

## Příloha 4 Executive summary

### **Executive Summary of the evaluation of the Czech Development Cooperation Projects in the Sector Agriculture and Rural Development in Moldova**

#### **Purpose of evaluation**

The evaluation "Development Cooperation Projects in the Sector Agriculture and Rural Development in Moldova" was commissioned by the Ministry of Foreign Affairs of the Czech Republic (MFA), Department for Development Cooperation and Humanitarian Aid. The aim of the evaluation was to "*obtain independent, objective and consistent conclusions, findings and recommendations usable in the process of decision-making by the MFA in cooperation with the Czech Development Agency and other actors on the future focus of development cooperation projects in the area of organic farming and related sectors; the overall realization of the Agenda 2030 for Sustainable Development and Development Cooperation Strategy of the Czech Republic 2018–2030.*"<sup>1</sup> The evaluation questions were formulated by the contracting authority and divided into topics following the evaluation criteria according to the OECD / DAC, and some other aspects were decisive for the focus of the evaluation. The evaluation was carried out in the period May 2021 - January 2022.

#### **A brief description of the evaluated intervention and the context of the evaluation**

The evaluation focused on four multi-annual foreign development cooperation of the Czech Republic projects in the total amount of almost CZK 29 million<sup>2</sup> implemented by the Czech Development Agency in 2015 - 2021 (one of the projects was extended until 2022). Two of the projects were implemented by People in Need and were of a grant nature. One of the projects was supported by the B2B Program and the holder was the company PRO-BIO s.r.o. / BIOVIVA s.r.o. The Central Institute for Supervising and Testing in Agriculture (ÚKZUZ) implemented a project supported by a budgetary measure. All projects are thematically linked to the organic farming (OA) sector and rural development in Moldova. The activities focused on organic farmers, consumers, on increasing the expertise and capacities of other stakeholders in organic farming, and on institutions in the field of organic farming, they were thematically, geographically and temporally interconnected. For this reason, and also at the request of the contracting authority, the evaluation took into account the complementary nature of the supported projects and emphasized the sectoral level.

#### **Methodology and evaluation team**

The basic evaluation approach was based on a combination of the *theory based impact evaluation* and *outcome mapping* concepts. The main methods of data collection were desk research (strategic, program, project documentation, professional literature, statistical data), in-depth interviews - (individual, group), 56 informants were interviewed, a PAPI questionnaire survey, conducted on the market with organic products in Chisinau - Ecolocal, evaluation visits, case studies, observations and workshops. The work included a mission to Moldova, which carried out a survey in Chisinau and field visits to Orhei and Edinet regions. The evaluation was prepared by a seven-member evaluation team within the company EDREO s.r.o., consisting of evaluators and a thematic expert on the Czech side with a strong involvement of a local expert on the Moldovan side, especially in terms of coordination. The evaluation team thanks all the actors who were willing to share their experiences and observations.

#### **The most important findings and conclusions of the evaluation**

The agricultural and rural development sector plays an important role in the Moldovan economy with around 9.5 % of GDP and 45 % of total exports in 2020. In 2020, 21.1 % of the population worked in

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<sup>1</sup> MFA CZ (2021): Zadávací řízení na plnění veřejné zakázky malého rozsahu s názvem „Vyhodnocení projektů v sektoru zemědělství a rozvoj venkova v Moldavsku“, Zadávací dokumentace (str. 5).

<sup>2</sup> This amount also includes the expected allocation for 2021, Project 1 has not yet been completed, its implementation has been extended until 2022.

agriculture and about 58 % of the population lived in rural areas.<sup>3</sup> Agricultural land covered about 2.492 million hectares in 2020, which is 73.6 % of the total land area. Although ideas related to certified organic farming began to form in Moldova around the 1990s, in 2019 a total of 28,547 hectares were included in organic farming (including conversion), which represents only about 1.1 % of Moldova's agricultural land, and 152 certified organic entities (including those included in the conversion period). Half of the registered organic farms are in the northern region of Moldova, 33 % in the central region and 17 % in the south. Plant production completely dominates.

In 2020, a total of 83 agricultural entities out of the total number of 144 entities included in organic farming had national certification (42 from Certificat Eco and 41 from CUD). In the context of the extent of the acreage, it was only ¼ out of the total acreage of organic farming.

A large part of agricultural entities is certified not only by national certification bodies, but also by international certification bodies. Organic producers in Moldova need *de facto* double certification in order to have access to national subsidies and the national organic production logo (certification by one of Moldova's two national certification bodies is required) and to have access to the EU market (certification by the EU recognized certification body is a condition) and other international markets.

From the point of view of the structure of agricultural entities, large / larger entities are mainly involved in organic farming in Moldova. This is influenced not only by the need for input capital for the transition from conventional to organic farming, as the subsidies provided do not fully cover the necessary costs, but also by the character of national support to organic farming, possibility of combining different types of support, difficulties in finding sales channels or the issue of dual certification.

The national subsidies for agriculture are administered by the national agency AIPA and the current setting of the subsidy sub-program 2.5 is not a sufficient driving force for agricultural entities to switch to organic farming, they perceive it as "nice to have". Subsidy support for organic farming in the form of area based per hectare subsidies for agricultural entities producing organic production (i.e. entities after the conversion), in the same way as implemented in EU countries under the Common Agricultural Policy, has not been established yet in Moldova.

Moldova is working to meet the conditions set out in the Association Agreement / DCFTA. This should open not only additional opportunities to increase exports to EU and other countries, fulfil the quotas for duty-free imports, but also increase access to agricultural policy and rural development support and subsidies, and including other types of support in the field of organic farming. Development cooperation programs make a significant contribution to the shift in all these areas. **Although organic farming is not yet reflected in the current Moldovan strategies, the importance of this area is growing, as the issue of organic farming should be included as a separate priority area in the new currently discussed National Strategy for Agriculture and Rural Development (NARDS).** In addition, Moldova is expected to work towards the implementation of rules resulting from the European Green Deal.

**The agricultural sector is highly relevant in relation to the strategic goals of the Czech Development Cooperation,** although organic farming is not explicitly mentioned among the development cooperation objectives, it is clearly linked to rural development and adaptation to climate change, resp. sustainable management of natural resources. The supported projects also responded to most of the needs of the target groups.

Although the projects were supported by the Czech Development Cooperation in various forms and implemented by various implementers, the grant provider intended to perceive the projects as a single intervention from the very beginning. They were also communicated to the Moldovan side in this way. Specific follow-up and coherent outputs were identified (for example, different nature of field days, assistance to institutions with a direct impact on farmers' work (variety catalogue)), and even more spontaneous coordination took place between project implementers. **The coherence of projects supported by the Czech Development Cooperation is assessed by the evaluation team as rather high.** However, there is a lot of room for strengthening the coordination of project implementers who have cooperated together on their own initiative, as well as for more interconnected monitoring of project effects. **Organic farming in Moldova involves a small community and a coordinated and coherent approach is essential.**

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<sup>3</sup> statistica.md

All activities of the supported projects were mutually reinforcing and aimed at supporting organic farming. The evaluation identified factors from a procedural and factual point of view that contributed to the in/efficiency of the chosen solutions. One of the most important ones that strengthened efficiency was the presence of a local expert / coordinator, which would enable smoother project implementation and save the capacity of the embassy, but it also places additional costs on projects and continuity of support. Direct contact with experts was assessed as very effective, not only during their stay in Moldova, but also during the subsequent communication and solution of practical issues, the Moldovan partners also generally appreciated the flexibility of the projects. In terms of cost-effectiveness, many informants discussed political instability, which negatively affected activities aimed at building institutional capacity and the legislative framework. These were external factors that the implementer could not influence. From this point of view, some steps have certainly been taken that can be assessed as uneconomical (for example, repeated presentation of the project and project outputs to replaced ministers). Therefore, in other territories, stability on the part of the institutions can be recommended as an important criterion when designing projects. Nevertheless, based on the field survey, we do not evaluate this aspect negatively. On the contrary, on the part of the Moldovan institutions, support in this area was highly appreciated, and many examples were collected of how the institutions had developed. We expect that as soon as the amendment to the key law is approved, the expected effects will be met. **For these reasons, the cost-effectiveness of the support is generally assessed as rather high, although it is not possible to assess, neither to compare real value for money at the level of individual results.**

The contribution of Czech projects to increase the production of organic food for the internal market cannot be determined, although specific examples of increased production were recorded, and support of direct sales on the Ecolocal market in Chisinau is also helpful. Although organic food consumption in Moldova has been slowly increasing in recent years, food retail sales in Moldova are around € 1 billion. It is estimated that around 0.1 % (around € 1 million) comes from certified organic products<sup>4</sup>. The domestic market for organic production is not yet sufficiently developed in Moldova and is rather unclear. Due to inaccuracies in the labelling of Moldovan organic production within the domestic market, it seems quite problematic to even recognize whether the product actually comes from organic farming. The assignment of the national organic production logo is separate from the certification process and its acquisition is so administratively demanding that in 2020 only 4 entities used it to label their products. The situation is even complicated by the lacking supervisory and control organizations and the deliberate mislabelling of conventional agricultural products as eco, organic, etc. In addition, price differences between organic food produced in Moldova and conventional agricultural products sold in retail chains are minimal.

Export is crucial for organic production. In 2019, a total of 48,353.5 tonnes of organic production was produced in Moldova, of which 99 % (48,048.6 tonnes) were exported. From the point of view of exports (reps. imports to the EU), Moldova is included in the category of high-risk countries, and therefore the fact that the agricultural entity is certified by an international certification body is not sufficient to ensure exports, but specific customs and laboratory controls must be implemented, which require additional administrative burdens. **The direct contribution of projects cannot be determined in this area, although the effects can certainly be seen in terms of establishing cooperation with specific suppliers. However, this also entails certain risks, for example in terms of their dominant position in the market.** More diversified connections with potential buyout / brokerage companies could strengthen the competitive environment.

In a partial way, the projects also contributed to an increase in the number of farmers practicing organic farming or an increase of the organic farming area. The benefits in this regard are positively assessed on the Moldovan side, cases of positive changes in individual farmers have been identified, but in summary such a shift cannot be quantified.

A significant shift and clear contribution of Czech projects was recorded in the area of the development of legislative and institutional capacities, although all the effects have not yet manifested as the amendment of the key act has not yet been adopted. **At the level of capacity building of state institutions, the role of Czech projects is evaluated very positively across all institutions, even directly unsupported ones.** The shift

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<sup>4</sup> statistica.md

was recorded in terms of higher professional competencies thanks to support in the preparation of methodological procedures for laboratory tests concerning residues in organic products (CARANTINA), methodology for testing seeds suitable for organic farming and their subsequent inclusion in the Catalogue of permitted varieties (spelt, camelina – false flax, Marian thistle, red wheat, buckwheat, etc.). Areas have also been identified where the changes achieved cannot be put into practice, as this is prevented by an unadopted amendment to the Act on organic farming. In particular, it concerns the role of control over organic production, processing, import and certification that ANSA should ensure. According to the current regulation, these activities are to be guaranteed by the Ministry of Agriculture and Food Industry (MAFI), but there are not enough capacities. **In summary, the implementation of projects contributed very significantly to the readiness and setting of the legislative framework of organic farming and the capacity and development of state institutions in the field of organic farming**, both primary (e.g. MAFI) and secondary (supervisory bodies, control institutions and other parts of the system). The evaluation showed that in the area of development cooperation, specifically the institutional area of organic farming, the Czech Republic has a unique position. **According to many respondents, the nature and scope of the assistance is highly appreciated, the efficiency was assessed as high.**

**Impact assessment is complicated.** The projects targeted many actors, implemented many activities, were relatively ambitious, were not very concentrated regionally, and therefore a comprehensive assessment of the impact criterion is very difficult. **We evaluate the clearly high impact in terms of the coherence of individual impacts**, and the evaluation also revealed some synergy effects (e.g. in terms of specific support for farmers and, above all, the development and stabilization of the institutional and legislative framework). As already mentioned in terms of efficiency, the **strongest overall shift was recorded at the level of institutions**; after the approval of the amendment of the act, it will also be reflected at the legislative level.

**We rate sustainability as high**, although for some effects this assessment is conditioned by the approval of amendment of the key act for organic farming. If the amendment will not be approved, some aspects of the support would not be used in the end and they would most likely be lost (e.g. in terms of know-how built in ANSA, which will be in charge of inspections under the amendment). Among other parameters that can strengthen or weaken sustainability, it is necessary to emphasize the setting of easier certification rules, the need to maintain national subsidy support for organic farming, ensuring transparency, further development of Moldovan institutions, all on the Moldovan side. At the same time, awareness and information is essential on the part of all key stakeholders in the field of organic farming - consumers, retailers, but also farmers. The setting of all types of support should in principle reflect the fact that effects cannot be achieved in the short term in the field of organic farming, therefore the stability of support is essential.

#### **Important recommendations**

The evaluation resulted in a number of recommendations, which are structured for the level of projects, sector, as well as system and process recommendations. The main addressee of the recommendation and the degree of severity (1 – the most important, 2 - important, 3 – the least important) are in parentheses for each recommendation.

- **Project level**

1) To finish the UKZUZ project in the planned extent and support its continuation (Czech Development Agency, 1)

2) To support the presence of a local coordinator / expert within the projects (Czech Development Agency, 1)

- **Sector level**

1) To count on the organic farming sector with a longer time before the effects manifest (MFA CZ in cooperation with the Czech Development Agency, 1)

- 2) To maintain continuity of support for the organic farming sector (MFA CZ in cooperation with the Czech Development Agency, 1)
- 3) To support a coherent approach to projects (MFA CZ in cooperation with the Czech Development Agency, 2)
- 4) To further develop institutional and professional capacities in the field of organic farming in Moldova (MFA CZ in cooperation with the Czech Development Agency, 1)
- 5) To support higher added value in organic farming (MFA CZ in cooperation with the Czech Development Agency, 1)
- 6) To further support agrotechnical practice in organic farming (Czech Development Agency, 2)
- 7) To support activities aimed at rural development (MFA CZ in cooperation with the Czech Development Agency, 3)
- 8) To promote raising of public awareness and information (MFA CZ in cooperation with the Czech Development Agency, 2)

- **System and process level**

- 1) To ensure clearer reporting on the overall effects achieved (Czech Development Agency, 1)
- 2) To assess the readiness of supported institutions, cooperate with other donors in the region and, if necessary, transfer support to other activities in the region (MFA CZ in cooperation with the Czech Development Agency, 1)
- 3) To strengthen the coordination and coherence of projects in the sector and region (Czech Development Agency, 2)
- 4) To consider regional targeting of sector support (MFA CZ in cooperation with the Czech Development Agency, 2)
- 5) To measure baseline (MFA CZ in cooperation with the Czech Development Agency, 3)