

Data Sheet

USAID Mission:	Moldova
Program Title:	Private Enterprise Development
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	117-0131
Status:	Continuing
Planned FY 2006 Obligation:	\$6,076,000 FSA
Prior Year Unobligated:	\$948,000 FSA
Proposed FY 2007 Obligation:	\$5,474,000 FSA
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2007

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

Inputs, Outputs, Activities:

FY 2006 Program:

Improve Economic Policy and the Business Environment (\$2,476,000 FSA, \$762,444 FSA carryover). USAID's BIZPRO Moldova project was modified to continue work with the Ministry of Economy and Trade on regulatory reform, building on the successes already achieved. The project is conducting legal and economic analysis to support the amendment of existing legislation as well as the drafting of new legislation and regulations; providing technical assistance to support the creation of a Regulatory Impact Analysis Commission to monitor regulatory impact and cost-benefit of proposed legislation; and expanding the network of one-stop shops for business registration, certificates, and licenses. USAID is assisting Moldova to meet its commitments under the European Union (EU) Action Plan, and to take the steps necessary to qualify for Millennium Challenge Account (MCA) Compact Status. USAID is developing a new highly focused, cross-sectoral, anti-corruption program. The new anti-corruption program will support Government of Moldova (GOM) anti-corruption initiatives, and Moldova's efforts to meet MCA criteria. Implementing partners: Development Alternatives, Inc. (prime) and to be determined.

Improve Private Sector Competitiveness (\$3,200,000 FSA). Moldova's Agribusiness Development Project (ADP) is continuing to increase rural incomes and employment opportunities by improving the international competitiveness of Moldova's high-value agriculture (HVA) sector, boosting export potential and trade capacity. A market-driven, value-chain approach to development will result in sustainable enterprise models that encourage investment in the Moldovan HVA sector. In August 2005, USAID extended the Private Farmer Commercialization Program (PFCP) to address the remaining legal and regulatory constraints and facilitate the implementation of a functioning Grain Warehouse Receipt (GWR) system. The GWR system will limit risk throughout the value chain, and ensure access to short-term credit resources.

USAID's new Competitiveness Enhancement and Enterprise Development (CEED) project is a second generation small and medium enterprise (SME) support program. CEED seeks to develop business and industry clusters in the wine, apparel and textiles, and information/communications technology sectors. CEED will stimulate economic growth, and improve employment opportunities by increasing the competitiveness of Moldovan products on international markets, and by creating a business and investment climates that stimulate, support and reward competitive enterprise performance.

Moldova's Credit Enhancement Project (CEP) is continuing to facilitate access to credit for SMEs and farmers by providing loan portfolio guarantees for up to 50% of the risk related to SME development loans. In FY 2005 new Development Credit Authority (DCA) agreements with Moldova Agroindbank and Victoria Bank became operational, and a new DCA agreement providing a Loan Portfolio Guarantee to Fincom Bank was signed. Implementing partners: Citizen's Network for Foreign Affairs (CNFA); Chemonics International, Inc. (both prime).

Program Support (\$400,000 FSA, \$186,006 FSA carryover). USAID will provide funds for administrative support, evaluations and assessments, and information technology support.

FY 2007 Program:

Improve Economic Policy and the Business Environment (\$674,000 FSA). An anti-corruption program will support GOM anti-corruption initiatives and Moldova's efforts to meet MCA criteria. Contractors/grantees are the same as above.

Improve Private Sector Competitiveness (\$4,800,000 FSA). ADP will continue to 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 export market penetration and diversification, strengthening value-adding agribusiness enterprises for the export markets, and increasing the supply and quality of agricultural products at the farm level to improve export opportunities.

CEED will develop business and industry clusters, and continue the enhancement of Moldova's regulatory framework for SME development. CEED will stimulate economic growth, and improve employment opportunities 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. Contractors/grantees are the same as above.

Performance and Results: USAID's Private Farmer Assistance Program (PFAP) ended on June 30, 2005. Over the life of the project PFAP created a network of 15 sustainable Agriculture Producer Associations nationwide, which represent nearly 50% of all farm lands in Moldova.

ADP is a second-generation follow-on program to PFAP and PFCP. In FY 2005, ADP awarded 22 matching grants totaling \$1.2 million, which leveraged over \$2.5 million in local partner investment. ADP conducted major studies of relevant HVA issues, and conducted four market studies to identify constraints and opportunities for Moldovan HVA produce on the Russian and German retail markets. ADP's Policy Reform Unit supported the Ministry of Agriculture (MOA) in streamlining organizational effectiveness, and initiated legislation to ease the registration of modern table grape and fruit varieties. Progress has also been made in the establishment of a GWR system in Moldova. By the end of FY 2005, the draft law on grain and GWR was passed by the GOM, and is currently under review in the Parliament. A pilot GWR project is underway with four grain warehouses, two financial institutions, and 20 grain producers as partners.

The Land Privatization Support Project (LPSP) has had a tangible impact on land tenure security. Over one million parcels have been reviewed, and 80% of the survey work necessary to correct approximately 100,000 identified errors has been completed. LPSP has provided direct assistance to 36,000 landowners in private land transactions, and guidance and counseling to an additional 51,000 landowners on land tenure issues. In July 2005, LPSP organized the National Conference on Agriculture Land Consolidation in collaboration with the MOA. The conference kicked off the development of a National Land Consolidation Program to establish a favorable investment environment, promote the development of mortgage lending, and expand the application of modern agricultural technologies through market-based principles.

By completion of this objective, Moldova will have a supportive framework for business development that minimizes government intervention in the economy, encourages investment, and stimulates job creation. The international competitiveness and trade performance of Moldova's products will provide a firm basis for continued and sustainable economic growth and Moldova will have achieved its commitments under the EU Action Plan for Moldova, and its economic, and regulatory practices will be aligned with those of the European Community. Moldova's score on the Heritage Foundation/Wall Street Journal Index of Economic Freedom rating will be at least 2.99 ("mostly free"). Moldova's score on the World Economic Forum Global Competitiveness index will be at least 3.5. Real gross domestic production (GDP) will be at least 80% of 1989 GDP.

US Financing in Thousands of Dollars

Moldova

117-0131 Private Enterprise Development	FSA
Through September 30, 2004	
Obligations	2,395
Expenditures	2,373
Unliquidated	22
Fiscal Year 2005	
Obligations	8,593
Expenditures	256
Through September 30, 2005	
Obligations	10,988
Expenditures	2,629
Unliquidated	8,359
Prior Year Unobligated Funds	
Obligations	948
Planned Fiscal Year 2006 NOA	
Obligations	6,076
Total Planned Fiscal Year 2006	
Obligations	7,024
Proposed Fiscal Year 2007 NOA	
Obligations	5,474
Future Obligations	0
Est. Total Cost	23,486