Agriculture is one of Moldova’s largest sectors and a main driver of the country’s economy. Despite its major contributions, the sector faces challenges in becoming more competitive. This project aims to address regulatory weaknesses in inspections, construction permitting, and insolvency procedures. Given the country’s agribusiness potential, the project focuses on streamlining regulations that will help encourage increased investment in agriculture.

CONTEXT
Moldova is a small country in Eastern Europe with bold aspirations to open its agribusinesses to European Union (EU) markets. Achieving this objective will require improving the country’s investment climate, attracting much-needed investment to the agribusiness sector, and enabling local agribusinesses to develop and gain a competitive advantage in lucrative European markets.

RESULTS AND IMPACTS

- Compliance cost savings of $1.1 million as a result of a reduction in the number of products subject to mandatory certification.
- Enactment of the food safety law and the National Food Safety Agency’s regulation, both aligning the food safety system with international best practices.
- Amendment of four agribusiness-related laws, which enabled initial testing of seeds and plant varieties in the EU’s common catalog as a first step toward its full adoption.
- Streamlined inspections system introduced by the new inspections law.

IN PARTNERSHIP WITH AUSTRIA, THE NETHERLANDS, SWEDEN
The low quality of domestic produce can be attributed to various factors. Among these are the lack of investment in the agricultural sector, poor transportation, a weak post-harvest handling infrastructure, steep energy costs, and the high price of agricultural inputs. Moldova’s export potential is limited with export prices lower than regional averages.

While some progress has been achieved over the years, the current conditions for doing business in Moldova still remain a constraint to growth. Improving regulatory frameworks and introducing policies that are aligned with international best practices will help the country foster competitiveness in key sectors, such as agribusiness, and contribute to economic development.

OUR ROLE

Investment climate teams of the World Bank Group have supported the Moldovan government since November 2011 in improving conditions for doing business, streamlining agribusiness regulations, and attracting new investments. The reform project helped enact the food safety law and regulation of the National Food Safety Agency, a major step forward in aligning Moldova’s legislation with EU requirements and positioning Moldova for export growth. The single agency approach to food safety will reduce the regulatory burden for businesses and eliminate duplicative inspections.

To help Moldova develop high value-added agribusiness activities, the project promoted further streamlining that would facilitate adoption of the EU’s common catalog for seeds and plant varieties. The teams also helped draft a law on seeds, which expressly endorses the registration of 10 new EU crop varieties that do not currently exist in Moldova. These legislative changes will enable access to high-quality seeds for agribusinesses and farmers, which will improve the competitiveness of Moldova’s produce. Proper implementation of enacted legislation will be crucial in enabling businesses to fully benefit from reforms and achieve sustainable competitive advantages.

In helping Moldova improve its agribusiness policies and legislations, the World Bank Group demonstrated a joint IFC-World Bank approach to enacting investment climate reforms. The reforms were part of the terms and conditions in the World Bank development policy loan granted to Moldova in November 2012.

“Good quality seeds are essential for getting high-yield returns per unit area. The quality of the end product depends largely on the seed. So having a common seed catalog with the EU will open a large market of innovative seeds for us to grow and compete in European markets.”

ALEXEI IVANOV
Fruit and vegetable producer from Malaiesti village, Orhei county in Moldova

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