



Moldova: Policies and programs to support small farmers' organizations

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The EC-FAO Food Security Information for Decision Making Programme
<http://www.foodsec.org>



Background on farmers organizations in Moldova

Nationwide farmers organizations

1. National Farmers Federation



2. National Union of Agricultural Producers Associations



3. Organizations of Farmers specialized in certain activities

4. Associative farming business organizations: Farming Cooperatives



1. National Farmers Federation (FNF)



Foundation: Non-governmental, non-profit organization, established in 1995 by associations of farmers, cooperatives from 29 villages.

Members: Since 1998 and until now have been established and operates 11 regional organizations in Moldova, 11 Information and Consultancy Centre (CIC), 26 District Information Offices, 700 local farmers organizations are included with over 27 000 farmers.

Goals:

- **to promote, represent members in front of government institutions and external donors;**
- **to contribute to improving the legal framework governing farmers activities;**
- **facilitating farmers' association in their fields of interest**
- **provision of extension services and marketing;**



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2. National Union of Agricultural Producers Associations (UAP)



Foundation: UniAgroProtect comprises 17 Agricultural Associations reuniting 2238 medium enterprises and 24,307 small farmers, laboring all together 800 903 ha (50% of the farmland in Moldova).

Goals:

- Representing its members in front of the courts;
- Creating a unique marketing;
- Efforts strengthening to negotiate product prices;
- Attracting investment and implementing new technologies;
- Providing information and consulting to its members;
- Promoting the image of the members in relationship with potential investors.



3. Farmers Federation "AGROinform"



- Foundation: Set up in 2001 as a network of 22 NGOs with nationwide coverage and 4200 farmers.

Marketing Goals:

- Weekly monitoring of 5 internal and 3 external markets;
- Development of market research on products and customers;
- Food products trade through the network of brokers;
- Online Food Market Information System www.agravista.md

Agribusiness Development

- Assistance in starting small agribusiness;
- Providing processing technologies, storage, quality standards, legal aspects etc.;
- Assistance in creating and developing business cooperatives, including marketing cooperatives



4. Biggest Associations of Farmers specialized in certain activities

- Fruit Producers and Exporters Association - "Moldova Fruct" - founded in 2006, it counts now 95 companies that hold more than 20,000 ha of fruit-vegetable-growing areas.
- Oenologists Union of Moldova – founded in 1998, has now 16 000 grapes and wine producers, laboring 70% of the vineyards of the country.
- Sugar Beet Producers Association – founded in 2007 and comprising 750 sugar beet producers in order to provide, promote, support and protect the economic, technical and legal activity of members.



5. Biggest Associations of Farmers specialized in certain activities

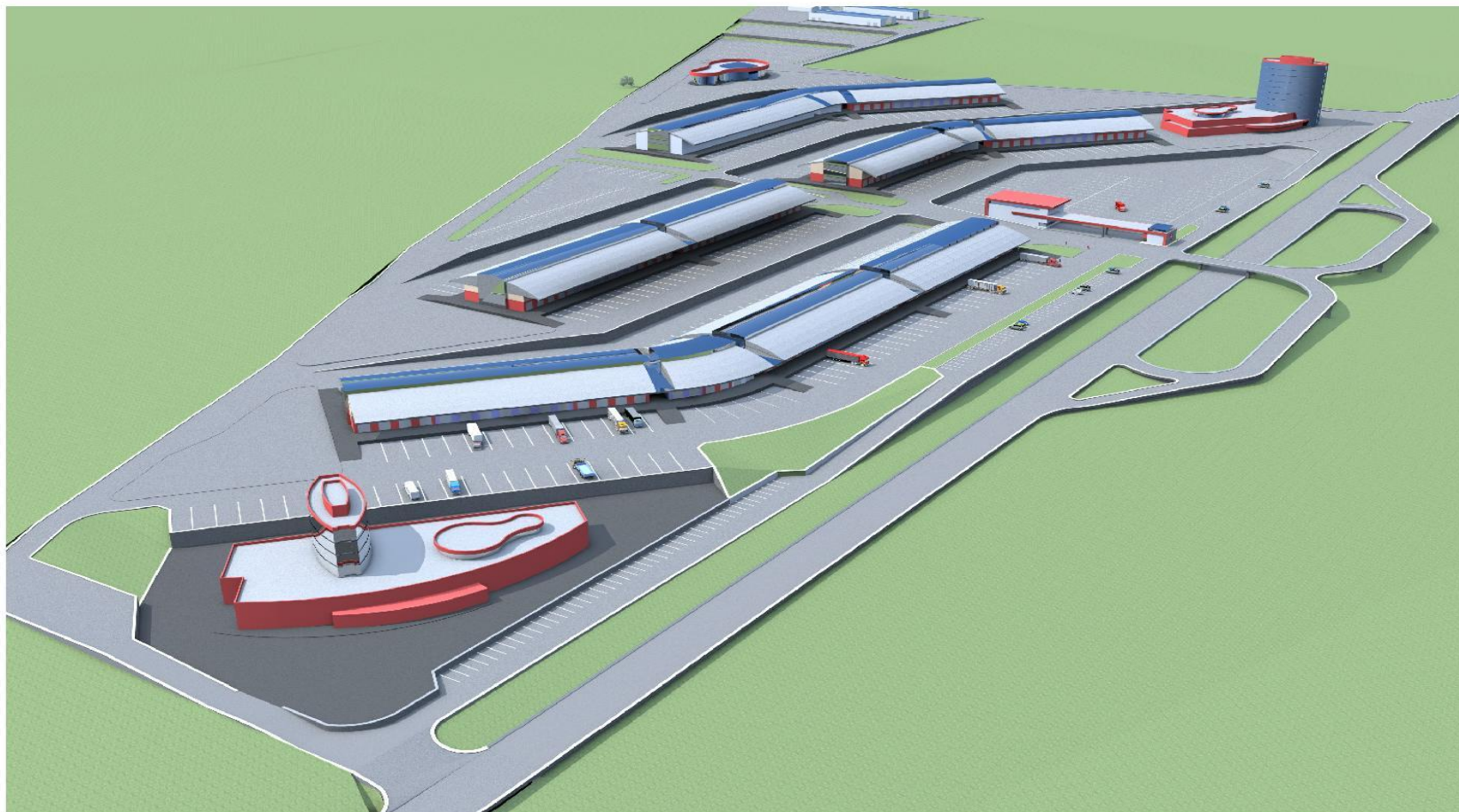


Policies and programme that contribute to enabling environment for small farmers' organizations

Infrastructure: Chisinau Wholesale Market: a marketing infrastructure project

- A public open Joint-stock Company
- Majority of shares owned by Government
- Farmers are encouraged to participate through their associations at the later stage
- Integration of primary producers into improved market channels
- Stabilisation of prices, reduction of price volatility/variations and improved transparency in price formation
- Stabilisation of export flows
- Development of sustainable and viable exports of fresh products



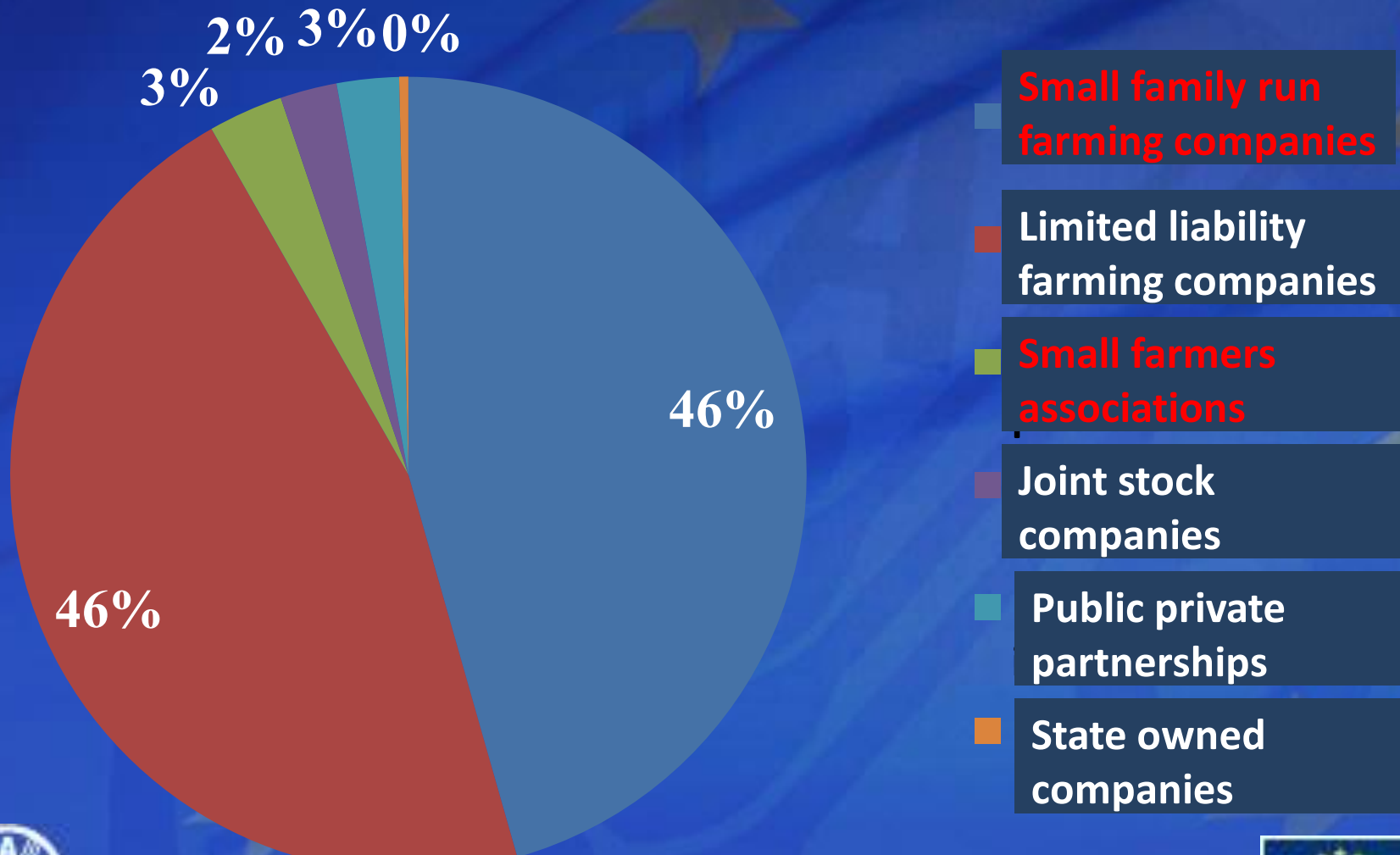


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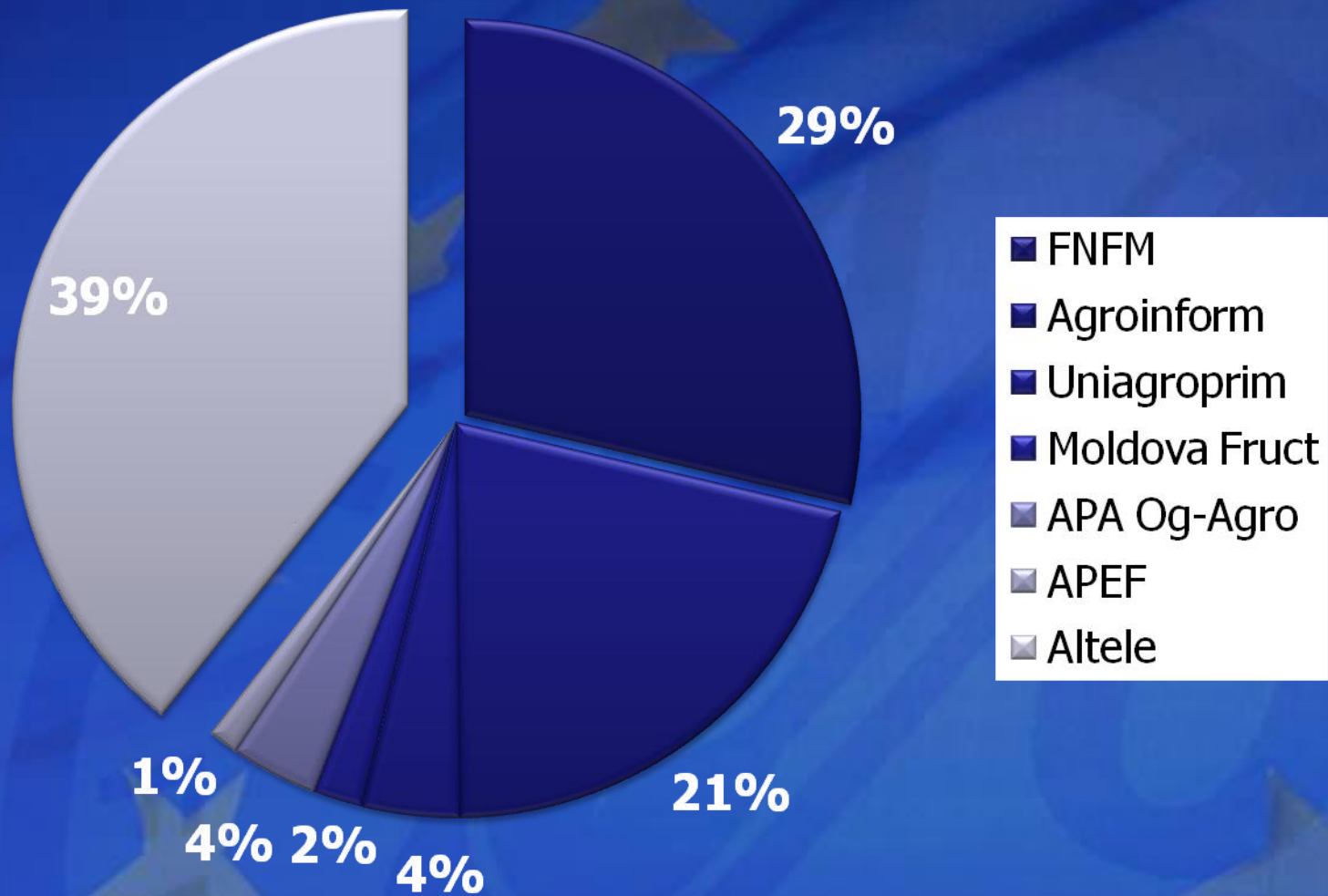


National Subsidy System

Share of submitted subsidy applications according to their legal form of organization



Membership of subsidy beneficiaries to the specialized associations



Moldova's Subsidy System Outlook.

Advantages for Small Farmers Organizations, Cooperatives

Subsidy Support Measure	Nr. Appl	Incentives for single farmers VS incentives for Small Farmers Associations
❖ Farming credits support	563	15% of credit cost for single farmers 20% of credit cost for SFO
❖ Agricultural risks insurance support	271	50% of insurance cost for single farmers 60% of insurance cost for SFO
❖ Investment incentives for the establishment of orchards & vineyards	247	2000 Euro/ha for single farmers 2300 Euro/ha for SFO
❖ Investment subsidies for vegetable production in green houses	44	40% of investment cost single farmers 50% of investment cost for SFO
❖ Agricultural equipment purchase stimulation support	889	25% of the equipment cost for all farmers
❖ Supporting the promotion and development of organic farming	13	Covering 50% of land conversion costs
❖ Livestock farms equipment purchase stimulation	119	30% of equipment cost for single farmers 40% of the cost for SFO
❖ Breeding stock purchase stimulation	17	50% of the costs of breeding livestock
❖ Post harvest infrastructure development agri-food processing stimulation	166	30% of equipment cost for single farmers 50% of the cost for SFO



Legislation

- **NATIONAL STRATEGY FOR REPUBLIC OF MOLDOVA FARM SECTOR OF SUSTAINABLE DEVELOPMENT (2008-2015)**
- Law on entrepreneurship and enterprise No.845-XII of 03.01.92;
- Law on organization and functioning of agricultural and food markets, No. 257-XVI of 27.07.2006;
- Law on small business support and protection, No.112-XIII of 20.05.94;
- Law on small farming business, No.1353-XIV of 03.11.2000;
- Law on business cooperatives, No. 73-XV from 12.04.2001
- Law for supporting small enterprises sector, No.206 of 07.07.2006

Taxation

THE FISCAL CODE OF MOLDOVA ALLOWS FOR SMALL FARMER ENTERPRISES AND FOR SMALL FARMERS COOPERATIVES

**0% OF INCOME TAX,
SIMPLIFIED ACCOUNTING SYSTEM**



Policies and programmes that contribute to enabling environment for small farmers organizations.

1. Agriculture Recovery Project (PRA):

Goal: Long term credits, 15 years for capital investments in agriculture

Amount: 30.000 USD for sole partnerships, 100.000 USD for cooperatives

2. Rural investment and Service Projects (RISP I and RISP II):

Goal: Long term loans up to 15 years for food industry, 20% grant

Amount: RISP I - 250.000 USD, RISP II – 150.000 USD

3. Agriculture development and food production increase (2KR):

Goal: Leasing of agricultural equipment. Farmers pay 50% of the total cost and then the rates during the two years. 2KR Project is VAT exempted.

4. Rural Financial Services and Agribusiness Development Project (IFAD V)

Goal: Support for market research, business development services and creation of producer associations, support for competitive commodity value chains.



Recommendations to further support the development and operation of farmers' organizations

- 1. Implementing a continuous training program for small farmers organizations in order to develop their institutional capacities;**
- 2. Set-up of a training curricula for students at agricultural colleges and the universities;**
- 3. Developing a special fiscal regime for farmers cooperatives in order to make them attractive for farmers;**
- 4. Increase the subsidies for long term investments made by members of farmers cooperatives up to 75% grant from the costs.**



- 5. Involve more actively the farmers' organizations in policy development and decision-making process.**
- 6. Further development of the "Law on Producer Groups", according to which at least 5 members form a producer group in order to produce/sell through the group at least:
 - a) 51% - the first year;**
 - b) 60% - in the second year of operation;**
 - c) 75% - in the third year and next.****
- 7. Development of Chambers of Agriculture, that will replace the district agricultural departments.** Chambers of Agriculture are a form of business network e.g., a local organization of businesses whose goal is to further the interests of businesses. Business owners form these local societies to advocate on behalf of the business community.
- 8. Tax exemption of the Membership payments made by members of farmer' organizations;**

