

<https://doi.org/10.52326/csd2024.03>

## CONNECTING THE AGRICULTURAL POLICIES OF THE REPUBLIC OF MOLDOVA TO THE PAC UNDER THE PRE-ACCESSION CONDITIONS TO THE EU

Aurelia LITVIN

*Technical University of Moldova, 168, Stefan cel Mare bd, Chisinau, Republic of Moldova*

**Abstract.** The Republic of Moldova has expressed a strong commitment to European integration, with agricultural policy alignment being a key aspect of this process. The EU accession process involves multiple stages, including the alignment of national policies and regulations with EU standards. Specific Steps and Progress was signed in 2014 Association Agreement and DCFTA. Moldova has been progressively harmonizing its agricultural policies and regulations with EU *acquis communautaire*. This includes food safety, animal health, plant protection, and environmental sustainability. Moldova is working to align its rural development programs with the EU's CAP. This involves adopting measures that support economic diversification, environmental sustainability, and social cohesion in rural areas. Efforts are underway to improve the quality and safety of agricultural products through better standards and certification processes. This is essential for gaining and maintaining access to EU markets. Moldova benefits from various EU funding programs aimed at supporting agricultural and rural development. These funds are used for infrastructure improvements, technological upgrades, and promoting sustainable practices.

**Keywords:** *European Union, Rural development, Common Agricultural Policy.*

**JEL code:** *H7, E6, Q1.*

The Republic of Moldova has made significant developments in agricultural policy in recent years, with a focus on modernizing and improving the sector to increase productivity, ensure food security, and boost rural development. Some specific developments in Moldova's agricultural policy include: [1]

1. Implementation of the National Strategy for Agricultural Development - Moldova has adopted a long-term strategy to guide its agricultural development, focusing on increasing agricultural productivity, improving infrastructure and technology, promoting sustainable practices, and enhancing competitiveness in international markets.

The National Strategy for Agricultural and Rural Development 2023-2030, as an umbrella public policy document for the strategic planning of the country's agricultural sector, represents the vision and priorities of the Government of the Republic of Moldova and aims to develop a competitive agri-food sector, centred on value chains with a potential environment-friendly and climate-resilient that strengthens food security and safety and provides better rural livelihoods and well-being.

2. Support for smallholder farmers - Moldova has implemented various support programs for smallholder farmers, including subsidies for inputs such as seeds and fertilizers, access to credit, and training and extension services to improve farming practices and increase yields.

The government has restructured and expanded its subsidy programs to better support farmers and agribusinesses. Key changes include:

- Direct Payments: Increased direct payments to farmers to support income stability and encourage the adoption of modern agricultural practices.

- Targeted Subsidies: Enhanced targeting of subsidies for specific purposes such as technological upgrades, organic farming, and climate resilience.

- Youth and Women Farmers: Special programs aimed at supporting young and women farmers to promote inclusiveness and generational renewal in the agricultural sector.

### 3. EU-Aligned Legislation and Standards

Significant efforts have been made to harmonize Moldovan agricultural legislation and standards with those of the EU:

- Food Safety and Quality Standards: Adoption of EU-compliant food safety regulations to improve the quality and competitiveness of Moldovan agricultural products.
- Animal and Plant Health: Implementation of stricter animal health and plant protection measures to align with EU phytosanitary standards.

### 4. Sustainable Agriculture and Environmental Protection

The government has introduced new instruments to promote sustainable agriculture and environmental conservation:

- Agri-Environmental Schemes: Financial incentives for farmers adopting environmentally friendly practices such as crop rotation, organic farming, and soil conservation.
- Climate Adaptation Programs: Initiatives to support climate-resilient agriculture, including investments in water management systems and drought-resistant crop varieties.

5. Rural development - The government has invested in rural infrastructure development, such as roads, schools, and healthcare facilities, to improve the quality of life in rural areas and attract young people to stay in farming.

Rural development has been a focal point of recent policy changes: [2]

- Infrastructure Development: Increased investment in rural infrastructure, including roads, irrigation systems, and storage facilities to support agricultural productivity and market access.
- Diversification Programs: Support for rural economic diversification through the development of non-agricultural businesses and tourism.

6. Trade and market access - Moldova has focused on improving market access for agricultural products by signing trade agreements with European Union countries and implementing quality standards and certification systems to meet international market requirements. The government has also supported export promotion efforts to help farmers access new markets and increase their competitiveness.

Efforts to improve market access and promote exports have been strengthened:

- Trade Facilitation: Simplified procedures for exporting agricultural products, including reduced tariffs and non-tariff barriers in line with the DCFTA agreement with the EU.
- Branding and Marketing: Initiatives to develop and promote Moldovan agricultural brands in international markets, including participation in international trade fairs and marketing campaigns.

7. Promotion of agribusiness development - The government has implemented policies to attract investment in agribusiness and promote entrepreneurship in the sector. This includes providing financial incentives, creating a favourable business environment, and supporting value-added processing and export-oriented industries.

### 8. Research, Education, and Extension Services

Investments in research, education, and extension services have been scaled up to support agricultural innovation and knowledge transfer:

- Research and Development: Increased funding for agricultural research to develop new technologies and practices.
- Extension Services: Strengthening of agricultural extension services to provide farmers with training and technical assistance on modern farming techniques and sustainable practices.

### 9. Digitalization and Smart Agriculture

The adoption of digital tools and smart agriculture technologies has been promoted:

- E-Agriculture Platforms: Development of digital platforms to provide farmers with market information, weather forecasts, and advisory services.
- Precision Agriculture: Support for the adoption of precision agriculture technologies to improve efficiency and productivity.

The budgetary support for agriculture and rural development in Moldova has come from various sources, including national budget allocations, EU funding programs, and international assistance.

Here’s an overview of the key funding sources and their contributions: [3,4,5]

1. National Budget Allocations

- Annual Budget: The Moldovan government has consistently allocated a portion of its national budget to support agricultural development and rural infrastructure projects.

- Subsidy Programs: Significant funds have been directed towards direct payments and targeted subsidies for farmers.

2. European Union Assistance

- ENPARD (European Neighbourhood Programme for Agriculture and Rural Development): Provides financial support for rural development projects aimed at improving agricultural productivity, sustainability, and rural livelihoods.

- DCFTA (Deep and Comprehensive Free Trade Area): Assistance to align Moldovan agricultural standards with EU regulations, facilitating market access.

3. International Financial Institutions

- World Bank: Funding for infrastructure development, capacity building, and agricultural modernization projects.

- FAO (Food and Agriculture Organization): Technical assistance and project funding to enhance food security, sustainable agriculture, and rural development.

4. Bilateral and Multilateral Donors

- Various bilateral agreements and partnerships with countries and international organizations have provided additional funding and technical assistance for specific projects and initiatives in the agricultural sector.

**Table 1.ENPARD Moldova – Support to Agriculture and Rural development**

Contract	Contracting party	Contractor signature date	End date of activities	Amount (EUR)
<a href="#"><u>ENI/2015/371-907</u></a>	ENPARD Moldova – Support to Agriculture and Rural Development, SRC	16/12/2015	15/12/2020	48,956,111.00
<a href="#"><u>ENI/2015/371-916</u></a>	Support to Agriculture and Rural Development through promotion of confidence building measures	23/12/2015	31/12/2018	6,446,272.81
	United Nations Development Programme			
<a href="#"><u>ENI/2016/380-139</u></a>	Capacity building of the Moldovan Agency for Intervention and Payment in Agriculture (AIPA) for the application of EU norms and standards for the administration of ARD support schemes	02/12/2016	06/12/2018	1,185,485.68
	Agrarmarkt Austria			
<a href="#"><u>ENI/2016/380-171</u></a>	Technical Assistance for the implementation of the Sector Reform Contract: European Neighbourhood Programme to Agriculture and Rural Development (ENPARD)	11/11/2016	10/05/2019	2,626,230.42
<a href="#"><u>ENI/2017/383-396</u></a>	Facilitating active engagement of the civil society actors in the agro-rural policy dialog	07/02/2017	28/02/2019	259,200.00
	Asociatia Obsteasca Federatia a Agricultorilor din Moldova Farm			
	BDO LLP			

The main financiers of the agro-industrial sector are agricultural producers as investors, the state through AIPA, ADMA (Agency for the Development and Modernization of Agriculture) ODIMM, IFAD Implementation Units, the World Bank, the European Investment Bank, as well as the development partners: the European Union, The United Nations Development Program (UNDP), the USA through USAID, the Governments of Japan, Sweden, the Czech Republic, Poland, Romania, Slovakia, Hungary, Denmark, the Netherlands, FAO, as well as other foreign investors. [3,4,5]

The analysis of the availability of financial sources for the development of agriculture and the efficiency of their use revealed several points.

Contrary to the statements regarding the lack of adequate financing, in the period 2014-2019, at least 11.5 billion MDL were invested in the agriculture of the Republic of Moldova by external donors, and together with the related subsidies of about 4.9 billion MDL, the amount of investments amounts to to about 16.4 billion MDL.

The mentioned figures do not include the investments made by agricultural producers from their own resources and the support granted by the state from the reserve fund for reducing the consequences of natural disasters.

If we estimate the own contribution of agricultural producers at around 40%, we obtain a total amount of investments in the agricultural sector of over 23.0 billion MDL.

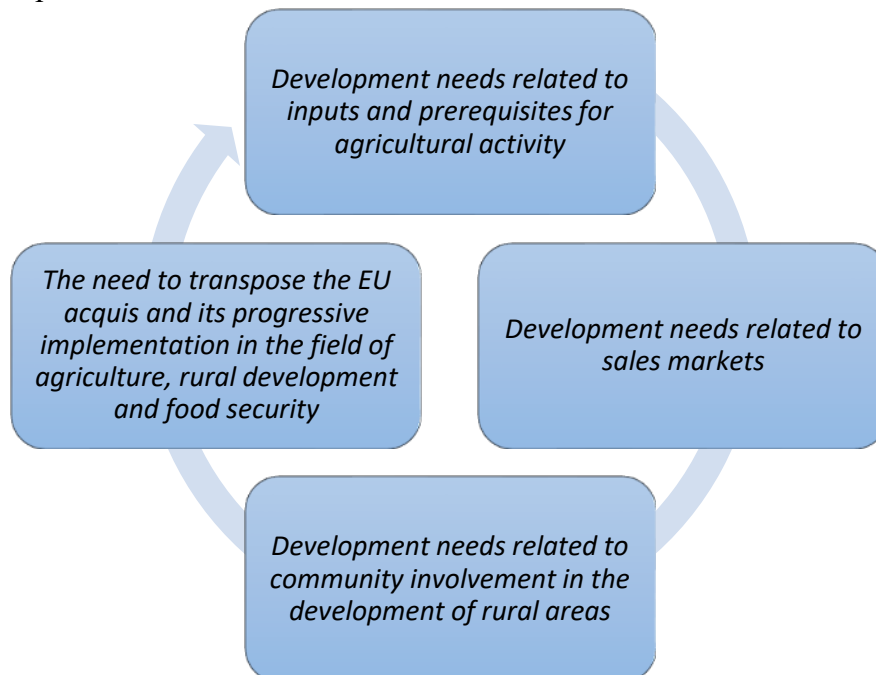
Analyzing the efficiency of the use of financial sources, it should be mentioned that the total value of agricultural production in the period 2014-2019 was about 186.2 billion MDL.

Relating this total value to the total amount of investments in the agricultural sector, we obtain the figure of approximately 8.0 MDL of agricultural production obtained for every leu invested in the sector. This is a pretty good indicator, but it cannot be attributed entirely to the effect of direct investment in the sector.

The natural pedo-climatic conditions favorable to agriculture have multiplied the value of the investments, at the same time the results of the harvests obtained compared to the neighboring states point to the untapped potential of the agri-food sector in the Republic of Moldova.

In turn, to solve the main impediments, the development proposals were identified and were structured into three categories:

1. Agricultural inputs and processes resilient to climate change,
2. Markets,
3. Development of rural areas and communities.



**Figure 1. Development proposals to solve the main impediments in rural development**

*1. Development needs related to inputs and prerequisites for agricultural activity:*

- The need to protect, maintain and improve soil quality by applying agri-environmental measures. Improving, restoring and consolidating agricultural land but also reintroducing degraded land into the productive circuit. Ensuring the priority of renewable energy projects, thus contributing to the sustainable development of rural areas. Adapting to the effects of climate change by providing solutions.

- Supporting local producers of inputs - Development of the field of education - research - innovation and consultancy in agriculture

- Reforming the field of science and technology transfer - Increasing the profitability of agricultural activities by supporting the development of the processing sector.

- Prioritization of value-added crop sectors

- Implementation of the approach oriented towards the development of value chains entirely to the detriment of financing only certain segments

- Supporting the development of the agro-industrial processing segment

- Improving legislation and capacity building in the field of food quality and safety

- Creation of the Integrated Agricultural Information System

*2. Development needs related to sales markets*

- Strengthening the marketing capacities of agricultural producers

- Creation of a common management system for the processes of breeding, storage/processing and export of agricultural production, including processed products

- Supporting the establishment of hubs and clusters for small and micro producers - Establishing a Marketplace managed at national level by the state

- Providing the sector with adequate analysis and information on market fluctuations

- Stimulating the cooperation of agricultural producers.

*3. Development needs related to community involvement in the development of rural areas*

- Supporting investments in rural infrastructure

- Supporting participatory economic development processes – Local Action Groups

- Development of occupational opportunities in rural areas

- Increasing the involvement of the local community in order to promote a balanced socio-economic development at the local level.

*4. The need to transpose the EU acquis and its progressive implementation in the field of agriculture, rural development and food security*

- Increasing institutional capacities

- Alignment with EU requirements and standards

- Harmonization of the regulatory framework in the sanitary and phytosanitary (SPS) field

- Implementation of EU-compliant quality requirements

- Development of food production quality control laboratories

- Improving the subsidy mechanism to EU requirements and standards.

Moldova has been aligning its agricultural policies with the CAP through various reform programs, particularly as part of the European Neighbourhood Policy (ENP). Moldova benefits from EU support through the European Neighbourhood Program for Agriculture and Rural Development (ENPARD).

Moldova has a National Strategy for Agriculture and Rural Development (NSARD), which mirrors CAP Pillar 2 objectives, including rural infrastructure development, improving market access, and promoting environmental sustainability.

Moldova has made efforts to introduce environmental sustainability into its agricultural practices, though its policies in this area are not yet fully harmonized with CAP's greening measures.

Moldova, while not a candidate for EU membership, is significantly aligning its agricultural policies with the CAP through its association with the EU and the support of programs like ENPARD. However, institutional limitations, political challenges, and the vulnerability of the agriculture sector to climate change pose ongoing challenges.

### **Conclusion**

The Republic of Moldova has implemented a range of policy changes in recent years to modernize its agricultural sector, enhance sustainability, and align with EU standards. These changes encompass improved subsidy programs, harmonized legislation, sustainable practices, rural development, market access, financial instruments, research and extension services, and digitalization. These efforts aim to create a more competitive, resilient, and sustainable agricultural sector in Moldova.

Overall, Moldova's agricultural policy developments have shown a commitment to modernizing the sector, improving productivity, and promoting sustainable practices.

However, challenges remain, including the need for further investment in infrastructure, technology, and research, as well as addressing issues such as climate change, land degradation, and rural poverty. Continued efforts and support from both the government and stakeholders will be crucial to ensure the long-term sustainability and growth of Moldova's agricultural sector.

**Acknowledgments.** The given research was developed within the research subprogram CADDCRMCE/ 020408.

### **References**

1. The National Development Strategy “Moldova 2030”, approved by the Government | United Nations in Moldova [Internet]. [cited 30.08.2023]. Disponibil: <https://moldova.un.org/en/15729-national-development-strategy-moldova-2030-approved-government>, <https://moldova.un.org/en/15729-national-development-strategy-moldova-2030-approved-government>
2. <https://www.madrm.gov.md/>
3. [https://www.madrm.gov.md/sites/default/files/PressReleas/Documente%20Atasate/MARDE\\_Newsletter\\_No\\_9\\_RO.pdf](https://www.madrm.gov.md/sites/default/files/PressReleas/Documente%20Atasate/MARDE_Newsletter_No_9_RO.pdf)
4. <https://aipa.gov.md/>
5. <https://agromedia.md/finantarea-agricultorului/fonduri>