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TERMS OF REFERENCE

Job Title:	Team of one national and one international consultant to develop a National Study on the internal barriers to foreign trade in agrifood sector and their implications for poverty reduction and human development
Type of Contract:	Individual Contract (IC)
Duty Station:	Chisinau, Moldova
Expected workload:	35 working days for the international consultant; 45 days for the national consultant
Duration:	March – May 2013 (up to 11 weeks)

BACKGROUND

The economy of Moldova is small and open. It has one of the most liberal trade regimes and one the highest shares of the foreign trade in GDP in the region. The burgeoning foreign trade also helped country to weather well the aftermath of the global financial crisis of 2008-09. Indeed, the post-crisis recovery was propelled by rebound in remittances, rebuilding of capital stocks and by boom in exports. However, in 2012 the economy has appeared to be out of steam. After GDP posted a spectacular growth of 6.4% in 2011, the economy slowed down with an expected growth rate of 0.3 per cent in 2012. Furthermore, investment was sluggish, while remittances have never recovered to the pre-crisis level. Ultimately, after expanding by 40 per cent in 2011, exports have grinded to a standstill. Given that external economic outlook remains dim, further economic gains should be sought via more comprehensive domestic structural reforms for boosting country's competitiveness. This imperative brings the barriers to trade issues, which are long overdue, to the top of the Government's policy and regulatory reform agenda. Furthermore, as agriculture has been in a vicious year-cycle of adverse climate conditions in 2012 the domestic producers need various cross-board improvements to offset the negative effects on competitiveness the climate might have.

CONTEXT

With the small domestic market, further economic growth should be increasingly export-led, therefore expansion and diversification in trade is of utmost importance. On the foreign trade regime side, the potential to open further is almost exhausted, with only FTA with Turkey and DCFTA with the European Union remaining among the major regional trade liberalization deals to be accomplished in the short run. The DCFTA with the European Union is clearly an opportunity for the Moldovan economy to tap into the opportunities on the common EU market and benefit from more access for Moldovan exports, foreign investments, including FDI, etc. The agrifood sector will also benefit in medium and long term, but may face difficulties in coping with the increased competition from EU firms. This may in turn lead to consequences for those employed, particularly from the rural areas. In-depth analysis of the trade liberalization with EU and

impact of DCFTA and its components on overall human development in Moldova has been recently undertaken as part of the 2012 National Human Development Report of UNDP¹.

Further stimuli to the trade expansion and diversification should be probably sought on with the respect to internal barriers to trade. Such barriers may range from the quality of transport infrastructure and logistics, availability of quality infrastructure, and regulatory issues including customs administration, certification goods, tax burden and administration, transaction costs, competition issues along the value chain. All these issues ultimately represent costs for the Moldovan business and as such may dent and undermine competitiveness of Moldovan companies and goods on abroad markets.

While there is significant room for improvement in Moldova on most of the all abovementioned aspects, these are mostly formal and informal regulatory issues that came recently to the fore. Thus, this report will seek to identify and prioritize key internal barriers to foreign trade with regards to agrifood exports (fresh fruit and vegetables) and provide relevant and feasible policy options and specific regulatory recommendations that could lead to dismantlement of the identified barriers. The prioritization shall be based on several criteria to be agreed with the majority of key stakeholders. At same time, one of the key criteria is impact in overcoming a particular barrier and the feasibility of finding suitable solutions in short-term.

OBJECTIVES OF THE CONSULTANCY ASSIGNMENT

The specific objectives of the consultancy are, as per below.

For the international consultant:

- Contribute to the identification and prioritization, through wide consultative process and use of regional experience, of the key internal barriers to foreign trade with regards to agrifood sector in Moldova;
- Provide qualitative and quantitative analysis of the macro- and micro-economic impacts and costs of the prioritized barriers, on the basis of a case study(ies) identified in tandem with the national consultant and widely consulted/agreed with key stakeholders;
- Substantially contribute to the generation of the list of specific policy and regulatory recommendations and policy options and roadmap for their implementation to consistently address the prioritized barriers, and in particular the barrier(s) analyzed as part of the case study(ies).

For the national consultant:

- Provide support to the international consultant in identification and prioritization of the key internal barriers to foreign trade with regards to agrifood sector in Moldova; the prioritization criteria shall be developed by the team and consulted with key national stakeholders;
- Suggest list of possible case studies to be analyzed and costing performed by the international consultant; consult the list with relevant national stakeholders, both private and public.
- Contribute to the development and dissemination of the key policy and regulatory recommendations and options to consistently address the prioritized barriers.
- Provide logistical and translation support to the international consultant.

¹ <http://www.undp.md/presscentre/2012/NHDR/index.shtml>

SCOPE OF WORK AND EXPECTED OUTPUT

The main scope of work is to develop a National Study on key internal barriers to trade in the fresh fruits and vegetables subsector in Moldova, including feasible policy and regulatory recommendations and options to overcome such barriers in a short and, where feasible, in a longer term. Furthermore, the team of consultants shall be able to address key policy recommendations in providing needed input in the modernization and adaptation of the existing regulatory framework, particularly through providing conceptual inputs to draft regulatory acts to amend the existing framework in the concerned areas.

As mentioned above there is a series of internal barriers to trade in Moldova that impede expansion of trade and dent competitiveness of Moldovan companies and goods. Indeed, as a recent report mentions, key barriers for foreign trade in Moldova are those related to the weaknesses of the institutional and domestic regulatory frameworks², other administrative barriers and corruption. The situation is further aggravated by the limited ability of the local, mostly small or mid-sized, agriculture businesses often lack bargaining power and necessary clout to push the needed regulatory reforms and help overcome the entrenched vested interests in the respective sectors. Furthermore, they often lack ability and nous to help reform-minded officials in formulation of the policy measures to be taken to overcome existing obstacles to trade. With so many obstacles, there is need for clear prioritization of the obstacles in order to ensure that policy options and regulatory recommendations target the most critical constraints. This will ensure that Report's recommendations, once put into practice, turn out to be a game-changer and pave way for systemic tackling and dismantlement of the identified barriers. To address the aforementioned issue the report will be based on the inclusive participatory involvement of all relevant stakeholders, both from the private and public sectors. The prioritization of the barriers will be done on a clear set of criteria that shall be endorsed by the stakeholders.

Based on a case study, the Report will highlight how a specific, prioritized and easy to measure and quantify set of internal barriers is affecting foreign trade of a company or companies within the agrifood segment. In constructing the case study, the team of consultants shall take into consideration recent analytical work undertaken by the World Bank³ and other donors.

The current National Study shall identify specific and feasible policy options that would allow for overcoming the identified internal barriers to trade, boosting competitiveness of Moldova's fresh fruit and vegetable exports and spur foreign trade overall. Such policy options shall clearly estimate the gains of eliminating such barriers and making the legal and institutional environments and mechanisms safer and more predictable. These should be further underpinned by specific regulatory and legal recommendations, which will present a roadmap for further reform measures. Such policy options shall be validated with key stakeholders, in particular with representatives of the private sector, cooperatives, and individual farmers among others. As a follow-up to the National Study, the consultants' team will be invited to draft amendments to the key identified regulatory documents.

KEY EXPECTED DELIVERABLES

Deliverable(s)	Deadline
1. Desk review of the most recent similar analytical work in the region; review of the available national research in the fields relevant to the scope of work.	Week 1
2. Draft prioritized and consulted list of the key internal barriers to	Week 2-4

² V.Prohntchi et al., Acordul de Liber Schimb între Republica Moldova și Uniunea Europeană: fezabilitatea, perspectivele și impactul potențial, 2009.

³ See for instance "Regulatory barriers to trade undermine Africa's potential in regional food trade", available at <http://siteresources.worldbank.org/INTAFRICA/Resources/257994-1351111689757/Africa-Can-Feed-Africa-Part02.pdf>

foreign trade with regards to agrifood sector in Moldova and possible comparisons with countries in the region with similar experiences in recent past (the draft list shall be generated as a result of at least 3 focus groups and 10 individual in-depth interviews with representatives of the private sector, to be conducted during the first field visit/mission)	
3. Develop the list of possible case studies to be analyzed, consulted with key relevant national stakeholders, both private and public. Provide in-depth analysis under the selected case study; perform costing by using the agreed methodological approach; integrate key findings into the first draft of the National Study, to include also the draft list of key policy recommendations and options.	Week 5-6
4. Consult the first draft with relevant stakeholders and preliminary validate key findings and policy options (second mission to Moldova of the international consultant). Develop the second draft of the National Study, to include also potential implications of the provided policy recommendations and options on human development.	Week 7-8
5. Consult the second draft with relevant stakeholders and submit the final version of the National Study, to include draft proposals for the revision of the regulatory documentation in the concerned area(s). Present the National Study during a National Policy Workshop (third mission of the international consultant).	Week 9-11

METHODOLOGY

The most appropriate channel to collect qualitative data is through direct interviews with businesses dealing with various internal barriers to foreign trade on a daily basis as well as relevant public actors.

The team of consultants is advised to also use focus groups, additionally to the in-depth interviews, so that to discuss and collect information from entrepreneurs in same segment of the agrifood sector.

In the development of the intermediate deliverable(s) prescribed above, the team of consultants shall ensure wide consultative process and active participation of key relevant stakeholders, be it public entities or private companies/associations. This is particularly valid for the development of the selection criteria to be applied for the prioritization of the key internal barriers for foreign trade, prioritization of case studies, development of the policy recommendations and options.

ORGANIZATIONAL SETTING

The consultants will work under direct supervision of UNDP Policy Unit. Technical assistance and logistical support to the consultants will be provided in the framework of UNDP Moldova Policy unit. The Ministry of Agriculture and Food Industry will provide necessary assistance in the facilitation of the consultative process, advising on existing professional associations in various segments, active participation to intermediate validation meetings, liaising with relevant public actors, among others.

SKILLS AND EXPERIENCE REQUIRED

For the international consultant:

- Advanced degree in Economics, Social Science or other relevant fields;
- At least 7 years of proven analytical skills and previous experience in policy analysis, development of comprehensive analytical reports in socio-economic field; previous extensive experience in quantitative methods of analysis and econometric modeling the economic impact is required;
- At least 7 years of demonstrated experience in comparative analysis, research, monitoring, assessment/evaluations in trade and promotion of foreign trade;
- Familiarity with the situation of the agrifood sector the region; knowledge of the Moldovan context would be a strong advantage;
- Knowledge of the EU regulations, including institutional, legal and policy frameworks, in the area of foreign trade;
- Strong strategic thinking ability;
- Advanced professional documents drafting abilities;
- Excellent communication and teamwork skills;
- Fluency in English. Knowledge of Romanian and/or Russian is an advantage.

For the national consultant:

- Advanced degree in Economics, Social Science or other relevant fields;
- At least 5 years of proven analytical skills and previous experience in policy analysis, development of comprehensive analytical reports in socio-economic field; previous extensive experience in quantitative methods of analysis and econometric modeling the economic impact in agrifood is a strong advantage;
- At least 5 years of demonstrated experience in comparative analysis, research, monitoring, assessment/evaluations in trade and promotion of foreign trade;
- Familiarity with the situation of the agrifood sector the Moldova; knowledge of the regional context would be a strong advantage;
- Knowledge of the national regulations, including institutional, legal and policy frameworks, in the area of foreign trade;
- Excellent communication and teamwork skills;
- Fluency in Romanian. Knowledge of English and Russian is required.

PERFORMANCE EVALUATION

Contractor's performance will be evaluated against timeliness, responsibility, initiative, communication, accuracy, and overall quality of the delivered products. Intermediate and final deliverables will be consulted and commented on by both BRC and Moldova Country Office.

FINANCIAL ARRANGEMENTS

Payments will be disbursed in a few installments, upon submission and approval of deliverables, and certification by UNDP Moldova Portfolio Manager and BRC-based Project Manager that the services have been satisfactorily performed. Travel expenses for the 1st mission of the International Consultant to Moldova will be paid in advance.

CONCEPT

Internal barriers to trade – diagnosis of current situation, key policy options to consider and measures to take

The economy of Moldova is small and open one. It has one of the most liberal trade regimes in the region and one the highest shares of the foreign trade in GDP in the region. However, the country remains among the poorest in Europe. With the local market so small further economic growth should be increasingly export-led and for this country needs to expand and diversify its trade. However, on the policy side, the potential to open further is almost exhausted, with only FTA with Turkey and DCFTA with the EU remaining among the major regional trade liberalization deals to be accomplished. Therefore, further stimuli to the trade expansion should be probably sought on the with respect to internal barriers to trade ranging from the quality of transport infrastructure and logistics, availability of quality infrastructure, and regulatory issues including customs administration, certification goods, tax burden and administration. All these issues ultimately represent costs for the Moldovan business and as such may dent and undermine competitiveness of Moldovan companies and goods on abroad markets.

While there is significant room for improvement in Moldova on most of the all abovementioned aspects, these are mostly formal and informal regulatory issues that came recently to the fore. Thus, this report seeks to identify and prioritize key internal barriers to foreign trade with regards to agrifood exports (fresh fruit and vegetables) and provide relevant and feasible policy options and specific regulatory recommendations that could lead to dismantlement of the identified barriers. The National Study will follow the below-provided structure.

Overview of trade and development context

In the aftermath of global economic crisis the recovery of Moldova's economy was propelled by rebound in remittances, rebuilding of capital stocks and by boom in exports. However, in 2012 the economy has appeared to be out of steam. After GDP posted a spectacular growth of 6.4% in 2011, the economy slowed down with an expected growth rate of 0.3 per cent in 2012. Furthermore, investment was sluggish, while remittances have never recovered to the pre-crisis level. Ultimately, after expanding by 40 per cent in 2011, exports have grinded to a standstill. Given that external economic outlook remains dim, further economic gains should be sought via more comprehensive domestic structural reforms for boosting country's competitiveness. This imperative brings the barriers to trade issues, which are long overdue, to the top of the Government's policy and regulatory reform agenda. Furthermore, as agriculture has been in a vicious year-cycle of adverse climate conditions in 2012 the domestic producers need various cross-board improvement to offset the negative effects on competitiveness the climate might have.

Identification and prioritization of the key internal barriers

As mentioned above there is a series of internal barriers to trade in Moldova that impede expansion of trade and dent competitiveness of Moldovan companies and goods. Indeed, as a recent report mentions, key barriers for foreign trade in Moldova are those related to the weaknesses of the institutional and domestic regulatory frameworks⁴, other administrative barriers and corruption. The situation is further aggravated by the limited ability of the local, mostly small or mid-sized, agriculture businesses often lack bargaining power and necessary clout to push the needed regulatory reforms and help overcome the entrenched vested interests in the respective sectors. Furthermore, they often lack ability and nous to help reform-minded officials in formulation of the policy measures to be taken to overcome existing obstacles to trade. By the

⁴ V.Prohntichi et al., Acordul de Liber Schimb între Republica Moldova și Uniunea Europeană: fezabilitatea, perspectivele și impactul potențial, 2009.

same token, with so many obstacles, there is need for clear prioritization of the obstacles in order to ensure that policy options and regulatory recommendations target the most critical constraints. This will ensure that Report's recommendations, once put into practice, turn out to be a game-changer and pave way for systemic tackling and dismantlement of the identified barriers. To address the aforementioned issue the report will be based on the inclusive participatory involvement of all relevant stakeholders, both from the private and public sectors. The prioritization of the barriers will be done on a clear set of criteria which will be endorsed by the stakeholders.

Cost of the prioritized barriers to the national economy – case study

Based on a case study, the Report will highlight how a specific and prioritized set of internal barriers is affecting foreign trade of a company or companies within a specific sector or segment, the cost of such barriers and feasible policy options and regulatory mechanisms to reverse the trend.

Policy options to address the prioritized barriers

The current National Study shall identify specific and feasible policy options that would allow for overcoming the identified internal barriers to trade, boosting competitiveness of Moldova's fresh fruit and vegetable exports and spur foreign trade overall. Such policy options shall clearly estimate the gains of eliminating such barriers and making the legal and institutional environments and mechanisms safer and more predictable. Such policy options should be further underpinned by specific regulatory and legal recommendations which will present a roadmap for further reform measures. Such policy options shall be validated with key stakeholders, in particular with representatives of the private sector, cooperatives, and individual farmers among others.