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The Republic of Moldova

Rapid response plan

March–December 2023



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Context

Agriculture is a key pillar of the Moldovan economy, employing 25 percent of the of formal labour force and more than 60 percent of informal labour force.¹ The agriculture sector contributes approximately 12 percent of gross domestic product (GDP).² Additionally, the agriculture sector accounts for 45 percent of total exports (2021).³ Moreover, approximately 70 percent of the rural population depend on agriculture as a primary source of livelihoods.⁴ The share of smallholder farmers of the total number of agricultural producers is 98.8 percent (2016), and this category cultivates 36.4 percent of agricultural land. Smallholders and family farms generate over 62 percent of the total volume of agricultural produce in the country, thereby representing a major contributor to overall food production and food security.

The economy of the Republic of Moldova is currently affected by multiple challenges caused mainly by the war in Ukraine and an ongoing severe drought that began in autumn 2021. The war in Ukraine has significantly impacted the country's overall socioeconomic conditions with far-reaching inflationary consequences on food and energy prices, sharp decrease of industrial output and economic growth. The Republic of Moldova, as a country with a high dependency on import–export markets, has been forced to divert or reorient key supply chains and trade flows away from Ukraine, increasing the burden on transport, logistics and border-crossing

infrastructure. This has resulted in significantly higher business costs for Moldovan producers and exporters, which affected the competitiveness of local products and services compared to those from other countries. The Republic of Moldova currently has the highest rate of consumer price inflation in Europe, reaching a record high of 34.62 percent in October 2022.⁵ A significant proportion of this record high inflation rate is driven by challenges in the energy sector, which have been exacerbated by the war in Ukraine. The war has directly disrupted exports of crude oil, natural gas, grains, fertilizers and metals, pushing up energy, food and commodity prices. As a result, there have been unprecedented increases in the prices of key commodities, including gas (531 percent), electricity (75 percent) and fuel (42 percent), compared with 2021.

In addition to the impacts of the war in Ukraine, the Republic of Moldova has a high level of exposure and vulnerability to hydrometeorological hazards, which became more unpredictable and increased in frequency and severity due to the effects of climate change. In 2022, the agriculture sector experienced one of the most severe droughts in the last five years with negative consequences on overall production levels and livelihoods in rural areas.

The Food and Agriculture Organization of the United Nations (FAO) conducted a Crop and Food Supply Assessment mission (CFSAM) in October–November 2022.⁶ The CFSAM report concluded that the most affected crops are maize, sunflower and legumes, experiencing up to 40 percent losses in comparison to the last five-year average. In parallel, livestock population and productivity are also declining due to the impacts of the drought. The most affected agricultural producers are smallholder farmers. Smallholders experienced a significant decrease in yields, do not have adequate access to agricultural production inputs and do not have adequate capacities to cultivate their lands during the upcoming planting seasons. Such conditions contribute to increasing food security risks and deteriorating the livelihoods of rural households.

The compounded impacts of the war in Ukraine and adverse climatic conditions underline the urgency of supporting the most vulnerable farming households in the Republic of Moldova. In order to address the deteriorating situation, FAO developed the Rapid response plan (RRP) to provide life- and livelihood-saving interventions to sustainably support the most vulnerable agriculture-dependent communities during 2023. Through the RRP, FAO is calling on resource partners to contribute to addressing the immediate needs of agriculture-dependent communities and tackling the urgent challenges of the Moldovan agrifood system. The RRP aims to prioritize interventions that can mitigate the short- and medium-term effects of the current crisis.



Rationale

Investment in the agrifood sector is a prerequisite for mitigating the negative effects of the war in Ukraine on rural communities and their livelihoods. Agricultural production in the Republic of Moldova normally sustains the required level of food production, which is being threatened by adverse climatic phenomena and the impacts of the war. As a result, farmers need immediate support to overcome existing challenges and sustain their livelihoods. In particular it is essential to urgently supply farmers with access to seeds and other agricultural inputs necessary for the spring and autumn planting seasons. Furthermore, livestock-keeping households in rural areas lack access to animal feed to maintain the health of their livestock assets, which is threatening the supply of livestock production. Rural farming households produce 70 percent of the country's milk supply and require emergency access to animal feed to protect their livestock assets.

FAO intends to join efforts with key stakeholders and partners to provide timely emergency support to farmers and rural households affected by the current adverse conditions in the Republic of Moldova. The CFSAM revealed that the most affected groups are smallholder farmers and their families. Smallholder farmers producing annual crops, vegetables and livestock are the most impacted.⁷ The lack of precipitation during 2022 coupled with limited access to agricultural inputs and financial resources as well as limited knowledge among smallholders, caused a decrease of 50 percent of production levels compared to the previous five-year average.⁸ The RRP is framed for a ten-month period (March–December 2023) and includes short-term activities to provide emergency support to agriculture-dependent communities. The RRP complements the response of the Government of the Republic of Moldova and responds to the government's request for FAO's support.





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Response

FAO will utilize a programmatic approach to implement the RRP and will expand its emergency programme for the benefit of people living in rural areas, including smallholder farmers. The current emergency response is focusing on providing animal feed for rural households as well as seeds and fertilizer for smallholder farmers. The programme covers the needs of the beneficiaries with animal feed from five rayons located in the south of the country and will supply seeds to farmers in three additional rayons. Moreover, the supply of agricultural inputs is provided along with the facilitation of capacity-building trainings. The RRP aims to significantly increase the number of rayons and people benefiting from emergency support and to diversify the types of agricultural inputs provided to the most vulnerable farmers. It will also establish farmers field schools to enhance the knowledge and capacities of the targeted communities. The RRP will target beneficiaries from three distinct producer groups.

Household producers: families engaging in agricultural production on household plots (0.5–0.8 ha), mainly to provide for their own consumption. While these households play a pivotal role in ensuring the food security, incomes and livelihoods of rural populations, they are often unregistered. Without registration, farmers' access to formal financial services is limited; and their ability to access agricultural assistance is constrained. Household

producers also engage in backyard livestock production, mainly cows and pigs which provides milk and meat both for their own consumption and for selling in the local markets.

Smallholder farmers: registered agricultural producers who own or rent 1–5 ha of agricultural land. This category of farmers represents approximately 80 percent of agricultural producers and produce more than 60 percent of agricultural production in the Republic of Moldova. They face numerous challenges in accessing key agricultural production inputs such as fertilizers, fuel and seeds for the upcoming agricultural seasons and have limited capacity to implement resilient and sustainable agricultural practices.

Medium-sized agricultural producers: registered agricultural producers, owning or renting 10–100 ha of agricultural land. Those farmers are leading actors in the local agricultural economy (i.e. at the village level) and play a vital role in the development of rural areas through providing cash or animal feed to families from whom they are leasing the land. They also face substantial challenges in accessing agricultural inputs and plant protection tools as well as in implementing resilient practices for sustainable agricultural production. Subsequently, they were vulnerable to the impacts of the 2022 drought conditions and face difficulties in preparing their land for the upcoming seasons.

Through the RRP, FAO aims to support beneficiaries from the above-mentioned categories by increasing their capacities to mitigate the negative effects of the drought and of the ongoing war in Ukraine. In particular, the Organization intends to provide cash assistance, supply agricultural inputs, grants and technical assistance. These initiatives will also capacitate the Ministry of Agriculture and Food Industry in preparing and conducting effective and efficient policy responses to the current crisis.

Priorities

Supporting the production of intensive and extensive crops

The RRP will focus on supporting the production of key crops produced by household farmers as well as small- and medium-sized agricultural producers. In particular, the RRP will focus on crops that suffered the most from the consequences of the drought in 2022, representing mainly cereals (e.g. barley, maize and wheat) and vegetables or legumes (e.g. beans, cabbage, carrots, peas, potatoes and red beet). This support will ensure that beneficiaries have the necessary agricultural production inputs for the spring and autumn planting seasons. Domestic species and varieties will be sought as the main investments.

Feed and nutrients for the protection of livestock assets

The livestock sector is severely affected by the impact of the drought and the lack of adequate capacities for managing pastures. Therefore, livestock-keeping households are unable to provide feed for their livestock, which is directly affecting the production of meat and milk. FAO, through the RRP, will provide cash support, animal feed and required nutrients for maintaining proper levels of food security.

Capacity building and knowledge transfer

In addition to their limited access to agricultural production inputs and finance, small- and medium-sized farmers are the most affected by knowledge gaps and lack of advisory and training services. The RRP will aim to provide small- and medium-sized farmers with access to training and knowledge-sharing opportunities to enhance their skills on good agricultural and climate-smart practices. The RRP will also promote and garner grassroot level cooperation opportunities to increase local capacities to access markets and larger market niches.

Enhancing access to finance

The RRP will work with governmental, non-governmental and private sector actors to create an enabling financial support environment for the most vulnerable farmers. The latest data show that currently farmers are having limited financial resources to start agricultural activities for the next planting seasons due to high prices of agricultural inputs, in particular fertilizers and fuel, and soaring interest rates of the commercial loans offered by local banks. Therefore, FAO jointly with partners will promote targeted financial support in the form of cash assistance and demand driven subsidies to mitigate the consequences of the economic challenges at the national and regional level. New funding opportunities will increase the capacity of farmers to use new and more innovative technologies in the production and processing.



Outputs

The RRP will aim to address the above-mentioned challenges and offer solutions in one logical framework, outlining the expected outputs and activities to meet the most critical needs in a timely and a coherent manner. Geographically, the RRP will cover the entire country, while prioritizing the rayons which are most impacted by the current conditions, which were identified through a recent assessment developed by FAO using socioeconomic and drought vulnerability indexes.

Priority districts

- North: Falesti, Floresti, Riscani and Singerei
- Centre: Calarasi, Nisporeni, Soldanesti and Telenesti
- South: Cahul, Cantemir, Causing, Cimisia and Leova



Budget
USD 20 million



Beneficiaries
50 000 smallholder farmers
or family farms

Output 1. Agrifood production systems are maintained

Activity 1.1. Providing cash and agricultural inputs for cereal and vegetable production during the spring and autumn planting seasons

Activity 1.2. Supplying livestock production inputs and providing health services, including feed, fodder, mineral supplements and veterinary medicines

Activity 1.3. Providing extension and advisory services for the beneficiary households and smallholder farmers





Budget
USD 15 million



Beneficiaries
40 000 smallholder farmers
or family farms

Output 2. Resilient and sustainable agricultural practices applied and promoted

Activity 2.1. Procuring equipment and technologies for implementing conservation agriculture

Activity 2.2. Developing capacities of farmers in introducing and applying climate-smart agricultural practices through individual training programmes and by establishing farmers field schools

Activity 2.3. Creating an enabling environment for land management, including forest shelterbelts and pastures management



Budget
USD 3 million

Output 3. Analyses of evolving food security conditions and needs are available

Activity 3.1. Providing regular assessments and analyses of the main needs and challenges in the agrifood sector

Activity 3.2. Improving data collection and analysis system at the national level, including through the development of national capacities on damage and loss assessment, early warning and forecasting, needs assessment

Activity 3.3. Supporting the implementation of the National Food Security Strategy



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Partnerships

For the implementation of the RRP, FAO will work in close collaboration with the Government of the Republic of Moldova, United Nations agencies and non-governmental organizations to ensure complementarity and avoid duplications and overlaps. Moreover, FAO will continue to work with private sector service providers, national associations and implementing partners who are knowledgeable of local conditions and needs. This approach will ensure that FAO is contributing to strengthening the capacities and resilience of vulnerable smallholder farming households as well as local civil society actors.

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Saving livelihoods saves lives

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