



Final evaluation 2013 – Brief Report

Modernisation of Moldovan Agriculture, Republic of Moldova

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Modernisation of Moldovan Agriculture, Republic of Moldova

This report was compiled by independent external evaluators.
It is solely a reflection of their opinions and assessments.

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On behalf of

GFA Consulting Group GmbH



Hamburg, April 2014

Tabular overview

The evaluation mission

Evaluation period	June – December 2013
Evaluating institute / consulting firm	GFA Consulting Group GmbH
Evaluation team	Andreas Dernbach / Aurelia Bondari

The development measure

Title according to the offer	Modernisation of Moldovan Agriculture, Moldova
Number	2006.2163.1 & 2009.2454.8
Overall term broken down by phases	Phase 1: 04/2007 – 05/2010 Phase 2: 06/2010 – 11/2012
Total costs	Total costs: €2.5 million (German contribution) Phase 1 and 2: €1 million each. Additional extra-funds from BMZ (2010): €0.5 million Partner made in-kind contributions (office space and staff delegation).
Overall objective as per the offer, for ongoing development measures also the objective for the current phase	The value added in agriculture and food industry has increased.
Lead executing agency	Ministry of Agriculture and Food Industry (MAIA), Republic of Moldova
Implementing organisations (in the partner country)	Agriculture divisions in the rayon administrations of Ungheni and Călărași, national and local service provider, NGOs and organisations of agricultural producers

Other participating development organisations	No
Target groups as per the offer	Small family farms cultivating or processing fruits or vegetable and in single cases husbandry that have developed above average as well as small and medium-sized companies that operate along the value chain; agriculture start-up companies and returning migrants

The rating

Overall rating <i>On a scale of 1 (very good, significantly better than expected) to 6 (the project/program is useless, or the situation has deteriorated on balance)</i>	4
Individual rating	Relevance: 3; Effectiveness: 3; Impact: 3; Efficiency: 4; Sustainability: 4

Executive Summary

The Project “Modernisation of Moldovan Agriculture”, Republic of Moldova (the Project) was implemented by ‘Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH’ and the Ministry for Agriculture and Food Industry (MAIA) under an agreement between the Government of the Republic of Moldova and the Government of Germany on financial and technical cooperation. This independent final evaluation report covers the entire Project duration which was implemented in two phases from April 2007 until May 2010 (phase 1) and from June 2010 until November 2012 (phase 2). The Project’s lead executing agency was the Ministry of Agriculture and Food Industry (MAIA) in the Republic of Moldova. The total Project budget was €2.5 million with a €1 million planned budget for each phase and an additional extra-budget of €0.5 million allocated to the Project in March 2010. The Project budget was financed by the German Federal Ministry for Economic Cooperation and Development (BMZ). The partner country made in-kind contributions to the Project, namely office space and staff delegation.

The Project’s overall objective in phase 1 was: “Agro-technical standards which are introduced by the government in the context of approximation to the European Union (EU) in the area of fruit and vegetable are increasingly adopted by market oriented farmers and by food processing companies”. Following the Project Progress Review Mission in February 2010, the Project objective was redefined for phase 2 and then read: “The added value in the agriculture and food processing industry has increased”.

Target group of the Project were small and medium-sized agricultural enterprises including family farms and food processing companies cultivating or processing high-value crops, namely fruits and vegetable, e.g. tomatoes and cabbage. Support included advisory services, capacity development and access to finance through a matching (micro) grant scheme. Intermediaries on macro-level were staff of MAIA’s Juridical and Legal Harmonisation Department. On the meso-level the Project targeted staff of the agriculture divisions of the district administrations in two out of 32 districts (Călărași and Ungheni) and extension agencies, the mandate of which is to provide consultancy and training to farmers and food processing companies.

The evaluation exercise lasted from June 2013 until December 2013 including a field mission in the Republic of Moldova (September 16 – October 3, 2013). The evaluation team included the team leader, Mr. Andreas Dernbach, and the national evaluator, Mrs. Aurelia Bondari.

The applied evaluation methods included archive research and analysis of Project documents as well as structured interviews with a randomly selected group of beneficiaries,

namely 59 farmers from the two Project districts Călărași and Ungheni. The composition of the invited interviewees reflected the percentage of female beneficiaries (9.6 percent in Călărași and 18.3 percent in Ungheni), and the five types of investment that were co-financed through small grants by the Project (greenhouses: 26 percent; irrigation systems: 37 percent; planting materials: 5 percent; agricultural equipment: 25 percent and other: 7 percent). The evaluators undertook focus group discussions in both districts and did site visits to inspect the quality and functionality of Project investments. In addition, semi-structured interviews with representatives from MAIA, extension agencies, credit and savings associations and representatives from relevant donors and managers from similar projects were carried out in the capital Chișinău and in the two Project districts.

In summary, the results model of the Project encompassed interventions on macro-, meso- and micro-levels. On macro-level, MAIA was advised regarding the development and harmonisation of the sector's legal framework in line with recommendations and requirements articulated by the EU in the course of approximation and free trade negotiations. The expected result was that the adapted regulatory framework, especially regarding quality standards in cultivation and food processing and the traceability along production chains would improve access of Moldova's agricultural products to EU markets and also to the Commonwealth of Independent States (CIS). On meso-level, the concept envisaged capacity development activities for leaders and technical experts in the agricultural divisions of the rayon administrations in the two Project districts Călărași and Ungheni with the aim to enable them to apply new regulations. At the same time, capacity development measures for staff of relevant associations and service providers, namely the National Agency for Rural Development (ACSA) were envisaged with the aim to encourage increased levels of cooperation among family farmers. On micro-level, the Project concept planned the provision of matching grants and capacity development for family farmers, organised groups of farmers and for small and medium-sized food processing companies. These interventions were expected to result in know-how transfer, which in turn would contribute to increased levels of higher quality production and eventually would lead to added value for the target group. Furthermore, the Project concept foresaw support for the initiation and development of cross-border measures, which were expected to result in increased exports of agricultural products, especially to the EU member state Romania, which would likewise lead to added value for targeted farmers.

For the purpose of the evaluation, five cause-effect relations were assessed: Firstly, the question whether the drafting of new laws and legal directives in the legal harmonisation department of MAIA has accelerated accession of the Republic of Moldova to the EU and

whether this has contributed to added-value for the country's agriculture and food processing industry. Secondly, the cause-effect relationship between capacity development for extension agencies and the quality and accessibility of these services was examined, and whether improved services are used by farmers and eventually contributed to added value. It was thirdly assessed whether the cause-effect relationship between the Project's consultancy for individual farmer and the formation of farmer groups has materialised. Fourthly, the relationship between consultancy for individual farmers on production methods and added-value was examined. Finally, the evaluators looked into the relationship between the planned trade promotion and the effect this has had for the beneficiary farmers. The five cause-effect relations indicate that the Project design was ambitious.

In this report, the evaluation results are presented along five standard criteria of the Development Assistance Committee of the Organisation for Economic Cooperation and Development (DAC criteria), namely relevance, effectiveness, impact, efficiency, and sustainability. The assessment of the five criteria reads as follows:

The Project's relevance is rated **satisfactory**; positive results predominate (**level 3**). This rating is based on MAIA's and the target group's positive assessment of the relevance of the Project. The evaluation revealed that the support provided by the Project was relevant for Moldova's approximation to the EU, visibly manifested in the initialling of the Association Agreement between the Republic of Moldova and the EU in November 2013, but also in the positive annual status reports prepared by the European Commission. On micro-level, the training and provision of matching grants were relevant for family farmers who otherwise would not have had access to finance due to their inability to submit acceptable collaterals to banks. On meso-level however, the Project was not responsive to the capacity development needs of the agriculture division of the two district administrations and ACSA and their sub-contracted organisations.

The Project's effectiveness is rated **satisfactory**; positive results predominate (**level 3**) taking into consideration that five out of nine indicators were fully or partly met while two indicators were not achieved. The evaluators were not able to assess the achievement of two other indicators due to lack of relevant information. In summary the rating is based on the finding that individual farmers supported by the Project reported increased income of 15 percent or more following the adaptation of Project recommendations on production techniques, but that the Project did not effectively contribute to the formation of cooperative forms of agricultural production, food processing or marketing. Furthermore, limited results have been achieved in terms of access to new export markets.

The impact of the Project is rated **satisfactory**; positive results predominate (**level 3**). This rating is based on the finding that the positive economic development of the Republic of Moldova is driven by higher prices in the agricultural sector, a development of which the target group benefitted because the Project supported them to apply cultivation techniques which are less dependent on weather conditions (greenhouse cultivation and investment in irrigation systems). The success cases among beneficiary farmers contributed to the decision of labour migrants and their families to use part of the remittances and savings for the financing of investments into their family farms. However, the Project did not rely on existing organisations and processes for the provision of matching grants and capacity development measures. It also remains unclear why a 'lessons-learnt study' as a precondition for upscaling was not undertaken, thereby limiting the scale of potential impact.

The Project's efficiency is rated **unsatisfactory**; negative results predominate despite identifiable positive results (**level 4**). This rating reflects the low efficiency of the matching grant scheme for family farmers, the management of which absorbed a substantial share of the input of the Project team. The institutional weaknesses and ineffective processes of existing extension agencies were regarded to be a barrier for the successful implementation of the matching grant scheme. But instead of considering capacity development aiming at existing mechanisms and channels for the implementation of micro-finance schemes, the Project opted for direct management of its matching grant scheme. The Project's efficiency could also have benefitted from a stronger commitment to donor coordination and cooperation with similar development projects. Information provided by other development partners in the sector and from similar projects revealed that the Project had no contact to most of them.

The sustainability of the Project is rated **unsatisfactory (level 4)** at the time of evaluation, and probability is high that it will not improve. While the Project enabled the farmers to increase their production, this alone does not ensure sustainable development. For this to happen, farmers need - in addition to increased yields - to find access to new local, national and international markets. Since the evaluation revealed that very limited progress has been achieved in this respect, the sustainability of the Project is questioned. The sustainability of the Project could have benefitted from targeted institutional capacity development on macro-level (MAIA) and on meso-level (district administration, extension agency) but only limited outputs were recorded by the evaluators. The Project procured four cold stores in 2010 from extra funds in the amount of half a million euro provided by the German government. Until today, two of the four cold stores are not functioning. This has had a negative effect on the

sustainability of the cooperatives which, from the beneficiaries point of view, were established for the sole reason of receiving grant financed cold stores.

The overall rating of the Project, calculated on the basis of the assessment of the five individual criteria, is **unsatisfactory**; negative results predominate despite identifiable positive results.

The evaluators recommend to GIZ:

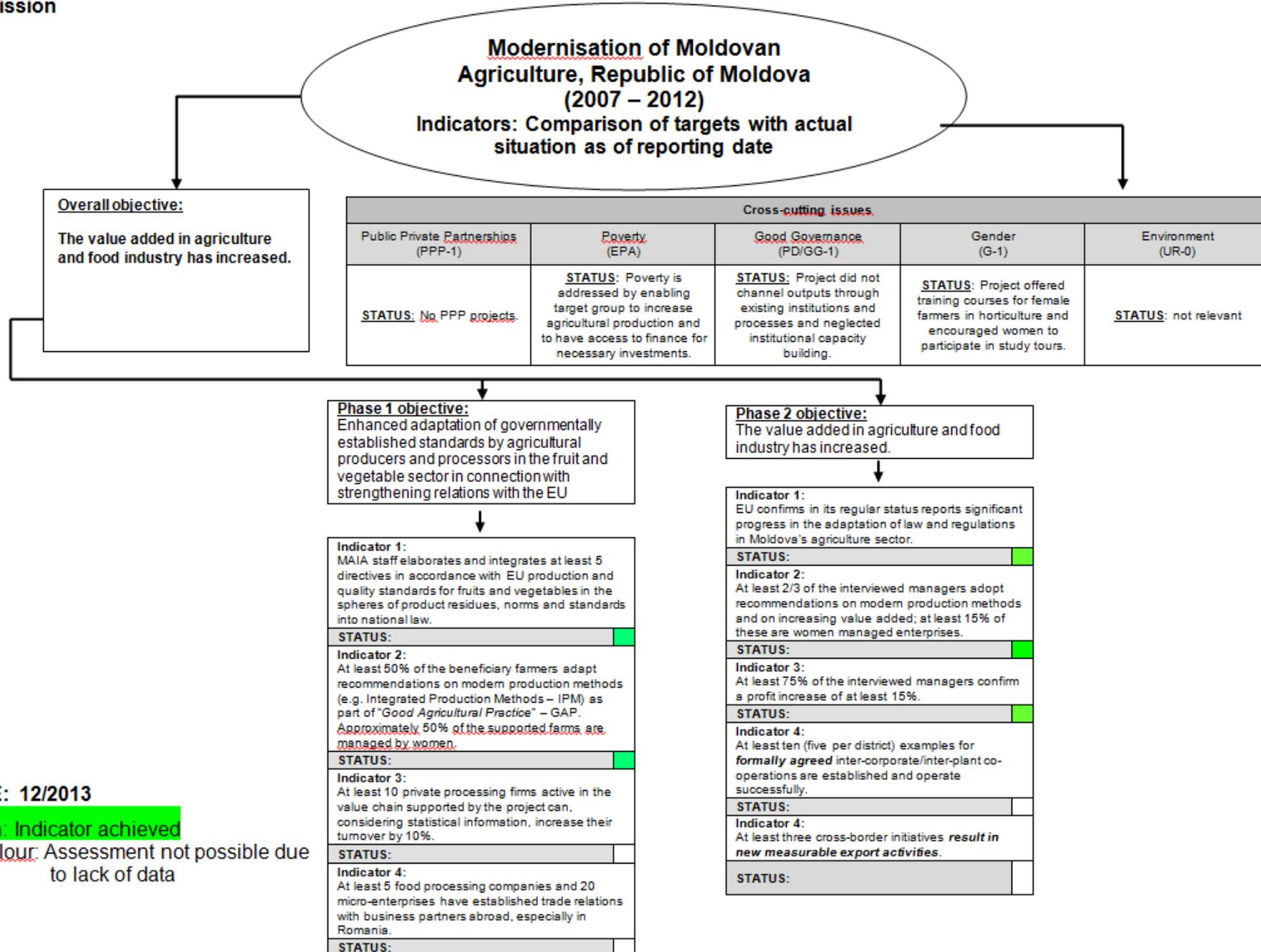
- To ensure that human and institutional capacity development projects applying the value chain approach are designed more holistically, covering all segments of the value chain including business planning, production methods, marketing and sales, and entrepreneurial management.
- To commission a lessons-learnt study aiming to encourage MAIA to replicate successful instruments, namely small grants for family farmers without collateral, in other districts of the country.
- To mobilise technical expertise and necessary funds for the repair of equipment in the currently dysfunctional cold stores.
- To develop and implement a capacity development plan with the aim to enable the members of the cooperative to enter into competitive national and international supply chains.

The evaluators recommend to MAIA:

- To consider GIZ's proposal to enter into direct cooperation with relevant government ministries and agencies in the EU member state Romania to accelerate the process of EU approximation through consideration and adaptation of laws and legal directives developed in Romania prior to EU membership.
- To takeover more ownership in donor coordination to harmonise and consolidate institutional capacity development in the sector, namely for extension agencies, ensuring that sustainable support is provided to family farmers and small and medium-sized food processing companies.

To streamline different grant and loan schemes for small farmers with the aim to improve access to finance, especially for those farmers which are not able to submit collaterals in the form of real estate in Chişinău.

Annex 1: Comparison of target and actual situation with respect to achievement of the objective, on the basis of the indicators laid out in the commission



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