagroprotect; Alexandru Slusari, Lawyer Uniagroprotect
02-Nov-02 Sat.	FIELD	10:00 – 12:00 Meeting farmers, APAs members from remote counties at the Exhibition “Farmer 2002”, MoldExpo (<i>Novosadiuc</i>)	Levinson, Botezatu,	Igor Vatamaniuc, Victor Vasil Iurii Novosadiuc, Deputy Dire Uniagroprotect
		12.30-13.30 CNFA staff, Farm Store Booths, “Farmer 2002”, MoldExpo		Rod Beason, Patrick Norrell, David Himsbergen
05-Nov-02 Tue.	Chisinau, other org-ns	• 11.00 am CNFA Farm Store Program Quarterly Meeting (Ministry of Agriculture, conference room) (2 hour)	Botezatu, Levinson	All Farm Stores Managers, Manager of Agrostoc
		• 15:00 PFAP Department of Privatization team (DoP, office 322) • 15:30 Department of Privatization – <i>N. Gumionii</i> , Director		Val Sibirsky, Alexandru Mura Dumitru Sevcenco, Dorin Dumbraveanu; <i>N. Gumionii</i> , Director of DoP
06-Nov-02 Wed.	Chisinau, other org-ns	• 9.00 World Bank (Carlos Elbert, Anatol Gobjila) • 11:30 Center For Strategic Studies and Reform – <i>Anatol Gudim</i>	Botezatu, Levinson, Schamper	Alexandru Muravschi, Dorin Dumbraveanu; Carlos Elbert, of World bank Mission in Mo Anatol Gobjila, Ag. Specialist World Bank office in Moldova
		• 14.00 National Extension Agency ACSA – <i>Constantin Ojog</i> • 16.00 ARA – <i>Victor Moroz</i>		Constantin Ojog, Executive Director of ACSA; Victor Mo Director of ARA
07-Nov-02 Thu.	FIELD	• 08:15 am departure from USAID office • 09:00 – 10:00 Visit to a b-coop in Niscani, Calarasi (<i>Bulgari, Slusari</i>) • 10:45 Visit to UNGHENI Agricultural Producers’ Association and BC • 12:30 – 13:30 Lunch in Ungheni	Botezatu, Levinson, Schamper	Igor Vatamaniuc, Dorin Dumbraveanu; Valeriu Bulgari, Alexandru SI Head of APA Ungheni; APA Ungheni members; Niscani Calarasi b-coop meml and manager.

		<ul style="list-style-type: none"> • 13:30 Tour to Ungheni farm Store and flourmill, Alexei Podoroghin, Director, "Teriac" Ltd; Discussions with area farmers. 	Botezatu, Levinson, Schamper	Valentina Plesca –FS Program Manager, Representatives of ACAI Team Alexei Podoroghin, Director, "Teriac" Ltd; About 10 farmers that are FS
8-Nov-02 Fri.		8.00 am Ministry of Economics (Deputy Ministers of Economics Mr. Afanasiev and Mr. Mamaliga) 9.00 am ACAI NGO, (Ministry of agriculture building, 9 th floor, 913 room); 11.00 am CNFA Farm Store College Training Initiative (Chisinau, Labor Institute); 16.00 IFAD (Mr. Rusu) Min. Agr. 514	Botezatu, Levinson, Schamper	Veaceslav Afanasiev, Deputy Minister of Economy; ACAI FS College team, About 25 beneficiaries of FS College, I Virilan, Executive Director of ACAP, Mr. Rusu, Director of project
11-Nov-02 Mon.	Chisinau	<ul style="list-style-type: none"> • 9.30 DFID (Steliana Nedera, Viorel Gherciu) – ASITO bldg. • 11.00 Tacis (Ivan Borisavlevic, Mark LeSeller) Corobcianu 22 str. 	Botezatu, Levinson, Schamper	Steliana Nedera, DFID; Viorel Gherciu, DFID; Mark LeSelle Tacis
12-Nov-02 Tue.	FIELD	<ul style="list-style-type: none"> • 8.30 am – USAID office • 10.00 am - Salcuta Farm Store, Tighina Judet, Salcis-Service Business Coop, (input supply, veterinary, machinery and output marketing services), Gheorghe Tabacaru, Coop President, • 11.30 am – Ursoaia Farm Store, Tighina Judet, Serviagromec Business Coop, (input supply, veterinary and machinery services), Stefan Trocin, President; • 12.30 pm – Lunch in Causeni 	Winter, Botezatu, Schamper, Heron	Vasile Munteanu –Program Director Valentina Plesca –FS Program Manager Gheorghe Tabacaru, , Salcis-Service Business Coop President Stefan Trocin, Serviagromec Business Coop President; About 25 Coops members and beneficiaries

		<ul style="list-style-type: none"> • 14:00 Visit to STEFAN-VODA Agricultural Producers' Association and Business Center (<i>Bulgari, Bumacov, Slusari</i>) • 15:00 Visit to a Machinery Center and meeting with members of local business cooperatives (Crocmaaz, Stefan Voda) • 16:00 Visit to a farm – APA member – Basvinex SA 	Winter, Botezatu, Schamper, Heron	Igor Vatamaniuc, Dorin Dumbraveanu; Valeriu Bulgari, President of Uniagroprotect; Head of APA Stefan Voda; Members of AP, Stefan Voda
13-Nov-02 Wed.	Chisinau, implementors	<ul style="list-style-type: none"> • 9.00 – 10.00 UNDP • 10:00 – 15:00 PFAP Office 	Schamper, Chomiak Smith, Winter, Botezatu, Heron	Jorgen Wettbo, UNDP Program Officer; PFAP Office
		<ul style="list-style-type: none"> • 15:00 PFAP Ministry of Agriculture support team (office 807) • 15:30 Union of Agricultural Producers (Ministry of Agriculture, office 1309) – <i>Bulgari, Bumacov, Novosadiuc</i> • 16:30 <i>Vice Prime-Minister Dmitri Todoroglo</i> (Ministry of Agriculture - 416) • 17:30 – 18:00 PFAP Office • 18:00 Soros Foundation Moldova – <i>Victor Ursu, Doina Melnic</i> 		Starnes, Levinson
14-Nov-02 Thu.	Chisinau, other orgs	<ul style="list-style-type: none"> • 9.00 USAID office • 9.30 Tour to DAAC Plant Marketing Project (Chisinau) • 11.30 Anturaj Controlled Atmosphere Storage, (Bucovat town) 	Chomiak Smith, Winter, Botezatu, Heron ¹³	David Heemsbergen –Agribus Adviser Anatoly Terzi –Project Manager Nicolae Ciobanu, Controlled Atmosphere Storage General Manager; 2 Beneficiaries of Controlled Atmosphere Storage
		14:00 – 18:00 CNFA Office		CNFA Team

¹³ There is a separate schedule for Lena Heron for Nov. 14 and Nov. 15 that focuses on meetings with organizations active in Rural Finance. See attachment 1 for more details.

15-Nov-02 Fri.		11:30 Riscani Farm Store (Official opening of refrigeration unit financed by USAID); 12.30 pm Lunch 14.30 pm Tour to Recea (Balti judet) farm Store (input supply, spare parts, machinery and output marketing services). 15:00 pm PFCP Farmer to Farmer and Monetization Program	Chomiak, Smith, Botezatu, Heron	Patrick Norrell –FS Program Coordinator; Valentina Plesca –FS Program Manager Rod Beason, Irina Eremciuc, Munteanu Managers and beneficiaries of visited FSs
16-Nov-02 Sat.	FIELD	<ul style="list-style-type: none"> • 08:15 am – departure from USAID office • 09:00 – 10:30 Visit to ORHEI Agricultural Producers’ Association (Board Meeting) – <i>Bulgari, Bumacov</i> • 11:15 Visit to a Machinery Center on the way to Soroca (Ciniseuti, RZ) • 12:00 – 13:00 Lunch in Ciniseuti. Discussions will continue during lunch. 	Schamper, Levinson, Chomiak Smith ¹⁴ , Winter, Botezatu, Heron	Igor Vatamaniuc, Dorin Dumbraveanu; Valeriu Bulgari, Director Uniagroprotect; Manager and council member; APA Orhei; Luca Service Coc Manager and members
		<ul style="list-style-type: none"> • 2.00 pm - Alfa Nistru Farm Service Center and IQF Project (Soroca), Ilarion Ciobanu Alfa Nistru JSC, President 	Schamper, Winter, Botezatu, Heron	Valentina Plesca –FS Program Manager Anatoly Terzi –Project Manager Rod Beason, David Himsberg Ilarion Ciobanu Alfa Nistru JSC President Alfa Nistru Service Center tea
17-Nov-02	USAID Office	<ul style="list-style-type: none"> • 11:00 am – Meeting with Phil Hufferd – Farmer to Farmer volunteer 	Mark Smith	

¹⁴ There is a separate schedule for Bohdan Chomiak and Mark Smith. See attachment 2 for more details.

		<ul style="list-style-type: none"> • 13:30 pm – Meeting of the evaluation team – general discussions on findings and results related to PFAP and PFCP 	Schamper, Chomiak, Smith, Winter, Botezatu, Heron	
17-Nov-02	USAID Office	<ul style="list-style-type: none"> • 10:00 am – Moldovan Export Promotion Organization (Liliana Munteanu) 	Schamper, Chomiak, Smith, Winter, Botezatu, Heron	Liliana Munteanu, MEPO
		<ul style="list-style-type: none"> • 14:00 pm – World Bank Implementation Unit of Rural Sector related projects (Igor Gorasov, Liviu Gumovschi) 		Igor Gorasov, Liviu Gumovsc CAPMU

Attachment 1. Lena Heron Schedule for Nov. 14

Date	Type	Location, brief description	Participants	
			USAID	BIZPRO
14-Nov-02	Chisinau & FIELD	<ul style="list-style-type: none"> • 8.00 am – BIZPRO; • 11:00 am – Federation of Savings and Credit Associations (SCAs); • 12:30 am – Rural Finance Corporation; • 14:00 pm – Moldovan Microfinance Alliance (MMA); • 15:00 pm – Agroindbank; • 16:00 pm – Costesti SCA. 	Heron	Victor Chiriac, BIZPRO; Nicolaie Olaru, NFSCAs President; Eugenia Stancu, NFSCAs Manager; Ion Gangura, RFC President; Valeriu Iasan, RFC Financial Manager Artur Munteanu, MMA Director Natalia Vrabii, Bank Presiden Scas Supervisory Board(Cred Committee, SCAs Bookkeepe
15-Nov-02	Chisinau	<ul style="list-style-type: none"> • 12:00 am – Rural Development Center; • 14:00 am – State Supervisory Service of SCAs; 	Heron	Victor Chiriac, BIZPRO; Efim Lopanciuc, RDC President; Iurii Milicenco, SSB Chief

Attachment 2. Mark Smith and Bohdan Chomiak Schedule for Nov. 16

Date	Type	Location, brief description	Participants	
			USAID	EWMI/CNFA
16-Nov-02	Office	<ul style="list-style-type: none"> • 10.00 am – PFAP Policy Unit and Grant management teams (Alexandru Muravski, Dumitru Sevcenco) • 12.00 am – PFCP Farmer to Farmer team (Irina Eremciuc) 	Smith, Chomiak	Alexandru Muravski, Dumitru Sevcenco, Irina Eremciuc

Annex IV. Scope of Work for Mid-Term Evaluation

PRIVATE FARMERS ASSISTANCE PROGRAM (PFAP) AND PRIVATE FARMERS COMMERCIALIZATION PROGRAM (PFCP)

I. Background

Agriculture plays a key role in Moldova's economy. Employing more than 40% of the economically active population, agriculture directly contributed over 25% of the gross domestic product in 1999 and agricultural processing added at least another 9%. Agricultural exports amounted to about two-thirds of all Moldovan exports in 1999. Most agricultural production now comes from private holdings. Most individual farmers, however, have had title to their land for less than two years and have only recently begun to operate their private farms as small businesses. Both land and labor productivity have fallen since the early 1990s. The production of nearly all commodities is well below levels of ten years ago. In the near future, it is anticipated that agriculture will continue to be a major employer and the source of most exports. Significant growth in this sector is critical to achieving overall economic growth.

The USAID-financed breakup of virtually all collective farms, the resolution of the farm debt issue and the distribution of agricultural land and property to hundreds of thousands of rural residents have established the fundamental base for a market economy. USAID's recent assessment of the constraints to agriculture and agribusiness development identified several factors, however, which inhibit this sector from leading Moldova's economic growth including: a policy, legal and regulatory framework which does not support private agriculture; limited technical and management skills; few input/output markets; an undeveloped land market and limited availability of financial services. A detailed description of USAID's support for the promotion and development of the agriculture sector in Moldova is included in Attachment 1 below.

II. Purpose of The Evaluation

The principal focus of the evaluation shall be the performance of East West Management Institute's Private Farmer's Assistance Program (EWMI/PFAP) and the Citizen's Network for Foreign Affairs' Private Farmers Commercialization Program (CNFA/PFCP) in accomplishing the terms and objectives of their respective Cooperative Agreements and their contributions to achieving the Mission's Strategic Objective 1.31, "Private Enterprise Growth Creates Jobs and Generates Income." The evaluators shall determine the status of the current activity, its successes and weaknesses, and provide recommendations for USAID regarding possible improvements and adjustments that might enhance the future performance of EWMI and CNFA under the current Cooperative Agreements. The evaluators should also identify any unforeseen constraints and obstacles that may have affected EWMI's and CNFA's performance.

A secondary focus is to assist USAID/Moldova to formulate ideas regarding the future support of post privatization efforts in Moldova, including, but not limited to, Crop

Insurance, Irrigation, Development of Rural Credit Markets (especially microfinance), and Agriculture Marketing. In this regard, the evaluators should provide the Mission with a better understanding of the current overall environment for the development of agriculture sector in Moldova, the sustainability of current efforts, and, if necessary, provide recommendations for a follow-on activity.

III. Team Composition

The evaluation team will consist of seven people. Two persons are expected to be from USAID/ Chisinau, two from AID/W, and three from USAID/Kiev. The team may include¹⁵:

<u>Team Member</u>	<u>Level of Effort</u>
1. Marcus Winter, Team Leader/Agriculture Specialist AID/W	Two Weeks
2. Lena Heron, Credit/Land Specialist AID/W	One Week
3. Mark Smith, D/DIR, Agriculture Specialist USAID/Kiev	One Week
4. Mark Levinson, Program Dev. Officer USAID/Chisinau	Three Weeks
5. John Schamper, Program Economist, USAID/ Kiev	Two Weeks
6. Bogdan Chomiak, Agriculture Specialist, USAID/Kiev	One Week
7. Sergiu Botezatu, Project Mgmt. Specialist USAID/Chisinau	Four Weeks

Team Leader/Agriculture Specialist:

The team leader will be responsible for the overall management of the assessment including the coordination and assignment of team members to the tasks necessary for the completion of the assessment; coordination of team discussions of findings and conclusions; preparation and submission of draft findings and reports; preparation and timely submission of the final report; and consultation with and briefing of USAID/Chisinau as required in the Scope of Work

It is expected that the evaluation team will start the work prior to arrival of the team leader in Chisinau. The team leader shall:

- Maintain contact with the team members in Moldova prior to arrival.
- Help the team to develop a workplan for the evaluation in consultation with USAID/Chisinau.
- Provide weekly briefings to relevant USAID officials in order to keep them current on the progress of the evaluation and to resolve any issues that may arise.
- Present the team’s draft findings to USAID/Chisinau during a debriefing for all interested USAID/Chisinau staff at the end of the third week of evaluation period.
- Prepare, complete and submit a final report to USAID/Chisinau within ten workdays following the receipt of comments from USAID/Chisinau staff on the draft report.

¹⁵ The expected period of proposed team members involvement is provided in Attachment 3.

IV. Methodology

Prior to their departure for Chisinau, the team members should review the following background materials to be provided by USAID/Chisinau:

- Cooperative Agreement between USAID/ and CNFA
- Cooperative Agreement between USAID/ and EWMI
- PFAP workplans (year 1999 and year 2000)
- PFCP workplans (year 1999 and year 2000)
- PFCP quarterly reports
- PFAP quarterly reports

Other documents may be provided as needed upon the arrival of the team members to Moldova.

USAID shall provide the team with names and contact information for key individuals to be interviewed in Chisinau and other cities of Moldova. The team should conduct interviews with the following people:

- USAID/Chisinau staff
- PFAP and PFCP staff in Chisinau (Vincent Morabito, Patricia Orlowith, Gery Konutsin, Val Sybirsky, Vitaly Iurcu, Dorin Dumbraveanu, Valeriu Loghin, Alexandru Muravsky, Rod Beason, David Himsbergen, Patrick Norell)
- Other USAID funded projects like BIZPRO (Jhon Nielson, Victor Chiriac)
- Soros Foundation Moldova (Victor Ursu)
- Major international donor organizations in the country like World Bank, Tacis, DFID, SIDA.
- National Extension Agency (Constantin Ojog)
- Organizations active in microfinance like the State Supervisory Service (SSS) of the Ministry of Finance, Rural Finance Corporation - RFC (Ion Gangura), Federation of Savings and Credit Associations - FSCAs (Nicolai Olaru), Microfinance Alliance - MMA (Artur Munteanu), Rural Development Center – RDC (Efim Lopanciuc), Agroindbank (Mr. Lupascu).
- Agriculture Producers' Association (Valeriu Bulgari, Vasile Bumacov) and regional representatives of APA selected by the team;
- Rural Service (Olga Poalelungi) and regional representatives selected by the team Senter for Strategic Studies (Mr. Gugim)
- Agency for Agriculture Restructuring – ARA (Victor Moroz)
- Farmer's Hour (Mr. Misail) and Association of Independent Press –API (head of association)
- ACAI (Iurie Hurmuzachi).
- The team must have meetings with agriculture producers and new landowners.
- Host country partners to gain their perspective re: PFAP and PFCP activity from the standpoint of program progress/impact and develop insights concerning future development of agriculture sector in Moldova. Host country partners include the

Ministry of Agriculture, Ministry of Economy, Department of Privatization, Ministry of Finance/CAPMU

The team leader should also contact Mr. Adrian Hewryk, Head of EWMI by telephone (212- 843-7660) and Mr. John Costelo, Head of CNFA by telephone (202- 296-3920) to interview them regarding the EWMI and CNFA activity, prior to the departure from the U.S.

The team will travel to selected regions to view programs in those villages as well as the program in Chisinau. Detailed schedules for all site visits and interviews should be developed by team members, together with the Chisinau-based team members. Logistical issues to be resolved in advance include the number of sites to be visited, host partner institutions to be interviewed, timing of visits to each regional office, and means of local travel.

V. Reports and Briefings

The team shall conduct weekly briefings for relevant USAID officials in order to keep them current on the progress of the evaluation and to resolve any issues that may arise.

The team shall present their draft findings to USAID/Chisinau during a debriefing for all interested USAID/Chisinau staff at the end of the third week in Moldova. These draft findings will be presented verbally.

A draft evaluation report, incorporating both comments from the debriefing and any written comments received after the debriefing from USAID/Chisinau staff, shall be completed by the team leader and submitted to USAID/Chisinau prior to departure of the Team leader from Moldova.

A final report shall be submitted to USAID/Chisinau within ten workdays following the receipt of comments from USAID/Chisinau staff on the draft report.

The final report shall contain the following:

- An executive summary not to exceed one page in length. The executive summary should present the major findings, observations, conclusions and recommendations for each program evaluated and a summary of recommendations for changes, improvements and possible synergies that can be achieved in USAID's agriculture support program overall;
- An introduction and background section for the overall evaluation;
- A separate section of detailed findings and observations for each program assessed. Each section should not exceed 20 pages;

- A discussion of conclusions and recommendations, not to exceed ten pages. This shall include recommendations and a detailed discussion of strategic opportunities for USAID programming.

VI. Workweek and Local Costs

The team is authorized to work six days a week for this evaluation while in Moldova. Local costs, such as transportation, interpreter services, per diem and other administrative costs will be covered by USAID/Chisinau.

VII. Questions to be answered by the evaluation (see Attachment 2)

USAID Support to Promote the Development of Agriculture Sector in Moldova

Private Farmers Assistance Program, Award No. 121-A-00-01-00002-00

In January 2001 USAID signed a three-year Cooperative Agreement for \$14,781,940 with East West Management Institute (EWMI). This new activity was named the Private Farmers Assistance Program (PFAP) and was launched in January 2001 to provide post-privatization assistance to private farmers and rural entrepreneurs in Moldova. Under PFAP, farmers and rural entrepreneurs, as well as rural associations and NGOs, will obtain support and assistance to help the Moldovan agricultural sector recover and grow. The program is designed to operate for three years, with joint funding by USAID (75%) and EWMI/Soros (25%), and will be primarily implemented by the EWMI in close partnership with the Soros Foundation Moldova (SFM). During the privatization of collective farms EWMI created a network of central and regional offices that were recognized by the private farmers and central and local governments as reliable offices serving rural Moldova. At the beginning of PFAP this network comprised one central office in Chisinau and 10 regional offices (in Edinet, Soroca, Balti, Ungheni, Orhei, Criuleni, Causeni, Hâncesti, Comrat and Cahul). Each regional office was provided with modern equipment and was fully staffed with trained and experienced lawyers, economists, agronomists and accountants. A land privatization office was also being established in Ribnita, a region of Transnistria. PFAP targets its beneficiaries and reaches its objectives through EWMI regional offices (mainly during the first year) and in collaboration with other organizations. The program is linked to other donors to provide necessary information or assistance in the implementation of their projects, and coordinates work to avoid unnecessary duplication and to create synergies where possible.

The goal of PFAP is to contribute to the business success of private farmers in order *to ensure that the transition to private farms results in sustainable economic growth*. It is also envisioned that as a result of the PFAP, a network of institutions, primarily NGOs, would be established and strengthened to provide continuing support to private farmers and enterprises in rural communities throughout Moldova. A secondary program objective is to complete the privatization of collective farms in Moldova, particularly, in Gagauzia, and to initiate of a pilot collective farm privatization program in Transnistria.

PFAP Objectives are:

- Development of a sound legal and regulatory environment;
- Development of rural enterprises, including farmer cooperatives and producer associations;
- Provision of landowner legal assistance and information support;
- Completion of collective farm and agricultural land privatization including debt resolution, land titling, and registration of new private farms (task completed in 2001).

The PFAP will achieve its goals through activities in four strategic areas (see the chart attached). These components and the main tactics within each strategic component are:

Development of a Sound Legal and Regulatory Environment

Before PFAP started, EWMI carried out a study which identified over 200 legal and regulatory impediments to the further development of private farmers and entrepreneurs in Moldova. The goal of this component is to eliminate many of these impediments and where appropriate draft new laws and regulations that will create an enabling environment for private farmers and entrepreneurs. It is also proposed to trouble-shoot proposed laws/regulations to preclude the enactment of laws and regulations that may expand government control and thereby increase business costs and uncertainty. In addition, PFAP implementers will serve as advocates for test cases that will help define or refine the environment for farmers and enterprises, examining cases submitted by the field offices for consideration as court cases. PFAP will work closely with donors and other organizations to coordinate activities, define legal environment, identify problems, and jointly promote changes (e.g. through work with the Policy Institute – an NGO that conducts studies, reviews laws, analyzes policies and offers critical analysis of proposed legislation or regulations). The PFAP will carry out evaluation studies to determine baselines and measure the impact of PFAP activities as the program evolves. In addition, in collaboration with local consultants it is planned to analyze input/output price relationships, as well as agricultural input supply and distribution. In 2002 PFAP continues to provide legal assistance in settling civil disputes in agriculture as well as support for the arbitration. At a minimum, in 2002, PFAP expects to develop 50 laws/regulations/normative acts, to conduct 4 studies, to prepare 20 newsletters, and to provide 10 cases of assistance in court.

Development of Rural Enterprises Including Farmer Cooperatives and Producer Associations

The goal of this component is to develop multiple ownership enterprises and organizations that purchase farm products, supply farm inputs or services with an emphasis on forming business cooperatives. This activity will work to form new enterprises and strengthen existing enterprises on an ongoing basis focusing on agricultural related businesses. (In addition, PFAP will work closely with a new USAID small and medium enterprise (SME) effort called Bizpro, which will focus on non-agriculture related activities.) EWMI will initiate meetings of prospective founders of new enterprises, introducing them to basic concepts and options; examine existing and new enterprises/groups as potential beneficiaries of PFAP and provide appropriate assistance to them; develop individualized plans for each target enterprise and track its progress; coach rural entrepreneurs in obtaining financial assistance from various sources; and train enterprises in ways that will help them succeed in topics such as basic book-keeping, tax information, etc. Work will be linked to other organizations and projects, such as the Moldovan Microfinance Alliance, to assist in strengthening more than 200 Savings and Credit Associations and create new ones. Specific training for farm stores will be tied to CNFA programs (e.g. farm store development). Certain groups assisted under PFAP may also be eligible for grants (e.g. start-up grants) in combination

with the technical assistance provided. The goal of the grant activity is to strategically assist in the development of rural enterprises/organizations through the use of grants targeted at key areas or enterprises. Under this component PFAP aims to create 60 business cooperatives with thousands of members by the end of the first year. This will become a national roll-out program, which results in 300 business cooperatives by the end of the program. With the first successful business cooperatives formed, second level (regional or national) cooperatives may emerge to afford export-import transactions.

Land Owner Legal Assistance and Information Support

This component includes providing legal assistance to help ensure the protection of the landowners' rights and improving the information provided to farmers throughout Moldova by continuing publications to help farmers buy inputs and sell products, gain information about their rights and the development of their farms. Legal assistance will be provided through regional offices in the form of consultations, seminars, problem-solving, arbitration and where needed, assistance in courts. By the end of year 2001 it is planned to have 300 arbitration cases resolved, benefitting about 60,000 people. It is recognized that the success of PFAP will also be driven by the general population's understanding of new laws and regulations and how to conduct business. The program will conduct mass communication campaigns, based on training seminars and published materials about new laws and regulations such as the business cooperative law, to reach the rural client base. Assistance will cover such areas as landowner disputes with lessees; property share owners desiring to separate from a previous agreed-upon grouping; inheritance of land or property, etc. Training seminars on targeted topics (legal issues, accounting, taxation, business planning, marketing, etc) will be offered by regional offices to targeted audiences. PFAP aims at training about 100,000 individual farmers including 500 small and medium rural enterprises on targeted topics. Publications (periodicals, manuals, hand-outs, and a website) will support all PFAP activities. Potentially some regional office lawyers or information specialists may choose to go into private practice or form a network to offer legal assistance. This component aims at providing legal assistance and consultations to hundreds of thousands of land owners and small and medium enterprises, while the information dissemination program will reach more than half a million people.

Completion of Collective Farm Privatization and Agricultural Land Titling

The goal of this component is to complete the privatization of those collective farms that were not finished by December 2000 (including all steps: initiation, land and critical property tenders, creation of new private debt-free farms, debt resolution, remaining property distribution, and collective farm liquidation). This includes the completion of work left unfinished at the end of December 2000 (land surveying, titling and cadastral registration) and privatization for approximately 20 farms that did not previously privatize. Lastly a pilot project is underway in Ribnita to initiate land privatization in this Transnistria region for 28 farms.

PFAP will pay special attention to the encouragement of women in agriculture and rural enterprise development. This goal will be integrated into *all activities* to ensure full participation of women in all programs. Work will continue with women's clubs created

during the National Land Program or other groups to ensure that women are aware of the availability of all types of assistance under PFAP and will fully benefit from the program.

Private Farmer Commercialization Program, Award No. 121-A-00-01-00003-00

On February 1, 2001 USAID signed a three-year Cooperative Agreement (CA) for \$12,078,657 with the Citizens Network for Foreign Affairs (CNFA) as a follow-on activity to the CNFA Agriculture partnership, entitled the Private Farmer Commercialization Program (PFCP). CNFA also operates another Farmer to Farmer Program contracted by USAID/Washington and a USDA supported Monetization Project. The purpose of the new initiative is to build upon the success of the USAID Land Program and the USAID/CNFA program which links newly landed private farmers with access to essential inputs, credit, and output markets as well as technical assistance. The overall objective is to support USAID efforts to ensure that Moldova's private farmers achieve economic success. The PFCP program focuses on improving the economic well being of private farmers at the village level and builds on the early successes of efforts to reach greatly expanded numbers of private farmers through newly establish private input and market linkages. The \$12 million of USAID funds allocated to the program will be matched by local partners, bringing an additional \$14.0 million of investment.

During the next three years, CNFA will build on the core structures it has established to achieve a more significant impact on Moldovan agriculture, ensure the success and effectiveness of thousands of private farmers and improve the efficiency and ability of key Moldovan enterprises to process and market Moldovan products. In order to achieve these objectives, it is essential to further develop an integrated approach seeking not only to provide input distribution and credit to new farmers and to link farmers to effective markets (cash), but also to strengthen the capacities of key elements in the production chain, particularly in areas of distribution and food processing. This program, which builds on the programmatic base established over the prior four years, will expand the program's impact to 90,000 additional Moldovan private farmers and strengthen Moldova's capacity to process and market high value food through the following components:

3. Launching 75 additional community level farm stores during the three years of project implementation period, which will provide a greatly expanded input supply, credit and market network to thousands of new private farmers;
4. Developing nine new agribusiness partnerships, including four new farm service centers and five partnerships, which will improve Moldova's capacity to produce high value fresh and frozen products and to compete in world markets;
5. Expanding credit programs in collaboration with participating Moldovan banks, World Bank, the Rural Finance Corporation, IFAD and other donor agencies;
6. Increasing the emphasis on high impact effective training in farm management, business planning and cooperative development; and
7. Promoting policy reforms that support both private farming and the development of competitive, world-class food processing and marketing enterprises.

E. Farm Stores

A key aspect of the PFCP, especially targeted towards private farmers, continues to be development of village farm stores. In addition to the sale and display of agricultural inputs, these stores are serving as rural development centers, containing training rooms and savings and credit associations. The purpose is to provide as many of the resources a farmer needs for success as possible in a single location including:

- Source of agricultural inputs
- Source for machinery, machinery services, parts and maintenance
- Marketing assistance for agricultural outputs
- Technical advice on agricultural production from store agronomists and NGOs
- Access to credit from Savings and Credit Associations
- Networking opportunities to share information with other farmers and specialists

More than 40 Farm Stores are now open and operating with about 10 additional stores under construction. The new 3-year Private Farmer Commercialization Program is expected to develop 85 farm stores in Moldova. Each farm store will directly serve an average of 1,000 private farmers who have received ownership or control of land through the USAID Land Program. The comprehensive strategy for the development of the Farm Store Program for 2001 included:

- Designing 2 categories of farm stores: those in regional centers and those in villages. Village stores are kept more modest, offering a smaller selection of products but having a larger investment in equipment. Grants are expected to range between \$30,000 and \$50,000 per farm store.
- Creation of 8 stores in regional centers and 12 stores in villages with at least one store in every judet.
- Working with cooperatives, associations, limited partnerships, and entrepreneurs as partners for future stores.
- Targeting 50% of new stores to be cooperatives. Where appropriate, CNFA to assist in cooperative development.
- Helping the stores to organize a farm supply buying cooperative to increase access to inventory and purchase inputs at more economical prices.

Agribusiness Partnerships

PFCP will develop nine new Agribusiness Partnerships, including four new Farm Service Centers and five Marketing/Processing Partnerships with USAID funding. These projects will be aimed at improving Moldova's capacity to produce high-value products including fresh and frozen products and to effectively market its products in the highly competitive markets of the FSU and Eastern and Central Europe. As in its previous program, USAID/CNFA will require a minimum investor match of 2.5 to 1 for all agribusiness partnerships, with grants ranging up to a maximum of \$500,000. This requirement will ensure the proper level of capacity and commitment from project partners and leverage an additional \$14.0 million of investment.

Qualifying partner enterprises will have a focus on working with private farmers and enabling a cash market for farmers, ultimately helping raise their incomes. Examples include trading companies, processing companies (dairies, elevators, canneries, input supplier, etc.) who must show commitment and a well-developed plan and financial capacity to complete projects even without assistance funding.

Service center projects will provide a full array of inputs to private farm groups. Most centers are also able to deliver the agriculture output produced by farmers to cash markets. Four farm service centers are now operational; Alfa-Nistru FSC in Soroca, Codru FSC in Bucovat, Rezon FSC located in the outskirts of Chisinau with operations also in Donduseni, and Mavisem FSC with branches to be established in Vulcanesti and Donduseni. During the next three years, the goal is to develop four additional farm service centers, each directly serving an average of 3000 private farmers. In addition to service centers, five marketing/value-added processing partnerships are planned. Potential projects include flash-freezing, cold storage, and wholesale distribution.

Small Enterprise Development

The goal of the CNFA Small Enterprise Development Program is to help private farmers and agribusiness entrepreneurs increase their incomes from market-oriented enterprises. CNFA is on track to achieve its target of 140 agribusiness volunteer assignments by the end of 2003.

CNFA has three activities to accomplish this goal:

- Strengthen democratic private farmer associations and cooperatives in providing expanded services and training to their members. CNFA's primary target for this kind of training is farmer associations and cooperatives that enable farmers to work together to access markets.
- Foster the creation of innovative private farmer credit systems. CNFA and the National Federation of Savings and Credit Associations of Citizens have partnered together to respond to private farmers' credit utility training needs by empowering private farmers with financial management tools, better farm decision making and more responsible borrowing, thereby contributing to higher farm incomes.
- Strengthen the development of private Moldovan small and medium-scale agribusiness. CNFA volunteers are working through Moldovan Farm Stores at the village level. Basic business and inventory management skills means that private farmers have continued access to low-cost inputs.

Before the PFCP started, CNFA volunteers worked with 20 organizations within 9 long-term project strategies. Organizing hosts into long-term project strategies continues to be an effective management mechanism for CNFA, because it enables CNFA to focus its technical support and recruiting efforts to better serve each of the host organizations. CNFA began supplying volunteers to Moldova in October 1999. Its first year of activity has resulted in:

- 17 farmer organizations are providing expanded services and training to members.
- An innovative private farmer credit system is being implemented.
- 7 Moldovan agribusinesses have increased production efficiency.

Private Farmer Credit Access

In 1999 CNFA brought US commodities to Moldova under the USDA Food for Progress Program. Soybean meal and wheat were sold and the proceeds were used to create a Private Farmer Credit Fund (PFCF) at two Moldovan banks. Agroindbank and Fincombank originate and administer PFCF loans for machinery, breeding livestock, and land purchase. Typical loans are in the \$15,000 to \$25,000 range. Over \$900,000 has been loaned to date. CNFA combines funds from the USDA commodity sales with bank funds on a shared risk and profit basis. The bank does the credit investigation and administers the loan. Technical training for the land-lending activity assures that the land to be mortgaged is properly titled, assists the bank in establishing mortgage-lending procedures, and helps borrowers prepare business plans.

In April 2000 another partner was added to the program. A pilot project was initiated with Rural Finance Corporation (RFC) in which \$40,000 of proceeds are being loaned through Savings and Credit Associations to private farmers who want to expand their farms by purchasing additional land. To date, 29 loans have been made. The average size of purchased plots is 2.9 hectares with each loan approximately US \$1,200.

The PFCP program has generated 84 loans between the banks and SCAs and has virtually exhausted the initial funding. In addition to this USDA funded activity, CNFA will collaborate with the IFAD rural enterprise development program and will seek opportunities to link its grant program with IFAD loan funds. CNFA will also continue its support of SCA creation, linking these small rural lenders with commercial enterprises such as farm stores and milk collection stations.

PFCP will pay special attention to encouragement of women in agriculture and rural enterprise development. This goal will be integrated into *all activities* to ensure full participation of women in all programs.

Questions to be answered by the evaluation

The following questions are illustrative. The evaluation team should use these questions as a guide in formulating their list of questions to be answered by the evaluation. The final list of questions should be agreed upon between USAID/Chisinau and the evaluators.

A. Evaluation of PFAP components:

Development of a sound legal and regulatory environment:

1. Does the Program meet the targeted goals?
2. How many of the proposals provided to decision-making institutions have been considered by them?
3. How useful are the proposals provided to decision-makers?
4. Has an analysis of political changes in Moldova after the last election been done and what has changed in the initial targets of this component? What proposals have been developed to obtain the best results from this component under changed political circumstances?
5. How receptive are decision-makers and officials to proposals provided by PFAP. If they are not as receptive as expected, why?
6. How many legal impediments identified in the above mentioned study made by EWMI before PFAP started have been eliminated and is it according the targeted plan?
7. How many legal disputes have been resolved through the project and how many people have benefited from these efforts?
8. How has this component contributed to Mission SO accomplishment?
9. Is it useful to continue this activity in the future?

Development of rural enterprises, including farmer cooperatives and producer associations.

1. Have the quantitative and qualitative targets under this component been accomplished?
2. How many multiple ownership enterprises and organizations that purchase farm products or supply farm inputs or services have been developed, and what is the total impact that they have had in agriculture sector development in Moldova.
3. Regarding business cooperatives – during 2001 a large effort was mobilized to create business cooperatives. Evaluate the financial sustainability of the cooperatives created and audit the grants provided to these organizations to create business cooperatives in Moldova. How many of the cooperatives that have been created are currently in operation? How many of these cooperatives are connected to financial institutions? How many of these cooperatives have been accepted by financial institutions to receive credit? What is the total turnover of created cooperatives? How many people have received services from these cooperatives? Evaluate the membership of new

cooperatives. In which areas are cooperatives forming? Are the cooperatives in line with poverty alleviation efforts in rural area of Moldova? What is the general impact of these efforts on agriculture development in Moldova?

4. What was the impact on agriculture development (qualitative & quantitative) after EWMI initiated meetings of prospective founders of new enterprises, introduced them to basic concepts and options, examined existing and new enterprises/groups as potential beneficiaries of PFAP, and provided appropriate assistance to them? What has the impact been of PFAP's development of individualized plans for each target enterprise? Has PFAP been effective in tracking their progress, coaching rural entrepreneurs in obtaining financial assistance from various sources, training enterprises in ways that help them succeed in topics such as basic book-keeping, tax information, etc.? Was PFAP sufficiently active these areas or not?
5. Under PFAP a substantial amount of financial resources have been provided in the form of a grant to the Agriculture Producers Association. Who are the beneficiaries of this grant: former managers of collective companies, or new private land owners? What is the role (future and present) of this association in Moldovan agriculture sector development? What are the main areas on which the Association needs to focus? Who represents this association, both politically and economically?
6. Evaluate the results of the grant provided to MMA both qualitatively and quantitatively. What is the place of MMA in the microfinance movement? Is the assistance provided by MMA to the microfinance network helpful or not? How many Savings and Credit Associations (SCAs) created by MMA have positive financial results (no losses, no delinquencies, etc) as of April 2001? Meet with the State Supervisory body to determine how many SCAs created by MMA have lost licenses to date. What is the development cost of one SCA, created by MMA? Make a comparison with the cost of the rest of the Network.
7. How many start-up grants have been provided? How have the beneficiaries of start-up grants been linked to the financial network? Can successes be replicated at the national level? How has this effort has been connected with a similar WB project that was recently lunched?
8. How has this component contributed to Mission SO accomplishment?
9. Is it useful to continue this activity in the future?

Land owner legal assistance and information support.

1. Are the quantitative and qualitative targets under this component accomplished?
2. Are the efforts under this component oriented to the quantity of seminars and/or publications provided? Do beneficiaries of seminars and/or publications have better results in their economic activity?
3. Who have been the beneficiaries of the seminars organized and/or publications developed? Has an analysis of the economic performance of beneficiaries of seminars and/or publications been done? Or are people using the seminars and/or publications for other purposes?
4. Most of the services provided under this component are provided free of charge for beneficiaries. Some concern has been expressed that this results in a lack of appreciation of the value of these services. Have any studies been undertaken to

assess what needs to be done to increase the perceived value of services provided to beneficiaries under this component? Provide recommendations on how to increase the perceived value of these services by beneficiaries..

5. Should the way of doing training seminars and developing and distributing publications throughout the country be continued, or should it be more highly targeted to specific groups?
6. Is there a need, relative to the sustainability of future development, to support a network of more than 10 regional newspapers and the Association of Independent Press, or will it be sufficient to support one central news paper such as the Farmer's Hour?
7. What has the general impact on agriculture development in Moldova been as a result of support for such NGOs as CAMIB and Agroinform? Is this assistance as productive as it could be with other NGOs or organizations?
8. What was the general impact on agriculture private property development of using the Rural Service Network?
9. How have the networks and NGOs supported by PFAP contributed to the development of the National Extension Network of Moldova (ACSA)?
10. Assess the efforts of PFAP with regard to arbitration and make recommendations as to how to make this technique accessible to as many people as possible in rural areas.
11. How has this component contributed to Mission SO accomplishment?
12. Is it useful to continue this activity in the future?

Grant Program

1. Have the project's objectives been addressed under this component?
2. Have the quantitative and qualitative targets been accomplished under this component?
3. Provide a detailed audit of this component with respect to openness, transparency, financial analyzes, etc.
4. Has the quality of services of grant recipients been controlled by the PFAP? If quality of services was not maintained at the required level, what has PFAP done to correct the situation?
5. How has this component strategically assisted the development of rural enterprises/organizations through the use of grants targeted at key areas or enterprises? What was done in this respect and what should be changed in order to have greater impact?
6. How has the sustainability of supported organizations to continue to provide support once PFAP is over been ensured? What was done in this respect and what should be changed in order to have greater impact?
7. How has this component contributed to Mission SO accomplishment?
8. Is it useful to continue this activity in the future?

Completion of collective farm privatization and agricultural land titling.

1. Has the goal under this component been accomplished?
2. How has this component contributed to Mission SO accomplishment?

3. In the regions where land privatization has been accomplished, many land owners face other problems such as no access to markets, no machinery with which to work the land, no availability of financial resources etc. USAID's concept was to try to address these problems in parallel with land privatization implementation. How has the project addressed this issue in the remaining areas of agriculture land privatization?

Privatization Support

1. Have the goals under this component been accomplished?
2. How many companies have been prepared for privatization?
3. How many companies that have been prepared by the team, have been successfully privatized?
4. Is the team focussing only on the preparation of companies for privatization, or is the performance of the company after privatization considered during completion of this work?
5. How many companies prepared by the team to be privatized are successfully operating now?
6. What kind of other assistance does the team provide to GOM?
7. Assess the collaborative relationship between the team and DOP.
8. How has this component contributed to Mission SO accomplishment?
9. Is it useful to continue this activity in the future?

Legal Assistance provided to Ministry of Agriculture and Food Industry

1. Has the goal under this component been accomplished?
2. What improvements in the legal framework are necessary for the creation and functioning of private economic agents in the agro-industrial sector? What actions have USAID supported programs taken bring about or support these reforms?
3. What assistance activities have been developed concretely by the team?
4. What is the ratio of accepted to implemented suggestions by the GOM with regard to improving the legislative and normative framework on land market creation, acceleration and completion of the agrarian reform, fostering the development of the infrastructure for rendering services, the marketing of agricultural food products in the agricultural food sector, and improving the tax system for the purpose of supporting agricultural producers?
5. What other kinds of assistance has the GOM/MAFI received from the team?
6. What decisions taken by MAFI have been developed by the team?
7. Assess the collaborative relationship between the team and MAFI.
8. How has this component contributed to Mission SO accomplishment?
9. Is it useful to continue this activity in the future?

B. Evaluation of PFCP components:

Farm Store (FS) Development

1. Has the Program met its targeted goals?

2. Have the concerns indicated in USAID's approval letters on each FS been taken in consideration? If yes, to what extent?
3. To what extent has the creation of business cooperatives has been promoted by the Program?
4. How sustainable is this activity for the future? How has coverage of salaries and the renovation of farm stores from project funds influenced sustainability?
5. Who are the beneficiaries of the FS programs, small farmers or rich persons in the village? Is this the appropriate means of development?
6. How has this component positively influenced the development of the agriculture sector of Moldova?
7. ACAI is the prime CNFA sub-contractor in the preparation of farm stores. How were the decisions on contracting with ACAI made? Was this decision made by open and competitive tender? If not, why? How was the cost of ACAI work estimated? Is this cost estimation appropriate or too inflated? Evaluate whether ACAI's work has been cost effective. Who are the founders of ACAI? Can the relation between ACAI founders and CNFA workers be considered a conflict of interest?
8. What recommendations can be made toward improving the collaboration between CNFA farm stores component and the National Extension Network (ACSA), in order to avoid duplication and better coordinate their consulting activities?
9. How has this component contributed to Mission SO accomplishment?
10. Is it useful to continue this activity in the future?

Farm Service Centers and Agribusiness Partnership Development

1. Has the Program met its targeted goals?
2. How successfully has the program continued to bring an integrated approach to developing the Moldovan agriculture by linking inputs, production and output?
3. What activities have CNFA promoted, and how successful have they been in moving farmers and agribusinesses away from barter and toward a cash basis for conducting business?
4. Have the concerns indicated in USAID's approval letters on each FS been taken in consideration? If yes, to what extent?
5. Do policy reform activities promoted by CNFA overlap with policy reform activities that EWMI is doing? Make recommendations as to how best to coordinate these activities.
6. How successful has CNFA been in developing competitive processing and marketing enterprises in Moldova?
7. Who are the beneficiaries of the FS programs, small farmers or rich persons in the village? Is it the appropriate means of development?
8. How has this component positively influenced the development of the agriculture sector of Moldova?
9. How has this component contributed to Mission SO accomplishment?
10. Is it useful to continue this activity in the future?

Small Enterprise Development.

1. Has the Program met its targeted goals?
2. This component is part of the Farmer to Farmer project that is managed by USAID/Washington. Please provide a full analysis of SME development activities under this component and make recommendations on achieving better results. Make recommendations as to how we can get volunteers to also be involved in developing new activities rather than repeating the same assignments several times?
3. How has this component contributed to Mission SO accomplishment?
4. Is it useful to continue this activity in the future?

Private farmer credit development.

1. Has the program met its targeted goals?
2. This component is part of a USDA monetization project. Please provide a full analysis of this component and make recommendations for achieving better results.
3. How realistic would the expansion of the mortgage lending activity under DCA guaranty type of projects or other USAID projects be in the future? Are the financial institutions able to enter into this market with their own resources? If yes, how many institutions are capable of entering into this market?
4. How successful has the reimbursement of financial resources from financial institutions to CNFA been? What will CNFA do with reimbursed funds?
5. How has this component contributed to Mission SO accomplishment?
6. Is it useful to continue this activity in the future?

C. Gender issues:

1. How have the EWMI and CNFA activities integrated gender considerations/issues into their programs?
2. How many women and men have been reached by EWMI/PFAP and CNFA/PFCP activities within its activity?
3. How have the women's clubs that were organized in villages by EWMI impacted the development of the village?
4. Are there other opportunities that can be developed, such as women's business groups, etc. that might be able to develop business activities in the villages, as opposed to women's social and emotional support clubs?

D. Other issues:

1. How are PFAP and PFCP activities contributing to the Mission's SO 1.31, "Private Enterprise Growth Creates Jobs and Generates Income."
2. Are EWMI/PFAP and CNFA/PFCP developing enough linkages with other similar programs funded by USAID and other donors? If yes, how are these linkages being made? If there is a window to improve these linkages, suggest a detailed implementation plan to this effort.

3. Are some PFAP and PFCP activities overlapping with other programs financed by USAID or other donors? How are PFAP and PFCP coordinating their activities? If appropriate, make recommendations as to how the two programs can better coordinate in order to find synergies, share resources and reduce overlap and duplication of effort.
4. How many agriculture businesses have been developed by PFAP and PFCP? How many of them are currently working successfully? What is the total impact of these developed business enterprises on agriculture development in Moldova?

D. Future strategy and recommendations:

1. How can U.S. Government assistance be leveraged in the future to support post-privatization agriculture assistance in Moldova? What should be the main sectors/target groups to support?
2. Is there a need to continue supporting PFAP and PFCP activities?
3. How can PFAP and PFCP collaborate better with other current USAID and non-USAID projects to support each other's goals and objectives, develop synergies, share resources, and more effectively coordinate activities?

List of people to be involved in Agriculture projects mid-term Evaluation

Kiev Input

John Schamper, November 6 – November 22, 2002

Bogdan Chomiak, November 13 – November 18, 2002

Mark Smith, November 13 – November 18, 2002

Moldova Input

Mark Levinson, October 28 – November 15, 2002

Sergiu Botezatu, October 28 – November 22, 2002

Washington Input

Marcus Winter, November 11 – November 22, 2002

Lena heron, November 11- November 22, 2002