

Data Sheet

USAID Mission:	Moldova
Program Title:	Private Enterprise Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	117-0131
Status:	Continuing
Planned FY 2005 Obligation:	\$6,231,000 FSA
Prior Year Unobligated:	\$3,537,000 FSA
Proposed FY 2006 Obligation:	\$6,656,000 FSA
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2006

Summary: The USAID Private Enterprise Development program in Moldova consists of technical assistance to private farmers and businesses.

Inputs, Outputs, Activities:

FY 2005 Program: Enhance Participation in Global Trade and Investment (\$6,231,000 FSA, \$2,243,000 FSA carryover). Moldova's Agribusiness Development Project (ADP) will increase rural incomes and employment opportunities by improving the international competitiveness of Moldova's high-value agriculture sector, and boosting its export potential and trade capacity. ADP will: 1) ensure wide access to market information necessary to penetrate new export markets, diversify product lines, and better meet customer demand; 2) establish and strengthen competitive agribusinesses, particularly export-oriented value adding enterprises; 3) improve farmer capacity to supply agriculture products of appropriate volume and quality to sustain competitive exports; and 4) establish producer and industry associations to facilitate cooperation along the entire production chain. Principal contractor: Citizen's Network for Foreign Affairs (CNFA) (prime).

The Land Privatization Support Project (LPSP) will assist Moldovan economic growth through the development of a land market, and increase investments by small, medium, and large landholders in private sector agriculture. LPSP will help consolidate land holdings through market-driven mechanisms, advance gains made in land privatization, and assist in the development of private property rights. LPSP will provide the necessary technical assistance to promote a mortgage law and support its implementation at the national level. Principal contractor: Development Alternatives, Inc. (DAI) (prime).

Moldova's Credit Enhancement Project (CEP) will continue to facilitate access to credit for small and medium enterprises (SMEs) and farmers throughout Moldova by providing loan portfolio guarantees for up to 50% of the risk of a broadly defined category of partner financial institution loans for SME development. In FY 2005, two new Development Credit Authority (DCA) agreements with Moldova Agroindbank and Victoria Bank will become operational. A new DCA agreement providing a portable guarantee to ProCredit, a non-bank financial institution, will be in place to increase its capacity to make SME loans. \$400,000 has been allocated to cover the subsidy cost for this activity. There is no prime contractor under the DCA program.

Improve Agricultural Productivity (\$1,294,000 FSA carryover). During FY 2005, The Private Farmer Assistance Program (PFAP) will complete its technical, logistical, and financial support to 15 Agricultural Producers' Associations, their network of 28 Business Centers, and the Republican Union of Agricultural Producers' Associations. Principal contractors: East-West Management Institute, DAI (all prime).

FY 2006 Program: Enhance Participation in Global Trade and Investment (\$6,656,000 FSA). ADP will provide a variety of assistance to agribusiness SMEs and private farmers with a focus on increasing the quality and quantities of goods produced. ADP will focus on: 1) export market penetration and diversification; 2) establishing and strengthening value-adding agribusiness enterprises for the export market; 3) increasing the supply and quality of agricultural products at the farm level to improve export opportunities; and 4) organizational development. Principal contractor: CNFA.

A new Competitiveness Enhancement and Enterprise Development (CEED) will be a second generation SME support project involving the development of business and industry clusters, financial and investment intermediation, and continued enhancement of Moldova's regulatory framework for SME development. CEED will stimulate economic growth and improve employment opportunities for Moldovan citizens by increasing the competitiveness of Moldovan products on international markets and creating a business environment and investment climate that stimulates, supports, and rewards competitive enterprise performance. A DCA mechanism may also be implemented under CEED.

CEP will continue its operations with all participating financial institutions. With the completion of the BIZPRO/Moldova program, an SME support activity, the monitoring function will be transferred to either CEED or ADP. \$400,000 has been allocated to cover the subsidy cost for this activity.

Performance and Results: Despite anti-reform maneuvers by the Communist Party of Moldova (CPM), USAID partners have achieved many successes in developing policies, laws, and regulations in favor of private enterprise development. PFAP has created a growing network of Agriculture Producer Associations that reach the entire country and represent nearly 50% of all farm lands in Moldova. Total membership increased by about 100% during FY 2004 to 21,692, with women representing more than 30% of the members.

The Private Farmer Commercialization Program (PFCP) has also made a significant contribution to Moldova's economic growth and stability by establishing value chain linkages between hundreds of thousands of newly landed farmers, suppliers of credit and inputs, food processors, storage operators and distributors, and cash markets. As planned, 85 community-level farm stores have been developed, with turnover of over \$13 million. PFCP developed 10 commercially viable agribusiness partnerships, which introduced three new value-adding agribusiness technologies to Moldova, expanding the country's capacity to produce high value fresh and processed products that can compete in world markets. As a result of PFCP activities, the profitability, competitiveness, and export capacity of Moldova's food-processing sector has expanded, and private farmer incomes have increased.

LPSP is having substantial impact on land tenure security. By program completion, Moldovan landowners will have the capacity, resources, and knowledge to defend their property rights.

Moldova has made tangible progress in its transition to a market economy. Nevertheless, government interference in private sector development still needs to be reduced in order to attract local and international investment. BIZPRO/Moldova is working closely with the Moldovan Ministry of Economy to create national and regional working groups on regulatory reform to streamline the regulatory environment for SMEs in Moldova. The project has identified barriers to business including regulations, paid services, control mechanisms, and other discriminatory legal and administrative practices that had been hampering the business climate. Activities to eliminate all the barriers identified are currently underway, including simplification of the registration and liquidation procedures for enterprises, streamlining the business licensing process, the introduction of a "guillotine approach" to the optimization of business regulations, and the introduction of the concept of one-stop shops for business enterprise registration, regulation, licensure, and liquidation.

US Financing in Thousands of Dollars

Moldova

117-0131 Private Enterprise Development	FSA
Through September 30, 2003	
Obligations	2,145
Expenditures	1,763
Unliquidated	382
Fiscal Year 2004	
Obligations	250
Expenditures	609
Through September 30, 2004	
Obligations	2,395
Expenditures	2,372
Unliquidated	23
Prior Year Unobligated Funds	
Obligations	3,537
Planned Fiscal Year 2005 NOA	
Obligations	6,231
Total Planned Fiscal Year 2005	
Obligations	9,768
Proposed Fiscal Year 2006 NOA	
Obligations	6,656
Future Obligations	0
Est. Total Cost	18,819