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Investing in rural people in **Moldova**

Of the Republic of Moldova's population of 4.03 million (2016), almost 60 per cent live in rural areas. Agricultural land constitutes about 74 per cent of the country's land area, of which 54 per cent is arable land for annual crop production. One quarter of the people in rural areas work in agriculture, with low levels of productivity. One of Europe's poorest countries, Moldova is seriously affected by emigration, with around one quarter of its workforce working abroad.

About 90 per cent of Moldova's agricultural production is rainfed, and crop production (maize, wheat, sunflower, barley, oilseed, soybean and sugar beet) is the main driver of agriculture in the country. Although the agriculture sector's value-added share of GDP in Moldova fell from 30 per cent in 2000 to 10 per cent in 2009, it still employs the largest share of the workforce, and accounted for 12.2 per cent of GDP in 2016. Farm income as a share of total income declined from 25 per cent to 13 per cent between 2007 and 2014, and poor smallholders have little access to banks and credit facilities.

Women make up 36 per cent of the country's agricultural holders but manage only 19 per cent of the agricultural land. Moreover, their employment rate in rural areas (41.3 per cent) is lower than that of men (46.4 per cent).

Most farmers (97.7 per cent) are small-scale, and many lease their land to private or corporate entities, or leave it fallow. Some large-scale farmers can exploit the expanded trading opportunities offered by the free trade agreement with



Over 60 per cent of Moldova's population is rural, and **90 per cent** of the country's **agricultural production is rainfed**

the European Union (EU), which is now the country's main agricultural export destination. However, smallholders struggle to meet the EU's strict requirements. For them, the markets of the Commonwealth of Independent States, including the Russian Federation, are vital as they are more accessible.

The government's national development strategy for the period 2012-2020 is known as Moldova 2020. It aims to lift 150,000 people out of poverty by 2020 through faster economic growth and expansion of targeted social assistance. IFAD's country strategic opportunities programme is aligned with Moldova 2020.

IFAD's strategy in Moldova

Collaboration between Moldova and IFAD started in 1999. The Fund has supported six projects and one programme in Moldova, benefiting 134,808 people and with funding totalling US\$196.8 million, of which IFAD has provided US\$109.2 million.

In Moldova, IFAD loans work to improve the incomes and living conditions of poor rural people. Activities are targeted to smallholders and landless farmers, small-scale livestock producers, rural women and unemployed young people in the poorest areas. IFAD is also supporting reforms in Moldova, with financing totalling US\$85 million.

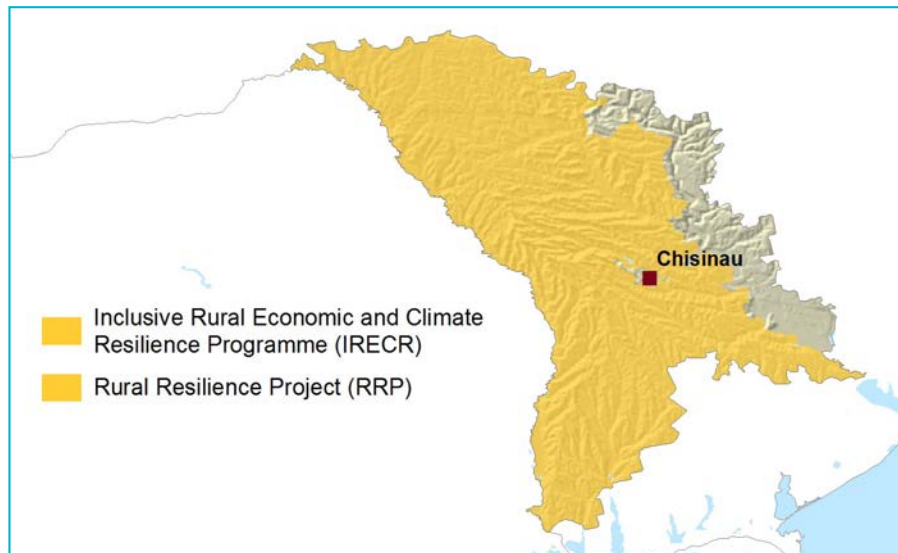
IFAD's strategy focuses on promoting more resilient livelihoods in marginal rural areas by supporting climate-smart agriculture, economic diversification, talent retention, and access to rural finance. On that basis, the overall objective of IFAD's investment is to help the productive poor take advantage of the opportunities emerging from the country's ongoing rural transformation. IFAD's investment is implemented in line with the United Nations Sustainable Development Goals: no poverty, zero hunger, gender equality, decent work and economic growth, reduced inequalities, climate action, life on land, and clean water and sanitation. Moreover, it reinforces IFAD's strategic objectives for the rural poor: improve their productive capacities; increase their benefits from market participation; and strengthen the environmental sustainability and climate resilience of their economic activities.

South-South and Triangular Cooperation (SSTC) is an important pillar of these efforts, especially as IFAD is supporting the Government of Moldova and encouraging partnerships with regional countries facing the same challenges of climate change, collective action and depopulation of rural areas. The collaboration is implemented through peer-to-peer learning. Key activities include:

- enhancement of resilient economic transformation
- inclusive entrepreneurship finance
- project coordination, management, and monitoring and evaluation.

IFAD works to ensure projects are sustainable by sharing responsibility for their success with poor rural people. It builds strong partnerships with government, public agencies, research institutions and relevant associations, and coordinates with other donors and United Nations agencies.

Ongoing operations



Rural Resilience Project (2016-2022)

The project seeks to improve the well-being of the poor rural population through strengthened resilience and enhanced economic opportunities. It does so by improving their skills for better integration into profitable value chains, and by improving access to climate-resilient infrastructure and microfinance services. The rationale behind the project is that the increased competitiveness of agribusiness should generate rural employment and increase resilience of low-income rural people while broadening the tax base to finance the government's poverty reduction strategy. The project has two main components:

- Improve smallholder and agribusiness adaptive capacity, enhancing resilience and promoting investments in productive rural infrastructure and agrisystems.
- Support agribusiness development through the establishment of the Moldova Credit Guarantee Fund for micro, small and medium-sized enterprises, and other measures for increasing the quantity and quality of production.

The project is intended to cover all the country's rural areas, with the aim of targeting climate-vulnerable farmers and agribusinesses and, more generally, the poorest segments of the rural society. The project will have 44,145 direct beneficiaries (17,658 households). Key target groups include, among others, semi-subsistence and commercially oriented smallholder farmers, young entrepreneurs, and climate-vulnerable, poor smallholder women farmers.

The total cost of the project is US\$38.74 million. IFAD has provided a loan for US\$18.2 million and a US\$0.5 million grant, with a grant of US\$5 million from the Adaptation for Smallholder Agriculture Programme. The government will contribute US\$2.94 million and beneficiaries US\$9.51 million, while participating financial institutions will provide about US\$2.57 million.

To make **investments more effective and sustainable**, IFAD's work is aligned with Moldova's development strategy of **poverty reduction and economic growth**

Inclusive Rural Economic and Climate Resilience Programme (2013-2020)

The goal of this programme is to enable poor rural people to raise their incomes and strengthen their resilience. To achieve this, it will increase investments in the rural economy and strengthen climate-adaptive capacity for the poorer sections of society, leveraging experience from past interventions and introducing innovations. It has three components:

- Climate change resilience and inclusive value chain development
- Inclusive rural finance and capacity development
- Infrastructure for rural resilience and growth.

The programme area comprises the most deprived areas of Moldova. Given the size of the country and the relatively small regional differences in rural poverty rates, the programme will cover all of Moldova's rural areas – with the exception of climate change resilience interventions, which focus on more vulnerable areas, predominantly in the central and southern districts. The target population encompasses poor men and women who have the potential to take advantage of improved opportunities for agricultural production and other rural income-generating activities.

The total cost of the programme is US\$46.3 million, which includes a loan worth US\$16.1 million from IFAD, and a US\$7.52 million loan from the Credit Line Directorate. The government is contributing US\$3.5 million and beneficiaries US\$7.5 million. Participating financial institutions are providing around US\$1.9 million, while the Global Environment Facility is giving a grant worth about US\$4.26 million, and Danida is financing a grant of US\$5 million.



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IFAD has invested in rural people for 40 years, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$20.4 billion in grants and low-interest loans to projects that have reached about 480 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.

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