

Moldovan Farmers and Their Markets

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1. Background information

The transition from a centrally planned economy to a market economy has been very harsh for Moldova in general and for Moldovan farmers in particular. In the decade 1991-2001 the Moldovan economy shrank with 8.5 % per year; this made it the worst performing economy in the whole world. Within the Moldovan economy it was the agricultural sector that was hit hardest.

The privatization of the agricultural sector officially started in the early nineties and was finalized in the 2000. The land reform in Moldova was completely social oriented, which means that in practice 1 million people received small land shares (1,1 ha/head) that encouraged subsistence farming.

Over the last years, the Moldovan economy is registering a stable growth, including in agricultural sector – around 4% per year. Still, the development in rural areas is rather slow due to poor macroeconomic indicators as well as lacking of long-term policies in agriculture. It is worth mentioning that presently Moldovan economy is highly dependent on agricultural exports (60%). This is related as well to the history and traditions, since Moldova was the largest exporter of agricultural products to the entire Soviet Union. After the fall of SU, Moldova competes on its traditional markets with Polish, Turkish, Chinese producers. This turned to be very difficult, especially when the newly ‘baked’ private Moldovan farmers have to operate in a commercial environment lack elementary information on price trends on international markets, international quality standards, export procedures, promotion techniques, etc.

Along with improving the knowledge basis of farmers in marketing and assisting them in their business development, it was obvious the need to develop a marketing information system for Moldovan entrepreneurs. The aim that we have always in mind is to design such a system that would combine both a broad range of marketing information with some practical tools that would help them to find the answer to the basic questions: Where to sell? How to get a better price?

2. Farmers and the Internet. Can they go together in Moldova?

Definitely, the marketing information system is not something that needs to be invented nowadays for many countries. The question is how to make it accessible and useful in a country like Moldova where the internet access level of rural population doesn't exceed 2%? The solution to this dilemma came out naturally from the structure of our organization that has 30 regional extension offices, covering geographically the entire country with at least one marketing advisor in each of them. In short, the success of our story is coming from the effective combination of modern IT technologies with a country-wide network of well-trained marketing advisors placed closely to farmers.

2.1. Content of the system

The initial emphasis was to integrate all the marketing information available in the country and the relevant external information as well. This means that the collection of information was the primary action involving a lot of actors: ministries, commercial companies, banks, customs, certification and standardization authorities, information providers, etc. The information collection has taken more than half a year and currently the marketing information system is a bank of information about products and around 3000 companies from Moldova, Romania, Russia, Belarus, Ukraine, Poland, Germany, Czech Republic that are dealing with input supply, purchasing and processing of agricultural products, equipment and package for the agri-food sector. The data base has also an Infocentre with relevant information regarding legislation (incl. international trade agreements), certification of agri-food products, export procedures, access to financial resources, daily prices from internal and external markets, marketing trends, etc. Finally, all this information was systematized, well-structured and made available online on www.agravista.md and the system was to become the first on-line Marketing Information Database in Moldova that includes as well match making tools.

The target group of the system is: the small and medium farmers and entrepreneurs from Moldova, exporters, intermediates and it is worth mentioning that the system became a necessary tool for the business and information centers from Moldova that are around 70 at the moment.

2.2. *How is the functionality of system ensured?*

The crucial moments in the functionality of the system are the following:

- A well developed mechanisms for collecting daily retail prices and weekly wholesale prices from 5 internal and 3 external markets;
- Daily upgrading of information;
- Initial wide promotion campaign followed by constant publicity;
- Developing a broad network of information broadcasting and cooperation with mass-media;
- Continuous professional training, coaching, assistance of the regional marketing staff both in terms of content and information dissemination techniques;
- Testing and evaluation of the information together with beneficiaries and prompt reaction on their suggestions for improvement;
- Ensuring a ‘critical mass’ of commercial offers which will facilitate the transactions, contacts and partnerships;
- Guaranteeing the reliability of information by giving the access to placing and up-grading information only to the network of advisors and national system administrator.

It is important to stress that in Moldovan context, one of the key moments in the functionality of the system is to connect the system to the farmers and rural entrepreneurs’ community through the regional advisors. They are the ones who collect the information and commercial offers, who are disseminating the information products of the system (reports, price trends, customized bulletins), who advise farmers how to use marketing information, who are looking for buyers on internal and external markets, who assist farmers in export procedures, drafting contracts, and are finally responsible for monitoring the impact of the system: facilitated transactions, established contacts and partnerships.

3. **First, but promising results**

The system which is now an on-line marketing information database is fully active for one year only, but already in this short term we can mention motivating results.

a) Quantitative results

- Some 350 visitors daily from 65 countries
- Around 75,000 direct beneficiaries
- 10,087 commercial offers placed on-line in the amount of 92.2 M USD
- 715 rural locations covered the system
- More than 50,000 flyers including the “commercial offer” form on the back side were distributed
- 5,000 posters and leaflets distributed
- Etc.

b) Impact results

- transactions facilitated in the amount of 9,6 million USD, out of which 43% are export transactions¹
- 608 partnership links established

Already in this short period the regional extension offices managed to generate income based on the system. For the future it is foreseen that a big part of information will become commercial and will be accessible only for fee.

¹ This figure represents only the transactions monitored by regional advisors. A rough estimation of unrecorded transactions which were concluded without the mediation of regional advisors consists around 50% of all the commercial offers placed.