

March 09, 2005

An Essay on the Correlation of the National Program “Moldovan Village” with the Economic Growth and Poverty Reduction Strategy Paper

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1. Structure of the National Program Moldovan Village

The National Program Moldovan Village is quite a complex document consisting of 9 parts:

- I. Introduction
- II. Objectives and priorities of the Program
- III. Policy for rural economic and infrastructure development
- IV. Social development
- V. Environment and sustainable use of natural resources
- VI. Professional development of the public service officers
- VII. Estimative costs and impact of implementation
- VIII. Plan of actions
- IX. Annexes (22)

In table 1 there is illustrated the structure of the part 3 discussing economic policy and infrastructure and part 4 on social development:

Table1. Areas of coverage of the NPMV

Nr. of Section	Part 3. Economic Development and Infrastructure Policy	Part 4. Social development
1.	Agriculture	Labour market and labour migration
2.	Forestry	Wage policy
3.	Industry	Social insurance and assistance
4.	Energy sector	Family and child protection. Providing equal chances.
5.	Transport and communications	Health
6.	Informational infrastructure	Education
7.	Rural tourism. Diversifying tourism services	Culture and protection of the cultural heritage
8.	Entrepreneurship development. SMEs	Youth and sport

9.	Intensifying investment	
10.	Trade development. Consumption cooperatives.	
11.	Provision of drinking water and sanitation services	
12.	Housing	
13.	Development of statistical capacities in agriculture and rural issues	
14.	Scientific and innovational support to the NMVP implementation	

2. Rural development in the EGPRSP

After a superficial reading of the EGPRSP it may appear that only a short chapter in it is dedicated to the issues exploiting rural and agricultural development and that a similar strategic document approaching rural development would be necessary¹. Indeed, only 10% of the EGPRSP section analyzing strategic measures for poverty reduction deals expressively with rural issues. However, this does not mean that the rest of EGPRPS deals with problems that are either irrelevant to the rural development or are strange to the rural citizens. In fact, every chapter discussed in the EGPRSP is applicable both to rural and urban development and in the EGPRSP there is no a single symptom of its isolation from the rural problems.

The process of the EGPRSP elaboration involved rural NGOs, rural public authorities and representatives of rural business and it has been discussed with rural citizens too in the public presentation phase. The analysis in EGPRSP covers macro-issues of general interest while the final version establishes strategic objective and priorities which have to be implemented adequately throughout the country and to contribute to the development of the entire country disregarding the socio-geographical type of settlements. It is not true to affirm that the EGPRSP strategic measures for maintaining sound macroeconomic environment, consolidating private sector, restructuring the public sector, improving social policy, assuring a clean and safe environment etc. are biased against urban beneficiaries while neglecting the rural citizens.

3. What is NPMV and why has it appeared?

NPMV is an interesting and extensive document even thou it is still not clear how it is going to be implemented in the context of EGPRSP. According to the (unknown) authors, the NPMV aims at contributing to the implementation of the EGPRSP and it will serve as foundation for achieving the EGPRSP priorities in the rural area². However it is highly doubtful that the NPMV conceived to be implemented over the 2005-2015 period may contribute to the implementation of the EGPRSP adopted for the time-span of 2004-2006. Both management theory and intuitive wisdom suggest that it should be vice-versa: documents implying shorter periods of implementation normally contribute to achieving long-term strategic objectives.

NPMV identifies seven strategic priorities which are practically the same as in EGPRSP: private sector, public administration, social protection, health and education, infrastructure, disadvantaged communities (regional development in the EGPRSP) and environment³. However the NPMV does not bring additional value to EGPRSP by analyzing the priorities from a purely rural perspective. Structurally and even linguistically the two documents are similar to a large extent and many sections and paragraphs from the EGPRSP were transplanted into the NPMV: necessity of the program, water provision, housing policy, R&D, environmental protection.

¹ Indeed, in the process of EGPRPS elaboration many local and national experts suggested the government to strengthen the pro-rural orientation of the EGPRPS and to elaborate more on measures necessary for improving the situation of the agricultural sector.

² Paragraph 1;

³ Paragraph 41;

NPMV has a larger social emphasis than the EGPRSP and it contains issues which are not reflected in the EGPRSP: culture, gender issues, child protection, and wage policy⁴. This is strength of the NPMV comparing to the EGPRSP.

The EGPRSP provides for the possibility and necessity of developing more detailed plans and programs in order to implement the strategy in various sectors. However these documents have neither to contradict the EGPRSP nor to be simple statements of intentions. They should not simply reiterate but develop and materialize the EGPRSP objectives and priorities.

Structural and content analysis shows that in the NPMV good actions which are scheduled to develop the EGPRSP combine with policy views contradicting the EGPRSP, with alternative actions to the ones included in EGPRSP and with meaningless general statements. We believe that the stakeholders who may have not been satisfied by EGPRSP provisions contributed with inputs that have been rejected from the final version of the EGPRSP. One significant example is that NPMV says nothing about the issue of restructuring the Ministry of Agriculture and Food Industry while it is widely known that the Ministry opposed fiercely incorporating this measure into the EGPRSP.

One can not overlook the fact that the document emerged in the electoral period and its presentation involved a large PR campaign. According to many national political commentators the NPMV is an extremely instrumental carrot for influencing the electoral behavior of the rural public administration and rural inhabitants.

4. How was the NPMV developed?

The NPMV was elaborated in a non-transparent manner and with the use of administrative tools and one-side communication channels. There were no public meetings and debates and there was no participation of the civil society, independent experts and international donors' community. The Government developed the document based on vertical execution principle. Rural communities "developed" own local programs and submitted them to the district councils in order to be incorporated in district programs⁵. Then the district authorities submitted them to the government for centralization of information and processing of the final document. The process went by very quickly and without much public noise.

Line ministries and departments also contributed with inputs and some of these inputs are quite old as it can be seen from the wording ("European Community" instead of "European Union"⁶). As result of this method of elaboration, the plan of actions of the NPMV seems to be more a long list of wishes than a plan of actions as such. Because of the centralized method of developing the document, we consider that it reflects more the view of the central government on rural development rather than the views of local stakeholders. None of the rural NGOs that we have interviewed heard anything about the NPMV.

The manner of developing the NPMV contradicts explicitly the EGPRSP provisions which are legal after being adopted by the Moldovan Parliament. The EGPRSP stipulates expressively at page 132 (the Romanian version) that programs addressed to the rural poor will be developed jointly with the NGOs and international donors. Besides, according to the EGPRSP provision, a study should have been done firstly in order to prepare the ground for the elaboration of a comprehensive and coherent Strategy for Rural Development.

5. Links with EGPRSP

There are many similarities between the EGPRSP and NPMV. First of all, the authors of the NPMV replicated the general structure of the EGPRSP. Internal structure of the individual chapters in NPMV follows the same scheme as in the EGPRSP (analysis of current situation,

⁴ Part 4, page 46;

⁵ It should be mentioned that few local communities in Moldova have elaborated meaningful strategies of local development and even fewer have developed strategies for such a long period of implementation as NPMV.

⁶ See Plan of Actions, page 71.

strategic goals, and priority actions). Most of the individual chapters borrow the strategic goals from the EGPRSP while developing lists of additional actions or alternative actions than in EGPRSP.

Differently to EGPRPS, the analysis of current situation in rural area and analysis of the national territory is done better in NPMV. The main part of the document is written in a clear and simple language.

However, unlike the EGPRSP, which final version was leveled and improved as result of a large public participation, in the NPMV body and in the plan of actions there are many places where strategic goals are confounded with priority actions and vice-versa. But contrasting to the EGPRSP, whose plan of actions is rather weak the NPMV ends with a very extensive and detailed plan of actions even though many of the scheduled actions are meaningless and incoherent⁷.

As mentioned above, NPMV contradicts the EGPRSP in respect to some important policy issues. In the table 2 there is a comparison of these documents from the perspective of three policy issues which are very sensitive in Moldova.

Table2. NPMV versus EGPRSP

Issue	NPMV	EGPRPS
Land consolidation	Providing methodological and practical assistance to the organization and improvement (consolidation) of the land ⁸	Land consolidation will be initiated only after a feasibility study made with international technical assistance
Dimension of agricultural entities	Creating optimal and efficient agricultural entities through consolidation of land in every community in Moldova ⁹	There is no a unique “optimal” dimension of the agricultural entities. For determining the optimal dimension and legal form, the producers will take into consideration combination of objectives, resources, opportunities and other circumstances specific for each case
Regulation	Example of actions under responsibility of Ministry of Agriculture and Food Industry: <ul style="list-style-type: none"> • organizing, carrying on and monitoring the campaign of purchasing agricultural raw material 	Ministry of Agriculture and Food Industry will be restructured in order to change its executive role with the role of facilitation and minimal regulation.

⁷ A very short list of this meaningless actions may be (see NPMV the Plan of Actions, pp 69-71):

- Organizing exhibitions and exchange of experience between neighbor districts and agricultural entities with high agro-technical culture;
- Scientific foundation of the process of revitalizing the tobacco-processing industry;
- Making farmers rising livestock aware about the inadmissibility of slaughtering young cattle with small weight;
- Participating to district seminars involving participation of mayors and providing consultation on livestock sector issues;

Moreover, in none of the cases presented above is clear which agency is responsible for implementation of the actions.

⁸ Page 69. plan of actions, action nr.1;

⁹ Idem;

¹⁰ Page 72, plan of actions, action nr.24;

¹¹ Page 72. plan of actions, action nr.27;

¹² Page 70, plan of actions, action nr.8;

	by the food-producing companies ¹⁰ ; <ul style="list-style-type: none"> • establishing mutually advantageous economic relations among agricultural producers and processing companies¹¹; • selecting and supporting (how?) agricultural entities for producing and selling ecologically pure goods¹²; 	
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Source: EGPRSP, NPMV;

Large parts of the NPMV practically reword the EGPRSP and do not bring additional value to it. However, particular chapter of the NPMV develop extensively the EGPRSP provisions. The energy sector is the most relevant chapter in this respect¹³. Comparing to the very general statements in the plan of actions attached to the EGPRSP, the NPMV displays a technically very precise list of actions and initiatives to be implemented in the electric power, gas and thermal energy sub-sectors. And so is the case with sub-sectors within the agriculture: wine-production, vegetable growing and viticulture. In this respect the document may serve as a good source for improving the EGPRSP in 2005.

6. Monitoring the NPMV implementation

Unlike the EGPRSP the NPMV has incorporated very clear intermediary monitoring indicators of implementation for 2005, 2010 and 2015 and has established the intermediary control figures. In table 3 there is the synthesis of the monitoring indicators from the Annex 1 of the NPMV:

Table3. Monitoring indicators of the National Program "Moldovan Village"

Indicators	2004 estim.	Target values		
		2005	2010	2015
Value of agricultural output; constant prices, million MDL	9860.9	10548.9	13716.7	16805.9
Value of industrial output, including food industry; constant prices, million MDL	6030.2	6638.6	11047.7	11975.5
Value of investment in fixed capital, financed from all sources; current prices, million MDL	1294.6	1494.4	4684.3	8505.5
Investment in residential construction;	269.8	597.0	1289.5	869.3
Share of local communities with functional running water systems, % of total	38.7	45.6	63.1	83.7
Share of households connected to gas network, % of total	29.02	41.59	72.85	93.29
Goods transported by specialized transport enterprises, thou. tones	862.1	973.7	1421.0	1890.5
Value of retail trade, million MDL	3112.6	3443.6	4144.9	5090.0
Value of services provided to population, million MDL	1571.9	1753.5	2302.3	3033.2
Number of SME	26991	28327	29726	31174
Number of employees in SME sector, thou.	170.2	184.8	203.3	227.6

Note: From the available NPMV and annexes it is not clear if within the districts the towns are or not included in the indicators.

Source: NPMV

¹³ See page 23;

However, while precisely defined, not all indicators are necessarily relevant. Neither industrial output nor the amount of transported goods is a relevant indicator for the rural development. Another example, the share of local communities with functional running water networks is not relevant because within the communities there are specific technical problems impeding access of all local citizens to the service. Indeed, while the share of communities with functional running systems in 2004 was estimate at 38.7%, only 17% of rural inhabitants could effectively use this service. Besides, the monitoring indicators reflect only the economic part of the Program while there is nothing about the social part. Also it is questionable to what extent the governmental agencies have statistical capacities to provide all statistical information disaggregated between rural and urban area.

Moreover, it is not clear which governmental agency will be chief-responsible for the implementation and monitoring the NPMV (Ministry of Economy or Ministry of Agriculture and Food Industry). Also there are no comprehensible statements on the role of the civil society and local public administration in the process of implementation and monitoring.

7. Financial Support

It is totally unclear how the government is going to secure financial resources necessary for the NPMV implementation. In the EGPRS the total amount of money provided within the Middle Term Expenditure Framework for 2005-2006 for the implementation of plan of actions on agricultural and rural development is 290 million MDL and additional amount necessary to collect from donors is 300.4 million MDL. Meanwhile the total cost of the MVS implementation for 2005-2006 is 7 billion MDL¹⁴. We can not imagine how the government is going to harmonize the EGPRSP actions to be financed from the public budgets with the NPMV.

The weakest aspect of the NPMV plan of actions is that does not disaggregate the costs and financial resources for specific actions, like in EGPRPS. In the annexes to the NPMV there are descriptions of costs and financial resources to be secured from state and local budgets and from the grants and credits. But annexes include other actions than those specified in the plan of actions and it is very difficult to establish the correlation among them.

¹⁴ See para.318;