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MOLDOVA COMPETITIVENESS ENHANCEMENT AND ENTERPRISE DEVELOPMENT II PROJECT

FINAL REPORT

MAY 22, 2015

This publication was produced for review by the United States Agency for International Development by Chemonics International Inc.

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FINAL REPORT

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Implemented by:
Chemonics International Inc.

In collaboration with:
Dexis Consulting Group

Submitted to:
Sergiu Botezatu, Contracting Officerõs Representative

MAY 22, 2015

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FRONT COVER: A seamstress at Premiera Dona clothing manufacturing company in Balti, Moldova, sews a garment, June 2012.

PHOTO CREDIT USAID CEED II PROJECT

ACRONYMS

ANTRIM	National Inbound Tourism Association of Moldova
APIUS	Association of Light Industry
ATIC	Association of Private Information and Communications Technology Companies
B2B	business-to-business
BSP	business service provider
C&M	cut and make
CEED	Competitiveness Enhancement and Enterprise Development project
CIS	Commonwealth of Independent States
DCA	Development Credit Authority
FDI	foreign direct investment
FLL	FIRST Lego League
GIZ	German Development Agency
HORECA	hotel, restaurant, and cafe
ICT	information communications and technology
IT	information technology
ITE	Information Technology Essentials (Cisco program)
ITCE	Information Technology Center of Excellence
ITE	Cisco IT Essentials program
M&E	monitoring and evaluation
MAFI	Ministry of Agriculture and Food Industry
MDL	Moldovan lei
MIEPO	Moldovan Investment and Export Promotion Organization
MIS	management information system
NTA	National Tourism Agency
ONVV	National Office for Vine and Wine
PDO	protected destination of origin
PGI	protected geographical indication
PMP	performance monitoring plan
PPP	public-private partnership
RFC	Corporatia de Finantare Rurala

SME	small and medium-sized enterprises
UPM	Association of Furniture Producers
VAT	value-added tax

EXECUTIVE SUMMARY

The Competitiveness Enhancement and Enterprise Development (CEED) II project, funded by USAID/Moldova and implemented by Chemonics International Inc. in partnership with Dexis Consulting Group, helped to grow and expand the competitiveness and efficiency of key industries in Moldova, leading to increased sales and investment. The project began in December 2010 and was originally scheduled to end in December 2014. An extension to June 2015 added six months to the period of performance. The project built on the successes and momentum of the predecessor Competitiveness Enhancement and Enterprise Development project, implemented from 2005 to 2010. CEED II supported five sectors: apparel, footwear, and accessories; information technology; tourism; furniture; and wine, and contributed to the economic growth objective and private sector competitiveness program area of the U.S. Foreign Assistance Framework.

CEED II used a mix of micro-, mezzo-, and macro-level technical assistance and training activities to strengthen and boost the competitiveness of the five targeted sectors. Its method of increasing competitiveness was to work with private and public sector stakeholders along value chains and within broad clusters. Value chain activities helped increase sales of Moldovan goods and services to final markets by eliminating inefficiencies and constraints along the vertical value chain. Cluster activities strengthened horizontal linkages among sector stakeholders by working through industry associations or member-based organizations to advocate for legal and regulatory changes; disseminate information; provide services such as organizing trade and investment missions, training, or conferences for their members; and coordinate initiatives within targeted sectors. Below are highlights of CEED II's activities and accomplishments over the life of project.

APPAREL, FOOTWEAR, AND FASHION ACCESSORIES SECTOR

Component 1: Increased productivity

- The share of low-value, cut-and-make services as a percentage of total sector output decreased from 95 percent in 2005, when implementation of CEED began, to 80 percent in 2014.
- More than 70 new generation brands emerged as the backbone of the Moldovan fashion industry.
- The umbrella brand, *Din Inima: Branduri de Moldova* (From the Heart — Brands of Moldova), raised the sector's profile and attracted Moldovan consumers. The campaign united more than 60 Moldovan brands, and companies cooperated to open multi-brand shops and expand their own brands. More than 65 new shops opened in the capital, Chisinau, and other regions, selling Moldovan brands exclusively.
- Nearly 700 participants (81 percent of them women) received training to improve efficiency and product quality through enhanced design, marketing, manufacturing, and technology skills.

Component 2: Increased trade and investment

- By the end of the project, more than 30 companies were exporting to 10 international markets and had leveraged $16 million in export sales.
- Brands participating in the *Din Inima* campaign brought in $7.4 million in new sales in the Moldovan market and grew by 34 percent from 2012 to 2015.
- Companies receiving assistance from CEED II brought in $41 million in new sales over the life of the project.

Component 3: Improved public-private dialogue for better business communication

- The Association of Light Industry doubled its membership over the life of project, with more than 90 members registered by 2015. Association members reported increased exports of Moldovan products; expanded sales for local businesses; supported innovation; and launched new, high-quality, local brands. As a result, the apparel, footwear, and accessories sector will continue to drive economic growth in Moldova.

INFORMATION TECHNOLOGY SECTOR

Component 1: Increased productivity

- The Cisco IT Essentials program was launched under the CEED program in 2008. In the 2012-2013 academic year, Moldova's Ministry of Education approved Cisco IT Essentials as a high school elective. Over the life of the project, more than 170 teachers were trained and more than 1,000 pupils enrolled nationwide.
- CEED II helped update the national informatics curricula for lower and upper secondary education to meet industry needs. Nearly 60 schools introduced the curriculum beginning in September 2014.

Component 2: Increased trade and investment

- CEED II facilitated a public-private partnership among government, Microsoft, IBM, and USAID for the creation of the national Information Technology Center of Excellence. Access to finance for the sector was improved via a $1.2 million Development Credit Authority loan guarantee.

Component 3: Improved public-private dialogue for a better business environment

- CEED II motivated the Ministry of Information Technology and Communications and the Association of Private Information and Communications Technology Companies to think beyond domestic borders, foster holistic industry development, and define Moldova's competitive IT advantage while developing a strategic framework through an information and communications technology competitiveness strategy.
- Six startup weekends fostered an entrepreneurial culture and mobilized youth to put ideas into action. The weekends attracted more than 400 participants and resulted in four successful startups.

WINE SECTOR

Component 1: Increased productivity

- With USAID support beginning in 2005, the wine sector's business enabling environment has seen major improvements and unprecedented reforms. Wine legislation passed in November 2012 established the $3.2 million public-private National Office for Vine and Wine and National Vine and Wine Fund. A primary role of the fund is to support the development of the national wine brand (discussed below). The new wine legislation also put into place technical regulations harmonizing Moldovan production rules (including those related to labeling, traceability, and oenological practices) with those of the European Union. Starting in autumn 2015, Moldova will for the first time produce protected geographical indication (PGI) wines in accordance with European Union standards.

Component 2: Increased trade and investment

- CEED II assistance included support for an ambitious 2014 public relations and marketing annual plan and promotional activities. With more than two years of targeted support and planning on behalf of the Moldovan wine sector, CEED II helped develop and market the national brand, Wine of Moldova, which was launched in 2013. CEED II also supported preparation for the brand's international launch at the 2014 ProWein expo in Germany, which included a press conference, master classes, and tastings. As a result, wine exports destinations have become more diverse; although exports to Commonwealth of Independent States (CIS) markets decreased, sales to European Union markets, increased to 17 percent of total exports in 2013 by value; in 2014, bottled wine exports increased to 36 percent despite a ban on sales to Russia.

- The project supported planning for promotional events under a public-private platform oriented toward the primary target markets of the United States, China, the Czech Republic, Germany, Poland, Romania, and Ukraine. In 2014, Moldova saw no decrease in exports to non-CIS markets; markets that showed impressive boosts in imports of bottled Moldovan wine included Romania (59 percent), Estonia (57 percent), and the United Kingdom (52 percent).

- Twenty companies invested a total of about €21 million in new equipment and vineyards using credits provided by the European Investment Bank. The wine sector's product development strategy to boost competitiveness and diminish the impact of the Russian embargo included increasing productivity, modern technology, and streamlined sector strategies. Among those were the production of PGI or protected destination of origin wines and increased vinification of high-quality indigenous grape varietals.

Component 3: Improved public-private dialogue for a better business environment

- CEED II assisted local markets through wine culture events and trade enhancement activities. The first 33 professional Moldovan sommeliers were trained by French experts; 13 of them earned the European Sommelier diploma. The project formalized the sommelier profession in Moldova, and wine culture has spread to some 1,000 amateurs. CEED II assistance added improved the organization of and concepts for the country's

National Wine Day, including Wine School, Wine Road, and promotion of new brands and PGIs. The project also supported the development of wine culture activities such as the biannual Wine Vernissage, wine tourism, and public relations activities for the local market.

TOURISM SECTOR

Component 1: Increased productivity

- Major initiatives, such as reduction of value added taxes for hotel services, development of marketing and promotion plans, and application of statistical methodologies aligned with the United Nations World Tourism Organization standards consolidated cooperation and enhanced the sector's competitiveness.

- To help Moldova reposition its tourism offerings, CEED II facilitated the launches of more than 35 new products and itineraries related to wine tourism, biking, and hiking.

Component 2: Increased trade and investment

- CEED II helped improve international perceptions of Moldova as a tourism destination through a series of strategic actions. A new country image, Tree of Life, was developed based on public-private dialogue that the industry and the public embraced. The Tree of Life quickly became a distinctive brand that positions Moldova as an attractive tourism destination.

- The Moldova Holiday website (www.moldovaholiday.travel) — the country's first informational tourism platform — was launched in September 2012 with CEED II support. By mid-2015, serving as the national tourism website, it had received more than 1 million page views. The site provides information about Moldova's tourism offerings to international markets and Moldovan residents.

- A Moldova Holiday tourism mobile application features 50 top tourism destinations in the country. Millions of prospective travelers also learned about Moldova through a promotional country video that was broadcast on Euronews in 2014.

- Familiarization tours for travel writers and tour operators from 12 target countries resulted in the publication of 70 articles about Moldovan tourism on specialized websites and magazines worldwide.

Component 3: Improved public-private dialogue for a better business environment

- The sustainability of CEED II activities was ensured through collaboration with the National Inbound Tourism Association of Moldova the country's first inbound tourism association, which was created with CEED II support.

FURNITURE SECTOR

Component 1: Increased productivity

- The furniture sector graduated from CEED II support in 2013 after successfully facilitating impactful changes. These included the creation of the Association of Furniture Producers; the opening of Moldova's first common furniture shopping center, Mobimall, which is managed through a joint partnership between an investor and the association; and improved design and branding. Mobimall, a milestone in the development of Moldova's furniture sector, was launched in August 2013 with a €2 million private investment. The shopping center highlights more than 20 brands and sells 3,000 furniture and home products in 15,000 square meters of retail space.

Component 2: Increased trade and investment

- CEED II focused on sustainability in its approach. Mobimall consistently attracts more than 300 customers per day, providing a sustainable sales outlet for Moldova's furniture sector.

- Through design and branding assistance, CEED II changed thinking within the sector and demonstrated the value of better product design and marketing. Assisted companies realized increases of 24 percent in sales and 12 percent in investments in 2014, demonstrating the ability of Moldova's furniture sector to meet domestic demand.

Component 3: Improved public-private dialogue for a better business environment

- CEED II helped the industry association further consolidate its membership. By placing it in the critical role of managing and marketing Mobimall, CEED II helped build value and motivate association members to collaborate productively.

ACCESS TO FINANCE

- CEED II helped implement USAID's Development Credit Authority loan guarantee program for three financial institutions — Prime Capital, Comertbank, and Corporatia de Finantare Rurala — for a total maximum authorized portfolio amount of $7,473,000.

- CEED II bridged the gap between entrepreneurs and the financial market by organizing corporate finance and financial management seminars for more than 370 directors, financial managers, accountants, and economists from more than 80 assisted companies, enhancing corporate finance knowledge and skills in the target sectors.

CHAPTER 1

PROJECT OVERVIEW

CEED II was funded by USAID/Moldova and implemented by Chemonics International in partnership with Dexis Consulting Group. This final report covers the period of performance from December 2010 through June 2015.

A. BACKGROUND

The project contributed to the economic growth objective and private sector competitiveness program area of the U.S. Foreign Assistance Framework and Development Objective 2 of the USAID/Moldova Country Development Cooperation Strategy 2013-2017, Increased Investment and Trade in Targeted Sectors.

CEED II built on the successes and momentum of the predecessor project, CEED, which Chemonics implemented from 2005 to 2010. The purpose of both projects was to grow and expand the competitiveness and efficiency of key strategic sectors in Moldova, leading to increased sales and investment. CEED II worked under the hypothesis that helping Moldovan enterprises in key industries compete successfully at home and abroad would increase sales and investment. CEED II complemented and supported the government of Moldova's strategy of export- and investment-driven growth. The project aimed to increase competitiveness through activities in three components: increased productivity (Component 1), increased trade and investment (Component 2), and improved public-private dialogue for a better business environment (Component 3).

CEED II targeted five sectors — apparel, footwear, and fashion accessories; information technology; wine; tourism; and furniture. Program support enabled these sectors to mature to promote sustainable improvements in sector competitiveness and that provided well-paying and desirable jobs — thereby increasing incomes, alleviating poverty, and reducing emigration.

B. RESULTS FRAMEWORK

U.S. Government Foreign Assistance Program Objective: Economic Growth
Program Area: Private Sector Competitiveness
Program Element: Private Sector Capacity

CEED II Project Purpose: To grow and expand the competitiveness and efficiency of key strategic industries in Moldova, leading to increased sales and investment

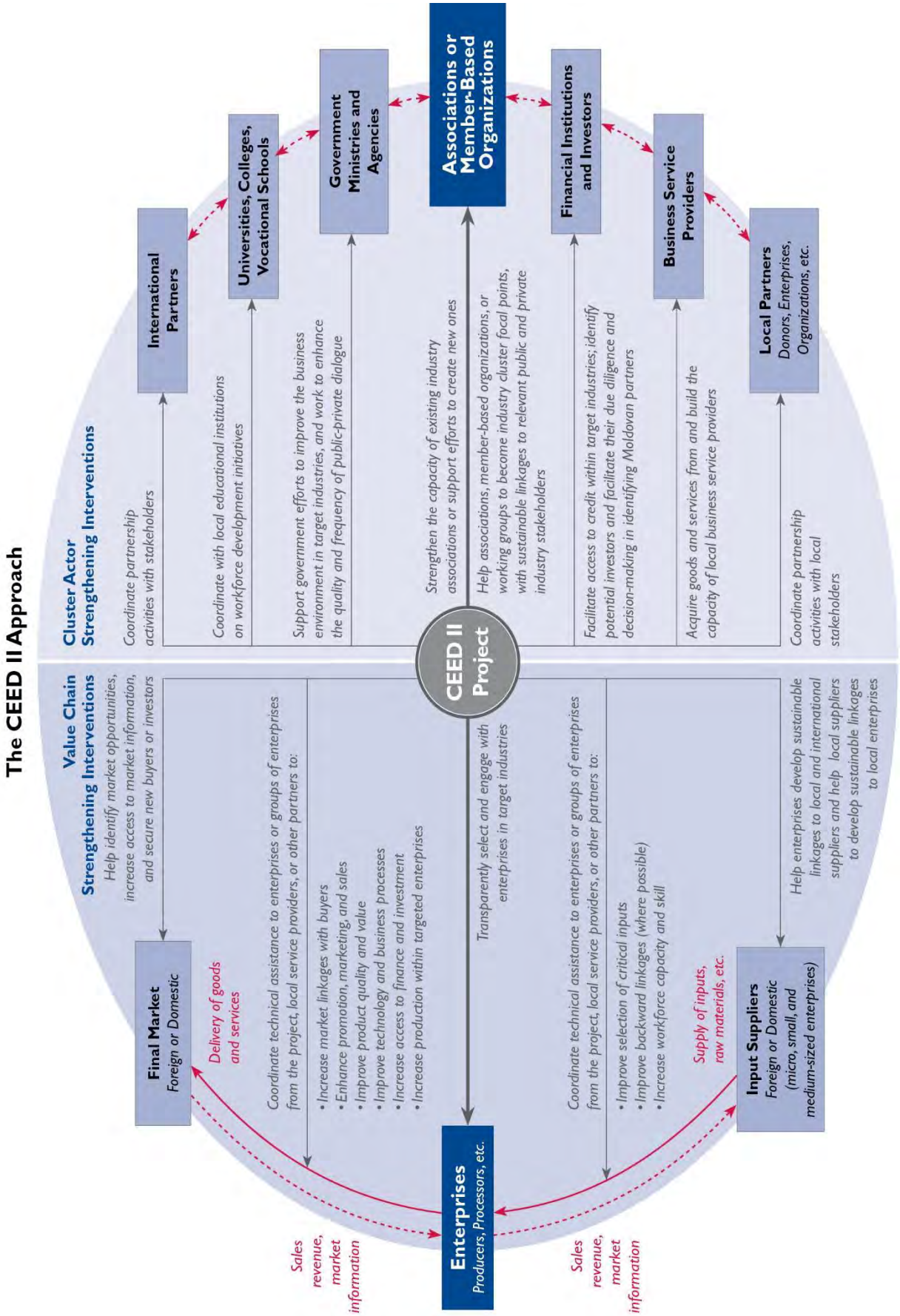
Objective 1: Productivity of targeted industries increased	**Objective 2:** Trade and investment in targeted industries increased	**Objective 3:** Public-private dialogue improved, leading to a better business environment for targeted industries
Expected Result 1.1: Use of improved technologies and business processes within target industries increased **Expected Result 1.2:** Capacity of the workforce in targeted industries increased **Expected Result 1.3:** Capacity of industry service providers and other value chain actors increased	**Expected Result 2.1:** Quality of products and services produced by enterprises in targeted industries improved **Expected Result 2.2:** Positioning and promotion of products and services from targeted industries in strategic markets improved **Expected Result 2.3:** Access to financing and investment by enterprises in targeted industries increased	**Expected Result 3.1:** Viability and number of industry associations and member-based organizations increased **Expected Result 3.2:** Private sector capacity for advocacy and policy analysis increased **Expected Result 3.3:** Understanding by the public sector of private sector concerns and actions taken to improve conditions for targeted industries increased

C. GENERAL APPROACH TO PROJECT IMPLEMENTATION

Primary beneficiaries were enterprises within targeted sector value chains, associations, and member-based organizations. CEED II support to target industry enterprises improved product quality, production processes and technology, and commercial knowledge and skills to build capacity to sell products and services profitably in international markets over sustained periods.

CEED II built the capacity of associations and member-based organizations to advocate for legal and regulatory changes; serve as information clearinghouses; provide services such as organizing trade and investment missions, training activities, and conferences for members; and coordinate initiatives in targeted sectors. These activities helped to build and strengthen networks within the sectors, leading to new alliances and partnerships at home and abroad. Project support helped associations become focal points for industry cluster development.

The number of associations and member-based organizations in targeted sectors was limited. CEED II worked with as many as possible, exploring opportunities for support. Where no association existed, the project followed CEED's model, creating conditions and incentives to encourage associations to develop from the bottom up, with stakeholders leading the process. CEED II acted as a facilitator, champion, and coach, but did not create organizations itself.


The CEED II Approach
Value Chain
Strengthening Interventions
Help identify market opportunities, increase access to market information, and secure new buyers or investors
Cluster Actor
Strengthening Interventions
Coordinate partnership activities with stakeholders
International Partners
Universities, Colleges, Vocational Schools
Coordinate with local educational institutions on workforce development initiatives
Government Ministries and Agencies
Support government efforts to improve the business environment in target industries, and work to enhance the quality and frequency of public-private dialogue
Associations or Member-Based Organizations
Strengthen the capacity of existing industry associations or support efforts to create new ones
Financial Institutions and Investors
Help associations, member-based organizations, or working groups to become industry cluster focal points, with sustainable linkages to relevant public and private industry stakeholders
Business Service Providers
Facilitate access to credit within target industries; identify potential investors and facilitate their due diligence and decision-making in identifying Moldovan partners
Local Partners
Donors, Enterprises, Organizations, etc.
Acquire goods and services from and build the capacity of local business service providers
Coordinate partnership activities with local stakeholders
CEED II Project
Final Market
Foreign or Domestic
Delivery of goods and services
Coordinate technical assistance to enterprises or groups of enterprises from the project, local service providers, or other partners to:
• Increase market linkages with buyers
• Enhance promotion, marketing, and sales
• Improve product quality and value
• Improve technology and business processes
• Increase access to finance and investment
• Increase production within targeted enterprises
Transparently select and engage with enterprises in target industries
Coordinate technical assistance to enterprises or groups of enterprises from the project, local service providers, or other partners to:
• Improve selection of critical inputs
• Improve backward linkages (where possible)
• Increase workforce capacity and skill
Supply of inputs, raw materials, etc.
Help enterprises develop sustainable linkages to local and international suppliers and help local suppliers to develop sustainable linkages to local enterprises
Input Suppliers
Foreign or Domestic (micro, small, and medium-sized enterprises)
Enterprises
Producers, Processors, etc.
Sales revenue, market information
Sales revenue, market information

CHAPTER 2

TECHNICAL ACTIVITIES

CEED II focused on five sectors over the life of project: apparel, footwear, and fashion accessories; information technology; wine; tourism; and furniture. Within each sector, CEED II also focused on the crosscutting issue of access to finance, helping targeted companies develop strong credit to build and strengthen their domestic and international business efforts.

This chapter describes each sector's objectives, major accomplishments, and challenges. Success stories for each sector were part of the project's outreach to USAID, other stakeholders, and the public. Infographics illustrate CEED II's key vision for and impact in each sector. Following the discussion of each sector is a description of CEED II's partnerships with the Development Credit Authority and Swedish International Development Agency to provide access to finance opportunities to address Moldova's severely underdeveloped credit market.

Photo: USAID CEED II Project

Georgeta Mir (left), a Moldovan designer, entrepreneur, and owner of Mobile apparel firm, negotiates with a potential client at the White Label apparel sourcing fair in Berlin, Germany, in July 2014.

A. APPAREL, FOOTWEAR, AND FASHION ACCESSORIES SECTOR

A1. Sector at a Glance

Key Indicators

- Largest employer of women
- Employs 23,000 people, including more than 90% rural women
- Leading export industry
- Responsible for 16% of exports in 2014

The apparel, footwear, and accessories sector drives exports, employs women, and is a major contributor to Moldova's economy. Approximately 400 apparel, footwear and fashion-focused manufacturing enterprises operate in Moldova. Most production is carried out by small and medium-sized enterprises (SMEs) with approximately 50 employees, acting as an important driver of the SME segment. Because many enterprises are located in regional cities and villages, these business are an important source of jobs for woman from rural areas. Distribution is balanced throughout the country, contributing to development and budgets in many locations. About nine-tenths of the sector's approximately 23,000 employees are women. Many positions are filled by disadvantaged workers, such as young uneducated women, who have few employment options. It is one of the few industries with highly developed female entrepreneurship, with a majority of women-led or -founded enterprises.

The industry is one of Moldova's largest exporters, accounting for more than $400 million (18 percent) in exports in 2014. It is among the few industrial sectors with a positive trade balance — higher exports than imports. Despite reductions in orders caused by the global crisis in the last decade, Moldova's apparel, footwear and accessories industry continued to develop. In 2014, apparel production registered 110.6 percent growth over 2013, and footwear registered 104 percent over the same period.

Vision for a Manufacturing Shift

Mobilize enterprises move from low to high added value manufacturing to preserve jobs, grow incomes, and enhance long-term competitiveness.

Almost all segments of the industry service European buyers, dominated by manufacturers that fill orders using patterns, fabrics, and accessories provided by foreign clients. This simplest and lowest value segment of the industry threatens the competitiveness of the entire Moldovan fashion manufacturing industry, placing enterprises at risk of losing orders. The apparel and footwear industries are fickle, with foreign brand owners moving to lower-cost locations such as Asia in response to price pressure from consumers.

In the previous decade, more than 95 percent of businesses in the sector provided cut and make (C&M) services for foreign clients with low added value. CEED II support moved the industry to a new stage of development — manufacturing and selling their own products with the highest value added. By 2015, with project support, more than 70 own label companies were active members of the sector, representing about 20 percent of the fashion industry. These companies led the transition to higher value-added production schemes. New knowledge and skills in design, pattern development, purchasing, production, and marketing enabled them to sell successfully in Moldova and to become attractive to foreign clients, resulting in increased exports.

Building stronger brands to expand reach in the domestic market, own brand companies sell under their own labels. Branding with refined images and logos corresponding to each

company's key market segments was essential to successful product launches. Brands participating in the *Din Inima* campaign brought in $7.4 million in new domestic sales and 34 percent growth from 2012 to 2015.

A2. Improving Training in Design and Sourcing

Over the life of project, CEED II helped textile, footwear, and fashion accessories firms improve quality through assistance and coaching in design, sourcing, and fashion forecasting.

Helping designers understand global fashion trends

CEED II partnered with the Association of Light Industry (APIUS) to build Moldovan designers' knowledge of fashion trends. Trend expert Christine Boland of Belgium's Trends and Mindsets studio and Louk Grauwen, a design expert from the Dutch Centre for the Promotion of Imports from Developing Countries led six women's wear forecast workshops for the 2012, 2013, and 2014 spring/summer and autumn/winter seasons. The 55 participating designers followed styles, fabrics, and colors and learned to translate fashion trends into commercial and industrial designs. This assistance helped them develop collections aligned with global fashion trends to compete on the Moldovan market and regionally. To ensure sustainability, CEED II, APIUS, and the Technical University of Moldova shared the cost of a permanent subscription to the WGSN, the leading online fashion forecasting and trend service. WGSN gives critical input to brands such as Zara and H&M; Moldovan businesses and designers will benefit from the design inspiration, market intelligence, and color and style trends it provides.

Helping designers retail quality products successfully

CEED II helped establish a design and pattern-making coaching program to enable local designers to develop better collections and improve their understanding of the design process and collection structure. "Flying" international designers from countries that set global fashion trends helped designers understand trends and create designs that consumers want. From 2011 to 2015, designers including Rimvydas Birstonas and Theresa Bastrup-Hasman coached staff from 25 apparel firms, including 17 specializing in women's wear and eight in children's collections. Colin Johnson and Giovanni Deiana, specialists in women's and men's shoes, respectively, advised 10 footwear companies; Nicola Kearney helped three accessories companies launch new handbags lines.

Photo: USAID CEED II Project

Fashion design consultant Rimvydas Birstonas shows how a mood board can help Vistline designers develop collections, Chisinau, Moldova, January 2013.

The flying designers provided hands-on support to manufacturers' design and management teams throughout the design lifecycle. Assistance included analyzing current and past sales; improving product policies; developing mood boards and concepts for new collections and product ranges; planning collections, with emphasis on colors and styles; sketching;

constructing patterns; and advising on material sourcing. New collections included at least seven styles; used higher-quality fabrics; and incorporated new ideas, silhouettes, and finishes. The advisors emphasized that each collection should tell a story whose theme is evident in each piece. This helps buyers put together complete outfits rather than purchasing individual pieces. Outfits may look great in the stores and make an impact on retail customer, but a nicely crafted collection does not ensure total success. The training also stressed the importance of effective promotion and display. Therefore, the consultants worked closely with designers on understanding marketing, customer profile and lifestyles, competition, and umbrella brands.

Consolidating pattern grading skills for fits at global standards

CEED II helped improve pattern-making skills through specialized training and consultancies. The project hired experienced apparel and footwear pattern makers from the Italian Fashion and Research Center and Technical University in Iasi, Romania, to provide training in sizing, building master patterns, and grading for different body types. CEED II also partnered with the Technical University of Moldova to bring up-to-date software and 3D technologies for computer-aided apparel and footwear design to the ZIP House Design and Technology Excellence Center, a partnership between CEED II, the Technical University of Moldova, APIUS, and the Ministry of Education. A center for fashion and technology education and acceleration, ZIP House offers young designers support, mentorship, and communal space where they can exchange ideas, innovate, develop collections, and start businesses. Courses on computer-aided apparel and footwear design, scheduled for the autumn 2015 semester, will support the work of a new generation of technologists in an advanced software environment that transforms ideas into detailed patterns.

Ideas Become Realities

"The assistance is invaluable, as it helped me understand many things about the design and product technology that I had only sensed."
— Victoria Bolduresсu, owner and designer, Arilux handbag company

Purchasing and sourcing strategically for sales growth

CEED II helped fashion companies gain access to more variety of fabrics and accessories in small quantities, at better prices, and with faster response times. CEED II also supported designers' attendance at the biannual Premier Vision and Texworld shows, Europe's largest international fabrics and accessories exhibitions, in Paris, France. Moldovan designers networked with designers from other countries, learned to present at an international show, and, in the process, were inspired to take on greater challenges at their own companies. The project brought designers from small and medium-sized apparel firms to the largest fabric warehouses in Turin, Italy, where they learned to select high-quality, natural fabrics for their collections and negotiate prices to improve the quality-to-price ratio for raw materials. The designers also visited Milan to research Italian fashion trends. These visits helped designers build their knowledge of the Italian market and generate and execute new ideas.

CEED II played an important role in helping Moldovan footwear and accessories companies understand international markets and find new suppliers. In 2012, representatives of 10 footwear and accessories companies (Arilux, Floare, Floti, MiusImpex, Oldcom, Romanita, Tabita, Tighina, Tiras, and Zorile) received support to participate in the International Footwear Industry Suppliers Fair in Istanbul, Turkey, an important leather, accessories, and

equipment fair. The visits improved understanding of the raw material and accessories market and provided opportunities to identify new suppliers. The Moldova Chamber of Commerce organized meetings between Moldovan producers and Turkish suppliers and visits to production companies in Istanbul.

In 2012, a group of footwear experts supported by CEED II and assisted by marketing expert John England visited the Linea Pelle sourcing expo in Bologna, Italy, to gain first-hand knowledge of the European market, understand their competition, and learn about new suppliers and production technologies.

CEED II supported a trip to India for five footwear and accessories producers to visit four tanneries, two leather exporters, a sole producer, and two footwear producers. The companies began working with new contacts they made and exploring options for further cooperation.

CEED II assistance had an immediate impact on beneficiaries. It helped designers create stronger and more focused collections that were also aligned more closely with the quality and detail of international collections. CEED II pattern-making workshops also increased sales. In the 2014 spring and summer season, when new collections and products were launched, several companies recorded increased sales over the previous year: Tricon and Hincu (more than 100 percent), Vistline (more than 65 percent), Emilita Lux (50 percent), Cojocari Grup (48 percent), Burlacu (7 percent), and Maicom (1.7 percent). Velitextil Plus successfully launched a collection on the local market under the new brand Crème Brulee.

Photo: USAID CEED II Project

A seamstress stitches a suit at Ionel apparel company, Chisinau, Moldova, May 2011.

A3. Enhancing Factory Productivity

Historically, Moldova's apparel, footwear, and fashion accessories industry has provided contract-based C&M services for foreign clients. Finished goods are re-exported to the country of origin for marketing. This scheme is transitory because clients seek producing countries where manufacturing costs are low. To help C&M companies remain competitive, CEED II helped them reduce unit costs and increase their efficiency and productivity.

Enhancing productivity by teaching effective ways to organize production

CEED II used audits and assessments to identify opportunities to enhance productivity. Audits focused on key bottlenecks and needed improvements for short-, medium- and long-term productivity improvements. Following the audits, CEED II developed detailed work plans for targeted firms, including recommendations for all levels from senior managers to operators.

In November 2011, CEED II organized industry-wide training on increasing productivity through use of appropriate workflow and workplace organization. Local consultant Demian Usanli presented lessons learned from more than four years of experience with CEED and CEED II. Attendees included 35 managers and technologists from 17 apparel firms, Technical University of Moldova faculty, and representatives of APIUS and the Ministry of Economy.

Implementing management information systems

CEED II helped six apparel companies (Codreanca, Iuvas, Maicom, Premiera Dona, Saltoianca, and Vasconi) and three footwear and fashion accessories companies (Cristina, Oldcom, and Ponti) implement a management information system (MIS) to increase efficiency and decision-making. CEED II selected the IT firms Accelerare IT Soft Lider, “Business Logic” SRL Daac System, PGP Program, and Unisim-Soft to help develop the MIS. The system included modules for tracking and reporting information, distributing tasks based on the production plan and specifications for each product, identifying production operations by bar codes and tracking each batch, tracking production costs, calculating piecework wages, and recording and tracking finished inventory.

CEED II also helped three companies offering C&M services — Codreanca, Premiera Dona, and Saltoianca — implement an apparel manufacturing software system. The software automates all processes and data flows in C&M and cut, make, and trim production, including tracking production functions, performing pricing calculations, and reporting. CEED II offered group and individual staff training on the software.

CEED II encouraged manufacturers to adopt IT to increase efficiency by building awareness of its impact on firm-level productivity. Through pilots, the project highlighted best practices and the impact of MIS implementation to build interest. An industry-wide seminar at MoldExpo, organized jointly with the IT firm DAAC-System Integrator, described the benefits of MIS implementation for apparel companies and options for automating information processing in apparel companies The 30 participants from 16 apparel companies and the Technical University of Moldova showed strong interest in these solutions.

Implementing computer-assisted design

With Global Service, the local distributor of Gemeni computer-assisted design solutions, CEED II organized training for 10 participants, including specialists from three apparel companies (Codreanca, Olga Ceban, and Vasconi Textil), Confort furniture company, and professors from the Technical University of Moldova. By early 2015, Mobile and Velitextil had purchased computer-assisted design software license.

Improving productivity through technology upgrade

CEED II provided the services of an Italian subcontractor, F.C.R.-Technology, to help accessories producer Bitprogram improve leather cutting processes. F.C.R. installed and provided training on equipment that replaced manual processes that had reduced quality and productivity. In 2014, Bitprogram invested more than €18,000 in an oscillating knife cutting system for leather tailoring and cutting that streamlined production of bags, belts, and shoe components and enabled the firm to provide services to other manufacturers in Moldova. The

new machinery provides accuracy, consistency, and speed. Automation of the cutting process increases manufacturing efficiency, supporting the development of Bitprogram.

A4. Helping Develop Own Fashion Brands

CEED II helped more than 40 apparel, footwear and fashion accessories producers develop new brands or rebrand existing ones to respond to the trends in fashion and brand management. With program support, targeted companies developed comprehensive brand books, brand names, logos, slogans, packaging, tags, and promotional materials.

With APIUS, CEED II facilitated two training sessions on brand management (in 2011 and 2013), one on light industry retail sales, and one on sales department management for 116 designers and marketing and sales specialists from 67 apparel, footwear, and accessories producers, as well as representatives from the Technical University of Moldova and the Academy of Economical Study. These training activities strengthened capacity in understanding the importance of brands, own brand management, market segmentation, identifying target groups for branded products, establishing a brand's potential to satisfy the needs of a target group, implementing and monitoring brands, and calculating the efficiency of investments in own brands.

CEED II's brand development work and training further contributed to shifts toward brands with higher added. In 2014, more than 70 Moldovan producers (20 percent of all producers) sold under their own brands — a dramatic increase from 5 percent in 2005.

A5. Reconquering the Domestic Market

CEED II-supported activities to improve customers' perceptions of locally produced garments, footwear, and accessories included promotional campaigns for local brands, fashion shows, merchandising and sales training, establishment of joint shopping locations, improvements to retail stores, and development of online presence through website support.

Launching a fashion promotional campaign

To raise the industry's profile and boost consumer pride in wearing clothing made in Moldova, CEED II united producers under the umbrella brand *Din Inima: Branduri de Moldova* (From the Heart — Brands of Moldova). In spring 2012, the first *Din Inima* campaign brought together 12 producers. *Din Inima* discount cards were distributed in 2013 to build loyalty. By 2015, more than 60 labels sold under the joint brand cooperated to open *Din Inima* stores and expand their presence on the domestic market. More than 65 shops opened in the capital, Chisinau, and other regions, selling exclusively Moldovan brands.

The *Din Inima* name and logo are registered with Moldova's Agency for Intellectual Protection and were transferred to APIUS. CEED II built APIUS' capacity to manage the *Din Inima* project, promote the brand, and manage all legal aspects of campaign implementation. With CEED II support, APIUS selected a board, the Domestic Brands Council, which developed terms of use for members' use of the *Din Inima* logo. The council also developed a non-exclusive licensing agreement to allow third-party use of the logo.

SNAPSHOT

Moldovan Small Business Grows, Thanks to USAID

Moldovan clothing manufacturer triples sales after USAID assistance

Photo: USAID CEED II Project

Maxikids participated in the fall 2014 Din Inima *(From the Heart) fashion show promoting Moldovan brands.*

"The assistance provided by the USAID CEED II project… allowed us to create new, outstanding collections for which there is high demand on the domestic market. This has prompted us to think about exporting to Romania."

— Zinaida Vintea
Owner, Zivax Maxi

Zivax Maxi, a family-owned children's wear manufacturer in Moldova, used to struggle to turn a profit. Since its founding in 2003, Maxi had experienced many of the same challenges as other Moldovan small enterprises: low product quality, limited distribution, and lack of customer awareness of the brand.

All this changed with USAID assistance. After receiving business development support in July 2014 through the CEED II program, Maxi grew its business, expanded its retail operations, and widened its distribution network. Furthermore, Maxi upgraded its product designs and rebranded its children's product line, Maxikids.

Maxi also gained access to finance thanks to the Development Credit Authority (DCA). The DCA is an institution that helps small and medium-sized enterprises through loan guarantees. Through the DCA, Maxi obtained a credit line of $42,000.

"Access to the USAID-facilitated loan allowed me to open two shops and buy raw materials for producing a wider range and bigger volume of kids' wear, which now sells very well," said Zinaida Vintea, owner of Maxi.

In 2014, Maxi joined the USAID-supported national *Din Inima* ("From the Heart") initiative to promote the visibility and competitiveness of local apparel producers, and the brand grew exponentially. The company registered immediate success in the first nine months of 2014, more than tripling sales over the previous year. Today, Maxi enjoys consistent sales growth.

Thanks to USAID assistance, Vintea is more optimistic than ever about the future of the company.

SNAPSHOT

Marketing Made in Moldova

USAID assistance to the Moldovan fashion sector evokes national pride and increases sales of products made in Moldova

Photo: USAID CEED II Project

Din Inima: Branduri de Moldova launch in Chisinau, Moldova, December 2012.

"This unprecedented promotional campaign has drastically changed our consumers' perceptions and made them feel proud to wear Moldovan brands. Thanks to the* Din Inima *campaign, Ionel's annual domestic sales increased by more than 26 percent in 2013."

— Tamara Luchian
Director, Ionel apparel company

Historically, Moldova's fashion industry, which employs about 23,000 women, was dominated by firms filling orders using patterns, fabrics, and accessories sent by foreign clients — the lowest-value segment of the industry. With USAID's support to improve the industry's competitiveness, a growing number of forms that design and produce their own products have emerged. These own-brand companies make higher-value products and represent the model for the future of Moldova's fashion industry. However, they face tough competition in the local market from foreign brands bought by consumers who are skeptical about Moldovan-made clothing, footwear, and accessories. In addition, limited promotion skills, marketing budgets, and affordable retail space threatened the success of own-brand firms.

USAID provided financial and marketing support for a joint promotional campaign to leverage resources. *Din Inima Branduri de Moldova* ("From the Heart — Brands of Moldova") appealed to Moldovan consumers and raised awareness of brands whose quality and prices could compete with imports, improved perceptions of domestic products, and evoked national pride.

Twelve companies participated in the first *Din Inima* campaign, which attracted the interest of local media and consumers and boosted participants' sales. Ten more firms joined the biannual campaigns in fall and spring. Each is launched with a fashion show organized in partnership with the International Women's Club and Moldovan Fashion Producers Association. To date, more than 60 local brands have participated in the campaign and presented their collections at the fashion shows.

The *Din Inima* campaigns inspired the idea of a common store where local firms could sell their goods. With support from USAID and private investments, the first *Din Inima* shop opened with products from 13 companies. Building on this success, more firms jointly launched multi-brand shops and expanded their own stores. More than 65 shops opened in Chisinau and other regions, selling exclusively Moldovan brands.

Din Inima has become a recognizable brand to Moldovan consumers; images of its products worn by Moldovan celebrities appear on billboards and TV shows, and many prominent Moldovans model them at the biannual fashion shows. As a result, the idea of buying fashionable, high-quality products made in Moldova resonates with Moldovans and increases their loyalty and pride in the domestically manufactured garments, shoes, and accessories.

The participating firms learned to work together and benefit from joint promotion. *Din Inima* participants contribute more than 70 percent of the promotion budget. Brands assisted by CEED II brought in $7.4 million in new sales in the Moldovan market and experienced 34 percent growth in three years. Finally, the number of fashion industry association members quickly doubled and has continued to grow.

To implement the *Din Inima* campaign, CEED II and APIUS established partnerships with business providers including Perfecte.md, Jurnal TV, Zingan.com, Casa Imago, Green Fusion Agency, Salt Studio, and Casalot. From 2013 to 2015, CEED II helped producers develop 76 portfolios of professional photographs, which they used for their "look books" to promote their brands online and through other media.

Launching biannual fashion shows

To supplement the *Din Inima* campaigns CEED II, with APIUS, the International Women's Club of Moldova, and later the Association of Women Entrepreneurs of Moldova organized biannual fashion shows. To increase pride in Moldova brands, CEED II invited members of the International Women's Club, diplomats, local celebrities, politicians, public figures, and other trend-setters to model Moldovan fashion brands at shows at hotels and other public places. In March 2015, in a new, two-day format, 150 artists, politicians, singers, TV personalities, fashion bloggers, and members of the public modeled the creations of 35 local designers during Fashion Weekend 2015.

Offering merchandising training and audits to help increase sales

CEED II training helped 70 own brand apparel, footwear, and fashion accessories companies operate on the domestic market, producing and selling their collections primarily through their own shops. The training helped them learn to penetrate the local market by creating effective retail spaces and using effective fashion merchandising — considered the primary tool for increasing retail sales. A 2013 series addressed the topic "how to make your store clear to the buyer and profitable for the seller" and included in-store audits of several companies. The more than 120 attendees included commercial and executive directors, sales and brand managers, store managers, and other sales personnel.

To build merchandising knowledge and skills, CEED II offered merchandising audits at the retail stores of firms including Bombonici, Brio Ltd, Cristina, Emilita Lux Ltd, Floare, Arilux, Ionel, Linella, Natalia Maicom, Melnic Ltd, Olga Ceban, Ponti Ltd, Tighina, Tricon, Vasconitextil, Vistline, and Zorile.

Helping establish common *Din Inima* retail stores

CEED II helped open a common store where local companies could promote and sell their goods. The first *Din Inima* store opened in December 2012 in Zorile commercial center with 13 fashion companies renting 500 square meters of retail space. The *Din Inima* stores are organized like department stores, with one cashier and retail areas featuring multiple brands.

Building on the success of the first store, and as the *Din Inima* brand became known, other retailers joined the initiative. CEED II helped develop a partnership with Linella, a dynamic retail chain. Linella invested in three *Din Inima* stores in Chisinau, providing a total of 1,600 square meters of space above existing stores to feature more than 30 Moldovan apparel, footwear, and accessories brands.

CEED II helped APIUS develop a legal arrangement for Linella's use of the *Din Inima* logo. The Local Brands Council resolved to grant Linella free use of the *Din Inima* logo for 10 years. Linella manages the stores, ensuring high-quality service. This win-win partnership for the investor and fashion manufacturers provides opportunities for many Moldovan startup brands. In the two months following the opening in August 2012 the Linella stores sales totaled 1.7 million Moldovan lei (MDL) ($137,098).

Developing *Din Inima* Stores

- Private investors Zorile and Linella
- Stores in Zorile commercial center and Linella stores in Ciocana, Buiucani, and Telecentru districts of Chisinau
- Total private investment of 5,349,395 MDL ($431,406)
- Innovative department store layout and professional merchandising

A6. Expanding to Regional and Western Markets

CEED II supported the participation of 23 apparel, 14 footwear, and six fashion accessories companies at 12 exhibitions and fairs in Belgium, France, Germany, Italy, Kazakhstan, Romania, Russia, the United Kingdom, and Ukraine. Through these events, participants made more than 870 contacts that resulted in new orders and ensured more than $16 million in new exports. Consistent participation at international sourcing exhibitions at a common stand displaying the message "Moldova — your reliable partner in apparel and footwear" built trust and recognition among potential customers that strengthened their reputation, sales, and prospects for the future.

A7. Strengthening APIUS

CEED II helped strengthen APIUS' capacity to consolidate the fashion industry, develop a strategic plan, and conduct activities, such as strengthening ties between the private sector and academia. By involving APIUS in many project activities and developing websites and other promotional materials (for example, brochures for trade shows) CEED II helped raise APIUS' profile. Major achievements include helping APIUS build its institutional capacity, examine its governance and organizational structure, develop internal regulations and procedures, and define members' benefits. Most importantly, CEED II helped APIUS develop the sustainable capacity to continue projects initiated by CEED II, such the *Din Inima* campaign. APIUS activities, achieved with CEED II support, include:

- Promoting the Source Moldova website, http://sourcemoldova.com/
- Upgrading its website and creating an online library for the fashion industry
- Developing a white book for the fashion industry
- Organizing biannual *Din Inima* fashion shows

SNAPSHOT

From Hobby to Worldwide Exports

With USAID assistance, jewelry designer Ana Popova increased sales, exporting to 12 countries

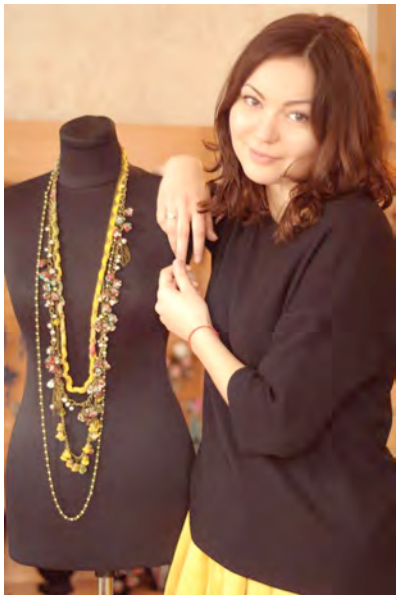


Photo: USAID CEED II Project

Ana Popova shows a necklace from her spring-summer 2015 collection.

Facing economic difficulties and low salaries, many Moldovan women leave the country to work abroad. This has a serious impact on families, whose members suffer from the physical and emotional separation. Ana Popova, a young jewelry designer, chose to stay in Moldova despite the economic constraints. Pursuing her passion for jewelry making, she started a business, Ju-Bijoux.

The idea for Ju-Bijoux was inspired by Ana's sister, Olga Nedbailo, who saw Ana's interest in making jewelry as a hobby. Olga suggested starting a business. In 2009, Ana, Olga, and their mother launched the Ju-Bijoux jewelry studio and its first collection of handmade earrings, bracelets, necklaces.

In just two years, Ana was ready to expand sales beyond Moldova's limited market. With assistance from the USAID CEED II project, Ana and Olga received training in brand and sales management, merchandising, productivity enhancement, and rebranding. They launched a new brand, Ana Popova Designer Jewelry, including a professionally developed website. Ju-Bijoux also hired seven additional craftswomen, including some with physical disabilities who work from home.

Ana first started to export jewelry after USAID supported her participation in MACEF Milano, an international jewelry fair in Italy, in September 2012. At the fair, Ana presented six collections of necklaces, bracelets, earrings, rings, brooches, and hair accessories. Three companies from Italy, the United States, and Russia placed orders.

Ana displayed her next collection at the biannual BIJORHCA international fine and fashion jewelry show in Paris, the largest specialized jewelry fair in Europe. Ana's collection was included in the exhibition's *Must Haves at BIJORHCA* catalogue. By January 2015, Ana was exporting products valued at $11,500 to 32 clients in 12 countries including Belgium, France, Italy, Poland, and the United Kingdom, and she was planning to participate in the Premiere Class jewelry trade show in France, later in the year.

Ana inspired two other small Moldovan handmade jewelry brands to take part in the winter 2015 BIJORHCA. With support from USAID, the Marine'lle and Natalya Maskvina brands established contacts with potential buyers and began to work on their first deliveries to European Union countries.

SNAPSHOT

Small Apparel Firms Linked to Global Marketplace

With USAID assistance, Veronica Pentelei is helping the fashion world learn that Moldova is a reliable partner for apparel production

Photo: USAID CEED II Project

Veronica proudly shows a collection of dresses for girls aged 3 to 7 years.

"The help from the project — the training, exhibitions, seminars, consultants — has had a huge impact on our success. We didn't know how to do a lot of these things, and if we did know how to do it, we had a lot of doubt."

— Veronica Pentelei
Owner, Velitextil-Plus Ltd

After several years at a Belgian clothing company, Veronica Pentelei decided to start her own business. After all, she knew the Moldovan apparel sector as well as anyone from her time selecting producers to fill orders placed by her Belgian employer. While planning her business, Velitextil-Plus Ltd., Veronica decided to open a new kind of intermediary company to link buyers in Europe with producers in Moldova. In the past, the small producers with which she worked simply filled orders based on the patterns, fabrics, and accessories sent by foreign clients — the simplest and lowest-value segment of the market. Veronica wanted to work with local firms to go to the next level.

Many small apparel companies in Moldova want to offer higher-value services, such as designing patterns or sourcing fabrics and accessories, to increase their revenues, but most firms have limited resources to develop these new services. This is where Veronica saw a niche for Velitextil — not only to serve as an intermediary but to also provide additional services to enable companies to fill higher-value orders.

However, there were a few glitches in Veronica's plan. She would need additional training and client contacts before she could help other apparel companies. Fortunately, Veronica was familiar with a USAID project working in the apparel sector, helping to upgrade production processes. With USAID's help, Velitextil developed quality control processes to better manage and increase orders for small apparel companies, improved customer service, and created a fabric and accessories library for use by Moldovan companies. In addition, USAID supported Velitextil to exhibit regularly at major trade shows to demonstrate to potential clients they can find reliable manufacturing and financial advantages in Moldova — such as competitive labor costs for pattern design and low shipping costs to Europe. USAID advisors also helped Velitextil identify suppliers of high-quality, reasonably priced raw materials.

Once Velitextil began working with USAID, product quality problems dropped by 60 percent, the firm began to receive repeat and larger orders, and its client base quickly tripled. Notably, Velitextil's largest client increased its order from 1,500 to 7,500 pieces, and Velitextil signed a contract with a Belgian fashion accessories supplier, enabling Moldovan companies to offer value-added production.

THE IMPACT OF

USAID
FROM THE AMERICAN PEOPLE

Moldova Apparel, Footwear and Fashion Accessories Sector

Roadmap to Competitiveness

Largest employer of women

Employs **23,000 people,** over **90%** being [rural] women

Leading exporting industry

17% of country exports **in 2013**

Reaching higher value added manufacturing

Higher value-added enables to preserve jobs, to grow incomes and to enhance industry long-term competitiveness.

Provided Assistance

Own Label

+ BRANDING — Branding & image building
+ MARKETING — Umbrella brand, joint campaigns and stores "Din Inima"
+ SALES — Marketing, sales, merchandising and stock management skills; Professional websites & online presence

Private Label

+ COLLECTION DESIGN — Design coaching and product concept development
+ PATTERN MAKING — Fashion trends awareness
+ GRADINGES — Pattern design and grading skills

FOB Shipping

+ RAW MATERIALS SOURCING & TESTING — Sourcing skills & fabric libraries; Accessing supply channels from Turkey, France, Italy & India

Cut, Make & Trim

+ ACCESSORIES SOURCING — Visits of big accessory suppliers, including Romania, Turkey, Belgium, Germany; Participation at key trade events in EU and CIS such as Zoom by Fatex, GDS, White Label

Cut & Make

= MANUFACTURING — Productivity enhancement coaching, including workflow management and MODAPT; Implementation of Management Information Systems (MIS) for streamlined and efficient operations

USAID CEED II* key impact

Boosted the shift from low- to high-value added manufacturing

Enhanced exports & revived Moldovan market

Upgraded product quality & productivity

Consolidated industry vision & capacity

BOOSTED THE SHIFT TO HIGH-VALUE ADDED

Share of companies providing low-value Cut & Make services decreased from **95 to 80 percent**

70 new generation brands emerged as backbone of Moldovan fashion industry

95 to 80 low-value services

70 new brands

ENHANCED EXPORTS TO EU AND OTHER MARKETS

Companies acquired important **new European customers** including from Italy, France & Germany, for value-added manufacturing

Branded Moldovan apparel is now being exported to Eastern markets

over **30** companies

over **10** markets

16.1M new sales

38 B2B and trade events

REVIVED MOLDOVAN MARKET

Assisted brands had **new sales** of **$7.4M** or **34% growth** in 3 years

Unparalleled umbrella brand – **Din Inima/Branduri de Moldova** – raised industry profile and consumer pride

58 participating companies

5 joint campaigns

60%+ companies cost-share

$2.6M private investment in Din Inima stores was leveraged, as affordable trade infrastructure for Moldovan brands

IMPROVED PRODUCT COMPETITIVENESS

Over **80 companies increased efficiency and product quality,** through know-how in design, marketing, manufacture and technology

35 trainings

684 participants

556 women

Over **6,000** employees, or **30%** of industry labor force, attained **better productivity skills**

Over **30** companies **increased productivity by 15-20%**

CONSOLIDATED INDUSTRY CAPACITY

Industry association – **APIUS – increased capacity,** doubled membership and became a strong industry voice

90+ members

20 trainings

Din Inima campaign ownership

Industry acquired a **strategic development vision,** embraced by private sector and government

Premiere **Center for Fashion and Technology Education and Acceleration** in Moldova –Zip House adapts education to industry needs

ZIP HOUSE launch June 2015

USAID Competitiveness Enhancement and Enterprise Development II (CEED II) Project developed during 2010-2015 the Apparel, Footwear & Accessories, ICT, Tourism and Wine industries: enhancing quality, increasing trade and investment; and improving public-private dialogue for a better business environment.

Photo: USAID CEED II Project

At the first meeting of the Polytechnic College's robotics club in Chisinau, Moldova, on October 28, 2014, members bond over their shared interests.

B. INFORMATION TECHNOLOGY

B1. Sector at a Glance

Moldova's rapidly growing information technology (IT) sector is a catalyst for Moldova's economic growth and a solution to the pervasive problems of youth unemployment and migration. As the country's fastest-growing industry, with 20-fold growth in IT service exports over the past 10 years, the IT sector has been constrained by a shortage of critical technical and business skills. Despite the introduction of information and communications technology (ICT) in schools and expansion in universities, the number of qualified Moldovan personnel does not meet industry requirements.

Key Indicators

- Employs more than 20,000 people, 35% (7,000)of whom work in IT
- ICT and IT account for 7% and 1% of GDP, respectively
- Fastest growing industry ($600 million for ICT in 2012)
- 20-fold IT export growth from 2004 to 2013)
- Low startup investment required
- Enabler for economy and society
- Largest youth employer, paying highest salaries in the economy

Moldova provides geographic and cultural advantages for European and CIS markets. Its government is committed to expanding ICT to support economic development, employment, and social stability as well as improving government services to citizens and businesses.

About 50 enterprises dominate the software development segment, employing more than 5,000 people. Including the communications industry, the ICT sector employs more than 22,000 people. As exports have grown, so has the domestic IT market, with increasing adoption of IT by businesses and consumers. Hardware investments and fast internet speeds encourage IT penetration, leading to higher demand for software and services.

The government of Moldova has repeatedly recognized the importance of ICT, making efforts to stimulate the sector through initiatives to boost IT competitiveness, increase the country's attractiveness to investors, and drive societal change. The Ministry of Information Technology and Communications has ambitious goals to grow the industry's competitiveness. With support from CEED II and the World Bank, the ministry developed the Strategy for ICT Industry Competitiveness, a concept for an ICT implementation agency, and the draft Law on IT Parks with the goal of establishing a shared development vision for the industry and creating an ecosystem for further progress. The government approved the Strategy for ICT Industry Competitiveness and the draft Law on IT Parks in September 2014; as of May 2015, the law was awaiting Parliament's consideration.

Vision for Improving Human Capacity

Adapt education to industry needs while strengthening the IT workforce through partnerships with high schools, colleges, universities, and the private sector to improve IT training and promote IT careers.

The government of Moldova is committed to implementing IT solutions for public procurement and its interactions with businesses and citizens to promote transparency, reduce corruption, facilitate citizens' access to information, and engage them more actively in decision-making by capitalizing on the potential of open government innovations and technologies. This agenda creates opportunities for the IT industry via transparent public procurements and the use of innovative technologies and approaches.

The government of Moldova recognized the lack of appropriate, current skills as a key impediment to industry growth. CEED II supported the development of a concept for an IT Center of Excellence and the creation of a multi-stakeholder partnership to implement it. In September 2014, the government signed a memorandum of understanding with USAID, IBM, and Microsoft for the creation of the center, which is expected reduce the skills gap between students and IT professionals, and encourage entrepreneurship and technology startups. CEED II also partnered with the Ministry of Education to improve high school students' ICT skills, and the high school informatics curriculum was upgraded as of September 2014. Regular campaigns supported by CEED II and the Association of Private Information and Communications Technology Companies (ATIC) increased enrollment in ICT-related coursework at Moldovan colleges and universities. CEED II and ATIC also helped six universities pilot extracurricular robotics activities, using Lego technologies.

B2. Adapting ICT Education to Industry Needs

Expanding vendor-based education programs

The ICT sector is constrained by a shortage of skills in Microsoft applications, Linux, Java, SQL, Oracle, and other software; "soft" skills such as business communications, teamwork and project management are also in demand, as is proficiency in foreign languages, especially English. Lack of practical training and a gap between academic training and industry requirements limits employment opportunities for recent graduates.

However, vendor training programs are accessible and relatively easy to implement. CEED II helped high schools, vocational colleges, and universities improve educational outcomes through the use of such programs. The approach involved providing training to trainers, building their knowledge and teaching skills, and then promoting courses to students. The institutions offered the courses on an extracurricular basis or incorporated the content into established curricula as relevant. Following consultations with industry and academia, CEED II identified the Cisco Networking Academy, Microsoft IT Academy Program, and Linux Professional Institute Certification Program to address demand for capable graduates with practical and current ICT knowledge and skills.

The most impactful of the vendor programs implemented with CEED II support was the Cisco IT Essentials (ITE) course, which covered the fundamentals of computer hardware and software and advanced concepts such as security, networking, and the responsibilities of ICT professionals. Computer laboratories and interactive learning tools help students develop critical thinking and problem-solving skills. Cisco ITE began in 2012 as a pilot project in a small number of institutions offering it as an extracurricular fee-based course. As a result of a successful cooperation between CEED II and the Ministry of Education, Cisco ITE became an elective for the entire secondary education system. From 2010 to 2014, more than 170 teachers received training and earned Cisco ITE certification, and 123 institutions offered ITE classes.

SNAPSHOT

Moldovan Teenagers Set Sights on IT Careers

USAID expands practical, interactive IT course offerings to younger students

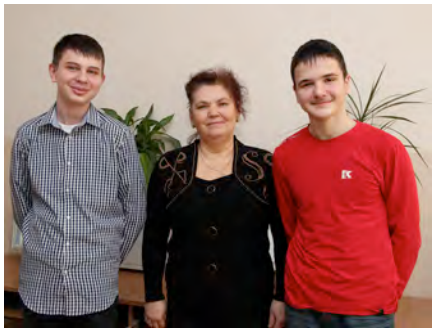


Photo: USAID CEED II Project

Svetlana Schitco (center) is especially proud of her two youngest ITE students.

"I would like to have a career in IT. I find programming and networking even more interesting than video games, and think I can find a good IT job in Moldova."

— Victor Colta
Cisco ITE student

When 15-year-old Victor Colta began taking computer classes last year, he was just a teenager who liked computer games. Emil Burinschi, 14, signed up for his first IT course because his home computer was plagued by viruses. Now, Victor, Emil, and more than 400 Moldovan teenagers like them have taken practical hands-on IT courses. In addition to gaining useful skills, many students are now interested in pursuing careers in IT, one of the highest-paying and most dynamic sectors in Moldova.

Since the 2008–2009 school year, USAID has teamed with schools and IT firms to expand interest and capacity in Moldova's growing IT sector. The project led the launch of IT courses designed by Cisco to supplement theoretical informatics instruction. The introductory class, Information Technology Essentials (ITE) teaches software and hardware basics.

When USAID introduced ITE, it was directed at older students who would soon enter the workforce. However, when Victor was a student at Spiru Haret Lyceum in Chisinau, he asked his teacher, Svetlana Schitco, if he could take the class. Svetlana, one of the most enthusiastic USAID-trained ITE instructors, thought, "Why not?" and allowed Victor to enroll. When Victor finished with one of the highest grades in the class, Svetlana began to reconsider the target audience for the course. The following year, Emil, another 14-year-old, asked Svetlana if he could take the course, she again said yes, and Emil also earned a top mark.

Victor and Emil's success convinced Svetlana to target younger students, who can benefit earlier from the skills they learn and have the option to take advanced classes. For example, Victor has gone on to the next level of Cisco courses on operating computer networks. The courses piqued his interested in IT so much that he taught himself to program in Pascal and html. In succeeding years, Svetlana taught many more students, who graduated from ITE by passing Cisco's standardized test.

Building on the success of the pilot initiatives, USAID has worked with the Ministry of Education to add ITE to the National Curriculum Plan and trained dozens ITE teachers from throughout Moldova. In the 2012-2013 academic year many more young students attended ITE courses and a number of them choose to pursue IT careers.

CEED II ensured the sustainability of the Cisco ITE program by transferring it to Cisco's official instructor training center in Moldova, the Dynamic Network Technologies Association, to monitor and promote the course in the country. In addition, the Center for Information Technologies and Communication in Education, a state institution that retrains and qualifies teachers, will continue to train interested teachers as Cisco ITE trainers.

Launching the Robotics Program

Inspiring young Moldovans to embrace technology and engineering careers is a critical goal. International experience has shown that implementation of educational robotics programs supports this objective. Beginning in spring 2014, CEED II piloted Lego-based Robotics clubs as extracurricular activities at five educational institutions and the Center for Children and Youth Artico. The initiative was led jointly by ATIC, the Ministry of Education, and StarNet internet service provider, with assistance and guidance from an Estonian NGO, Robootika. Eighteen teachers were trained to serve as trainers, about 800 youngsters attended demonstrations, and more than 200 took part in robotics clubs during the 2014-2015 academic year.

CEED II helped Moldovan robotics clubs to join the FIRST Lego League (FLL) competition, organized with support from Lego and the U.S. FIRST (For Inspiration and Recognition of Science and Technology) Foundation. The FLL Moldova competition, on March 7, 2015, was hosted by the Center for Children and Youth Artico. CEED II and ATIC organized the event in close cooperation with NGO Robootika and support from StarNet, under the patronage of the Ministry of Education. Moldova was one of about 100 countries organizing FLL competitions; 60 Moldovan students from six institutions competed with 300,000 children from around the world.

FLL Participants Want Science and Technology Jobs

An international survey by the U.S. FIRST Foundation, in collaboration with the Relevance of Science Education Project, and an evaluation of the FLL program in the United States and Canada found that more than 80 percent of FLL participants want to learn more about science and technology and find jobs in the field.

The competition's primary goal is to increase youngsters' interest in science, technology, math, and engineering and inspire them to choose careers in those fields. The FLL Moldova jury composed of representatives of USAID, the Technical University of Moldova, ATIC, the East-Europe Foundation, e-Governance Center, StarNet, and Dynamic Network Technologies Association. The winning Moldova team competed against 33 teams from Estonia, Latvia, Lithuania, and Norway, capturing first place for robot design.

The FLL competition significantly increased public interest in the robotics initiative and attracted the attention of the Ministry of Education, which plans to expand the initiative throughout the country. In spring 2015, a CEED II consultant led a working group that developed a standard robotics curriculum. The Ministry of Education committed to enhance the initiative's sustainability by changing its status from an extracurricular activity to an elective course. Approval of the curriculum was expected in May 2015.

Developing education roadmap and updated curriculum

Although the number of ICT-related graduates has increased — the Moldovan education system graduates about 2,000 students with IT specializations each year — the supply does not meet industry demand. Because not all graduates have the necessary skills, on-the-job training is often required to qualify for full-time positions. In 2011, industry representatives involved in the global outsourcing chain claimed that only 30 percent of current ICT graduates were directly employable.

Moldova had no formalized framework for collaboration between the IT industry and academia, and dialogue and collaboration were sporadic. CEED II helped ATIC develop and disseminate its ICT Education Roadmap/Agenda for Actions. Its purpose is to encourage dialogue and guide collaboration among industry, academia, and government to improve ICT education in Moldova in response to industry needs. The document provided practical recommendations for improving ICT education based on international best practices and an understanding of skills needed in the private sector. It organized issues in four groups: physical assets for teaching (hardware, software, and networks), curricula, teachers and teaching, and governance.

CEED II prioritized curriculum updates for educational institutions. There was no formal mechanism for industry involvement in curriculum design, although informal input came via internships and part-time lecturers working in the industry. With private sector input, CEED II supported the development of a new IT curriculum at the Technical University of Moldova that aligned with European trends and industry needs. This intervention triggered industry engagement to improve the educational process. The private sector was strongly supportive of the new curriculum. Although the university committed to the change, it implemented the recommendations only partially.

CEED II supported the Ministry of Education in updating the lower and upper secondary informatics curriculum for the general education, humanities, and science strands. A pilot project introduced the updated curriculum to Grade 7 students in 59 schools in the 2014-2015 school year. Of the 66 teachers trained, 44 worked in schools outside Chisinau. In the final months of the project, CEED II helped the Ministry of Education monitor the pilot and develop recommendations for implementation in the entire system in the 2015-2016 academic year. A survey comparing the old and new curricula found the updated curriculum more attractive, accessible, relevant, and effective for the targeted grade level.

All the teachers from the 59 pilot schools will follow the updated curriculum with Grade 8 students and pilot it in Grade 10. CEED II recommended that the Ministry of Education implement the updated curriculum throughout the educational system, starting with grades 7 and 10, in the next academic year.

Designing the First IT Center of Excellence

Among CEED II-supported interventions to improve IT education was helping QLab become an IT excellence center. QLab, established in 2010 by ATIC and the European Software Institute Bulgaria Center, had the potential to grow and increase the competitiveness of IT companies. CEED II built its capacity to offer relevant training to the local market, conducted by local and international trainers. The project also implemented a cost-sharing system to

help expand the reach of QLab services. To be sustainable, QLab needed to develop its capacity to provide training and services in areas including software development and business process improvement, soft business skills such as project management, and other technical areas. In 2011, CEED II helped QLab organize several training activities targeting ICT employees. However, it became clear that a more widespread approach would ensure maximum impact for the industry. An entire ecosystem, contributing to the development of the ICT sector would require coordinated commitment from all stakeholders, including the public and private sectors, academia, and donors.

An IT excellence center is an important part of such an ecosystem. In October 2014, USAID, the Technical University of Moldova, the government of Moldova, ATIC, IBM, and Microsoft signed a memorandum of understanding to jointly establish an IT Center of Excellence (ITCE) to improve Moldova's global competitiveness and its business and investment environment. The goal is to ensure maximum benefits for Moldova's economy by enhancing the educational capacity and research potential of higher education institutions to increase the quality and quantity of the IT workforce and creating successful businesses based on modern research and a world-class sales and marketing.

The Triple Helix Model

Bringing major players in Moldova's IT industry together with a leading academic institution, coordinated by a public agency (USAID) follows the triple helix model. Developed at Stanford University, the model uses best practices to position universities as central players in creating an entrepreneurship ecosystem that empowers private and public actors to collaborate in the development of interactive innovation models that are best suited for emerging markets and recently established knowledge economies.

CEED II served as a mediator in the negotiation process among stakeholders, including potential donors (USAID, the Swedish International Development Cooperation Agency) and multinational companies (IBM, Microsoft, Ericsson). The project also drafted the initial ITCE concept paper and developed a business plan.

In 2015, CEED II developed the ITCE Design Concept and helped create a brand, slogan, and visual identity. CEED II also provided legal services to define the organizational form and develop contracts, regulations, and other documents that will enable a rapid startup when USAID funding becomes available. ITCE activities and facilities were designed to provide training for up to 1,000 IT professionals per year and host up to 2,000 at recruitment events and up to 1,500 industry learning, networking, and business development events.

B3. Boosting Interest in ICT Careers Among Youth

To ensure sustainability, the ICT industry must attract talented youth and boost interest in technology fields. Thus, CEED II supported ATIC's efforts to promote ICT careers, including through presentations in high schools to encourage senior year students to pursue ICT-related specializations; a media awareness campaign targeting senior year students, parents, and the public during the admission period for higher and vocational education; and career orientation for students already pursuing ICT specializations that directs them toward specific roles.

SNAPSHOT

Sharing the Code to Program a Career in IT

USAID support helps the Moldovan Association of Private Information Communications and Technology Companies raise awareness of IT careers

Photo: USAID CEED II Project

"Program Your Career in IT" poster used to promote IT careers in Moldova.

"After the Career Orientation Day activities organized with the support of USAID and ATIC, we are happy to have qualified candidates applying for our job openings."

— Serghei Goloborodico
Manager, Pentalog IT company

Like its neighbors, Moldova suffers from high youth unemployment and underemployment. But the information technology (IT) field continues to expand as the importance of IT at home, at work, and in the classroom grows. Yet IT capacity in Moldova remains relatively low, and few university students choose the field. "Parents want their children to become doctors, lawyers, or economists, but few consider the benefits of a career in IT, where the pay is good and the outlook bright," explained Ana Chirita, executive director of the Moldovan Association of Private Information Communications and Technology Companies (ATIC). The association, with support from USAID, took steps to change the status quo by promoting IT careers to students, their parents, and the public.

The effort began with a campaign advertising the benefits of working in the field. Compelling posters and videos provided information on planning a career in IT. The campaign reached an estimated 100,000 people and featured the perspectives of a student, IT specialist, and IT manager regarding the benefits of a career in IT. Following the campaign, applications for IT-related studies at the Technical University of Moldova increased by more than 60 percent from 2010 to 2011.

USAID and the association also focused on students who were already pursuing degrees in the field. With USAID's support, IT career orientations were held at the Technical University of Moldova to provide opportunities for representatives of IT companies and students to interact. These events reached hundreds of students, helped participants better understand what IT companies seek in employees, and provided valuable networking opportunities. The orientations shed light on the variety of career options by demonstrating that IT is not limited to software programming and web development but also offers opportunities for business analysts, database architects, and project managers. One orientation was so well-attended that students outnumbered seats in the classroom. Companies that provided positive reviews of the events included Endava, a leading IT firm that hired a number of interns who attended the events.

With the approval of the Ministry of Education, ATIC is expanding its outreach activities, and more than 1,200 students from 16 high schools in Chisinau have attended presentations showcasing the benefits of a career in IT.

An estimated 5,700 students attended the presentations in urban and rural areas. To continue interaction with the attendees and other teens, interested in IT careers ATIC developed its *Aleg Cariera IT* (Program Your Career in IT) public group and community page on Facebook, which had attracted more than 2,600 followers and members by May 2015. Through the page, students interact with industry experts and campaign organizers, learn about upcoming events, and read relevant content. CEED II supported the development of a website, http://cariera.ict.md/, to serve as a promotion tool.

Annual summer media campaigns during the admission period for higher and vocational education institutions promoted ICT careers to increase applications to IT-related programs. CEED II supported the development of a promotional campaign in Year 1 and Year 3 that used the theme "Program Your Future." The campaign, which featured successful IT professionals describing their personal experience, reached 2.5 million viewers via online banners and TV and radio broadcasts.

The ICT career orientation events reached more than 3,500 students and provided opportunities for 17 ICT companies to provide information and demystify stereotypes. Students met potential employers, learned about companies and job responsibilities, and discovered the training paths required to qualify for jobs. Students from the Technical University of Moldova, Academy of Economic Studies, and State University of Moldova networked with major domestic IT players and learned what employers seek. Leading IT firms including Endava and Pentalog hired graduates or interns they met through the events.

B4. Promoting and Nurturing a Culture of IT Entrepreneurship

Entrepreneurism plays an important role in the development of the IT sector by boosting creativity and innovation and contributing to economic development. Although various stakeholders have encouraged an entrepreneurial culture, the field still has great potential. CEED II facilitated entrepreneurship activities including sessions at the Moldova ICT Summit, Launch48 events, and Startup Weekend that provided opportunities for knowledge sharing, practical startup simulations, networking, training, and disseminating success stories. Attendees were able to transform ideas into business opportunities and launch startups. Many were exposed to a new economic vision and, importantly, chose to develop businesses and solve problems rather than relying on employers.

Photo: USAID CEED II Project

It consultant Krists Avots (center) mentors Moldovan IT entrepreneurs during the sixth Startup Weekend in Chisinau, Moldova, in November 2014.

Startup Weekend is a major worldwide catalyst for startup creation and entrepreneurial education. Its goals include educating, inspiring a shift in mindset — from employee to entrepreneur, and developing a risk-taking culture. The Startup Weekend learning experience includes demonstrating practices that encourage growth and innovation. CEED II organized

six Startup Weekend Moldova events in cooperation with several local and international partners. More than 400 youth from Moldova, the Czech Republic, France, Italy, Portugal, Romania, Slovenia, and the United States attended. Mentors from Estonia, France, Italy, Latvia, Lithuania, Romania, Russia, Ukraine, the United Kingdom, and the United States helped aspiring entrepreneurs transform ideas into business opportunities.

Four Startup Weekend events took place during Global Entrepreneurship Week, gaining international exposure for Moldova and giving young entrepreneurs an opportunity to compete in the Global Startup battle. In Year 4, CEED II supported a Moldovan team to travel to Bucharest for Startup Weekend Romania, where they took first prize for their proposal for Fantique, a service that helps users find clothes and accessories that suit their personalities.

Eight startups developed at Startup Weekend Moldova events remain active and growing (Vintage, Avo, Edujoc, Hai la Tara, Attractions by Locals, Tabascus, Footboloid, Career-for.me). Many other attendees reaped benefits from participation, such as attractive job offers or the opportunity to use what they learned about business modeling, lean startup, agile development, minimum viable products, and other topics at their jobs. Gaining international exposure and attracting the interest of accelerators and incubators from the region and western entrepreneurs, investors, and international venture funds catalyzed the startup community and as generated.

As a result, by early 2015, Moldova's first co-working space, Generator Hub, had opened and another was in the planning stages. The ITCE, with USAID support, will also contribute to the ecosystem.

CEED II also organized a series of workshops, called The Startup Roadmap — Explore, Design, Build, Grow, for aspiring tech entrepreneurs. Daniel Ray, a serial entrepreneur, investor, and startup coach, facilitated the workshops.

In Year 4, CEED II, with U.S. Peace Corps support, fostered Moldova's participation in a global technology competition that teaches girls to code, develop online applications, and build a business around an application. The Technovation Challenge was supported globally by technology leaders including Google, Twitter, MIT Media Lab, Dropbox, and Andreessen Horowitz. Seven Moldova teams reached the final stage of the local competition. A team from Stefanesti village, Floresti, developed a solution for finding clean water. The Health in a Drop application was selected as a regional winner and became one of the 10 finalists in the global competition. The team later traveled to Intel headquarters in Silicon Valley for the World Pitch event, joining representatives from five continents who presented their applications to a professional jury. Health in a Drop won the 2014 Technovation Challenge 2014 in the high school division.

In Year 5, CEED II organized the Student Startup Camp for university students, hosted at the Technical University of Moldova in collaboration with the Estonian Garage48 foundation and mentors from Estonia and Latvia. The camp combined lectures, workshops, teamwork, and one-on-one mentoring with the goal of applying shared knowledge to campers' projects. Attendees included 62 participants from eight institutions, the majority of them students in the Technical University of Moldova IT department.

B5. Building a Shared Industry Vision

Competitiveness package (strategy, agency, IT Parks Law)

An important step in ICT sector development was the creation of the Digital Moldova 2020 Strategy, which focused on three principles that serve as the foundation for the development of an information society: infrastructure and access, digital content and electronic services, and capacities and use. CEED II collaborated with ATIC and other stakeholders to develop the strategy, which addressed an important pillar for ICT industry development — education. When developing this strategy, the Ministry of Information Technology and Communications stressed that a government focus on developing demand for ICT services would help the industry to grow organically.

CEED II and ATIC discussed with the minister the idea that a strong ICT industry requires a more favorable environment, with government policies revised and updated in close cooperation with industry players. With CEED II support, ATIC developed an ICT policy white book in 2012 that emphasizing the industry's potential and recommended support that the government could provide to improve the business environment and maximize results.

CEED II complemented government efforts to increase competitiveness and export-driven growth. The project supported development of the ICT Industry Competitiveness Strategy in 2013 and 2014, as well as a concept for an implementation agency. The white book provided input for the strategy, which the government approved for implementation in September 2014.

Another potentially impactful initiative of the ministry was the Law on IT Parks, drafted with CEED II and World Bank support. CEED II focused primarily on analyzing fiscal incentives for the law, researching existing regional initiatives, and recommending an approach for Moldova.

Visit to Armenia

To build trade linkages, share experience to enhance ICT industry competitiveness, promote Moldova as an IT destination, and explore ideas and opportunities for developing Moldova's ICT ecosystem, CEED II supported a visit to Armenia in 2013. The participants included the vice minister of information technology and communications, vice minister of education, and representatives of ATIC and the ICT business community. The delegation attended the ArmTech Congress' sixth Global High-Tech Industry Conference, the ICT/High-Tech Annual International DigiTec Expo, and the Black Sea Economic Cooperation Member States ICT High-Level Conference. They also visited more than 10 institutions, excellence centers, private companies, and Armenian counterpart ministries and associations.

This visit gave the delegation a clearer vision of development options for Moldova and constructive ideas for improving the country's IT ecosystem, including relevant educational programs.

Moldova ICT Summit

The Moldova ICT Summit is a continuation of an annual ICT event that has been held for 15 years. In its early stages, the event consisted of the Cominfo exhibition and Bit+ small business conference. In 2010, CEED suggested that the Ministry of Information Technology

and Communications and ATIC organize a high-level event, positioned as an important regional conference, to bring together senior officials from the Moldovan and U.S. governments, representatives of donor organizations in the region, and international and local ICT experts to discuss current topics and trends. Building on this successful experiment, CEED II continued to support the organization of the annual Moldova ICT Summit.

Year by year, the summit became well-known in the region and attracted more high-profile speakers. Different tracks at the summits provided information on topics including ICT for competitiveness and development, entrepreneurs, society, education, business, professionals, and other interest groups.

More than 50 private and public partners took part in organizing the six Moldova ICT Summits, leveraging CEED II funds and helping to ensure the event's sustainability.

Support to ATIC

ATIC played an important role in CEED II IT initiatives and developed a strong, consolidated industry voice. By 2015, its membership comprised 36 companies representing more than 9,000 employees in the sector.

In 2012, CEED II helped ATIC develop the Legal Pocket Guide, a compilation of laws affecting ICT businesses in Moldova. The guide was updated in 2015 to add information on consumer contracts and dispute resolution for ATIC member companies, non-members, and potential investors.

B6. Promoting Moldova as an IT Destination

IDC reports

Although Moldova has a fast-growing IT industry and successful companies that work with international clients, the country is not known globally as an IT destination. Promotional efforts prior to the start of CEED II were sporadic and ineffective.

To help put Moldova on the IT map, CEED II, with support from the German Development Agency (GIZ), engaged a consulting firm, IDC, to assess the competitiveness of the country's IT industry competitiveness and make recommendations for promoting it regionally and globally as an IT destination. This study served as the basis for updating Moldova's IT industry competitiveness strategy and promotional initiatives to attracting customers and investments.

IDC's 2012 assessment was disseminated to all industry stakeholders — in particular, the government of Moldova — as a guide to develop the industry and attract investment.

IDC White Paper

"The government has actively developed policies and initiatives designed to promote foreign and domestic investment in the country, creating highly favorable corporate tax regimes and free economic zones and industrial parks. Information technology is a particular focus. Virtual IT parks, incentives designed to spur the software sector, tax programs to prevent brain drain, and training programs for IT specialists are all contributing to an IT ecosystem that increasingly exports development, quality control, and application customization and support to Europe, North America, and Russian-speaking countries."

— *From the IDC white paper* Moldova: Moving into the Premier League of IT Nearshoring, *2014*

IDC also developed a white paper, “Value for Money with IT Operations in Moldova” and a brochure that highlights Moldova’s experienced companies, convenient location, cultural compatibility with other European countries, and competitive IT labor force. CEED II and other industry stakeholders — including the Ministry of Information Technology and Communications, the prime minister’s investment attraction team, the Moldovan Investment and Export Promotion Agency (MIEPO) and ATIC — used these documents to publicize Moldova’s IT industry and the country as an IT destination.

At the end of 2014, CEED II commissioned updated research from IDC with a greater focus on the IT services industry. The research provides managers of IT companies and potential investors with a useful tool for developing IT service centers in Moldova.

Also with support from CEED II and GIZ, IDC developed a second white paper, “Moldova Moving into the Premier League of IT Nearshoring” that described recent industry advances, emphasizing Moldova’s strong, growing, and multilingual ICT talent; effective leadership; strong development initiatives; and overall favorable business environment. The government of Moldova and ATIC will use the white paper for promotion and will distribute it to Moldovan embassies, MIEPO, and other relevant partners.

Business-to-business events and export-oriented promotional activities

CEED II supported the organization of business-to-business (B2B) events in Moldova and attendance at events in Armenia, the Czech Republic, Germany, Romania, and Sweden. In Year 1, CEED II organized a study tour to Brno and Ostrava, Czech Republic, in collaboration with the United Nations Development Program Support to Confidence Building Measures Between Moldova and Transnistria Project. The delegation comprised participants from four Moldovan software companies, five hardware firms, and six educational institutions.

In October 2012, CEED II organized an ICT sector promotion event in Bucharest, Romania, in collaboration with IDC Romania. The event was dedicated to IT nearshoring and promotion of Moldova as an IT destination. It attracted more than 80 representatives of software companies and foreign embassies.

In November 2013, CEED II provided a strong platform for the Moldovan ICT industry by sponsoring attendance at a B2B event in Kista, Sweden, which was organized by Swedish consulting firm South East European Business Agency. Attendees included more than 90 representatives from ICT companies, embassies, and business organizations throughout Sweden and southeastern Europe. The delegation made a clear case for the benefits of contracting IT services to Moldova.

In March 2014, CEED II supported a Moldovan delegation to attend CeBIT, the world’s most important IT business trade show, in Hanover, Germany. At the exhibition, the delegation met with potential investors to discuss regarding options for contracting services to Moldovan IT companies or collaborate in areas of common interest.

CEED II helped ATIC develop a B2B portal and catalogue of ICT companies, tools that ATIC members considered useful for promoting their services to local and export markets.

Local B2B activities, including at the Moldova ICT Summit

To promote adoption of ICT as an important business processes improvement tool, CEED II helped ATIC organize B2B events at which local IT companies presented solutions to companies in other sectors. Depending on the needs of the audiences, most events addressed enterprise applications, management information systems, enterprise resource planning, supply chain management, and customer relationship management. These B2B events were organized as standalone presentations or part of the ICT for business track at Moldova ICT Summit events.

THE IMPACT OF

USAID
FROM THE AMERICAN PEOPLE

Moldova Information Technology Industry

Roadmap to Competitiveness

$600 million ICT industry size in **2013**

22,000 people Largest youth employer

Fastest growing industry

20 fold IT services export growth in **10** years

Enabler for economy and society

USAID CEED II* key impact

Adapted education to industry needs

Positioned Moldova as IT destination

Achieved shared vision and better environment for ICT industry

Built stronger IT startup community & idea-sharing culture

ICT Career Roadshows

5 years | **175** universities & schools | **25** private companies partnering | **9,200** youngsters

Innovational ICT Excellence Centre underway

Partnership with **Government**, Microsoft, IBM

$2M leveraged investment

1,000+ future beneficiaries per year

Boosted interest and enrollment for IT careers

Adapted education to industry needs

Pioneered new IT technologies

Engaged private sector in education

School IT curriculum upgraded

IT Essentials course introduced as elective & optional

Robotics Clubs pioneered

200 teachers trained | **4,000** children enrolled | **195** schools engaged | Cisco, LEGO, Microsoft Partnership

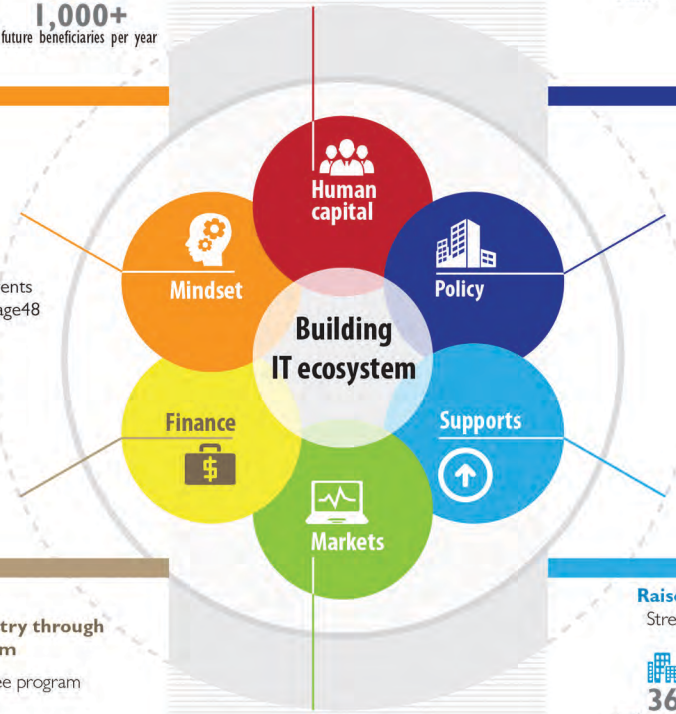
Nurtured IT entrepreneurship

Built strong IT community & idea-sharing culture

Connected Moldova to global startup community

Introduced innovational startup events Startup Weekend, Launch48, Garage48

11 events | **550** participants | **15** private sponsors | **6** growing startups



Achieved shared vision for ICT industry

ICT Policy White Book by private sector

National ICT Competitiveness strategy

Improved business environment

Fiscal incentives for ICT employers

IT Parks draft Law

ICT Development Agency concept

15 Government actions to improve business environment

Improved access to finance & increased lending to IT industry through USAID DCA guarantee program

$1.2M loan portfolio guarantee program through Prime Capital

Raised industry voice

Strengthened ICT Business Association (ATIC)

36 member companies and growing | **4** times revenue increase in 4 years | **25** position papers issued | **13,000** people as direct beneficiaries

Positioned Moldova as competitive IT destination

Ranked Moldova ICT industry by global IDC

Promoted effective country positioning in IT services

Grew awareness locally and regionally

National ICT business portal with 218 registered companies

B2B events in Romania, Sweden, Armenia, Moldova

Raised Moldova ICT summit into largest industry event

Over **1,000** participants annually | **5** editions | **330** from **60** speakers countries | Funded by sponsors & Government

* USAID Competitiveness Enhancement and Enterprise Development II (CEED II) Project targets the Apparel, Footwear & Accessories, ICT, Furniture, Tourism and Wine industries. USAID CEED II increased competitiveness by: enhancing quality, increasing trade and investment; and improving public-private dialogue for a better business environment.

Photo: Wine of Moldova

The 2013 harvest in the Purcari vineyards in southern Moldova. Purcari's most popular wines include Negru de Purcari and Roşu de Purcari, dry red wines made from a blend of grape varieties.

C. WINE SECTOR

C1. Sector at a Glance

Key Indicators
• Estimated 2.5% of GDP, compared to 9% before the 2006 Russian embargo • 7% of total exports by value, 6% of industrial production • Grapes are 14% of total agricultural production • Direct and indirect employment for approximately 200,000 people, mostly from rural areas in the center and south • 80 percent of wines produced in Moldova are exported

Wine is an important part of Moldova's culture and daily life, and winemaking has been recorded there since 3000 B.C. An estimated 70,000 Moldovan families own vineyards and produce wine, and wine is present at celebrations including birthdays and religious holidays. The industry employs approximately 200,000 people, mostly from rural areas, and generates an estimated 2.5 percent of GDP and $149 million (7 percent) of exports despite severe downturns caused by Russian embargos in 2006 and 2013. The first resulted in losses estimated at $500 million and the closing of one in three wineries. The majority of Moldova's approximately 140 grape processors use outdated equipment and technologies, preventing them from producing competitive, high-quality wines. The 2013 embargo exacerbated financial pressures on winemakers. Of €75 million that the European Investment Bank made available in 2012 through the *Filière-du-Vin* (viticulture restructuring) project, approximately 40 percent was disbursed.

Moldova has 125,000 hectares of vineyards. However, an estimated 40 percent of vines are no longer productive and need to be replaced. Average yields of 4.8 tonnes per hectare (half of Italian yields, for instance), reflect low productivity due largely to outdated vineyard management and poor irrigation.

Wine is significant to the Moldovan economy because it is one of the only exported products whose full value chain is completed in country. Despite wine's cultural and economic importance, the industry struggles to sell more at higher prices, diversify export markets, and convey an image of high-quality wines from a traditional wine-producing country. CEED II's support to help the industry overcome these challenges contributed to increased revenues for small and large producers, increased wine tourism, fostered sustainable business development, and created new jobs.

The wine industry reduced its dependence on traditional CIS markets from 85 percent of exports in 2008 to 66 percent in 2014. Wine export destinations diversified in favor of European Union markets, which grew by an average of 10 percent per year, reaching 26 percent of total exports in 2014. Additionally, Moldova's quality wine production showed a visible upward trend. For example, high-quality red and rosé wines increased from 31 percent of production in 2008 to 38 percent by 2014. The large stocks accumulated as a result of embargos caused a 250 percent surge in bulk wine exports from 2008 to 2013. Although bulk wine exports predominate, accounting for 65 percent of Moldova's wine exports in 2013, the industry has striven to shift to bottled wines and generate added value.

SNAPSHOT

Promoting Reform in Moldova's Wine Industry

USAID supports Moldova's wine industry to be more competitive, leading to increased exports and domestic sales

Photo: USAID CEED II Project

U.S. Ambassador William H. Moser at the wine country brand launch at Moldova's National Museum of Ethnography and Natural History in December 2013

By most estimates, wine has been made on Moldova's land since 3000 B.C. About half of Moldovan families make their own wine, and it is served at occasions ranging from birthdays to religious holidays. The industry employs about 250,000 people and generates an estimated 2.5 percent of Moldova's GDP and 7 percent of its exports. Yet, despite wine's cultural and economic importance, the lack of robust, sector-wide communication and public-private dialogue hampered modernization and competitiveness.

To address this challenge and promote reforms in the sector, USAID supported the 2013 creation of the National Office for Wine and Vine (ONVV), which is responsible for sector administration and promoting Moldovan wine abroad. Modeled after similar institutions in leading wine-producing countries, the ONVV is under the guidance of the Ministry of Agriculture and Food Industry but operates as a public-private partnership with joint management and funding through the national Fund for Wine and Vine. Establishing the ONVV — the culmination of nearly three years of work by USAID and wine sector stakeholders — was an important step toward implementing changes in the wine and vine sector regulatory framework and promoting a national wine brand, which will increase sales and aid a key segment of Moldova's economy.

To develop a sustainable framework to boost the wine industry and implement necessary reforms transparently and efficiently, the wine industry, with USAID support, promoted sweeping legal reforms for the sector. In 2012, Parliament passed wine industryreform legislation that became law in February 2013. The new law aligned Moldova's wine rules and regulations with those of the European Union and other international standards and best practices. For example, clear labeling rules and more efficient quality assessment procedures were adopted, and regulatory barriers such as a complex and costly licensing procedure were removed.

The new law also established the ONVV, which is led by a coordination council comprising 13 members — 10 representatives of professional wine associations and three from the ministry. ONVV is also responsible for promoting Moldovan wine under the new national brand, Wine of Moldova, which was launched with USAID support in December 2013. The Wine of Moldova brand and its promotion program reflect a comprehensive marketing strategy that includes quality control and assurance and a visual identity — a logo and slogan — that reflect both new and older generations of Moldova's wine industry. The Wine of Moldova program will be financed from the Fund for Vine and Wine, which received approximately $3.2 million in annual funding through public and private allocations. Wine of Moldova was introduced internationally through a dynamic promotion campaign, including participation in trade shows such as ProWein in Germany and trade events in the United States, China, Poland, Romania, and other target export markets.

Industry revival, market diversification, and a shift to quality wines were possible because of consolidated, in-depth reform of the wine industry's regulatory framework and an innovative approach to wine sector management to ensure sustainability of interventions, with support from CEED II.

C2. Implementing Revolutionary Legal Regulatory Reforms to Accommodate Wine Industry Growth

Vision for an Improved Enabling Environment
Reform the foundation of the wine sector through integrated and consolidated reform of the entire regulatory framework and an innovative approach to wine sector management to ensure the sustainability of interventions.

The regulatory and administrative models for wine in Moldova proved inefficient in securing sustainable development. Embargos and economic shocks revealed an obsolete regulatory model, an oppressive legal framework, and the absence of efficient public-private dialogue. Moldovan wine industry rules based on disproportionate state control constrained businesses, including through licensing that restricted small wine producers and overly strict quality standards; included more than 2,000, normative technological regulations (most based on Soviet-era technical standards); imposed high excise taxes compared to none in European Union wine countries; and relied on a non-functioning wine traceability system and vine and wine register. This regulatory model ran counter to industry realities and international best practices, lacked transparency, and was susceptible to corruption. Administrative burdens and high certification costs increased product prices, made them non-competitive. The industry was unable to respond to changing market demands and comply with market requirements in European Union and other countries.

To overcome these issues and ensure sustainable development of the industry, CEED II supported the private sector in promoting fundamental reforms. The "Re-Think the Wine Sector" paper, developed in 2010 under the leadership of CEED II's wine industry manager, Diana Lazar, defined key concepts for wine industry reform. The paper became a roadmap embraced by public and private industry stakeholders. The concepts it presented included decreasing the number of regulations and introducing structural reform of the wine legal framework; introducing wine sector administration based on public-private partnerships (PPPs); removing the mandatory license tax and improving conditions for winemaking; developing a vineyard cadastre and wine register; streamlining and harmonizing oenological practices; introducing declarations of product conformity and simplifying certification procedures; eliminating excise taxes for wine; simplifying mandatory labeling rules; developing the wine protected geographical indication (PGI) and Protected designation of origin (PDO) systems; and harmonizing traceability and recordkeeping rules.

CEED II facilitated the consolidation of industry stakeholders around a common reform agenda. As a result, in March 2011 the Ministry of Agriculture and Food Industry (MAFI) and nine wine sector professional associations signed a declaration of partnership that identified the legal regulatory reform as a top priority for the sector. This incipient public-private collaboration had a unique scope: revitalizing the wine industry and building a sustainable framework for future industry development.

CEED II's approach was to reform and extensively amend Moldova's Law on Vine and Wine (2006), Law on Licensing (2001), and Law on Production and Trade of Alcoholic Products (2000). The project served as a facilitator and mediator during legal drafting and review from October 2011 to November 2012, supporting dialogue among the private sector, government counterparts, and Parliament. The lengthy, complex review process involved negotiations among the Ministry of Finance, Ministry of Economy, and the Regulatory Impact Assessment Commission. In September 2011, MAFI submitted its draft wine sector reforms to the government of Moldova; Parliament's final vote came in November 2012, and the law was published in the official gazette later that year. The excise tax for wines sold locally was eliminated in 2012.

The new Vine and Wine Law dramatically reformed Moldova's wine rules and regulations, bringing them in line with those of the European Union and other international standards and best practices. The law eliminated licensing, introduced transparency in business operation procedures (for example, transparent quality requirements, predictable winemaking rules, and clear conformity assessment and control procedures); harmonized wine quality requirements to European Union standards; and created a legal framework for production of wines with geographical indication and denomination of origin, supported by a clear traceability system founded on the state vineyards' cadastre — the Vine and Wine State Register. The new legislation gave hope to wineries that were struggling due to the embargos and spurred the emergence of innovative startups, called new generation wineries. In 2014, about 20 small wineries were legally registered, compared to only one in 2010. The reform significantly eased administrative burdens. The wine industry realized annual savings of an estimated 3 million MDL ($250,000) in license taxes, 1 million MDL ($83,333) in administrative costs associated with licensing, and 50 million MDL ($3.4 million) in excise taxes.

Implementation of the new wine law beginning in February 2013 required harmonization of technical regulations. CEED II facilitated transparency and open public-private dialogue between MAFI and business associations. A detailed reform implementation roadmap was developed with project support and adopted by MAFI Order 13/2013. CEED II helped draft, amend, and abrogate 35 regulations to comply with the new legislation. A subsequent reform of wine conformity assessment procedures was initiated. A white paper on the new model of Moldova's wine product regulations served as a starting point, followed by the drafting of a technical regulation for wine sector organizations — a complex process that involved more than 30 public-private debates. CEED II served as a mediator, reminding counterparts of reform principles. Early in 2015, after two years of debate, MAFI, the National Office for Vine and Wine (ONVV), and the private sector reached consensus, and the draft technical regulation was submitted to the government.

Revolutionizing the Wine Industry

"With CEED II support, we have rethought the wine industry's strategic development, eased the regulatory system, established a new industry management model, and repositioned our market. The last four years were quite revolutionary for the Moldovan wine industry. We believe wine shouldn't be about politics but about quality and traditions. "

— Eugen Pislaru, ONVV board member; vice president, Association of Wine Producers and Exporters of Moldova

On May 13, 2015, the government approved the technical regulation, which harmonizes Moldovan wine production rules with those of the European Union and streamlines

conformity assessment procedures by eliminating dozens of outdated standards and orders and decreasing the number of indicators to be assessed. These changes were expected to lead to an estimated 20 percent decrease in certification costs, with a direct impact on the competitiveness of Moldovan wines in European Union markets. The regulation also established a framework for the production of PGI/PDO wines, with production expected to begin in autumn 2015.

CEED II helped ONVV take an active part in the reform process. In 2015, ONVV initiated five draft regulations for streamlining wine industry management, including organoleptic assessments and management of the vine and wine state register. MAFI enacted an optimized certification procedure to reduce the cost of the certificate required for exports to European Union countries by up to 30 percent, increasing the competitiveness of Moldovan wines in those markets. As of May 2015, implementation of this fundamental reform had not begun.

In Year 4, CEED II prepared a study on the impact of Russia's 2013 embargo on Moldovan wine. The study served as an important reference point for the public and private sectors as they discussed options to stabilize the wine industry during a particularly uncertain financial period.

C3. Implementing Sustainable Industry Framework and Institutionalizing PPPs for Industry Management

To overcome an outdated wine industry organizational framework that was based on the Soviet administrative model, and weak and unconstructive public-private dialogue, CEED II helped MAFI create the National Office for Vine and Wine as a new equitable model. ONVV operates as a PPP that is jointly managed and funded through the National Vine and Wine Fund to implement regulatory reforms, promote the national wine brand, and increase sales to boost the economy. Ten of its 13 board members are drawn from the private sector. ONVV was established in 2013 through the Law on Vine and Wine as the result of three years of CEED II support. From 2011 to 2014, CEED II supported a public-private working group, the Council for Wine Promotion, coordinated national wine promotion until the ONVV was institutionalized.

Choosing the best model and setting the legal framework for ONVV

An extensive comparative study of seven global wine industry management models (new and old world countries including Australia, New Zealand, South Africa, Austria, and Romania) contributed to the development of ONVV as the best model for Moldova. Establishment of the National Vine and Wine Fund ensures financial stability, with funding shared equally by the government and the private sector through levies collected from all value chain actors from grape producers to processors. In 2014 and 2015, the $2 million ONVV budget was invested primarily in marketing Moldovan wines overseas. In its initial phase ONVV focuses on the national wine brand and association marketing, but its mandate also includes managing the vine and wine register, PGI/PDO systems, and other wine sector administration functions.

Assisting successful setup and building capacity

CEED II supported ONVV to advocate for and lead implementation of ongoing wine industry legal reforms and the Wine of Moldova brand. A professional team at ONVV served as a counterpoint to the MAFI bureaucracy and to meet the expectations of the private sector for

quick and impactful results. CEED II supported development of the initial institutional concept and a successful startup, providing expertise and assistance for the development of internal regulations and systems as well as staffing, budgeting, and operational plans. The ONVV, with CEED II support, advocated successfully to the government (particularly the Ministry of Agriculture and Ministry of Finance) for compensation for ONVV employees competitive with private sector salaries — one of the fundamental principles for establishing a professional and efficient body. As a result, the ONVV was able to hire an executive director who had served as the general director of a leading winery in the private sector.

CEED II helped the newly formed ONVV position itself among public authorities and private sector stakeholders and serve as the hub for wine industry matters — for example, engaging in meetings with the prime minister, facilitating regular industry meetings, and acting as an industry think tank. CEED II's assessment of the wine sector's financial situation also strengthened the ONVV's role in implementing wine sector policy and mediating public-private dialogue. ONVV took a leading role in implementation reform, particularly for PGI/PDO systems and technical regulations, and streamlining controls and product conformity assessment costs. CEED also helped ONVV establish a relationship with the Austrian Wine Marketing Board because the Austrian model was an inspiration for wine industry regulatory and institution reform in Moldova. Austrian wine exports virtually ended in 1985 following the revelation that some wines had been adulterated; sales and prices did not fully rebound for more than a decade, after extensive reforms of the industry and wine legislation. Finally, the ONVV became the primary counterpart and beneficiary of the $1 million Vine and Wine State Register project, which was co-funded by USAID and the Czech Development Agency. Since the establishment of the ONVV under the wine law of February 2013, it has become a vibrant institution that follows new industry strategies and values, demonstrating willingness to continue the reforms and take ownership of the development initiatives initiated by CEED II.

C4. Upgrading Product Standards and Fostering the Emergence of "New Generation" Wineries

Following the 2006 Russian embargo, Moldova's wine industry lacked a strategic approach to ensuring quality, primarily following a high-volume and low-quality model. Low vineyard productivity and strong competition from high-volume producers in other countries signaled that Moldova should consider European markets focused on quality wines and added value, yet only 28 percent of wines produced in 2008 met this quality level. The inefficient, overregulated legal environment resulted in the export of large quantities of low-quality wines. By 2013, in response to CEED II interventions, the share of quality wines versus total production had increased by 10 percent, and dozens of wineries had introduced products in the quality segment, building a positive trend in production.

Streamlining legislation for upgraded quality standards and defining the industry quality framework

Wine legislation reform streamlined control and quality enforcement procedures, and CEED II helped define a quality framework for Moldovan wines connected with the industry strategy for market diversification. The industry committed to focusing on three wine quality levels: generic wines (mostly bulk and volume-based wines) at the entry level, wines marked with the Wine of Moldova country brand for the middle to upper product range, and

PGI/PDO wines with higher added value. This quality pyramid was the foundation of the wine industry product strategy, which offers attractive incentives to increase the share of quality products within the next 10 years.

The project used the quality product enhancement strategy in other activities, including the development of the Wine of Moldova country brand. Following international practices and the national wine product strategy, the wine industry agreed that the country brand should be used only for wines that meet specific quality specifications, thereby serving as a quality mark to maintain a consistent image of Moldovan wines and also serve as an entry point for higher-quality PGI/PDO wines.

Reinventing Moldova's Wine Industry

"The CEED II project has supported the Moldovan wine industry in making real progress over the last four years, and it is finally on track to reinvent itself as a modern European wine country. The development of a national wine office, legislation matching EU standards and establishing PGI wine regions are all important developments, and better quality wine is emerging that can win friends in global wine markets."

Caroline Gilby, Master of Wine

Building a PGI and PDO system for value-added Moldovan wines

Moldova had no experience with the origin-based PGI/PDO system, a complex concept that originated in France and Italy in the early twentieth century and spread to other wine-producing countries. Use of the PGI/PDO system enables producers to sell origin-based wines at higher prices, preserve their traditions, and market the uniqueness of their wines.

CEED II helped the wine industry conceptualize and lay the foundation for a feasible PGI/PDO system to provide credibility and quality standards for international markets. This assistance was also critical to the European Investment Bank's issuance of a €75 million line of credit to Moldovan PGI/PDO producers.

CEED II provided indispensable support to MAFI and wine sector associations to learn the essentials of PGI/PDO system. Assistance included a study visit to Romania in March 2011 and public-private discussions in 2012 with the French Institute for Denominations of Origin and Quality and Champagne Protected Denomination, which demonstrated best European practices. CEED II facilitated numerous private sector discussions to identify the most appropriate PGI/PDO model for Moldova and helped respond to MAFI's desire to register a single, country-wide PGI, which conflicted with European concepts.

In 2015, after three years of negotiations, the private sector and MAFI agreed on a common vision for PGI/PDO functioning. CEED II empowered private sector associations and ONVV to promote a credible model based on industry self-control and balanced state intervention. The model is laid out in the technical regulation on wine industry organization that was the government of Moldova approved on May 13, 2015.

With CEED II support and coaching, the first Moldovan PGIs were registered with the State Agency for Intellectual Property Protection in September 2013. The PGIs correspond to the three main wine regions of Moldova — Valul lui Traian, Codru, and Stefan Voda. A producers' association for each region governs the PGI and corresponding quality standards. CEED II assisted in developing internal regulations for areas including ethics, quality control, wine tasting and analysis, and the creation of a brand identity highlighting each region's

uniqueness and values. Representing the private sector to the ONVV board, the associations are empowered to support business interests and guide wine industry management strategies. Also in September 2013, PGIs were introduced for legal protection in the European Union.

Initiating changes in wine education

The shortage of skilled workers in Moldova's private wine sector is attributable to outdated curricula and teaching methods. Education, which is essential to sustainable development of the wine industry, must respond to private sector needs. Therefore, CEED II supported a study visit for MAFI representatives to the Klosterneuburg Winemaking and Viticulture School in Austria in April 2014. Subsequently, MAFI assessed the status of professional wine education in Moldova and initiated the development of The Viticulture and Winemaking Excellence Center at the National College of Viticulture and Winemaking in Chisinau.

A Brighter Future for Wineries

"After the Russian bans of 2006-2008, our company decided to invest in quality wines and develop new markets, especially internal ones. CEED II supported us in these efforts as we participated in the marketing coaching program. We launched two additional product series: in the mid-price (Fabula) and high end (Illustro) segments, both developed with project assistance. As a result, we earned additional profits of about $150,000 per year, enlarged our market share in Moldova and Romania, and entered the Polish and Chinese markets. New generation wineries have boosted the wine industry to a new development phase, definitely a brighter one."

Ruxanda Lipcan, marketing director, Fautor Winery

With CEED II support, local experts prepared a concept paper on the excellence center, which was presented in the presence of the Prime Minister Iurie Leanca and the Minister of Agriculture and Food Industry, Vasile Bumacov. The paper recommended a four-year implementation period at a cost of about €5 million, and the college quickly obtained a €2.5 million line of credit from the European Investment Bank. Several other donors expressed interest in providing technical assistance for implementation of the center.

To support startup, the project retained a local consultant to coordinate the modernization of the college. The consultant supported the development of an action plan, which was approved by the Minister of Agriculture, and a faculty visit to the Klosterneuburg Winemaking and Viticulture School was planned to study curriculum reform. In March 2015, the Czech Development Agency provided €600,000 to upgrade the college curriculum, and the Austrian Development Agency was considering support for the professional development of faculty.

Accelerating the emergence of new generation wineries and launch of quality wines

Moldovan wineries lacked the right products to overcome the effects of the Russian embargoes, recover lost sales, and penetrate new markets. They marketed wines of inconsistent quality and style, with inappropriate branding. For these and other reasons, the industry was challenged to abandon old business models.

CEED II supported the emergence of a new wave of wine products and wineries to serve as the backbone of a revitalized wine industry. These so-called new generation wineries focused on quality and market-driven products, especially for the regional, European and other competitive markets. A dedicated marketing coaching program helped wineries develop new wine products (including premium brands), domestic and international business and

promotion strategies, and brand identities. The 20 new generation wineries that took part in the marketing coaching program over the last three years of the project launched 17 new brands and product ranges, all positioned in the premium segment and supported by marketing programs and promotion campaigns. For example, CEED II helped the mid-sized Fautor winery, which transitioned from bulk only to quality bottled wines, launch a new mid-range brand, Fabula. By 2015, Fabula was sold at 170 outlets and restaurants in Moldova and exported to Poland and Romania, becoming Fautor's main revenue stream. The marketing coaching program also boosted the emergence of wineries aligned with international quality and market standards, creating new business models and increasing readiness to compete in other markets, such as European Union countries. An increasing number of wineries accepted that quality wines were the most competitive product strategy for Moldovan wines.

Improving viticulture techniques to support quality

An estimated 40 percent of Moldovan vineyards are too old to be productive and need to be replanted. Average yields of 4.8 tonnes per hectare, significantly lower than in other countries, largely reflect outdated agricultural practices and poor irrigation. CEED II focused industry attention on improving Moldova's viticulture policies and raised awareness of outdated regulations and ineffective policies. A white paper on Moldovan viticulture was developed with local and international expertise. The paper's key proposals included motivating producers to advocate for zoning vine areas according to geographic indication; developing more transparent rules for planting; abolishing the technical design requirement; eliminating the need for commissions and requirements for approval of vine planting or aging; improving vine material classification and variety requirements; reforming the National Institute of Vine and Wine; and introducing a new strategy for the wine industry. Subsequently, CEED II helped incorporate several improvements into the final version of new law on vine and wine.

New Wave of Innovation

"Before CEED, small wine producers were practically nonexistent; it was impossible for them to produce wine because of restrictive laws. Thanks to the project's support, our association has convinced big producers and the ministry to eliminate licenses and ease regulations. Project support was crucial to promote our products: we developed brand book, upgraded quality, and raised awareness locally and internationally. More and more young people in Moldova invest in winemaking. About 20 small wineries emerged, creating a new wave of innovation and quality in the wine industry. "

— *Ion Luca, chairman, Association of Small Wine Producers*

Supporting self-driven industry quality standards

CEED II helped the industry develop self-driven quality standards through the Association of Small Wine producers, whose members produce high-quality boutique wines. These producers adhere to a specific production philosophy — a single winemaker oversees the entire production chain from grape growing to bottling. This *vigneron independants* (independent winemakers) concept encourages the production of iconic wines, often blending winemakers' business models with those of rural tourism and gastronomy.

With support from CEED II, the association developed a code of conduct and technical specifications and coached new or aspiring small winemakers through its business members. The association also identified and trained 10 small producers to participate in wine tastings and common trade and promotion activities. Its quality standards were promoted in

Moldova's wine regions, inspiring producers to adhere to the code of conduct. By 2015 five new small producers had joined the association and were creating innovative products.

C5. Building the National Wine Brand and Industry Marketing Strategy

Building brand equity in wine is necessary, yet difficult. Many consumers choose wines based on the country of origin; however, Moldova was unknown to European consumers. Purchasers in neighboring countries such as Poland or Romania associated Moldova with cheap, low-quality wines. The industry lacked a marketing strategy and country image to enhance the reputation and interests of Moldovan wines. New World wine countries have recognized the strong impact of such strategies as efficient marketing tools, especially for small or less familiar countries or regions.

CEED II helped build a national wine brand by positioning, branding, and promoting Moldovan wine based on international best practices and with a vision shared by public and private industry stakeholders. This effort involved a complex and highly participatory multi-year process for developing the wine country brand — Wine of Moldova — based on quality principles, a strategy for positioning and differentiating Moldova in key markets, an institutional management and funding model, and a visual identity. Moldova's wine country brand is based on strong quality and country of origin features. It is modeled on the Australian Wine brand and the Austrian Wines concept and follows international best practices in country wine branding. CEED II supported a team of four local experts and a foreign consultant who conducted several feasibility studies on options to position the country; quality requirements, export markets, Moldova's organoleptic profile based on benchmarking tastings, its wine country brand legal concept, and a marketing framework.

Industry stakeholders agreed on four essential elements: management, quality, positioning, and visual identity.

The Wine of Moldova brand is managed by ONVV, the innovative public-private institution set up with CEED II support. CEED II ensured intellectual property protection for the brand, transferring ownership to ONVV in June 2014.

CEED II assisted the industry to define its quality standards, including through benchmarking exercises that served as the foundation for the development of technical specifications for Wine of Moldova as a quality mark.

To position Moldovan wines, CEED II developed a marketing and promotion framework based on an assessment of international market trends and opportunities, a survey on perceptions on Moldovan wines, and several workshops with industry actors at the executive and strategic levels. CEED II helped ONVV define an 18-month promotion plan that drew on successful Australian and Austrian practices.

SNAPSHOT

Wines Made with Passion in Causeni District

With USAID support, award-winning wines gain broad recognition and increased sales at home and abroad

Photo: Von André Widmer, Le Monde

Winemaker Ilie Gogu takes an active part in every aspect of production at his winery, including harvesting.

"With the support of USAID CEED II, I have managed to get integrated into the community of small winemakers, find a place for my wines on the market, identify myself to consumers, and get in direct contact with them."

— Winemaker Ilie Gogu

In 2011, Ilie Gogu was making wine from grapes harvested from a five-hectare vineyard in Moldova's Causeni district that he inherited from his parents. By 2015, that vineyard had become a thriving business, producing wines for domestic consumers and export to Germany, Romania, and Estonia.

Russia's 2006 ban on imports of Moldovan wine helped Gogu understand that investing in quality could expand sales beyond Moldova's borders. By the time the embargo was lifted, in 2013, Gogu's winery was positioned to sell abroad, including to Russia and Ukraine.

USAID played a major role in Gogu's success. In 2013, the CEED II project supported reforms and policies to help spur the growth of Moldova's wine industry. A new law eliminated the requirement that winemakers be licensed, which had hindered smaller wineries with limited resources. USAID also supported the establishment of The National Office for Vine and Wine to help develop small wine enterprises.

Gogu's personal journey began in 2002, when he entered the winemaking program at the Technical University of Moldova. For the 10 years following his graduation, he worked at Salcuta Winery, also located in the Causeni district, where he honed his skills.

Gogu's wines first attracted attention in 2004, when he entered the Moldovan Chamber of Commerce and Industry's annual Golden Barrel homemade wine contest for the first time. He received numerous awards over the years, especially for his dessert wines. In 2012, he was invited to join the Small Wine Producers Association, which was established with USAID support and helps small producers expand their operations.

Through the association, Gogu received coaching in viticulture, attended winemaking seminars, took part in national and international trade shows, and exhibited at the CEED II-sponsored 2014 Wine Vernissage, an event that brings together winemakers, sommeliers, and other industry professionals from around Moldova. Building on these opportunities, Gogu developed a sophisticated brand book and market strategy that included the association's logo, a nationally recognized marker of quality.

Gogu proudly sells signature wines — made, bottled, and marketed by just one person. He sold 6,000 bottles domestically in only three years, including to wine shops in Moldova's capital. Plans for 2015 included increasing his vineyard holdings by 3 percent and growing local varieties such as Feteasca Black, Feteasca White, and Black Rara.

Gogu hopes more young Moldovans will start their own wine businesses and the country's wine industry will rebound. Thanks to USAID assistance, many winemakers who started just as humbly as Gogu are making the dream a reality.

The stork at the center of the visual identity is a contemporary reinterpretation of a traditional symbol of the Moldovan wine industry. The image unifies the old and new generations around a meaningful, forward-looking symbol. A complete branding and marketing collateral was developed with project assistance.

The success of the country branding development was attributable to a highly participatory working process with a strategic council of senior business and government representatives and an executive committee of winery marketing specialists. This structure facilitated consensus on sensitive issues such as positioning, logo features, and quality requirements.

CEED II provided more than two years of targeted support and planning on behalf of Moldova's wine sector. These activities culminated in the development, marketing, and launch of the national Wine of Moldova brand by U.S. Secretary of State John Kerry during a visit to Moldova and a high-profile event at the National Museum of Ethnography in December 2013. The brand was launched internationally in March 2014 at a press conference at the most important European professional wine exhibition, ProWein, in Germany. The 30 journalists who attended included editors of wine journals published in France, Germany, Poland, Romania, Ukraine, and China. More than 200 wine professionals took part in seven master classes where they tasted Moldovan wines. The success of the international launch reflected significant preparation included 90 events over the previous four years and an ambitious 2014 public relations and marketing plan.

C6. Repositioning and Increasing Exports to High-Quality Markets

In 2010, four years after the first Russian ban on Moldova wines, local producers still depended heavily on sales to the CIS and hopes to recover the Russian market that, in 2004, had accounted for nearly 75 percent of exports. Moldova continued to struggle to boost exports to non-traditional markets. The second Russian embargo, in 2013, cemented an understanding of the need for market diversification.

Focusing the markets

CEED II support helped the wine industry define its focus markets through the joint marketing council vehicle and, later, ONVV to enable public and private stakeholders to consolidate their marketing efforts and limited resources around selected markets and promotion plans. The marketing strategic framework developed in 2013 for the Wine of Moldova brand became the cornerstone of market and promotion activities. It defines immediate trade objectives for positioning or repositioning products in the Central and Western European markets of the Czech Republic, Poland, and Romania and opening new export destinations in the Baltic States, Slovakia, and China. Individual plans for each major export market included milestones and target indicators.

Winemaking's New Story

"Moldova's wine industry is thriving and alive, especially as it has completely revolutionized its structure over approximately the last decade. While it took an outside motivating force — two brutal embargoes from Russia — to bring along the changes, the industry has embraced its new life and made radical changes to everything from its vineyards straight through to its packaging. Certainly, Moldova has thousands of years of winemaking prowess and pride behind it. However, it is these smart, agile, and highly skilled individuals that will shape the country's wealth of heritage and its vision of the future. Moldova is a winemaking legend that is crafting a new story."

— Christy Canterbury, Master of Wine

This ongoing marketing strategy was endorsed by the private sector and government and implemented under ONVV leadership.

Bringing Moldova to opportunity markets

Having laid a new foundation for the wine sector, the next step was entering new markets. Promotional events were planned carefully under a public-private platform oriented toward major target markets — the Czech Republic, Germany, Poland, Romania, Ukraine, the United States, and China. In August 2011, the MAFI minister and representatives of 11 Moldovan wineries and ONVV participated in a trade mission to the United States at the invitation of Secretary of State Kerry. Supported by CEED II, ONVV planned the mission and organized master classes in Washington, D.C., and New York led by Christy Canterbury, Master of Wine.

Wine of Moldova business-to-business (B2B) events in New York in August 2014 and April 2015 drew a total of 300 visitors, including wine importers and distributors, sommeliers, and journalists. Media coverage included print and online articles and a Fox News "Wine Me" broadcast that raised awareness of the brand. Within six months of the events, Moldovan wine shipments to U.S. markets had increased by about 20 percent. Vinaria din Vale wines were offered by Astor Center, a New York shop that hosts wine tastings, and Fautor and Et Cetera wines doubled their exports after their U.S. importer noted increased interest in Moldovan wines.

Photo: The National Office for Vine and Wine

Chateau Varteley General Director Ludmila Gogu (far left) and Export Manager Radu Popescu (second from left) meet with importers at the ProWein exhibition in Dusseldorf, Germany, in March 2015.

Over the course of five years, CEED II support enabled industry representatives to participate in prestigious trade shows including ProWein and WeinMesse (Germany), Vinexpo (France), Goodwine (Romania), and World Bulk Wine (the Netherlands). Moldovan wines debuted at the ProWein China expo in November 2014, attended by more than 5,000 wine professionals, and engaged visitors through master classes held by Debra Meiburg, Master of Wine. ProWein China brought new business contacts and immediate sales to China, one of the world's fastest growing markets, for Chateau Vartely and other wineries. Additional CEED II assistance supported in-depth, multi-layered marketing campaigns in Poland and Ukraine via B2B events, digital campaigns, consumer tastings, and press trips. U.S. government trade development assistance was leveraged with ONVV funding of 30 million MDL ($1.6 million) from 2013 to 2015 for joint wine industry promotion activities. Counterparts including the Dutch Center for the Promotion of Exports from Developing Countries, United Nations Development Program, and MIEPO provided additional funding.

Showcasing quality products across borders

ONVV and CEED II launched the national Wine of Moldova brand in Romania in 2014 while participating in the Bucharest International Wine Contest. Of 110 Moldovan wines entered in the competition, 37 received gold, silver, or bronze medals. Entries of Moldovan wines doubled in 2015. Moldovan wines have also been recognized at competitions including the Decanter Wine Awards, Mudus Vini, and the Challenge International du Vin.

Building awareness of Moldova as a wine-producing country

Over the life of the project, 25 foreign wine journalists — most from target markets — participated in five wine press trips to Moldova. More than 250 journalists were introduced to the Wine of Moldova brand through promotion and public relations activities, and many published their impressions in print and online media. For example, *Meininger's Wine International Business* featured Moldova as a wine producing country in 2014. CEED II invited Meininger's editor in chief, Felicity Carter, to Moldova to learn about its wines, and traditions. More than 95 international journals published articles about Moldovan wines, including *Decanter* (United Kingdom), *La Revue du Vin de France China*, *Fine Drink*, and *WineBlogChina* (China), as well as U.S. wine blogs. To build awareness Moldova's fine wines, wine cellars, and rural tourism were showcased on television channels in target markets, including Fox News (United States), Nova TV (Czech Republic), Money Channel (Romania), Markiza TV (Slovakia), and the Chinese national television station. CEED II introduced press trips as effective tools to build awareness internationally and in target markets and built ONVV capacity to organize such trips.

CEED II commissioned a four-page piece on Moldovan wines in the July 2015 issue of *Decanter* by Caroline Gilby, a Master of Wine, connoisseur of Moldovan wines, and wine journalist. *Decanter,* a major wine publication, has a monthly circulation of 43,000 in the trade and consumer sectors in the United Kingdom and other countries. The article was intended to increase interest in Moldovan wines and position the wine country brand internationally, supporting export diversification. The piece was included in the issue to be distributed at the June 2015 Vinexpo fair in Bordeaux, France.

Building industry export sales

Program support enabled the Moldovan wine sector to opened new markets and reorient exports to the European Union, United States, and China. The Wine of Moldova program and creation of the ONVV essential to future success. From 2012 to 2015, exports to non-CIS markets increased 12 to 15 percent annually, easing dependence on CIS markets and creating value for wineries. Export markets that showed particular increases between 2010 and 2014 included the Czech Republic (30 percent), China (36 percent), Romania (13 percent), Latvia (40 percent), and Slovakia (270 percent). Other emerging markets that showed dramatic increases included Japan 10-fold) and Nigeria (17-fold). In only four years, the Moldovan wines intrigued international wine experts and earned a credible and respected identity. Moldova positioned itself as a new winemaking country from the old world producing high-quality wines — "one of Europe's best-kept secrets." Prices for bottled wine exports also grew; average prices for quality wines increased by about 15 percent from 2011 to 2014.

C7. Upgrading Wine Culture and Domestic Market Development

In 2010, Moldova's wine market showed an emerging trend in favor of bottled wine, estimated at 2.5 million to 3 million bottles annually (in comparison, the annual vodka market was estimated at 18 million to 24 million bottles). At the same time, annual per capita consumption of bottled wine was about 2.5 to 3 liters compared to 30 liters of homemade wine. This revealed low appreciation on the domestic market compared to beverages such as beer, brandy, and spirits, which benefitted from large marketing budgets. Additionally, the poor quality of wine service discouraged sales in the hotel, restaurant, and cafe (HORECA) sector, considered the main driver of wine culture in Europe. CEED II provided local market assistance through wine culture events and trade enhancement activities.

Creating the sommelier profession

Brigitte Leloup, vice president of the Association of European Sommeliers, trained the first 33 professional Moldovan sommeliers, 13 of whom were accredited and earned the European Sommelier Diploma. This achievement signaled that Moldova has skilled wine professionals, and two certified sommeliers were quickly invited to judge at the prestigious Mondiales de Bruxelles competition. CEED II thus formalized the sommelier profession in Moldova, which had not existed before 2012. The country's first sommelier school was established in 2013 and issues diplomas. In 2013, a university-level sommelier course was developed with project support and accredited by the Ministry of Education. The first course, at the Technical University of Moldova, enrolled 50 students, preparing qualified graduates to enter the HORECA segment and wine tourism sector.

Improving wine service skills

Wine service in Moldovan restaurants was poor, and wines sales insignificant. From 2012 to 2015, Ms. Leloup trained 15 leading restaurants in Chisinau in wine service, staff incentives, and food pairing. On subsequent visits to six restaurants, she noted that improved wine service met European standards. In 2015, the project supported ONVV's launch of the Wine-Friendly Restaurant Program, which aims to become a national quality service mark. About 30 restaurants took part in the first round of training and accreditation.

Developing wine promotion events and including wine culture elements in wine festivals and wine tourism facilities

CEED II spread information about Moldova's wine culture and the improving quality of its wine with the help of local press and bloggers. CEED supported 15 master classes and two national Re-Discover the Wine of Moldova familiarization tours to inform the media about Moldovan wines and their history and value. As a result, the media gave greater attention to wine industry challenges, and local awareness of wine culture grew through more than 600 editorials published over the life of the project. More than 30 respected Moldovan bloggers discovered the wine world, become promoters of healthy and rational consumption, and wrote hundreds of posts on Moldovan wines.

CEED II also helped develop new concepts for Moldova's central wine festival, National Wine Day, as well as for the Wine School, Wine Road, Wine of Moldova national brand, and PGI promotion. Efforts to rebrand and upgrade National Wine Day paid off in 2014, attracting 130,000 visitors and surpassing all records for wine sales (95,000 bottles sold by 45 wineries). National Wine Day attracts increasing interest from international visitors, and

plans were underway to position it as a regional event as Moldova's wine and tourism attractions become better known. Established in 2014 by local wine enthusiasts and developed as an educational platform, Wine School introduces wine culture to wine amateurs who attend training activities led by sommeliers.

CEED II also supported the development of wine culture activities, such as the biannual Wine Vernissage. Conceptualized and launched in 2012, each vernissage attracts more than 700 wine lovers and about 100 members of the local press and, more recently, has also drawn foreign journalists and tourists. It is also a platform for domestic launches, especially for small wine producers. For example, the Gogu Winery brand debuted at the spring 2015 Wine Vernissage.

The domestic market for bottled wine doubled from 2011 to 2014, to an estimated 7.5 million bottles per year, according to the ONVV.

THE IMPACT OF

USAID
FROM THE AMERICAN PEOPLE

Wine industry
Roadmap to Competitiveness

Entire value chain in Moldova

Leading industry: **15%** of food industry

Export oriented with **80%** of production exported

Income generator for **200 thousands** people

USAID CEED II* key impact

Implemented sustainable industry framework and institutionalized PPP

Repositioned Moldova on high quality markets, overcoming Russian ban effects

Reformed legislation to accommodate growth

Upgraded product and helped emerge "new-generation" wineries

WINE OF MOLDOVA
A LEGEND ALIVE

WINE INDUSTRY REFORM TIMELINE

2015 — **Spreading reform**
Initiating wine cadastre and technical regulation for geographical indications

2014 — **Wine of Moldova launched internationally at Prowein and in target markets**
Sharing "Europe's best kept secret" internationally

2013 Dec — **National marketing framework and the country brand Wine of Moldova defined**
Debuting national brand to ensure success on export markets& creating legendary vision

2013 Sep ONVV — **Government establishes the National Office for Wine and Vine**
Instituting innovational model for industry management

2012 — **New Vine and Wine Law deregulating and easing business environment approved**
Reforming legislation to ensure sustainable industry development

2011 — **Establishing effective public-private dialogue**
Implementation agreement signed by 9 Wine sector associations and the Ministry of Agriculture

2010 — **Re-Think Wine Sector White Paper outlined industry strategy and reform**
Common voice of the private sector & creating legendary vision

SUSTAINABLE INDUSTRY DEVELOPMENT & PPP*

A common vision led to **reengineering Moldova's wine industry**

The **National Office for Vine and Wine** created as a platform for sustainable wine industry development

PPP in management

50/50 state and private funding

$2M annual budget

*Public-Private Partnership

COMPETITIVE BUSINESS ENVIRONMENT

Fundamental **wine industry reform** was enacted by passing business-oriented wine legal framework

Regulatory constraints abolished to fuel emergence of small scale wineries

Product rules were **harmonized with EU standards** and labeling & traceability norms were streamlined, facilitating access to market

Wine Law amended at **80%**

Decreased product administrative and certification costs by **~20%**

50+ policy initiatives

RE-POSITIONED ON HIGH QUALITY MARKETS

Moldova was helped to overcome Russian ban effects and **re-position on quality wines and local varieties**

Debuted Wine of Moldova national brand advanced in **new export markets** - Czech Republic, Romania, Baltic countries, China and USA. As a result, **12-15% annual growth** of industry **exports to EU** during 2011-2014

90 trade promotion activities in **11** markets

95+ international media review on wine

36 assisted wineries generated **$82M+** new sales during project lifetime

UPGRADED PRODUCT STANDARDS

The wine industry was re-oriented towards **high value added production.** During 2010 - 2014, average price per bottle increased by 10%

An origin-based wine production system was instituted to shift up quality level

4 first protected geographical indications were registered & protected in EU

20 'new generation wineries' assisted to emerge

17 new wine products were launched in the premium segment

PROMOTED WINE CULTURE DOMESTICALLY

Local market grew with **50%+** in the last 4 years

The sommelier profession was introduced to **breed wine culture** and catalyze domestic market

Sommeliers **-33** trained and **13** - certified to EU standards

10 restaurants trained to comply with Professional Wine Service

Wine School launched

43 wine culture trainings followed by 850 amateurs

Launched **Wine Vernissage** events – elevated industry image

8 editions

6,000 participants

USAID Competitiveness Enhancement and Enterprise Development II (CEED II) Project developed during 2010-2015 the Apparel, Footwear & Accessories, ICT, Tourism and Wine industries: enhancing quality, increasing trade and investment; and improving public-private dialogue for a better business environment.

Photo: USAID CEED II Project

Baker Elena Presacari prepares dove-shaped *porumbite* rolls for international journalists during a familiarization tour of the *Casa Parinteasca* (Parent House) handicraft museum in Palanca, Moldova, in April 2012.

D. TOURISM SECTOR

D1. Sector at a Glance

Tourism is an emerging sector in Moldova, and a well-designed and managed tourism offering can contribute significantly to sustainability by creating competitive jobs, developing rural communities, and supporting the local economy. Moldova has strong gastronomic and wine traditions, a rich culture and history, and a favorable location. To realize its potential to offer authentic experiences to visitors, the country needs to improve its image and tourism offerings and implement effective destination marketing plans.

Key Indicators

- Among the world's fastest-growing industries
- Key driver for socioeconomic progress
- 2.5 million foreign visitors to Moldova in 2013
- Moldova declared No. 1 off the beaten path travel destination in Europe

The number of foreign visitors to Moldova is increasing steadily. In 2013, Lonely Planet named the country the most unexplored tourist destination in Europe. However, despite more than 440 companies in the sector, only a few tour operators promote inbound tourism. Wine, gastronomy, culture, rural, and soft adventure tourism can position Moldova competitively as an attractive destination in the heart of Europe.

CEED II identified Moldova's competitive advantage as a tourist destination and implemented activities to promote the country abroad to spur inbound tourism. A growing tourism sector increases demand for goods and services, such as transportation and accommodation. Thus, sector growth supports broader economic growth.

Vision for Promotion

Create tourism mediums in Moldova and showcase them internationally through targeted digital campaigns, familiarization tours, participation in trade shows and exhibitions, and development of innovative products.

D2. Enhancing Public-Private Dialogue to Improve Tourism Policy and Relationships with the Government

Establishing the National Inbound Tourism Association of Moldova

Associations representing Moldova's tourism industry include the National Association of Tourism Agencies; National Association for Rural, Ecologic, and Cultural Tourism; Association for Moldova Tourism Sector Development; and Association of Hotels and Restaurants. Inbound tourism promotion is essential, but private sector promotion and development are hindered by lack of funding. The private sector, especially organizations focused on inbound tourism (including wineries, hotels, and tour operators) and other service providers lacked concepts and the legal basis for collaborating effectively to support their interests and business prospects.

In 2012, CEED II met with tourism stakeholders to agree on an industry action plan and develop a country brand. The 30 participants included representatives from six tour operators, six wineries that provide tourist services, five hotels, and five wine and tourism sector associations.

In 2013, key industry stakeholders agreed to create an inbound tourism association to consolidate the industry environment, help the private sector with joint promotion activities, and align sector interests with the government of Moldova's National Tourism Agency (NTA). In January 2014, the National Inbound Tourism Association (ANTRIM) was founded by eight inbound tour operators, hotels, and wineries. By the end of 2014, the membership comprised 14 tourism sector actors: Branesti Winery, Infoturism Group (Amadeus), Solei Turism, TatraBis, Tehno AB (Butuceni), Vila Verde Hotel, Volare Tur (Jazz Hotel), Chateau Vartely, Asconi Winery, COB Consulting (Hai la Tara), Trip to Moldova, Clepsidra Est, MIMI, and Pourqoui Pas. In just one year, ANTRIM had become a sustainable organization that promotes Moldova as a tourism destination and represents members' interests in local and international markets. As of early 2015, five companies (Et Cetera winery, Poiana winery, Aero Team, ALL4GO, and Radisson Blue hotel) were considering joining the association. ANTRIM launched its website, www.antrim.md, in April 2014.

Photo: USAID CEED II Project

Romanian journalists learn to make *placinte de brinza* (cheese pies) during a familiarization tour of the Butuceni Eco Resort in May 2015.

CEED II supported strengthening of ANTRIM's capacity to organize promotional events in target markets. These included Experience Moldova cultural events in May 2014 in Germany, Sweden, and the United Kingdom. CEED II also helped ANTRIM and its members build productive partnerships. A partnership with the Moldovan-Swedish Association led to the development of common wine tourism promotion programs for the Swedish market; another, with the United Kingdom's Winerest tour operator, increased promotion of Moldova as a wine tourism destination. In March 2015, CEED II launched a new country brand developed jointly by sector stakeholders. The brand was presented at a B2B event in Bucharest, Romania, where Moldovan wineries introduced wine tours and Moldovan tour operators established partnerships with local firms to promote the meeting, incentive, conference, and events tourism segment for travel between the two countries.

With CEED II's support, ANTRIM organized a workshop on social media tools and their application to promote tourism for 16 participants from tourism agencies, hotels, pensions, and wineries. Topics covered included using social media for marketing and using funds for online promotion. The participants discussed challenges and useful tools to increase their visibility and target customers.

Moldova offers many opportunities for adventure tourism activities such as hiking, biking, bird watching, and fishing. With CEED II's assistance, ANTRIM and the Moldova Forest Service (Moldsilva) collaborated to promote ecotourism and develop recreational areas, including new travel routes, itineraries, and infrastructure. ANTRIM also worked with

Moldsilva to integrate forest areas and nature preserves into tourism routes by developing recreational activities to attract visitors and create revenue streams. ANTRIM also began a collaboration with the U.S. Forest Service and organized two study visits to Moldova for forest service experts.

Enhancing national tourism policy and increasing tourism sector advocacy capacity

The NTA had a long-term sector development strategy but lacked understanding of Moldova's competitive advantages, target markets, and consumer profiles. It also lacked a marketing strategy with operational plans and effective public-private dialogue on common plans and goals.

CEED II supported NTA in marketing and strategically positioning Moldova. The project fostered cooperation among tourism industry partners to achieve major impact in the key focus areas of product development and promotion. A well-developed strategic vision would make it possible to plan and implement the changes needed to increase the competitiveness of the tourism sector, position and promote tourism offerings to target markets, attract customers, and enhance their experience in Moldova.

In December 2013, CEED II helped NTA and the National Hotel and Restaurant Association organize Moldova's first hotel forum, where 64 hotel directors and senior managers from around the country discussed challenges and constraints in the hotel and hospitality industry in the country. A common issue was the need to reduce the value-added tax (VAT) for hotel services, based on European experience. Accommodation costs in Moldova, among the highest in the region, included a 20 percent VAT and a 5 percent local tax. Sector stakeholders proposed to reduce the VAT for hotel services to 9 percent and replace the local tax with a €1 fee, thus lowering accommodation costs. Lower costs could translate to increased visitors, employment, and revenues. CEED II supported a regulatory impact assessment for NTA's use in further advocacy activities.

To monitor the sector's development and contributions to the national economy. CEED II helped the National Bureau of Statistics improve the collection and reporting of tourism statistics and align them with methodologies recommended by the European Union and World Tourism Organization. Beginning on March 1, 2015, official tourism data is based on numbers received from tourism agencies, registered accommodations, and the border police to account for all visitors to Moldova.

CEED II supported the NTA to create promotional tourism videos, including 30- and 50-second videos for international TV channels and a six-minute video to be shown at tourism exhibitions. Within a week of airing on the Moldova Holiday YouTube channel on November 20, 2014, the videos had received 40,000 views. Following the launch of the tourism country brand, an updated promotional video, featuring the new logo and slogan, was broadcast on Euronews, leading to 25,000 unique visitors to www.moldovaholiday.travel, an informational platform promoting Moldova as a tourism destination.

D3. Improving Tourism Offerings and Developing a Country Brand

Itineraries provided by Moldovan tour operators generally include tours of wineries and visits to museums and cultural and religious sites. Common challenges that hamper tourism development in Moldova include a lack of awareness tourism trends and customer preferences, inability to promptly add emerging attractions and sites to itineraries, poor service quality, and insufficient activities developed around existing attractions.

CEED II worked with stakeholders to improve the visitor experience and develop new tourist products and services in line with international and regional preferences and demand. Moldova is positioning itself as an adventure tourism destination for visitors who want to enjoy experiences and interact with local residents. Popular activities include authentic gastronomic and cultural experiences, such as folkloric performances, and classes in dance, cooking, crafting, and photography. CEED II fostered rethinking and revamping of tourism products and introduction of hiking, biking, and kayaking routes that provide new experiences.

Photo: Anatol Poiata

Well-known Moldovan drummer Lidia Bejenaru plays at a cultural exhibition in Valeni village, Cahul District, in November 2012.

The Adventure Travel Development Index, which ranks countries' adventure tourism competitiveness, named Moldova the second most improved destination in 2015. Moldova advanced 27 places from 109th in 2011 to 44th in 2015 in the Safe and Welcoming category.

Defining the tourism niche defined through surveys

In June and October 2012, CEED II conducted two surveys of visitors departing the country via Chisinau International Airport and three border crossings. The findings generated information about who visits Moldova, the purpose of their visit, and their touristic or entertainment choices. The surveys also explored satisfaction with tourism in Moldova and the amount spent on related expenses. The findings informed CEED II's sector strategy and initiatives.

Crafting an eye-catching logo to build a national tourism identity

With NTA and tourism stakeholders, CEED II developed and implemented the National Tourism Country Brand Program, including the first marketing plan to increase visibility and trade in the international marketplace. The NTA adopted the program, which describes Moldova's tourism offerings and development perspective, the unique selling proposition of Moldova's tourism industry, marketing objectives, key current and prospective target markets and their growth indicators, an analysis of target customer segments, and a 2015-2017 promotion plan with estimated budgets.

SNAPSHOT

Branding Destination Moldova

USAID support helped position and promote Moldova as a tourism destination in the heart of Europe with a new visual identity

Image: Tourism Agency of the Republic of Moldova

The Tree of Life logo's slogan invites visitors to experience Moldova's history, wine, cuisine, and traditions.

"The main aim of our new destination Moldova brand is to convey a positive image of the country … more attractive for potential visitors and tourists from abroad, but also for our local people."

— Emilian Dzugas, President, National Inbound Tourism Association of Moldova

Moldova's emerging tourism industry is driven by the need for jobs and by growing tourism around the world. Its wine, food, culture, and rural and soft adventure tourism can position Moldova as an attractive destination. Although the country hosted nearly 2.5 million foreign visitors in 2013, only 4 percent of them came as tourists.

The greatest challenge for Moldova's tourism sector was limited promotion activities to market the country as a destination, including an ineffective visual identity. Despite its central location, in 2013 Lonely Planet called Moldova the most unexplored tourist destination in Europe. To change this image, the USAID CEED II team helped establish the National Inbound Tourism Association. With CEED II support, the association identified Moldova's competitive tourism advantages in Europe and implemented activities to promote Moldova abroad.

CEED II support included upgrading tourism attractions and products, consolidating industry cooperation and public-private dialogue, and creating an enhanced destination image. CEED II also took steps to gain buy-in from tour operators, associations, and service providers, resulting in new, more effective tourism strategies, streamlined tourism sector priorities, and a new destination image.

In November 2014, CEED II helped the Tourism Agency of the Republic of Moldova launch the eye-catching Tree of Life logo. This emblem of national culture, inspired by traditional carpets, represents specific Moldovan values. Each branch ends in a symbol. The rose communicates love, wisdom, faith, beauty, and devotion; hearts reflect Moldovan hospitality; wine glasses evoke wineries, tradition, and heritage; flowers, vegetables, and fruits suggest gastronomy and purity; and crosses symbolize religion and history. The slogan, "Discover the routes of life," invites visitors to discover Moldova's hospitality, history, wine, cuisine, and traditions.

With USAID support, CEED II also implemented a series of strategic tourism initiatives including a consolidated marketing and promotion platform, visual identity, brand book, and communication strategies.

Only two months after the 2014 launch of the new tourism brand, a line of Tree of Life souvenirs was introduced for sale by local producers, and plans were underway to open souvenir shops in large hotels, wineries, and inns. The brand was exhibited at tourism fairs in Austria, Germany, the Netherlands, Romania, Slovakia, and Turkey, and the Tree of Life quickly became familiar to Moldovan and international travelers. A Moldovan restaurant using the Tree of Life logo was expected to open in Boston, Massachusetts, in May 2015 to build interest in travel to Moldova.

In November 2014, with NTA, CEED II launched the Moldova Tree of Life country brand to spearhead the first international marketing effort to promote Moldova as an up-and-coming tourist destination and broaden the tourism industry's horizons. Each branch of the tree represents an aspect of tourism — Moldova's people and hospitality, wines and traditional cuisine, culture and tradition, and rural life. Reflecting Moldova's history and symbolizing growth and continuity, the tree symbolizes traditional Moldovan values. Its traditional design themes also helped promote Moldova and its attractions. The first Moldova Tourism brand book describes appropriate use of the brand, including at exhibitions. To ensure proper use, CEED II supported a legal licensing process. The brand promotion program included development of retail locations to sell high-quality branded souvenirs and crafts from Moldova. In 2015, CEED II created and began implementing the Souvenir Development Strategy. NTA, ANTRIM, and handicraft businesses were slated to continue this effort after the project's close in June 2015. CEED II supported opening of five retail points selling Tree of Life souvenirs in hotels (Jazz Hotel, Jolly Alon), wineries (Chateau Vartely, Purcari), and a rural pension (Butuceni), and rebranded the duty-free souvenir area at Chisinau airport. CEED II also supported the production of a catalog featuring more than 100 items from 15 local entrepreneurs, including garments and fashion accessories made by Vasconi, ceramics by Perna Mea and Tucano, and magnets, pillows, glassware, and postcards.

Promoting Moldovan Tourism

"Today's tourism offerings — more advanced than ever due to globalization and global competition — have made tourists demand high-quality products. In the marketplace of choice, tourism destinations must stand out. The primary aim of the new Moldova brand is to convey a positive image that is attractive not only for tourists from abroad but also for our own people so they can identify with the country and feel satisfied with their quality of life."

— Emilian Dzugas *Esanu, president, ANTRIM*

Developing the National Wine Festival as a wine tourism promotional platform

The Ministry of Agriculture organizes the annual National Wine Festival to promote Moldovan wine culture and facilitate sales. CEED II saw the event as an opportunity to promote wine tourism to Moldovan and foreign attendees. Success was measured by the number of attendees and participating wineries; the 2014 event surpassed previous records — 95,000 bottles sold by 45 participating wineries and 130,000 visitors. CEED II also supported the development of a National Wine Festival page on the wineofmoldova.com website. As an outgrowth of the 2013 and 2014 festivals CEED II supported tours to popular wineries, negotiating packages that included transportation, guided tours, and tastings. ONVV, ANTRIM, and other partners, will organize future tours.

Rebranding and developing local events rebranded as major tourism attractions

Many people visit Moldova to take in cultural events and music and wine festivals. CEED II supported the rebranding, repositioning, and promotion of popular festivals and events to increase their local and regional visibility. In 2013, CEED II helped the Dulce Floare de Salcim folk festival scale up from a small-town event to a dynamic and sustainable regional destination by demonstrating the economic benefits of providing lodging, catering, and transportation services. In 2013 and 2014, CEED II also supported the organization of annual Green Run sport events, emphasizing the importance if and increasing interest in adventure tourism. The project also supported the IA Mania arts festival in June 2014, which attracted thousands of visitors.

Introducing adventure tourism products

CEED II supported the development of adventure tourism activities offered by tour operators, such as hiking, biking, kayaking, and tours of ethnic routes that led travelers to discover local attractions and culture. CEED II provided specific support to rural providers of accommodations because of Moldova's focus on rural areas and experiences.

Launching sightseeing trolley tours

CEED II support for the August 2014 launch of the first sightseeing trolley enabled Chisinau to join other European capitals whose tourism trolleys highlight historic attractions and elevate interest in tourism. Building on the trolley's success, NTA began to research options for bringing Red Bus Tours to Chisinau.

Upgrading tourism experiences through coaching programs

To upgrade the tours and tourism experiences, in 2014, CEED II and ANTRIM organized two coaching programs on developing gastronomic and cultural products. Participants from hotels, pensions, tour operators, sector associations, and wineries learned to convert ideas into distinctive, market-ready tourism products. The training helped members of the industry better understand the niche, respond to demand, and lead the positioning of Moldovan tourism. New ideas for tourism products included weekend excursions, visits to lavender fields like those in Provence, gastronomic adventures, trips to sporting events, and tours to historic sites and regions.

IT startups for Moldovan tourism innovation and progress

In 2014, CEED II supported the organization of the Hackathon Generator project in partnership with MIEPO. The goal was to attract ideas for four IT products with practical application in export sectors such as inbound tourism, wine, and light industry. One winner, the We Love Moldova project, developed an online platform to sell products and souvenirs branded with the Tree of Life logo, launched in time to present at the Milano Expo in Italy in 2015.

D4. Increasing Awareness of Tourism Attractions

Moldova has a limited number of well-known tourist attractions; others are waiting to be discovered. Many destinations lack a web presence or have poorly designed websites without connections to social media platforms. An online presence is the most effective way to inform large numbers of readers about an attraction, surpassing traditional promotion channels. CEED II improved the online presence of Moldovan tourism companies by upgrading their websites, providing training, issuing grants for web development, and developing www.moldovaholiday.travel, a major informational platform promoting Moldova as a tourism destination. To serve the 69 percent of travelers who use mobile devices while they travel (source: Trivalgo, 2012), CEED II supported the development of the Moldova holiday mobile application.

Moldova Holiday travel website

In 2012, ANTRIM members participated in and contributed to the development of the Moldova. Welcome. Taste. Love brand under www.moldovaholiday.travel. Targeting primary target markets, the website presents information in English, French, German,

Romanian, and Russian. CEED II transferred ownership of the website to the association and supported development of a mobile application for Android and iOS platforms to make information on tourist attractions available via smartphones. Within a month of the launch in April 2015, more than 5,000 people from around the world installed the application. Moldova Holiday became the national tourism website, supported by the government. ANTRIM owns and manages the site, mobile application, and social media channels (a Facebook, Twitter, Pinterest, and Flickr pages and a YouTube channel) that promote travel to Moldova.

From January 2013 to May 2015, the website attracted more than 92,000 unique users who visited more than 104,000 times. In February 2015, CEED II launched a digital campaign to promote the site. CEED II purchased advertisements on Facebook and Google to drive traffic to the Moldova Holiday Facebook page and website. From February to May 2015, the Facebook page registered a net increase of 2,393 fans, from 2,519 to 4,912, with an average daily reach of more than 100,000 people. CEED II's investments in Google AdWords drew 22,943 unique visitors who made 26,445 visits to the website. The average number of visitors per day jumped tenfold, from approximately 50 to 500 during the campaign. Through a combination of social media channels, more than 345,000 people were reached with information about Moldova's traditions, culture, wines, and tourism attractions.

CEED II's Win a Weekend in Moldova contest in November and December 2013 attracted clients from the United Kingdom. An announcement of the competition on the Moldova Holiday Facebook page helped it gain 869 new Facebook friends, including 600 from the United Kingdom. The winners, a couple celebrating their 25th wedding anniversary, brought attention to the Moldova Holiday travel website through an interview with allfun.md about their experience in Moldova.

Improving online business presence

CEED II support helped tourism-related companies improve their online presence, including through websites and social media pages. In December 2012, via a cost-sharing arrangement, the program began to support 21 companies in strengthening their marketing and sales efforts and supporting sustainability by teaching them to use new social media tools.

Mobile guide to Moldova

CEED II supported the development of a mobile application that ANTRIM uses as an important promotional tool. The free Moldova Holiday application features the top 50 tourism attractions in Moldova, including wineries, monuments, museums, and monasteries. The English-language application provides general information and a map of tourism destinations and includes functions for planning a visit, mapping routes, and inviting friends. The application was made available for download to smartphones and iPads on March 20, 2015.

D5. Marketing Moldova as an Emerging Tourism Destination

Insufficient promotion of Moldova as a destination places serious constraints on inbound tourism. Despite Moldova's location, culture, history, and scenery, it is one of the least visited countries in Europe. The potential for tourism in Moldova is great, but getting the right information to potential travelers is vital for further sector development.

To help Moldova stand out in an increasingly competitive global marketplace CEED II placed particular emphasis on international promotion. Marketing activities focused on elevating the country's image as a tourism destination, build capacity to reach new international markets and deepen presence in existing markets, and attract visitors from new markets and niches. CEED II supported Moldovan tour operators and service providers to effectively reach target audiences by differentiating the country from other destinations and exploring emerging niche markets. During project implementation, turmoil in neighboring Ukraine fostered misconceptions about Moldova's stability and safety. CEED II marketing efforts focused on allaying fears and correcting misinformation to encourage tourism. These efforts included participation in international trade shows, entertainment, and wine tastings in target markets and hosting familiarization trips for journalists and tour operators. As a result, new source markets were developed, significant positive media coverage was generated, and sales relationships were established and expanded.

A Destination for Dutch Tourists

"After a five-year break, Moldova is back to the Netherland tourism market. We believe participation at [an exhibition in Utrecht] will have a great impact on tourism development in Moldova, as it fits perfectly with Dutch people's vacation requirements."

— Emilian Brenici, Moldovan ambassador to the Netherlands

Increasing visibility during international trade shows

To reach new markets, CEED II facilitated the participation of major Moldovan inbound tour operators and tourism service providers at strategic trade shows, exhibitions and conferences. CEED II also organized press conferences for more than 100 travel writers at trade shows in Germany and the United Kingdom.

Moldovan Tourism Stand Attracts Attention

[Moldova's stand at a show in Germany] is the best we have had at an international exhibition. The design is modern and unique, emphasizing the new brand and Moldova's tourism offering. People were curious and liked it."

— Olga Luchianov, incoming manager, Amadeus Travel

Introducing an innovative roadshow

CEED II supported the organization of three performances of Moldovan music in Germany, Sweden, and the United Kingdom, countries selected for their interest in rural, cultural, gastronomic, wine, and soft adventure tourism. These events were positioned as promotional platforms for both tourism and for Moldova as a country offering attractive business opportunities. The concerts were accompanied by wine tastings to promote the country brand and wine tourism. Among the more than 700 attendees were media and business representatives, investors, diplomats, and potential tourists. Local TV stations reported on the events.

Reaching journalists and tour operators through familiarization trips

The travel industry uses familiarization trips to introduce potential partners to a destination and its services. CEED II partnered with ANTRIM to organize biannual familiarization trips for media representatives, tour operators, and travel agents from target markets to introduce the wide range of products and experiences available in Moldova.

The trips brought 42 travel media representatives to Moldova, including photographers and bloggers from Belgium, Canada, France, Germany, the Netherlands, Romania, Scandinavia,

the United Kingdom, and the United States. As high-potential source markets, these countries received heightened media coverage and exposure. From 2012 to 2015, familiarization trips resulted in more than 80 articles and reports in a broad range of print and online channels, introducing millions of readers to travel in Moldova.

Along with the travel writers, 30 tour operators from target markets participated in familiarization trips that resulted in the creation of new tours, extended programs in Moldova, and specialized tours for wine industry professionals.

THE IMPACT OF

USAID
FROM THE AMERICAN PEOPLE

Tourism Industry

Roadmap to Competitiveness

Among fastest growing industries in the world
US$ 1.4 trillion global exports in 2013

Key driver for socio-economic progress
2.5 million foreign visitors in Moldova in 2013

Wine, gastronomy, culture, rural and soft adventure - key differentiators that position Moldova as an authentic destination in the heart of Europe

USAID CEED II* key impact

Built a cohesive country image and vision

Enhanced Moldova's international awareness and demand

Improved travelers perceptions of Moldova as desirable and stable destination

Consolidated public and private sector collaboration

Moldova declared #1 off- the-beaten-path travel destination in Europe (by Lonely Planet, 2013)

Moldova was named as the third best improved destination in 2015 and jumped in 4 years 28 places in international ranking by Adventure Travel Trade Association.

Upgraded tourism attractions & products

Tourism offer was enhanced through new themed itineraries & products

35 new products & itineraries — Wine, Biking, Hiking

Attractions were diversified by developing festivals and other authentic experiences

10 events — **42K** visitors

Sustainability of events was achieved through private partners and sponsors

Consolidated industry cooperation and public-private dialogue

The **first inbound industry association** – ANTRIM – was setup

Streamlined industry vision, marketing and export strategies were developed through **public-private partnership**

Tourism statistics policy and methodology were **aligned to UNWTO** standards

MOLDOVA
discover the routes of life

Promoted Moldova as a tourism destination

Online presence & marketing was strengthened

Launched the first and largest national platform **www.Moldovaholiday.travel** and first mobile application

300K unique visitors **5** languages **1,1 M** pages accessed

Helped SMEs boost online presence

24 websites developed/upgraded

Impactful digital campaign introduced, e-marketing & social media

5 Facebook contests **+600K** prospective travelers

Destination image and trade was raised through familiarization tours for media and business

12 markets targeted, e.g. Romania, Poland, UK, France, Germany

30 tour operators **44** journalists **70** publications

Export capability and demand in international marketplace grew

13 major tradeshows

Stronger tradeshow visibility by introducing press events

3 press conferences, attended by **100+** tourism writers

Innovative concept of cultural events was launched

4 events Great Britain, Germany, Sweden & Romania

800+ Prospective visitors: media, opinion formers & business

Enhanced destination image

Moldova's **new image** was created and embraced by industry, government and community

A **cohesive marketing** and promotion program was developed to support the new brand

First country tourism video was developed and broadcasted on Euronews

USAID Competitiveness Enhancement and Enterprise Development II (CEED II) Project targets the Apparel, Footwear & Accessories, ICT, Tourism and Wine industries. USAID CEED II increased competitiveness by: enhancing quality, increasing trade and investment; and by improving public-private dialogue for a better business environment.

Photo: Vitalie Moraru

Eugenia Puiu puts the finishing touches on a piece of wrought-iron furniture at Tronex Company, Chisinau, Moldova, in April 2012.

E. FURNITURE SECTOR

E1. Sector at a Glance

Moldova's furniture industry comprises more than 400 companies and more than 4,000 employees producing a broad range of furniture, kitchen and bath cabinets and counters, upholstery, and mattresses; furniture for office, institutional, and hospitality use; retail fixtures; and architectural millwork.

Key Indicators

- Furniture market valued at more than $140 million
- Domestic manufacturers can compete with imports
- More than 4,000 employees and more than 400 companies
- Industry plays a strong role in self-employment and microenterprises

CEED II supported the furniture sector from October 2011 to December 2013 by creating innovative joint marketing opportunities, strengthening brand recognition, developing business strategies, increasing industry cooperation, and expanding domestic market presence. As a result of this assistance, Moldova's furniture industry enhanced its competitiveness and became a stronger economic force, contributing to economic growth and job creation. The project's most significant accomplishments were the creation of the Association of Furniture Producers (UPM) and the first common furniture shopping center, Mobimall, and improving design and branding for furniture manufacturers.

CEED II also ensured sustainability, giving Mobimall support that enabled it to operate on a commercial basis without project assistance by the time support ended in December 2013. The project also helped UPM further consolidate its membership and develop new projects. Through design and branding assistance, CEED II changed the thinking of the furniture industry and demonstrated the value of better product design and marketing.

Vision for Improved Intersectoral Cooperation

Demonstrate how, despite competition, manufacturers can lower costs and maximize exposure and sales through joint marketing initiatives.

E2. Building Innovative Joint Marketing By Establishing a Common Shopping Center

CEED II's main goal for this activity was to support the growth of Moldova's first furniture mall, Mobimall, by providing technical, administrative, and legal assistance.

Mobimall opened in August 2013 with 20 furniture brands, 15 companies, and 3,000 furniture and home products in 15,000 square meters. Two years of preparation included helping with conceptualization and partnerships; studying the international market (including sponsoring study trips to Ukraine to learn about organizing furniture centers); providing technical support and oversight for planning, designing, and merchandising; providing branding and marketing assistance; and identifying and bringing onboard Iurie Bors, who invested €2 million in Mobimall.

Mobimall was an important development for the Moldovan furniture and furniture industry for several reasons. The effort united domestic furniture producers by helping them understand that sharing a joint sales space could decrease costs and maximize exposure. It increased sales providing a high-quality, one-shop destination in an affordable retail space.

Increased interest and demand helped local furniture improve the quality of domestic production. As a result, traffic increased for the participants; months after the Mobimall launch, most of its tenants reported more customers than in their locations outside the mall.

In addition to domestic sales, Mobimall increased export opportunities by serving as a permanent exhibition space for Moldovan-made furniture that was ideal for hosting foreign buyers and a common platform for exports.

CEED II ensured Mobimall's sustainability by building UPM capacity to manage the mall's promotion, marketing, and general budget. CEED II encouraged the association to develop local partnerships and host regular events at the mall, including fashion shows, photography and art exhibits, interior design competitions, and charity events. As a result of CEED II's recommendations, in December 2013 Mobimall established a local partnership with the Bill and Melinda Gates global libraries initiative in Moldova — the Novateca Moldova Project — to promote Moldova's network of public libraries.

E3. Reviving and Strengthening UPM

CEED II's primary goal for this activity was reviving and strengthening UPM. CEED II aimed to instill trust among furniture companies so they would work together to represent and advocate for change within their industry.

Photo: Vitalie Moraru

Metal cutter Serghei Calin fashions parts of a bed at Tronex Company, Chisinau, Moldova, in April 2012.

CEED II's extensive preliminary research and long ongoing discussions with industry stakeholders enabled the revival of an inactive association, the UPM. Selecting the UPM rather than another organization followed extensive discussions with industry stakeholders. Moldova's furniture industry has long suffered from lack of trust among furniture producers, and CEED II did not want to appear to take sides or choose favorites.

CEED II helped UPM organize and implement an annual furniture exposition and a Christmas furniture fair.

In September 2012, under the leadership of the Technical University of Moldova and with CEED II assistance, the furniture exposition attracted twice as many visitors as it had in 2011. This success was attributable to the university's support to rent a pavilion at Moldexpo, organize attractive furniture displays, and execute an effective media and public relations campaign.

SNAPSHOT

Moldovan Furniture Producers Centralize Sales

Moldova's first furniture mall unites domestic producers' marketing efforts and provides a central place to shop for locally made furniture

Photo: USAID CEED II Project

Moldova's first common furniture shopping center, Mobimall, opened in August 2013.

"Once the members of the Association opened Mobimall, it became clear that Moldova's furniture industry has evolved to a new level. This is a unique project for Moldova that would not have become a reality without USAID' support."

– Vitalie Moraru, executive director Moldovan Furniture Producers Association

A few years ago, Moldovan furniture producers, which all operated independently, could hardly imagine collaborating, let alone selling their products under the same roof. Today, those ideas are reality. The first common furniture shopping center in Moldova, Mobimall, opened in August 2013. Mobimall brings together more than 20 furniture companies offering thousands of products in 15,000 square meters

USAID began supporting Moldovan furniture companies in 2011. At the time, consumers had to visit an average of eight furniture stores before making a purchase. There was strong demand to unite scattered and often unprofessionally arranged furniture shops into a convenient shopping center.

When USAID started supporting the sector, it focused on bringing Moldova's major furniture players together to discuss ways to improve the industry's competitiveness. As a result, the dormant furniture producers association was reestablished and quickly attracted 17 members. Next, association members co-organized the main furniture expo in Moldova, the 2012 Furniture Exhibition, which drew twice the number of visitors in double the exhibition place as in 2011. Shortly thereafter, the association members organized the first Moldovan Christmas Furniture Fair, whose holiday offers attracted sales of more than $35,000 during the event.

Inspired by these joint projects, and with USAID support, association members signed an agreement with the Iurie Bors furniture manufacturer to build a furniture shopping center. In turn, the association guaranteed it would rent the retail space through its members. This agreement established the foundation for Moldova's first furniture mall. With USAID, the association formalized the legal agreement for tenancy and management of the center, designed a floor plan, and developed a promotion and marketing plan.

Mobimall unites local furniture producers' marketing efforts and demonstrates that, despite competition, they can lower costs and maximize exposure and sales in joint, high-quality retail space at affordable prices. "It's hard to believe that, just two years ago, we furniture producers could barely think of doing something together, viewing each other as competitors," said Mr. Ciobanu, president of the Moldovan Furniture Producers Association. "Today our brands have a common home, at an affordable price, and are supported by a jointly coordinated and administered promotion budget."

Now Moldovan consumers do not need to visit multiple shops before making a purchase; they can find all they need under one roof. Participating firms quickly recorded significantly higher customer traffic than when they sold separately. Mobimall also began to host events to support young Moldovan arts and design students, which will promote the long-term growth of the sector by preparing talented young designers for success in the industry.

In December 2013, again under the leadership of the university and with CEED II assistance, stores that had booths at the Christmas furniture fair saw immediate increases in visits to their shops in Chisinau. Two participating companies were inspired to participate at the Ergolemn international fair in Moscow, Russia, and the Tiara fair in Bucharest, Romania, in May 2014. The Christmas furniture fair generated deals worth approximately $35,000 for the 12 participating firms.

Collaborating Like Friends

"The association is grateful for CEED II's support in the development of our companies. With your help, we local furniture producers have gotten to know each other and joined forces to help each other and collaborate like friends and colleagues. We are sorry that CEED II's work in the furniture sector has ended, but we are glad it has fulfilled its objectives. Our successes will always be your successes as well."

— Letter from UPM, December 2013

CEED II consolidated and strengthened the UPM by training company managers and employees in sales and merchandising. Training in October and November 2012 focused on a coherent and structured approach to sales. Participants learned how to establish positive relationships with clients and identify their needs and expectations, communicate effectively to satisfy needs, close sales, and offer customer-oriented service. These activities were particularly important because of the launch of Mobimall.

By the end of Year 4, the UPM was the leading sector association in Moldova, and its member companies were producing more than 70 percent of furniture in the country. The association had become a fully functioning body with 17 dues-paying members, its own administration council, an office, and an activity plan.

E4. Helping Furniture Producers Reposition and Increase Domestic Market Presence

CEED II's major goal for this activity was to help producers reposition themselves on the domestic market by improving product development, branding, marketing, and promotion.

Photo: USAID CEED II Project

Designer Diana Cretu paints the base of a table at Ergolemn furniture company, Chisinau, Moldova, in July 2012.

In Year 2, CEED II took local furniture makers to international trade exhibitions and B2B events overseas. CEED II originally anticipated that, after traveling to Russia in November 2011 and Germany in January 2012 to attend international exhibitions and visit home furnishings stores, Moldovan furniture firms would focus on exporting to Western Europe. However, intimidated by strong competition, local manufacturers united to win back the domestic market and came to appreciate Mobimall as an effective marketing platform for visiting international buyers and partners. Thus, CEED II's the next step was to turn their attention to the domestic market. This pivot was an unexpected but positive outcome.

CEED II helped furniture companies redesign their products. In autumn 2013, the project encouraged manufacturers Vanin, Panmobili, and Tiara to use more reserved and minimalist colors and patterns to better address the preferences of target consumers. Convincing furniture companies to change longtime business practices was challenging. CEED II training on style, branding, and design, led by experts with an understanding of global design trends, encouraged many companies to revamp their business models; positive outcomes included increased sales. In October and November, 2013, CEED II helped Polimobil, which focuses on upholstered products, develop a new range of more modern furniture. CEED II support for Polimobil's new and restyled sofa collections was reflected in increased sales.

CEED II helped furniture companies build capacity in retail and wholesale management and merchandising through a series of training activities and merchandising audits. In May 2012, a CEED II merchandising training session helped 32 furniture industry representatives learn to present their products in visually pleasing ways. CEED II also conducted merchandising audits of five companies, providing feedback and recommendations for improvement.

CEED II rebranding support to furniture companies led to increased domestic sales. One beneficiary of rebranding training was the Stejaur furniture company, which invested €4,000 to promote its products through a video clip, a TV spot, lights for its store, and banners.

CEED II helped five furniture manufacturers open Cristan, a furniture store in southern Moldova, in August 2013, inspired by Mobimall in Chisinau. The manufacturers — Crinela, Stejaur, Anturaj, Tiara, and Tronex — rented a 2,000 square-meter commercial center to increase sales and better serve southern Moldova. CEED II supported Cristan's branding and advertising strategy.

E5. Researching Moldovan Furniture Industry Export Capabilities

CEED II's main goal for this activity was to promote Moldovan-made furniture on the foreign market through participation at international trade exhibitions and B2B events.

Participation at international trade exhibitions and B2B events

In November 2011, to consolidate the sector and increase exports, CEED II supported five Moldovan companies to participate in the MEBEL furniture exhibition in Moscow. Participants also visited the Grand Furniture shopping center and an IKEA store to learn about the Russian market. In January 2012, CEED II sponsored representatives from six Moldovan furniture manufacturers to visit the IMM international trade show in Cologne, Germany. The group also visited a furniture center in Bonn and the IKEA store in Cologne to observe best practices in action.

These trips were an important way to help local producers understand the requirements of foreign markets and appreciate the competitiveness of their products' quality and price. These trips demonstrated the competitiveness of international furniture markets and helped Moldovan producers unite their efforts to regain the Moldovan market and later to expand sales to other markets. Results included the establishment of a common shopping center and a furniture expo as effective marketing platforms for visiting international buyers and partners. For example, inward trade missions by foreigners could be arranged around the center and Moldexpo.

Furniture industry market research

CEED II produced an extensive furniture industry market report in 2012 that examined the possibility of leveraging Moldova's economic advantages in assembling and finishing furniture to local and international markets. The research provided information that was important for the industry for the medium and long term, when companies have gained the confidence to compete on international markets.

The innovative joint marketing realized through Mobimall, and described in the report, became a platform to promote exports. Stronger association capacity and more effective collaboration among producers also enabled them find ways to penetrate international markets. Mobimall's success inspired companies to explore opportunities to open a common shopping center in a European Union country, such as Romania.

The report concluded that CEED II activities had strengthened sector collaboration, boosted sales, and increased local market presence.

THE IMPACT OF

USAID
FROM THE AMERICAN PEOPLE

Home Furnishings Industry

Roadmap to Competitiveness

Moldova furniture market valued at over **$140M***

4,000+ employees & **400+** companies

Industry plays strong role for self-employment and micro companies

BUILT INNOVATIVE JOINT MARKETING

A one-stop shopping destination in Chisinau focused on Moldovan furniture, offering high quality affordable retail space for manufacturers, and impactful joint marketing

USAID leadership and support proved critical -- from concept, store design, business model, to branding and promotion

USAID successfully pitched the idea to investors, resulting in **$2M invested** by local furniture producer Iurie Bors

MOBIMALL

A **unique joint partnership** between the investor and business association for MOBIMALL was facilitated

MOBIMALL**

FIRST COMMON FURNITURE SHOPPING CENTER IN MOLDOVA

USAID CEED II*** key impact

Facilitated impactful joint marketing through first common shopping mall

Improved product quality through design, branding and marketing.

Boosted domestic market and sales

Raised industry cooperation

EXPANDED DOMESTIC MARKET PRESENCE

50+ furniture manufacturers were engaged in trade growth activities

Premier Made in Moldova campaign raised industry profile and awareness about quality Moldovan furniture

Inspired by Mobimall success, producers opened Cristan common shop in Comrat, southern Moldova

5 producers

2,000 m2

Important consumer events were upgraded, driving up firm sales, with better designed stands, pricing policies and promotion

2012 National Furniture Exhibition

doubled visitors

lower rental price by **50%** for exponents

UPM as co-organizer

First Moldovan Christmas Furniture Fair

35,000 $ sales

12 exhibiting companies

RAISED INDUSTRY COOPERATION

The industry was assisted to set up a functional business association – Union of Furniture Producers (UPM)

UPM became operational, built its value and institutional capacity

17 active members

REPRESENTING

70% of local furniture production

UPM participates in industry promotion, and development of Mobimall

ENHANCED FIRM-LEVEL COMPETITIVENESS & BUSINESS STRATEGIES

Domestic sales of assisted Moldovan brands increased by $5.9M or 24%, while investments by $2.1M or 12%, in 2014 versus 2013

$5.9M sales

$2.1M investments

The design of furniture collections was upgraded through international "flying" designers

The branding and corporate identity was raised to global standards

The market understanding was improved enabling manufacturers to better compete

13 firms assisted in design & branding

400+ trained professionals in merchandising & sales

Furniture Industry Market Research 2012

*CEED II and private sector estimates in 2011

**In June 2015, Mobimall will be rebranded in Creator Mall

***USAID Competitiveness Enhancement and Enterprise Development II (CEED II) Project developed during 2010-2015 the Apparel, Footwear & Accessories, ICT, Tourism Wine and Home Furnishings industries: enhancing quality, increasing trade and investment; and improving public-private dialogue for a better business environment.

F. ACCESS TO FINANCE

F1. Issue at a Glance

Access to finance was an important crosscutting issue for CEED II because of Moldova's severely undeveloped credit market. Many enterprises in target industries found access to financial resources costly and securing loans difficult. Exacerbating these issues for many was limited knowledge of financial management. Moldova also suffered from political and economic challenges that contributed to an undeveloped credit market: the global economic crisis of 2007-2009, which reduced demand for loans; the Russian embargos on Moldovan trade in 2006 and 2013; and a restrictive European market for certain Moldovan products, which forced many companies to exit unprofitable business lines and reorient to other sectors.

Over the life of project, CEED II bridged the gap between entrepreneurs and the financial market by organizing financial management seminars attended by more than 370 directors, financial managers, accountants and economists from more than 80 assisted companies. This training enhanced corporate finance knowledge and skills in targeted sectors in. CEED II also partnered with the Development Credit Authority (DCA) and the European Investment Bank.

F2. Increasing the Availability of Credit for Companies

CEED II's primary goal was to increase the availability of credit to companies to improve private sector competitiveness, increase the productivity of certain industries, and grow economic opportunities.

Development Credit Authority guarantee partners

From 2011 to 2015, CEED II helped implement USAID's DCA loan guarantee program, which provided loan portfolio guarantees to three financial institutions: Prime Capital, Comertbank, and Corporatia de Finantare Rurala (RFC). The maximum authorized portfolio amount for all three financial institutions was $7,473,000.

During the life of project, CEED II provided ongoing assistance to the DCA guarantee partners through regular communications, including organizing training on placing qualifying loans; advising on applicants' eligibility for particular sector products; linking partners with USAID; consulting on contract implementation, including support for preparing biannual reports; and participating in meetings focusing on increasing DCA utilization.

USAID/Moldova's loan agreement with Prime Capital, entered into on September 26, 2011, financed loans to businesses and individuals in the IT sector for the maximum authorized portfolio amount of $1,173,000. The agreement made funds available for business loans and mortgages or dwelling renovations in Moldova to Moldovan nationals and non-sovereign Moldovan enterprises working in the ICT industry and related sectors; nationals holding ICT-related jobs in Moldova in non-ICT industries; and youth and women entrepreneurs.

USAID/Moldova's loan agreements with Comertbank and RFC, also entered into on September 26, 2011, strengthened each guaranteed party's ability to finance loans to businesses. This agreement was signed for the maximum authorized portfolio amount of $6.3 million. Qualifying borrowers included local SMEs engaged in targeted industry clusters and value chains: winemaking, textiles and apparel, IT, footwear, furniture, and emerging export

industries (identified by CEED II as the construction materials and tourism industries). This loan guarantee made funds available in Moldova to finance manufacturing, agriculture, and agribusiness.

Internal management changes and a shift in strategy led to the May 7, 2015, termination of the loan agreement with RFC because it was no longer able to lend to qualifying borrowers and shifted its focus to its core business of lending to savings and credit associations. Comertbank agreed to absorb RFC's portion of the facility.

By March 31, 2015, 37 loans totaling $2,115,090 had been contracted and $1,764,360 placed under the USAID guarantee. Comertbank disbursed 14 loans (the total utilization amount of $1,106,508 represented a 26.35 percent utilization rate) to companies from the textile, furniture, and fashion accessories industries. This represented impressive progress compared to the three disbursed loans up to June 2014 (with a total utilization amount of $36,730 representing a 0.87 percent utilization rate). Prime Capital also disbursed 14 loans (the total utilization of $344,170 represented a 29.34 percent utilization rate), all to the IT industry for the purchase of primary residences by Moldovan IT professionals. RFC disbursed nine loans (the total utilization amount of $313,682 represented a 14.94 percent utilization rate) through June 2013.

Partnership with the Swedish International Development Cooperation Agency

In June 2014, USAID/Moldova entered into a co-guarantee partnership with the Swedish International Development Cooperation Agency, supporting access to finance for SMEs and individuals to implement energy-efficient activities. The proposed 15-year, $3.5 million agreement was signed with Prime Capital for the maximum authorized portfolio amount of $1.173 million. The objective of the assistance was to improve the operational efficiency of micro, small, and medium-sized enterprises in Moldova to strengthen their commercial viability and growth in an environmentally sustainable manner, thus contributing to job creation and increased living standards. CEED II, the assisting partner, provided support to the official launch of the new DCA activity organized on June 17, 2014 and ongoing implementation assistance. Under new DCA in energy efficiency purpose, from July 2014 to March 2015, Prime Capital placed 18 loans (with total utilization of $201,176, representing 5.70 percent utilization rate) with individuals for residential improvements that had energy efficiency impacts.

Exploring new opportunities

In its last quarter, CEED II continued to explore new opportunities to increase access to finance. In January and February 2015, CEED II held productive meetings with USAID, the European Investment Bank's *Filière-du-Vin* (viticulture restructuring) program unit, and Swedish International Development Cooperation Agency representatives, focusing on collaborating to help wine companies with insufficient collateral gain access to European Investment Bank loans using the DCA mechanism.

CHAPTER 3

TECHNICAL AND ADMINISTRATIVE SUPPORT

A. ADMINISTRATION AND FINANCE

CEED II's administrative and financial management systems ran smoothly during the life of project.

B. PROJECT COMMUNICATIONS

Communication activities implemented during the life of the CEED II project made its partners and stakeholders aware of the project's mission, objectives, activities, and achievements and communicated its accomplishments to policy-makers in Moldova and the United States. Most communications activities were linked directly to its technical activities. To efficiently communicate the program's impact, CEED II used the channels described below.

B1. Communications with Government Stakeholders

Throughout the life of project, CEED II submitted a monthly calendar of activities to USAID to post on the website of the USAID Regional Mission to Ukraine, Belarus, and Moldova. CEED II also organized several site visits for visiting U.S. government officials to highlight USAID's work in Moldova and the impact of program.

All CEED II communications materials (activity map, fact sheets, banners, folders, brochures, related printed and online materials, and websites) complied with branding and marking guidelines and requirements for technical events, local and international publications, and promotional activities in CEED II target industries. Project team members used those materials consistently in communications with stakeholders, partners, beneficiaries, the public, and the government of Moldova.

Finally, CEED II developed and maintained fruitful and cooperative relationships with the government of Moldova through regular consultations, meetings, written communications, and memoranda of understanding that formalized partnerships for certain activities.

B2. Local and International Press

The local and, when applicable, international media regularly reported on CEED II activities. Program activities were featured in 334 print articles, 2,086 online articles or videos, 332 television news broadcasts, and 22 radio programs and interviews over the life of the project.

B3. Online presence

CEED II regularly updated the project website in English and Romanian with information of interest to project available for stakeholders and beneficiaries, USAID, the public, and other

interested visitors. Website content included project highlights, events, and banners featuring project activities.

CEED II shared information about project events through its Facebook page, https://www.facebook.com/USAID.CEED.II.project. Between December 2011 and May 2015, 2,381 visitors had clicked to indicate they "liked" the page. The project initiated pages for other CEED II-supported events — including the Moldova ICT Summit (3,052 likes), Startup Weekend Moldova (2,332), Vernisajul Vinului (2,706), Wine of Moldova (4,884), and Moldova Wine Day (2,956) — that were active for shorter periods.

The project also facilitated the creation of Facebook pages for other CEED II-sponsored efforts and organizations, including *Din Inima* (3,126 likes), APIUS (1,076), and Aleg Cariera IT (2,631).

C. MONITORING AND EVALUATION

During the life of project, CEED II staff collected data from beneficiaries and counterparts to properly evaluate its activities and measure impact. These data were included in annual reports that were submitted to USAID. CEED II staff updated the database using quantitative indicators, and performed evaluations of the activities to measure impact.

Annexes A, B, and C provide the project indicators, actual versus target performance, and disaggregated data, respectively.

Selected updates to the CEED II monitoring and evaluation (M&E) database over the life of project are listed below. These and other updates were included in annual reports to USAID.

- In January and February 2012, after submitting the Year 1 annual report, the chief of party, deputy chief of party, and finance and investment advisor conducted an in-depth analysis of the project's performance monitoring plan (PMP), examining indicators and their definitions, calculation methods, and annual and life-of-project targets. Drawing on their findings, they suggested several improvements to the PMP and M&E system. The recommendations, and an updated PMP, were submitted for USAID review, and the updated PMP was approved on March 21, 2012. CEED II subsequently adjusted the database to align with the updated PMP.

- In project Year 4, CEED II conducted an in-depth internal audit of M&E files and database inputs. The findings revealed that not all activities implemented since the start of the project had been captured in the database and in reports. For example, in the project's first three years, Indicator 6 (investments in workforce development initiatives) reported only investments in workforce development initiatives made by assisted companies and not by other cluster actors. As a result of those findings, The CEED II Year 4 annual report included information for the IT and fashion sectors, including a list of its ICT investments, ATIC initiatives, fashion shows, and fashion companies' investments in the *Din Inima* promotional campaign.

- In CEED II's final quarter (January to March 2015), the project adjusted the names of Indicators 3 and 7 for consistency with their names in the USAID Performance Monitoring Plan. Indicator 3 changed from "Enterprises receiving project-related assistance to improve their knowledge, processes, and technologies" to "Number of firms receiving U.S. government-supported assistance to improve their management practices." Indicator 7 changed from "Participants in project-related trainings or capacity building programs" to "Number of persons participating in U.S. government-funded workforce development programs."

D. ENVIRONMENTAL COMPLIANCE

No activities implemented during the life of project had a negative impact on the environment.

ANNEX 1

PERFORMANCE INDICATORS

Indicator and Detailed Description	Unit	Disaggregation	Justification/Management Utility	Data Source	Collection/ Reporting Frequency	Baseline	Targets
Project Purpose: To grow and expand the competitiveness and efficiency of key strategic industries in Moldova, leading to increased sales and investment.							
1. Increased sales of assisted enterprises (new sales): Average percent change in value of sales (foreign and domestic) generated by assisted enterprises in the targeted industries, including sales of assisted business service providers (BSPs).	Average percent change in value of sales	Target industry, women-owned enterprises, size of enterprise	Sales are a key measure of enterprise growth. Rapid increases in sales growth is the primary factor leading to rapid increases in job creation. Sales growth is also a key indicator of economic health and competitiveness within targeted industry clusters.	Enterprises, associations, and BSPs	Collected quarterly; reported annually	Variable: The four quarters prior to the reporting period (year) in which assistance began for each company	Year 1: +10% Year 2: +10% Year 3: +10% Year 4: +10% Year 5: +10% **Life of project: +10%**
2. Investment in assisted enterprises: Percent change in value of investment (FDI and domestic investment) in assisted enterprises in targeted industries, including equity and reinvested profit.	Percent change in value of investments	Target industry, women-owned enterprises, size of enterprise	Investment is a key measure of enterprise growth. Growing amounts of investment by and in an enterprise or industry reflects increasing activity and growing confidence in future business opportunities. Investment growth is also an indicator of economic health and industry competitiveness.	Enterprises, including BSPs, National Bank of Moldova, and investors	Collected quarterly; reported annually	Variable: The four quarters prior to the reporting period (year) in which assistance began for each company	Year 1: +15% Year 2: +15% Year 3: +15% Year 4: +15% Year 5: +7.5% **Life of project: +15%**
Objective 1: Productivity of targeted industries increased.							
Expected Result 1.1: Use of improved technologies and business processes within target industries increased							
3. Enterprises receiving project-related assistance to improve their knowledge, processes, and technologies[1]: Number of unique enterprises receiving direct or indirect assistance from the project to improve their knowledge of better processes and technologies that will enhance productivity and/or improve products and services, etc.	Number	Target industry, women-owned enterprises, size of enterprise	Productivity enhancement is integral to increased competitiveness. Better business processes and technologies can aid in this. As enterprises improve their productivity, they can more easily sell their goods and services profitably for sustained periods of time and access increased amounts of financing and investment.	Project records and grantees, as applicable	Collected and reported quarterly	0	Year 1: 50 Year 2: 85 Year 3: 70 Year 4: 15 Year 5: 8 **Life of project: 305**

[1] CEED II used Indicator 3 as a proxy for standard F-indicator 4.6.2, "Number of firms receiving U.S. Government-supported assistance to improve their management practices."

Indicator and Detailed Description	Unit	Disaggregation	Justification/Management Utility	Data Source	Collection/ Reporting Frequency	Baseline	Targets
4. Assisted enterprises applying improved knowledge, processes, and technologies: Number of unique enterprises that are applying lessons learned and new knowledge from technical assistance received directly or indirectly from the project.	Number	Target industry, women-owned enterprises, size of enterprise	Improved processes and technologies are integral to increased competitiveness. However, project-related measures to increase productivity will be effective only if enterprises apply what they learn. This indicator measures the effectiveness and sustainability of project-related technical assistance.	Enterprises, BSPs, associations, grantees as applicable, and project staff	Collected and reported quarterly	0	Year 1: 35 Year 2: 55 Year 3: 45 Year 4: 25 Year 5: 5 **Life of project: 230**
5. Productivity of assisted enterprises: Average percent change in the value of sales per employee.	Average percent change in value of sales per employee	Target industry, women-owned enterprises, size of enterprise	As firms increase their productivity, they should be able to increase sales per employee through more efficient operations, increased sales volumes, or both. This measures whether productivity efforts are working.	Enterprises	Collected quarterly; reported annually	Variable: The four quarters prior to the reporting period (year) in which assistance began for each company	Year 1: +2% Year 2: +3% Year 3: +6% Year 4: +6% Year 5: +6% **Life of project: +4.6%**
Expected Result 1.2: Capacity of the workforce in targeted industries increased							
6. Investments in workforce development initiatives by assisted: enterprises or other cluster actors: The value of investments in workforce development initiatives by industry stakeholders, such as in-company training programs in assisted enterprises or launching a new vendor-based training program at a university.	Percent change in value of investments	Target industry and type of enterprise or cluster actor, and women-owned enterprises	Increased investment in workforce development indicates that there is an increased understanding of the higher level of skills and knowledge needed to build the capacity of the workforce to respond to the market demand. Increased workforce capacity enhances competitiveness.	Enterprises, including BSPs; other cluster actors (including the government of Moldova, grantees); project staff	Collected quarterly; reported annually	Variable: The four quarters prior to the reporting period (year) in which assistance began for each company or other actor	Year 1: +10% Year 2: +10% Year 3: +10% Year 4: +10% Year 5: +10% **Life of project: +10%**
7. Participants in project-related training activities or capacity building programs[2]: Number of people who participate in training activities and other capacity building programs delivered directly by the project or facilitated by the project and delivered by other cluster actors, including enterprises or academic institutions.	Number	Target industry, type of provider (project, enterprise, BSP, academic institution), sex	Increased access to knowledge through high-quality training and other forms of capacity building programs results in a more skilled and adaptable workforce. Increased workforce capacity enhances competitiveness.	Project records, associations, BSPs, and grantees as applicable	Collected and reported quarterly	0	Year 1: 700 Year 2: 1,000 Year 3: 1,650 Year 4: 1,650 Year 5: 500 **Life of project:** 12,800

[2] CEED II used Indicator 7 as a proxy for standard F-indicator 4.6.3, "Number of persons participating in U.S. Government-funded workforce development programs."

Indicator and Detailed Description	Unit	Disaggregation	Justification/Management Utility	Data Source	Collection/ Reporting Frequency	Baseline	Targets
Expected Result 1.3: Capacity of industry service providers and other value chain actors increased							
8. Assisted enterprises paying for BSP services with some or all of their own resources: Percentage (weight) of assisted enterprises in targeted industries paying more for BSP services.	Percent	Target industry, women-owned enterprises	As the capacity of BSPs and other cluster actors increases, enterprises are more apt to pay for their services.	Enterprises, BSPs, association, grantees as applicable, project staff	Collected quarterly; reported annually	N/A	Year 1: 10% Year 2: 15% Year 3: 20% Year 4: 25% Year 5: 30% **Life of project: 20%**
9. Reserved. This indicator, repeat clients of (assisted) BSPs, was removed from the PMP							
Objective 2: Trade and investment in targeted industries increased							
Expected Result 2.1: Quality of products and services produced by enterprises in targeted industries improved							
10. Enterprises participating in project-related programs to enhance trade and investment capacity: Number of unique enterprises receiving direct or indirect assistance from the project to improve their trade and investment capacity.	Number	Target industry, women-owned enterprises, size of enterprise	Monitoring the number of training activities on topics related to investment capacity building and improving trade is a means for the project to monitor the ability of local firms to progress toward or meet international standards for improved international trade.	Project records, associations, BSPs, and grantees as applicable	Collected and reported quarterly	0	Year 1: 50 Year 2: 85 Year 3: 70 Year 4: 15 Year 5: 8 **Life of project: 240**
11. Assisted enterprises following recognized product or process standards: Percentage (weight) of enterprises that introduce new recognized product or process standards or methodologies, appropriate to their target markets, whether or not they have been officially certified.	Percent	Target industry, women-owned enterprises, size of enterprise	Enterprises that adhere to recognized product and process quality standards, whether or not formally certified, are likely to be more competitive and seen as credible partners.	Enterprises, BSPs, associations, grantees as applicable, and project staff	Collected quarterly; reported annually	N/A	Year 1: 5% Year 2: 10% Year 3: 15% Year 4: 20% Year 5: n/a **Life of project: 20%**
Expected Result 2.2: Positioning and promotion of products and services from targeted industries in new or existing markets improved							
12. Assisted enterprises expanding sales to new or existing markets: Number of unique assisted enterprises expanding sales to new or existing markets (domestic and export).	Number	Target industry, women-owned enterprises, size of enterprise	Sales growth is a key indicator of increased competitiveness. This indicator also complements the "value of sales" indicator by demonstrating how widespread the benefits are — whether sales increases are due to only a few firms or spread among many.	Enterprises, associations, BSPs (including grantees as applicable), and project staff	Collected and reported quarterly	0	Year 1: 35 Year 2: 55 Year 3: 45 Year 4: 25 Year 5: 0 **Life of project: 160**
13. Assisted enterprises exhibiting at trade shows or participating in B2B events: Number of non-unique enterprises participating in or exhibiting at foreign or domestic trade shows or B2B events.	Number	Target industry, women-owned enterprises, size of enterprise	Participation at trade shows and B2B events puts enterprises in front of potential buyers and helps raise Moldova's profile and image.	Project records, enterprises, associations, and BSPs	Collected and reported quarterly	0	Year 1: 20 Year 2: 25 Year 3: 30 Year 4: 25 Year 5: 50 **Life of project: 1,100**

Indicator and Detailed Description	Unit	Disaggregation	Justification/Management Utility	Data Source	Collection/ Reporting Frequency	Baseline	Targets
Expected Result 2.3: Access to financing and investment by enterprises in targeted industries increased							
14. Financing accessed by assisted enterprises: Percent change in value of financing accessed by assisted enterprises in targeted industries.	Percent change in value of accessed financing	Target industry, women-owned enterprises, size of enterprise	Expansion of both commercial bank and non-bank finance reflects expected increases in enterprise sales and the growing ability of enterprises and financial institutions to measure and manage business and financial risks. This indicator allows the project to monitor finance trends in target sectors.	Enterprises, including BSPs, and financial institutions	Collected quarterly; reported annually	Variable: The four quarters prior to the reporting period (year) in which assistance began for each company	Year 1: +10% Year 2: +10% Year 3: +10% Year 4: +10% Year 5: n/a **Life of project: +10%**
15. Assisted enterprises with increased financing or investment in targeted industries: Number of non-unique assisted enterprises able to access greater amounts of financing or investment.	Number	Target industry, women-owned enterprises, size of enterprise	Increased financing or investment is a key indicator of increased competitiveness and growth.	Enterprises, including BSPs, and financial institutions (including applicable grantees)	Collected quarterly; reported annually	0	Year 1: 25 Year 2: 45 Year 3: 40 Year 4: 15 Year 5: 5 **Life of project: 130**
Objective 3: Public-private dialogue improved leading to a better business environment for targeted industries							
Expected Result 3.1: Viability and number of industry associations and member-based organizations increased							
16. Associations or member-based organizations demonstrating increased leadership in targeted industries: Number of associations or member-based organizations providing leadership[3] to targeted clusters, such as coordinating industry-level activities or initiatives, developing a strategy document, holding industry meetings, etc.	Number	Target industry	Associations providing leadership to targeted industries is an indicator of their viability and contributes to the overall development of the industry cluster.	Associations and other member-based organizations	Collected and reported quarterly	0	Year 1: 4 Year 2: 4 Year 3: 2 Year 4: 0 Year 5: 0 **Life of project: 23**
17. Increased revenues of associations or member-based organizations: Average percent change in value of revenues of industry associations and member-based organizations from self-generated sources.	Average percent change in value of revenues	Target industry	An increase in self-generated revenue fir industry associations indicates the sustainability and effectiveness of the associations in responding to the private sector.	Associations and other member-based organizations	Collected quarterly; reported annually	Variable: The four quarters prior to the reporting period (year) in which assistance began for each association	Year 1: +10% Year 2: +10% Year 3: +10% Year 4: +10% Year 5: 10% **Life of project: +10%**

[3] Increased leadership means associations are more active than before receiving U.S. government support, including actively seeking new members, proactively developing an annual activity plan, promoting members' interests, or engaging with public sector policy-makers.

Indicator and Detailed Description	Unit	Disaggregation	Justification/Management Utility	Data Source	Collection/ Reporting Frequency	Baseline	Targets
18. Member satisfaction level for associations or member-based organizations: The average percentage (weight) of members of associations and member-based organizations that are satisfied with the organizations' performance.	Average Percent of satisfied members	Target industry	Members that are satisfied or very satisfied with associations or member-based organizations	Associations and other member-based organizations	Collected and reported annually	n/a	Year 1: 50% Year 2: 55% Year 3: 60% Year 4: 65% Year 5: 65% **Life of project: 65%**
Expected Result 3.2: Private sector capacity for advocacy and policy analysis increased							
19. Participants at project-related trainings or workshops about advocacy or policy analysis: Number of participants at project-related trainings or workshops on lobbying, advocacy or policy analysis.	Number	Target industry	The number of participants at training activities or workshops on lobbying, advocacy, or policy analysis indicates the depth of exposure or to knowledge within the industry about these topics.	Project records, associations, BSPs, and grantees as applicable	Collected and reported quarterly	0	Year 1: 50 Year 2: 100 Year 3: 100 Year 4: 50 Year 5: 50 **Life of project: 820**
20. Policy or position papers published or commissioned by assisted associations or member-based organizations: Number of policy or position papers published or commissioned by associations or member-based organizations, including industry strategy papers, policy review papers, memoranda between private and public sector, etc.	Number	Target industry	The number of policy papers or memoranda published by the private sector is an indicator of the increasing influence of the private sector to advocate for a better business enabling environment.	Associations and other member-based organizations	Collected and reported quarterly	0	Year 1: 5 Year 2: 10 Year 3: 10 Year 4: 10 Year 5: 1 **Life of project: 40**
Expected Result 3.3: Understanding by the public sector of private sector concerns and actions taken to improve conditions for targeted industries increased							
21. Consultative meetings or events between reps. from the public and private sectors as a result of project assistance: Number of consultative meetings or events between representatives of the public and private sectors to discuss ways to improve the business environment that targeted industries face.	Number	Target industry	The number of consultative meetings of public and private sector representatives contributes to greater understanding between both sides and leads to more productive and constructive dialogue.	Government of Moldova sources and associations or member-based organizations	Collected and reported quarterly	0	Year 1: 10 Year 2: 15 Year 3: 15 Year 4: 10 Year 5: 4 **Life of project: 55**
22. Government actions taken that improve the business environment in targeted industries: Number of government action or /initiatives taken that improve the performance of selected industries; includes ordinances, government decrees, etc.	Number	Target industry	Government actions or initiatives government to improve the business environment that targeted industries face demonstrates its commitment to helping develop them.	Official gazette, other government of Moldova sources, and associations or member-based organizations	Collected and reported quarterly	0	Year 1: 5 / 8 Year 2: 10 / 5 Year 3: 10 Year 4: 5 Year 5: 1 **Life of project: 37**

ANNEX 2

ACTUAL VS. TARGET PERFORMANCE

Final indicators	Year 1		Year 2		Year 3		Year 4		Year 5		Life of Project	Cumulative Actual vs. Life of Project
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
01. Increased sales of assisted enterprises (new sales)[4]												
	10.00%	53.43%	10.00%	43.88%	10.00%	39.16%	10.00%	53.61%	10.00%	59.08%	10.00%	49.83%
MDL		257,703,953		545,110,995		396,248,362		441,044,478		437,038,137		
USD		22,575,882		45,555,102		31,955,771		32,588,129		26,499,526		
02. Investment in assisted enterprises												
	15.00%	70.44%	15.00%	36.31%	15.00%	0.66%	15.00%	23.24%	7.5.00%	10.71%	15.00%	28.27%
MDL		173,588,027		238,444,800		6,342,954		229,264,147		56,604,418		
USD		15,220,519		19,675,769		511,532.71		16,939,991		3,432,172		
Objective 1: Productivity of targeted industries increased.												
Expected Result 1.1: Use of improved technologies and business processes within target industries increased												
03. Enterprises receiving project-related assistance to improve their knowledge, processes, and technologies												
	50	73	85	129	70	41	15	55	8	58	305	356
04. Assisted enterprises applying improved knowledge, processes, and technologies												
	35	19	55	115	45	44	25	55	5	42	230	270
05. Productivity of assisted enterprises												
	2.00%	27.56%	3.00%	17.53%	6.00%	9.52%	6.00%	15.22%	6.00%	27.87%	4.6%	19.54%
Expected Result 1.2: Capacity of the workforce in targeted industries increased												
06. Investments in workforce development initiatives by assisted enterprises or other cluster actors												
	10.00%	13.16%	10.00%	8.91%	10.00%	22.09%	10.00%	1.03%	10.00%	71.23%	10.00%	23.28%
07. Participants in project-related training activities or capacity building programs												
	700	1,357	1,000	3,422	1,650	3,987	1,650	3,546	500	5,351	12,800	17,663
Expected Result 1.3: Capacity of industry service providers and other value chain actors increased												
08. Assisted enterprises paying for BSP services with some or all of their own resources												
	10.00%	30.43%	15.00%	47.27%	20.00%	44.44%	25.00%	50%	30.00%	47.95%	20%	44.02%
09. Reserved. This indicator, repeat clients of (assisted) BSPs, was removed from the PMP												

[4] Indicators 1 and 2 were calculated by converting Moldovan lei (MDL) into U.S. dollars at the average annual exchange rate of 12.3999 to ignore the impact of fluctuations in exchange rates.

Final indicators	Year 1		Year 2		Year 3		Year 4		Year 5		Life of Project	Cumulative Actual vs. Life of Project
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
Objective 2: Trade and investment in targeted industries increased												
Expected Result 2.1: Quality of products and services produced by enterprises in targeted industries improved												
10. Assisted enterprises participating in project-related programs to enhance trade and investment capacity												
	50	51	85	81	70	60	15	60	8	43	240	295
11. Assisted enterprises following recognized product or process standards												
	5.00%	0.00%	10.00%	6.45%	15.00%	47.62%	20.00%	43.96%	n/a	n/a	20.00%	43.96%
Companies that introduced standards		0		4		40		40		n/a		
Companies with memoranda of understanding		21		62		84		91		n/a		
Expected Result 2.2: Positioning and promotion of products and services from targeted industries in strategic markets improved												
12. Assisted enterprises expanding sales to new or existing markets												
	35	13	55	50	45	39	25	46	0	31	160	179
13. Assisted enterprises exhibiting at trade shows or participating in B2B events												
	20	96	25	216	30	366	25	431	50	429	1,100	1,538
Expected Result 2.3: Access to financing and investment by enterprises in targeted industries increased												
14. Financing accessed by assisted enterprises												
	10.00%	29.06%	10.00%	42.39%	10.00%	27.36%	10.00%	12.96%	10.00%	23.10%	10.00%	26.97%
15. Assisted enterprises with increased financing or investment in targeted industries												
	25	22	45	45	40	57	15	65	5	43	130	189
Objective 3: Public-private dialogue improved, leading to a better business environment for targeted industries												
Expected Result 3.1: Viability and number of industry associations and member based organizations increased												
16. Associations or member-based organizations demonstrating increased leadership in targeted industries												
	4	11	4	8	2	1	0	3	0	0	23	23
17. Increased revenues of associations or member-based organizations												
	10.00%	126.81%	10.00%	92.31%	10.00%	17.68%	10.00%	122.70%	10.00%	120.15%	10.00%	95.93%
18. Member satisfaction level of associations or member-based organizations												
	50.00%	81.74%	55.00%	66.65%	60.00%	81.67%	60.00%	92.00%	60.00%	88.75%	57.50%	88.75%
Expected Result 3.2: Private sector capacity for advocacy and policy analysis increased												
19. Participants at project-related training activities or workshops about advocacy or policy analysis												
	50	292	100	199	100	158	50	262	50	480	820	1,391
20. Policy or position papers published or commissioned by assisted associations or member-based organizations												
	5	9	10	11	10	10	10	11	1	5	40	46
Expected Result 3.3: Understanding by the public sector of private sector concerns and actions taken to improve conditions for targeted industries increased												
21. Consultative meetings or events between representatives from the public and private sectors as a result of project assistance												
	10	15	15	19	15	10	10	13	4	13	55	70
22. Government actions taken that improve the business environment in targeted industries												
	5	8	10	10	10	10	5	9	1	6	37	43

ANNEX 3

DISAGGREGATED DATA

Final Indicators	Actual				
	Year 1	Year 2	Year 3	Year 4	Year 5
01. Increased sales of assisted enterprises (new sales)					
	53.43%	**43.88%**	**39.16%**	**53.61%**	**59.08%**
MDL	257,703,953.10	545,110,995.19	396,248,361.94	441,044,478.00	437,038,137.00
USD	22,575,882.48	45,555,101.93	31,955,770.77	32,588,128.92	26,499,526.26
Disaggregation by Target Industry					
Wine	59.90%	56.15%	25.66%	39.48%	68.82%
MDL	178,163,032.10	481,150,707.96	230,232,947.94	103,164,758.00	162,372,564.00
USD	15,596,470.01	40,230,078.43	18,567,322.96	7,622,692.50	9,845,355.95
Textile and Apparel	42.73%	37.00%	33.35%	55.49%	39.80%
MDL	79,224,374.00	27,972,292.00	43,442,957.00	151,829,151.00	40,615,731.00
USD	6,952,594.22	2,296,139.24	3,503,492.53	11,218,433.05	2,462,708.72
Information Technology	100.00%	52.47%	n/a	n/a	n/a
MDL	316,547.00	166,080.00	n/a	n/a	n/a
USD	26,818.26	13,683.42	n/a	n/a	n/a
Furniture	n/a	27.72%	20.50%	64.12%	n/a
MDL	n/a	18,770,125.00	37,851,532.00	84,622,800.00	n/a
USD	n/a	1,538,268.88	3,052,567.52	6,252,654.45	n/a
Fashion Accessories, Footwear	n/a	37.41%	64.36%	47.78%	64.92%
MDL	n/a	16,701,942.00	33,811,025.00	38,492,169.00	138,254,349.00
USD	n/a	1,424,807.69	2,726,717.55	2,002,822.62	8,382,963.50
Emerging Exports	n/a	5.01%	78.36%	46.29%	77.49%
MDL	n/a	349,848.23	50,909,900.00	62,935,600.00	95,795,493.00
USD	n/a	52,124.27	4,105,670.21	4,650,219.08	5,808,498.09
Disaggregation by Enterprise Size					
Micro	100.00%	78.36%	31.49%	95.86%	114.63%
MDL	316,547.00	4,488,480.00	2,994,428.00	4,428,572.00	137,833,891.00
USD	26,818.26	370,821.09	241,488.08	327,220.68	8,357,469.30
Small	87.73%	52.31%	64.03%	44.66%	49.83%
MDL	9,815,677.00	10,486,846.07	60,598,220.00	86,602,722.00	106,780,052.00
USD	862,791.93	883,125.04	4,886,992.64	6,398,947.98	6,474,539.75
Medium	47.99%	37.68%	30.99%	54.23%	50.24%
MDL	64,945,608.43	134,381,508.14	146,845,761.00	179,027,484.00	105,094,660.00
USD	5,736,525.57	11,313,672.15	11,842,495.58	13,228,077.94	6,372,347.10
Large	42.23%	36.53%	17.84%	34.25%	32.61%
MDL	182,626,120.67	395,754,160.98	185,809,952.94	170,985,700.00	87,329,534.00
USD	15,949,746.73	32,987,483.65	14,984,794.47	12,633,882.33	5,295,170.11
Disaggregation by Female Ownership					
Female Ownership	49.57%	36.53%	32.38%	46.89%	63.45%
MDL	136,825,372.43	395,754,160.98	177,146,587.94	183,790,278.00	248,072,009.00
USD	12,032,660.74	32,987,483.65	14,286,130.37	13,579,993.79	15,041,686.67
No Female Ownership	60.66%	29.12%	44.84%	60.59%	53.26%
MDL	120,878,580.67	244,532,651.23	219,101,774.00	257,254,200.00	188,966,128.00
USD	10,543,221.74	20,569,435.94	17,669,640.40	19,008,135.13	11,457,839.60
02. Investment in assisted enterprises					
	70.42%	**36.31%**	**0.66%**	**23.24%**	**10.71%**
MDL	173,543,026.88	238,444,799.57	6,342,954.44	229,264,147.00	56,604,418.00
USD	15,216,614.91	19,675,769.07	511,532.71	16,939,991.21	3,432,172.47
Disaggregation by Target Industry					
Wine	74.51%	61.97%	-9.36%	8.52%	34.06%
MDL	159,772,820.88	234,696,260.77	-60,426,763.36	49,872,313.00	119,122,748.00
USD	14,014,371.70	19,482,150.16	-4,873,165.38	3,684,991.98	7,222,931.19
Textile and Apparel	43.05%	-24.64%	56.70%	161.08%	-30.08%
MDL	13,770,206.00	-11,273,068.80	21,349,599.80	104,515,054.00	-28,621,332.00
USD	1,202,243.21	-961,431.02	1,721,755.80	7,722,463.89	-1,735,436.05
Information Technology	n/a	-54.79%	n/a	n/a	n/a

Final Indicators	Actual				
	Year 1	Year 2	Year 3	Year 4	Year 5
MDL	n/a	-130,400.00	n/a	n/a	n/a
USD	n/a	-10,579.16	n/a	n/a	n/a
Furniture	n/a	3.26%	19.45%	11.98%	n/a
MDL	n/a	5,948,322.00	37,623,662.00	29,222,365.00	n/a
USD	n/a	424,547.13	3,034,190.76	2,159,197.64	n/a
Fashion Accessories, Footwear	n/a	18.80%	14.59%	54.56%	-41.45%
MDL	n/a	9,239,342.60	11,098,572.00	47,639,715.00	-33,673,198.00
USD	n/a	743,413.58	895,053.35	3,520,028.59	-2,041,752.70
Emerging Exports	n/a	-18.41%	-39.46%	-39.19%	-9.24%
MDL	n/a	-35,657.00	-3,302,116.00	-1,985,300.00	-223,800.00
USD	n/a	-2,331.61	-266,301.83	-146,690.90	-13,569.97
Disaggregation by Enterprise Size					
Micro	100.00%	41.66%	21.17%	74.86%	-19.92%
MDL	200,000.00	1,885,000.00	1,403,835.00	7,301,993.00	-1,761,864.00
USD	17,351.92	150,013.80	113,213.41	539,533.54	-106,829.49
Small	109.28%	678.35%	-28.26%	68.33%	-37.19%
MDL	1,779,414.03	40,610,114.97	-14,621,729.00	25,361,069.00	-11,615,313.00
USD	154,442.81	3,391,761.76	-1,179,181.20	1,873,892.15	-704,287.03
Medium	-17.37%	47.79%	48.29%	-18.03%	-6.17%
MDL	-16,998,979.35	55,872,315.24	112,772,287.00	-65,545,315.00	-7,587,226.00
USD	-1,439,849.34	4,597,637.77	9,094,612.62	-4,843,047.09	-460,046.57
Large	128.34%	26.47%	-13.93%	45.50%	21.22%
MDL	188,562,592.20	140,077,369.36	-93,211,438.56	262,146,400.00	77,568,821.00
USD	16,484,669.52	11,536,355.75	-7,517,112.12	19,369,612.60	4,703,335.56
Disaggregation by Female Ownership					
Female Ownership	6.84%	79.11%	33.69%	4.46%	-21.24%
MDL	7,463,029.88	174,062,754.37	135,713,317.64	24,814,539.00	-49,211,220.00
USD	776,471.95	14,373,086.15	10,944,710.65	1,833,509.85	-2,983,890.66
No Female Ownership	120.97%	14.74%	-23.17%	47.59%	35.64%
MDL	166,079,997.00	64,382,045.20	-129,370,363.20	204,449,608.00	105,815,638.00
USD	14,440,142.96	5,302,682.92	-10,433,177.94	15,106,481.35	6,416,063.13
03. Enterprises receiving project-related assistance to improve their knowledge, processes, and technologies					
	73	**129**	**41**	**55**	**58**
Disaggregation by Target Industry					
Wine	24	6	3	12	16
Textile and Apparel	19	20	12	8	20
Information Technology	21	18	4	7	0
Furniture	1	47	2	2	n/a
Fashion Accessories, Footwear	n/a	19	6	2	5
Emerging Exports	2	11	14	24	14
Other	6	8	0	0	3
Disaggregation by Enterprise Size					
Micro	4	24	20	16	26
Small	21	54	16	19	14
Medium	29	42	5	18	14
Large	19	9	0	2	4
Disaggregation by Female Ownership					
Female Ownership	33	28	12	11	13
No Female Ownership	40	101	29	44	45
04. Assisted enterprises applying improved knowledge, processes, and technologies					
	19	**115**	**44**	**50**	**42**
Disaggregation by Target Industry					
Wine	4	20	5	1	25
Textile and Apparel	11	19	12	11	11
Information Technology	1	27	1	8	0
Furniture	1	32	1	3	n/a
Fashion Accessories, Footwear	n/a	12	5	3	3
Emerging Exports	0	1	20	24	3
Other	2	4	0	0	0
Disaggregation by Enterprise Size					
Micro	1	14	15	13	19
Small	5	38	20	20	7

Final Indicators	Actual				
	Year 1	Year 2	Year 3	Year 4	Year 5
Medium	7	43	7	17	15
Large	6	20	2	0	1
Disaggregation by Female Ownership					
Female Ownership	12	38	11	15	9
No Female Ownership	7	77	33	35	33
05. Productivity of assisted enterprises					
	27.56%	**17.53%**	**9.52%**	**15.22%**	**27.87%**
Disaggregation by Target Industry					
Wine	29.33%	37.60%	1.33%	-3.74%	46.22%
Textile and Apparel	24.78%	5.59%	8.41%	27.12%	11.69%
Information Technology	n/a	26.87%	n/a	n/a	n/a
Furniture	n/a	-1.23%	4.51%	25.35%	n/a
Fashion Accessories, Footwear	n/a	12.83%	7.54%	15.76%	14.21%
Emerging Exports	n/a	-7.63%	53.74%	5.51%	57.10%
Disaggregation by Enterprise Size					
Micro	-50.19%	69.76%	12.13%	14.16%	55.28%
Small	35.12%	21.91%	17.26%	7.71%	30.45%
Medium	27.77%	15.58%	10.98%	24.58%	28.86%
Large	30.71%	18.34%	-1.89%	7.07%	5.43%
Disaggregation by Female Ownership					
Female Ownership	25.26%	30.79%	6.78%	16.00%	32.37%
No Female Ownership	31.65%	4.69%	12.00%	14.40%	22.98%
06. Investments in workforce development initiatives by assisted enterprises or other cluster actors					
	13.16%	**8.91%**	**22.09%**	**1.03%**	**71.23%**
Disaggregation by Target Industry					
Wine	-66.50%	6.46%	113.69%	-62.42%	42.82%
Textile and Apparel	-18.98%	3.92%	26.07%	4.55%	-36.20%
It	n/a	-0.88%	10.62%	30.14%	32.63%
Furniture	n/a	17.78%	-26.52%	140.87%	n/a
Fashion Accessories, Footwear	n/a	45.08%	-37.47%	65.05%	14.34%
Emerging Exports	n/a	229.06%	-8.01%	14.65%	-47.21%
Disaggregation by Female Ownership					
Female Ownership	-46.88%	1.81%	-9.60%	-31.92%	23.11%
No Female Ownership	243.29%	12.70%	38.51%	16.35%	84.86%
07. Participants in project-related training activities or capacity building programs					
	1,357	**3,422**	**3,987**	**3,546**	**5,351**
Type of Provider					
Associations	10	1,310	2,025	2,166	4,963
Academic Institutions	22	67	0	12	0
Business Service Providers	186	492	157	0	0
Enterprises	10	8	0	0	0
Project	1,129	1,545	1,772	1,207	388
Government	0	0	33	161	0
Disaggregation by Sex					
Female Participants	469	1,022	1,031	856	1,906
Men Participants	888	2,400	2,956	2,690	3,445
08. Assisted enterprises paying for BSP services with some or all of their own resources					
	30.43%	**47.27%**	**44.44%**	**50.00%**	**47.95%**
Target industry					
Wine	35.71%	42.11%	39.13%	31.82%	52.00%
Textile and Apparel	22.22%	46.15%	45.45%	59.26%	48.00%
Information Technology	n/a	100.00%	n/a	n/a	
Furniture	n/a	50.00%	38.46%	43.75%	
Fashion Accessories, Footwear	n/a	50.00%	56.25%	62.50%	41.18%
Emerging Exports	n/a	50.00%	42.86%	57.14%	50.00%
Disaggregation by Female Ownership					
Female Ownership	29.41%	50.00%	47.50%	51.11%	45.00%
No Female Ownership	33.33%	44.44%	41.46%	48.84%	51.52%

Final Indicators	Actual				
	Year 1	Year 2	Year 3	Year 4	Year 5
09. Reserved. This indicator, Repeat clients of (assisted) BSPs, was removed from the PMP					
10. Assisted enterprises participating in project-related programs to enhance trade and investment capacity					
	51	**81**	**60**	**60**	**43**
Disaggregation by Target industry					
Wine	26	6	8	14	8
Textile and Apparel	21	14	13	5	20
Information Technology	3	1	10	12	0
Furniture	0	43	2	2	0
Fashion Accessories, Footwear	0	17	5	3	4
Emerging Exports	1	0	22	24	7
Other	0	0	0	0	4
Disaggregation by Enterprise Size					
Micro	5	13	22	17	23
Small	7	23	30	22	7
Medium	24	34	7	17	9
Large	15	11	1	4	4
Disaggregation by Female Ownership					
Female Ownership	34	21	16	9	11
No Female Ownership	17	60	44	51	32
11. Assisted enterprises following recognized product or process standards					
	0.00%	**6.45%**	**47.62%**	**43.96%**	**C**
Number of companies that introduced standards	0	4	40	40	n/a
Monitored companies with memoranda of understanding	21	62	84	91	n/a
Wine	0	2	17	17	n/a
Textile and Apparel	0	1	20	20	n/a
Furniture	0	0	2	2	n/a
Fashion Accessories, Footwear	0	1	1	1	n/a
12. Assisted enterprises expanding sales to new or existing markets					
	13	**50**	**39**	**46**	**31**
Disaggregation by Target Industry					
Wine	3	19	7	6	17
Textile and Apparel	9	8	15	13	7
Information Technology	1	0	0	17	0
Furniture	0	10	9	1	0
Fashion Accessories, Footwear	0	13	2	6	2
Emerging Exports	0	0	5	3	5
Other	0	0	1	0	0
Disaggregation by Enterprise Size					
Micro	1	6	10	9	12
Small	2	11	16	19	5
Medium	4	20	12	15	9
Large	6	13	1	3	5
Disaggregation by Female Ownership					
Female Ownership	9	25	19	16	4
No Female Ownership	4	25	20	30	27
13. Assisted enterprises exhibiting at trade shows or participating in business-to-business (B2B) events					
	96	**216**	**366**	**431**	**429**
Disaggregation by Target Industry					
Wine	47	112	225	264	321
Textile and Apparel	46	60	38	87	48
Information Technology	3	3	7	15	3
Furniture	0	18	37	2	0
Fashion Accessories, Footwear	0	23	24	40	18
Emerging Exports	0	0	34	23	36
Other	0	0	1	0	3
Disaggregation by Enterprise Size					
Micro	5	17	26	50	83
Small	11	37	92	110	65
Medium	45	75	134	149	160
Large	35	81	114	122	121

Final Indicators	Actual				
	Year 1	Year 2	Year 3	Year 4	Year 5
Disaggregation by Female ownership					
Female Ownership	56	118	181	256	213
No Female Ownership	40	98	185	175	216
14. Financing accessed by assisted enterprises					
	29.06%	42.39%	27.36%	12.96%	23.10%
Disaggregation by Target Industry					
Wine	17.11%	73.44%	8.48%	24.56%	20.12%
Textile and Apparel	51.24%	24.49%	47.17%	-5.71%	24.53%
Information Technology	n/a	n/a	n/a	n/a	n/a
Furniture	n/a	-5.28%	61.33%	12.01%	n/a
Fashion Accessories, Footwear	n/a	11.36%	22.29%	22.30%	-3.60%
Emerging Exports	n/a	100.00%	-43.18%	26.85%	-42.74%
Disaggregation by Enterprise Size					
Micro	n/a	67.65%	91.67%	-12.51%	200.00%
Small	150.00%	5.49%	47.48%	35.10%	-26.28%
Medium	-4.23%	56.97%	2.97%	24.86%	12.75%
Large	2.75%	32.16%	38.24%	-13.41%	41.19%
Disaggregation by Female Ownership					
Female Ownership	51.40%	38.73%	34.03%	11.79%	-6.37%
No Female Ownership	-37.96%	47.33%	21.36%	14.02%	40.48%
15. Assisted enterprises with increased financing or investment in targeted industries					
	22	**45**	**57**	**65**	**43**
Disaggregation by Target Industry					
Wine	12	21	15	16	16
Textile and Apparel	10	12	18	25	15
Information Technology	0	0	0	0	15
Furniture	0	6	10	8	0
Fashion Accessories, Footwear	0	5	11	11	9
Emerging Exports	0	1	3	5	3
Disaggregation by Enterprise Size					
Micro	1	2	5	5	8
Small	4	7	16	21	8
Medium	8	19	23	25	14
Large	9	17	13	14	13
Disaggregation by Female Ownership					
Female Ownership	16	24	30	34	21
No Female Ownership	6	21	27	31	22
16. Associations or member-based organizations demonstrating increased leadership in targeted industries					
	11	**8**	**1**	**3**	**0**
Disaggregation by Target Industry					
Wine	9	3	0	1	0
Textile and Apparel	1	0	0	0	0
Information Technology	1	0	1	0	0
Furniture	0	1	0	0	0
Fashion Accessories, Footwear	0	0	0	0	0
Emerging Exports	0	4	0	2	0
17. Increased revenues of associations or member-based organizations					
	126.81%	**92.31%**	**17.68%**	**122.70%**	**120.15%**
Wine	74.08%	97.92%	19.05%	200.00%	189.12%
Textile and Apparel	200.00%	172.35%	-5.11%	139.11%	54.85%
Information Technology	159.08%	-4.54%	36.36%	51.70%	136.62%
Furniture	n/a	n/a	n/a	n/a	n/a
Fashion Accessories, Footwear	n/a	n/a	n/a	n/a	n/a
Emerging Exports	n/a	n/a	n/a	100.00%	100.00%
18. Member satisfaction level of associations or member-based organizations					
	81.74%	**66.65%**	**81.67%**	**92.00%**	**88.75%**
Wine	85.50%	78.50%	81.25%	95.00%	95.00%
Textile and Apparel	75.00%	25.00%	80.00%	86.00%	86.00%
Information Technology	80.95%	84.60%	85.00%	n/a	84.00%
Furniture	n/a	n/a	n/a	n/a	n/a
Fashion Accessories, Footwear	n/a	n/a	n/a	n/a	n/a
Emerging Exports	n/a	n/a	n/a	n/a	90.00%

Final Indicators	Actual				
	Year 1	Year 2	Year 3	Year 4	Year 5
19. Participants at project-related training activities or workshops about advocacy or policy analysis					
	292	**199**	**158**	**262**	**480**
Disaggregation by Target industry					
Wine	270	75	158	176	399
Textile and Apparel	22	0	0	0	0
Information Technology	0	0	0	0	40
Furniture	0	94	0	0	0
Fashion Accessories, Footwear	0		0	0	0
Emerging Exports	0	30	0	86	41
20. Policy or position papers published or commissioned by assisted associations or member-based organizations					
	9	**11**	**10**	**11**	**5**
Disaggregation by Target industry					
Wine	8	5	4	11	5
Textile and Apparel	0	0	0	0	0
Information Technology	1	6	6	0	0
Furniture	0	0	0	0	0
Fashion Accessories, Footwear	0	0	0	0	0
Emerging Exports	0	0	0	0	0
21. Consultative meetings or events between representatives from the public and private sectors as a result of project assistance					
	15	**19**	**10**	**13**	**13**
Wine	14	10	8	11	7
Textile and Apparel	0	0	0	0	0
Information Technology	1	2	2	0	2
Furniture	0	0	0	0	0
Fashion Accessories, Footwear	0	0	0	0	0
Emerging Exports	0	7	0	2	4
22. Government actions taken that improve the business environment in targeted industries					
	8	**10**	**10**	**9**	**6**
Wine	6	2	7	6	4
Textile and Apparel	0	0	0	0	1
Information Technology	2	7	3	3	0
Furniture	0	0	0	0	0
Fashion Accessories, Footwear	0	0	0	0	0
Emerging Exports	0	1	0	0	1

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