



**USAID**  
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**Competitiveness Enhancement and  
Enterprise Development II (CEED II)**

# ANNUAL REPORT

YEAR TWO, FY2012:

OCTOBER 2011 – SEPTEMBER 2012

**NOVEMBER 3, 2012**

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YEAR TWO, FY2012:

OCTOBER 2011 – SEPTEMBER 2012

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## ACRONYM LIST

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APIUS	Patronate Association of Light Industry Companies
ASEM	Academy of Economic Studies of Moldova
ASW	Association of Small Winemakers
ATIC	Moldovan Association of Private ICT Companies
B2B	Business-to-Business
B2C	Business-to-Consumer
BCR	Business Climate Reform
BSP	Business Service Provider
C&M	Cut and Make
CAD	Computer Aided Design
CBI	Dutch Centre for the Promotion of Imports from Developing Countries
CCI	Chamber of Commerce and Industry of Moldova
CEED II	Competitiveness Enhancement and Enterprise Development II
CFBC	College of Finance and Banking Chisinau
CMT	Cut, Make and Trim
CNC	Computer Numerical Control
COP	Chief of Party
COR	Contracting Officer's Representative
DCA	Development Credit Authority
DCOP	Deputy Chief of Party
DO	Denomination of Origin
EBRD BAS	European Bank for Reconstruction and Development Business Advisory Service
EGC	E-Governance Center
EIB	European Investment Bank
ER	Expected Result
FEPAIUS	Light Industry Association of Romania
FOB	Full Own Brand
FTA	Free Trade Agreement
FVV	National Fund for Vine and Wine
GI	Geographical Indications
GOM	Government of Moldova
ICT	Information Communications Technology
IT	Information Technology
ITE	Information Technology Essentials
M&E	Monitoring and Evaluation
MAFI	Ministry of Agriculture and Food Industry
MEP	Moldova Export Platform
MIEPO	Moldovan Investment and Export Promotion Organization
MIS	Management Information System
MIS	Market Information System
MITC	Ministry of Information, Communications, and Technology
MOU	Memorandum of Understanding
MWG	Moldovan Wine Guild
NetAcad	Cisco Networking Academy
ONVV	National Office of Vine and Wine
PDO	Protected Designation of Origin
PIU	Project Implementation Unit
PMP	Performance Monitoring Plan
PMU	Project Managements Unit
QLab	European Software Institute Eastern Europe Quality Laboratory
R&D	Research and Development
RCI	USAID Regional Competitiveness Initiative
SEED	Sector, Engagement, Enhancement, and Development Fund
SME	Small and Medium Enterprises

TIP	Trade, Investment, and Partnership
TOR	Terms of Reference
TOT	Training of Trainers
USAID	United States Agency for International Development
USG	United States Government
USM	Moldova State University
USP	Unique Selling Proposition
UTM	Technical University of Moldova

## EXECUTIVE SUMMARY

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The USAID/Moldova funded Competitiveness Enhancement and Enterprise Development II (CEED II) project, implemented by Chemonics International Inc. in partnership with Dexis Consulting Group, helps to grow and expand the competitiveness and efficiency of key industries in Moldova leading to increased sales and investment. CEED II supported industries include: apparel, emerging export industries (i.e. automotive parts manufacturing and tourism), fashion accessories, home furnishings, information technology (IT), and wine. CEED II contributes to the economic growth objective and private sector competitiveness program area of the U.S. Foreign Assistance Framework. CEED II began in December 2010 and will operate until December 2014. It builds upon the successes and momentum of USAID/Moldova's CEED project (2005-2010).

CEED II uses a mix of micro-, mezzo-, and macro-level technical assistance and training activities to boost competitiveness and strengthen targeted industries. It's method of increasing competitiveness is to work with private and public sector stakeholders along industry value chains on the one hand and within broad industry clusters on the other. Value chain activities help increase sales of Moldova goods and services to final markets by eliminating inefficiencies and constrains along the vertical value chain. Cluster activities strengthen horizontal linkages among industry 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, trainings, and/or conferences for their members; and coordinate initiatives within targeted industries.

During the past year, Project Year 2 (FY2012), CEED II registered noteworthy progress. The project achieved excellent outreach, assisting 129 companies, for a current total of 201 enterprises receive project-related assistance; supporting participation by 213 companies in trade shows or B2B events, bringing the total to 306; and in involving 3,387 people in project activities, for a current total of 4,733. Moreover, sales and investment of assisted enterprises grew by 19.3 percent and 36.21 percent respectively according to figures reported to CEED II by the companies.

In addition, CEED II excelled at increasing public-private dialogue to improve the business environment. As a result of the project's assistance, 8 more associations began showing increased leadership within their respective industries (17 total), nearly 200 people participate in activities to improve policy analysis and advocacy (491 total), and 19 consultative meetings between public and private sector stakeholders took place (34 total) leading to 5 more actions by Government (13 total) that will improve the business environment, among these the approval of the wine reforms, which were submitted to Parliament in May 2012 and subsequently passed in a first reading in October.

While CEED II registered many accomplishments during the year, which are discussed in detail in Section II and II, below we summarize selected key accomplishments by target industry.

### **Apparel & Textile**

- Catalyzed a transformation from cut-and-make production schemes (services) to full-package or own-brand or production schemes (products); from low-value to high-value production
- Encouraged active marketing and promotion by enterprises in target markets, incl. Moldova
- Organized a successful "buy Moldova" campaign that enhanced the image of local brands and resulted in an agreement by several companies to open a common store for Moldovan brands
- Focused attention on increasing productivity with positive results
- Increased overall sales, and exports, of assisted enterprises
- Uniting the industry through an industry association (APIUS)

### **Emerging Export Industries / Tourism**

- Supported the launch of a new bachelor's degree program in automotive engineering and management (Automotive Academy) at Balti University
- Established a tourism marketing task force with public and private sector members
- Defined Moldova's tourist offer and developed a supporting brand image
- Designed, and are currently developing, a tourism website ([www.MoldovaHoliday.travel](http://www.MoldovaHoliday.travel))
- Planned an October 2012 familiarization tour for foreign tour operators and travel journalist
- Conducted Moldova's first international visitors' survey

### **Fashion Accessories**

- Catalyzed a transformation from cut-and-make production schemes (service) to own-product schemes (product); from low-value to high-value production
- Improved marketing and sales skills, e.g. branding, promotion, merchandizing, & retailing
- Organized a successful "buy Moldova" campaign that enhanced the image of local brands and resulted in an agreement by several companies to open a common store for Moldovan brands
- Motivated a focus on export markets with own-products
- Introduced MIS as a tool to increase efficiency

### **Home Furnishings**

- Catalyzed establishment of a furniture manufacturers association
- Motivated common projects within the industry, e.g. shopping center and furniture expo
- Stimulating increased investment in marketing, promotion, and advertising
- Challenged long-standing ways of doing business and motivating change within enterprises

### **Information Communication Technology (ICT)**

- Positioned ICT as a productive industry rather than only a supporting industry
- Initiated a process whereby Moldova will proactively promote its ICT industry
- Focused attention on the workforce gap facing the ICT industry
- Increased enrolment in IT-related fields of study
- Motivated the Ministry of Education to accept CISCO IT Essentials as an approved high school elective starting in the 2012/13 academic year
- Catalyzed a nascent startup community in Moldova

### **Wine**

- Strengthened private-private dialogue. Industry agreed upon a reform agenda. Wineries agreed on common promotion efforts.
- Strengthened private-public dialogue about significant reforms to the industry
- Played a major role in placing draft law no. 900 before Parliament
- Assisted "next generation" wineries, including small producers, to market their wines
- Accelerated an "upgrading" of wine culture and consumption in Moldova

### **Finance & Investment:**

- Strengthening relationships between enterprises and financial institutions
- Improving financial management skills of managers and chief accountants
- Supporting wineries' applications for EIB funding
- Supporting USAID's DCA Loan Guarantee Program – 5 loans approved

## SECTION I

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### Project Overview and General Approach

Chemonics International Inc. (Chemonics) and Dexis Consulting Group (Dexis) are pleased to submit to the United States Agency for International Development in Moldova (USAID/Moldova) this Year 2 Annual Report for the Competitiveness Enhancement and Enterprise Development II (CEED II) project. This report covers the ten month period from October 2011 through September 2012.

#### A. General Overview

CEED II is a four-year project (2010-2014) funded by USAID/Moldova. CEED II contributes to the *economic growth objective* and *private sector competitiveness program area* of the U.S. Foreign Assistance Framework. CEED II builds upon the successes and momentum of CEED (2005-2010). The project's purpose is to grow and expand the competitiveness and efficiency of key strategic industries in Moldova leading to increased sales and investment. CEED II's develop hypothesis is that by helping Moldovan enterprises in key industries compete successfully at home and abroad it will lead to increased sales and investment. CEED II complements and supports the Government of Moldova's strategy of export- and investment-driven growth. The project aims to increase competitiveness in six targeted industries through activities in three components:

- Component 1: Increased productivity
- Component 2: Increased trade and investment
- Component 3: Improved public-private dialogue for a better business environment.

CEED II targets six industries – apparel and textile, fashion accessories, home furnishings, information technology (IT), tourism (as an emerging industry), and wine. We will support these industries so that they reach a maturity level that promotes sustainable improvements in sector competitiveness and that provides well-paying and desirable jobs, hereby increasing incomes, alleviating poverty, and reducing emigration.

#### B. Overview of Activities and Expected Results

CEED II provides technical assistance, training, and other support, including limited co-financing, in order to implement activities in the following areas across CEED II's targeted industries:

- Improve technologies and business processes
- Develop the capacity of the workforce
- Develop the capacity of industry service providers and other value chain actors
- Improve the quality of products and services produced by enterprises
- Position and promote products and services in strategic markets
- Improve access to financing and investment by enterprises
- Increase the viability and number of associations and member-based organizations
- Develop the capacity of the private sector for advocacy and policy analysis
- Increase public sector understanding of private sector concerns and actions taken to improve the conditions for targeted industries

The aforementioned activities will generate the following results:

- Enhanced competitiveness of the targeted industries
- Increased sales in assisted enterprises by 50 percent over the life of the project
- Increased investment in assisted enterprises by 75 percent over the life of the project
- Increased productivity and workforce capacity in assisted enterprises

- Increased sales to new and existing markets for assisted enterprises
- Improved the business environment and public-private dialogue in the targeted industries.

The project’s activities and performance monitoring system are connected by the CEED II Results Framework shown below in Exhibit I-1. The results framework guides our choice of activities and also provides a structure around which we monitor our performance using 21 indicators. The final *Performance Monitoring Plan* was approved by USAID/Moldova on March 7, 2011 and amended on March 21, 2012 to correct several problems that were identified during implementation. These indicators and their associated annual and life-of-project targets and actual results for Years 1 and 2 are listed in the table shown in Appendix I&II, and the memo describing the changes in Appendix III.

### Exhibit I-1: Results Framework



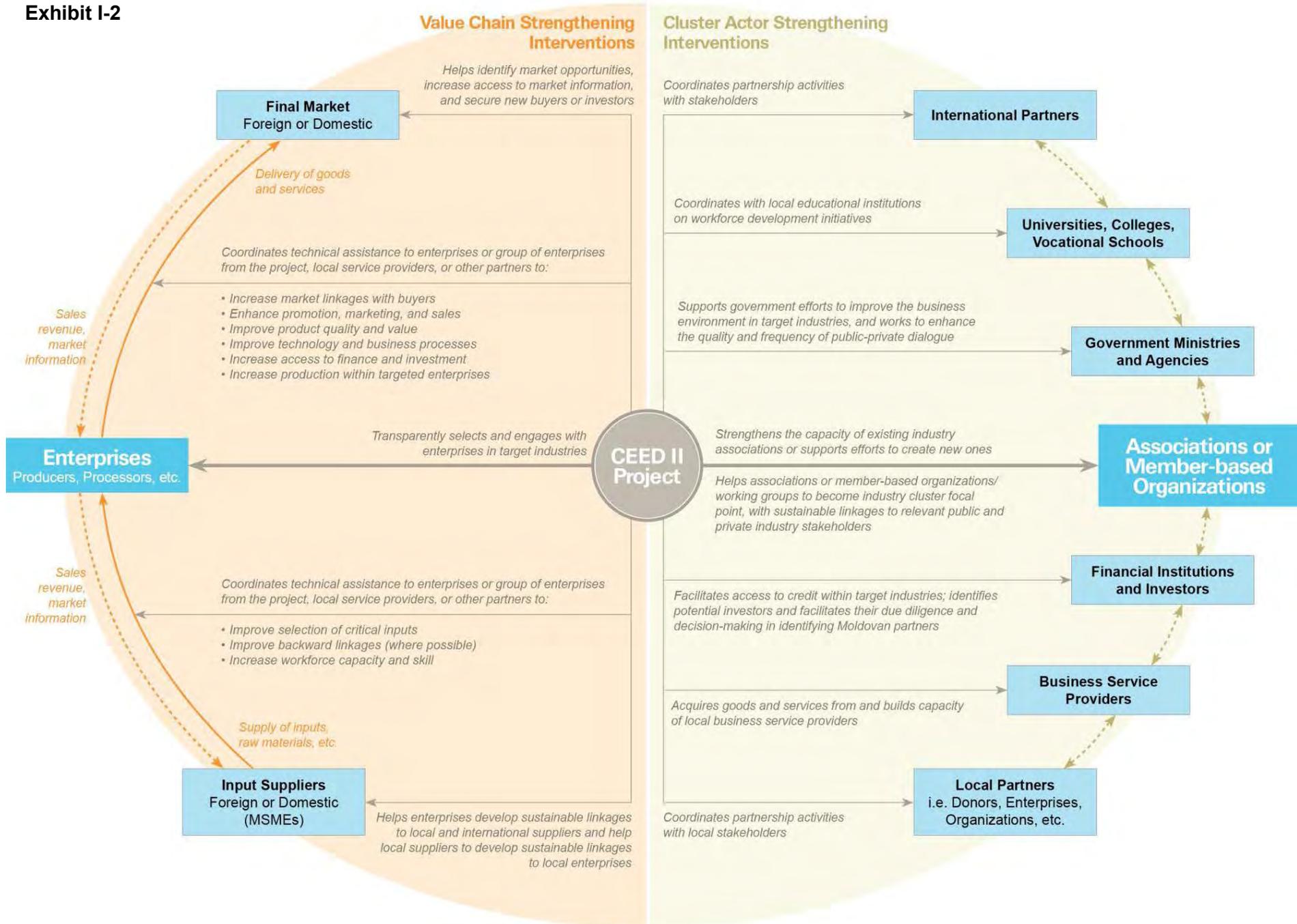
### C. General Approach to Project Implementation

During Year 2, CEED II continued to employ a mix of micro-, mezzo-, and macro-level technical assistance and training activities to boost competitiveness and strengthening targeted industry clusters. The CEED II approach to increasing competitiveness is to work with private and public sector stakeholders along target industry value chains on the one hand and within broad industry clusters on the other. Value chain activities focus on increasing the sale of Moldova goods and services to final markets by eliminating inefficiencies and constrains along the vertical value chain. Cluster activities aim to strengthen horizontal linkages among industry stakeholders by working through industry associations or member-based organizations. These actions create a supporting and sustainable environment in which targeted industries can develop, as illustrated in Exhibit I-2 on the next page.

Enterprises from within targeted industry value chains and associations and member-based organizations are the project’s main beneficiaries. By supporting target industry enterprises, selected as outlined in the box below, we affect positive changes in product quality, production processes and technology, and commercial knowledge and skills to allow companies to increase their ability to sell their products and services profitably in international markets over sustained periods of time.

By working with associations and member-based organizations we build their capacity to advocate for legal and regulatory changes; serve as clearinghouses for information; provide services such as organizing trade and investment missions, trainings, and/or conferences for their members;

Exhibit I-2



and coordinate initiatives within targeted industries. All of these activities help to build and strengthen networks within the industries, which can lead to new alliances and partnerships at home and abroad. In short, we will help associations to become focal points for industry cluster development.

### **ENTERPRISE SELECTION & ENGAGEMENT**

#### **Participant Enterprises**

**Definition and engagement:** Enterprises participating in project-sponsored trainings, seminars, roundtables, and similar activities targeting a wide audience and/or members of CEED II-assisted associations or organizations.

**Selection criteria:** Self-selecting; willingness to invest time in project-sponsored events (satisfying cost-sharing arrangements as required) and to remain in good standing with project-assisted organizations.

#### **Client Enterprises**

**Definition and engagement:** Enterprises receiving customized firm-level assistance or participating with smaller groups of enterprises in intensive project sponsored initiatives related to productivity enhancement, trade and investment promotion, workforce development, etc.

**Selection criteria:** Self-selecting, with the following other requirements:

- Legally registered enterprise within a targeted industry and (as required for particular activities) a member of the industry association
- Strong commitment by management to reform their business practices, pass on lessons learned, and cost-share for activities
- Strong market presence in local or international markets or possessing potential to increase exports or local sales
- Strong potential to expand or develop extensive forward and backward value chain linkages to other Moldovan enterprises
- Strong potential at reasonable cost for technology of management system improvements to increase sales or enhance productivity.

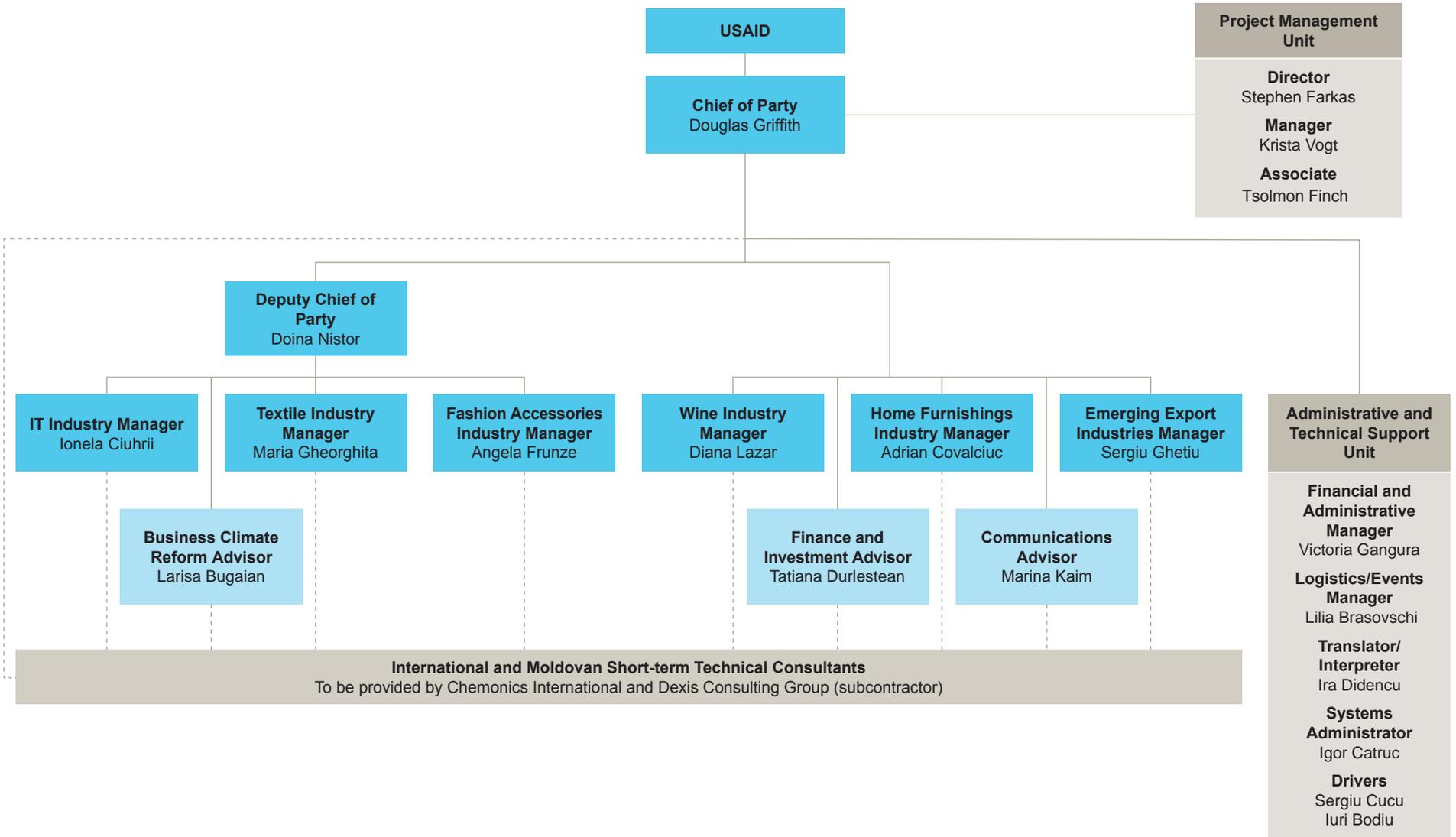
Since the number of targeted industry associations and member-based organizations is limited, we try to work with as many as possible, reaching out directly to associations' leaders to discuss opportunities for CEED II assistance. In cases where associations do not exist, we follow the model used on CEED, where we sought to create conditions (incentives) to encourage associations to develop from the bottom up with industry stakeholders leading the process. The project serves as a facilitator, champion, and coach, but does not create the organization ourselves.

Although we will build on many successful CEED activities, our approach to CEED II focuses more on systemic and sustainable activities. For example, to strengthen industry clusters, we take a more holistic view of cluster development with an increased focus on non-value chain actors, such as associations and BSPs. Our approach on CEED II offers an intensified focus on partnerships, public-private dialogue, and industry-wide interventions to encourage systemic and sustainable change.

#### **D. Staffing**

The CEED II staffing plan is shown on the adjacent page. Project staffing during Year 2 was as planned with two exceptions. First, Logistics & Events Manager Tatiana Dumbrava left the project for another job. She was replaced by Ms. Lila Brasovschi. Second, Peace Corps volunteer Natashia Meredith left the project for another assignment within Moldova. There were no other changes.

# Organizational Chart



## SECTION II

### Summary of Technical Activities

Below we summarize our progress in Year 1 by targeted industry, discussing our accomplishments (including results and impact), any problems encountered, and our solutions or adjustments.

#### A. Apparel Industry Activities

##### Activity 1: Build awareness about the implementation of own brands

**Accomplishments:** During the year, CEED II continued to assist apparel companies to launch their own brands. As a result, the percentage of Moldovan apparel companies that now produce their own products, rather than only providing cut-and-make services for foreign clients, increased from 11 to 14 percent during the past year. The value of sales of own-branded products is also increasing. While industry-wide statistics about this do not exist, CEED II can provide anecdotal evidence as following. As a result of CEED assistance (2008-2012), Bombonici and Iuvas have experienced tenfold increases in the value of sales of own-branded products; LeniCris' own-brand sales have increase 4.5 times (2007-2012); Tricon has seen a threefold increase (2007-2012); and Vistline's sales have doubled (2006-2012).

During the reporting period, CEED II helped four companies develop or update their brands. Two companies, Natalia Melnic and Viva Models, were helped to come up with new brand names and logos which were documented in comprehensive brand books that also included guidelines for how the brand should be used on stationary, in advertisements, on packaging, and on product labels. CEED II also helped the companies develop a portfolio of professional photographs to support the new brands. The other two companies, Vasile Moldovan and Brio, were helped to rebrand their companies as part of a strategy to help each company lay a new foundation for future growth. The images of the developed trademarks are as shown below:

<p><b>NATALIA MELNIC</b></p> <p><b>Sekana</b> is a new women's wear brand developed for export. Starting in spring 2012, the collection was available for sale in stores in Russia.</p>	
<p><b>VIVA MODELS</b></p> <p><b>Valentina Vidrascu</b> is a high-end ethno style women's wear brand. Starting in fall 2012, it is available for sale at Viva Model stores in Bucharest and Chisinau.</p>	
<p><b>VASILE MOLDOVAN</b></p> <p><b>Miss Vivien</b> is a children's wear brand for local and export markets. Starting in spring 2012, it is available for sale in the company's own stores in Moldova.</p>	

<p><b>BRIO</b></p> <p><b>Brio</b> is a new women's wear brand developed for the local market. Since fall 2012 it is available for sale Brio's own shops in Chisinau.</p>	
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In addition, to broaden the impact of CEED II assistance, the project cooperated with the light industry association, APIUS, to organize training on brand management in November 2011. Twenty-four designers and marketing specialists from 15 apparel companies, as well as participants from the Technical University of Moldova and APIUS participated. The training strengthened the capacity of apparel companies in the following areas: (i) managing their brands; (ii) understanding market segmentation and how to determine the target group for the branded products and their needs; (iii) establishing the potential of the brand to satisfy the needs of the target group; (iv) implementing and monitoring the brand and their importance; and (v) calculating the efficiency of the investments in own brand.

**Problems Encountered & Solutions:** To increase the number of apparel enterprises interested in launching their own brand it is very important to build awareness about the benefits of own brands, especially by highlighting the success of new own brand companies. CEED II had planned to organize a round table, in cooperation with APIUS, to highlight the success of own brands, but because the APIUS executive director resigned, the event has been postponed until a new director is hired.

### **Activity 2: Color forecast training for own brand apparel companies**

**Accomplishments:** CEED II successfully organized two trainings for Moldovan fashion designers about how to identify and interpret fashion and color trends ahead of new seasons.

Moldovan apparel companies that sell under their own brand face tough competition from foreign brands. In order to compete with them, local producers should develop seasonal collections that are in line with color and fashion trends for that season. Accordingly, to provide companies with knowledge about upcoming fashion trends, CEED II, CBI, and APIUS organized two workshops about fashion trends and color forecasting, including trends in design, styling, materials, and accessories.

The first workshop took place in April 2012 and addressed product development best practices, from concept to commercialization, focused on the Spring-Summer 2013 season. It also addressed how to translate trends into industrial designs. The training was delivered by CBI consultant Louk Grauwen. Twenty designers from 13 apparel companies attended the training. The second training was organized in June 2012 and focused on fashion and color trends for the Autumn-Winter 2013/14 season. It was also led by CBI consultant Louk Grauwen. Twenty-two designers from 12 apparel companies participated.

**Problems Encountered & Solutions:** The activity was completed according to the plan.

### **Activity 3: Enhance product design capabilities of own-brand apparel companies**

**Accomplishments:** During the year, CEED II assisted four apparel companies to improve their design knowledge and skills, enabling them to develop attractive and marketable apparel collections.

*Design coaching.* During the year, CEED II continued to provide in-company assistance to four selected apparel enterprises Intercentre Lux, Iuvas, Maicom and Vasconi Textil to improve their design knowledge and skills using an international consultant, Rimvydas Birstonas. The consultant worked with the companies' design and management teams, providing hands-on support throughout the entire design lifecycle, from analyzing their historical sales and products to refine their product

policy; to developing mood boards and concepts for new collections; to planning the collections, including colors and styles; to sketching, sample construction, and material sourcing.

To understand the impact of this assistance, we highlight the results from Tricon, a company coached by the consultant during Year 1. With CEED II assistance, Tricon redesigned the Spring-Summer 2012 collections for its two brands, My Revival and Tricon. The result: 80 percent of the My Revival collection and 75 percent of the Tricon collection were sold during the spring-summer 2012 shopping season. In contrast, Tricon only sold 60 percent of its own brand production during the spring-summer 2011 season, an indication of the improved quality of the collections developed with CEED II support.

*Design workshops.* In addition, to broaden the impact of Mr. Birstonas' assistance, CEED II also organized two workshops, led by Mr. Birstonas, targeting larger audiences. The first workshop was a presentation for 35 design students and 5 professors at the Technical University of Moldova. He talked about the design process and also showed the participants some online resources to get new design ideas or inspiration. The second one targeted designers already employed by companies, at which he discussed the design process and life-cycle within a company, best practices, and lessons learned from the work in Moldova. He stressed the importance of fabrics and accessories choices when designing collections; the need to learn from prior seasons' collections when designing the next ones; the optimal size of a collection; the need to stay focused on the targeted consumer's profile; and the importance of designing within a particular price range. Fifteen managers and designers from nine apparel companies attended.

In addition to the assistance to selected apparel companies to strengthen their product design capabilities CEED II, using Mr. Birstonas, build the capacity of seven apparel companies that participated at the Zoom by Fatex exhibition to identify and negotiate with fabric and accessories suppliers that are appropriate for their brands and product types. Mr. Birstonas helped them to research stock fabrics and order fabric samples for new collections. He helped them to understand the upcoming fashion trends, discernible from the color, fabrics, and accessories on display, and he explained how to use this information for their collections. They also visited the stands of companies producing fashion books and other resources and helped the designers to choose some products that they could take back to Moldova with them. Finally, Mr. Birstonas led the Moldovan designers to visit several shopping centers in Paris, demonstrating how valuable design ideas can be gathered for no cost.

**Problems Encountered & Solutions:** The activity was completed according to the plan.

#### **Activity 4: Assist apparel companies to use merchandizing tools to increase sales**

**Accomplishments:** CEED II organized a successful merchandizing training and in-store audits for several companies. In addition, the project is helping several companies to open a common retail store following best merchandizing practices.

Many own-brand apparel companies were assisted by CEED and CEED II to create or update their brands, to improve their products, and to develop sales networks. Now these companies have retail operations, operating single or multiple shops that sell their own products. To help them increase their capacity to manage their shops and sales networks, to manage their product offerings for efficient stock turnover, and to develop effective in-store promotion techniques, CEED II organized a two-day training on merchandizing and also supported selected companies with in-store merchandizing audits. The training was delivered in March 2012 by a merchandizing and retail marketing expert from Ukraine. There were 38 participants from 16 companies, including commercial and executive directors, sales and brand managers, store managers, and other personnel responsible for sales.

CEED II also hired an Ukrainian expert to conduct full-scale merchandizing audits at Ionel, Tricon, and Vasconitextil stores and express audits for Vistline, Maicom, Olga Ceban, and Bombonici. Based

on the audits, the consultant developed recommendations for each company on how they could improve their in-store merchandizing. In this way company personnel increased their merchandizing knowledge and skills so that they could improve the efficiency of their stores and increase sales.

In addition, CEED II provided substantial support to a project by several CEED II-assisted fashion companies (apparel and footwear) to establish a common shopping center that sold only Moldovan brands. The idea was an unanticipated, yet very positive, outcome of the “Din inima branduri de Moldova” campaign, discussed below. CEED II facilitated discussions about the common store ideas, and after many hours of discussion, ten companies (Vistline, Olga Ceban, Ponti, Svibmagtex, Bombonici, Lenicris, Vasile Moldovan, Maxikids, Babykids, and Vasilini) joined the project. CEED II also helped the companies to study possible locations for the store and to negotiate with the final choice of venue, the Zorile commercial center. Finally, CEED II commissioned the design of a professional store layout following best merchandizing practices. The opening of the center is planned for November 15, 2012.

**Problems Encountered & Solutions:** The activity was completed according to the plan.

### **Activity 5: Assist to build an image and improve the perception of domestic products**

**Accomplishments:** CEED II helped several apparel, footwear, and fashion accessories companies to organize two promotion campaigns that aimed to encourage consumers to buy Moldovan brands and also to stage two fashion shows with the same objective. The campaigns and the fashion shows attracted a lot of attention from consumers and mass media alike, and the participating companies appreciated the increased attention, which is beginning to translate into increase sales.

In recent years with CEED and CEED II project support many local brands were developed. To become recognized in the domestic market and increase sales these brands need to be promoted. Yet many companies do not have large marketing budgets. In light of this, CEED II discussed the idea of organizing a joint promotion campaign that would allow companies to leverage their resources. The idea was accepted; and so during Year 2, CEED II helped organize two promotional campaigns, one in the Spring of 2012 and other in the Fall of 2012. The campaigns were branded, “*Din inima branduri de Moldova*”. APIUS subsequently registered the name and logo with the Agency for Intellectual Protection (AGEPI) in the Republic of Moldova so that it could be used again in the future.



In the spring, CEED II assisted nine apparel companies (i.e. Tricon, Ionel, Vistline, Vasile Moldovan, Olga Ceban, Iuvas, Maicom, Natalia Melnic, Bombonici), two footwear manufacturers, and one handbag producer to develop a common marketing campaign during March-May 2012. The campaign started on February 29<sup>th</sup> with an event targeting members of the mass media. They were introduced to the campaign and the reasons behind it and also had a chance to meet with representatives from several of the companies. The participants from the media were happy with the event and expressed interest in helping to promote a positive message about Moldovan brands. In addition, CEED II helped organize a billboard campaign around Chisinau that featured the campaign logo and the logos of the participating companies. The project also developed a promotional website, [www.dininima.md](http://www.dininima.md), organized an internet promotion campaign, and created a campaign Facebook page that garnered more than 2,000 “likes”. Further, in partnership with *Punkt* magazine, CEED II organized a “*Din Inima Modei*” photo contest via a dedicated on Facebook page, which generated 4,000 “likes” with 56 photos submitted. CEED II also printed discount cards that the participating companies could give to perspective customers.

After the first campaign, the participating companies reported that the campaign was a valuable promotion tool. For example, local sales at Ionel were about 25 percent higher in April 2012 than the same month in 2011. And footwear manufacturer Zorile reported that the discount cards brought them more than 1,000 new customers during the campaign period.

The second campaign took place in the fall, September-October 2012, and focused more on individual companies and brands. Twelve apparel companies, Tricon, Ionel, Vistline, Vasile Moldovan, Iuvas, Natalia Melnic, Ponti, Bombonici, Brio, Mobile, BITprogram, and Vasconi Textil, representing 14 brands, two footwear companies, and one bag manufacturer participated. On September 15<sup>th</sup>, CEED II organized a press conference with the Deputy Prime Minister and Minister of Economy Mr. Valeriu Lazar and the U.S. Ambassador to Moldova William Moser to draw attention to the importance of supporting Moldovan brands. The campaign included a more aggressive, innovative and widespread billboard campaign that featured local celebrities modeling Moldovan brands. In addition, the internet promotion strategy supporting the website and Facebook page was more aggressive. Finally, the campaign also expanded to include print media, radio advertising, and television; for example, CEED II signed a contract with Jurnal TV to produce a show dedicated to Moldovan clothing companies.

Since the current fall campaign runs through October 2012, it is too early to report any results.

To supplement the campaigns, CEED II co-organized with the International Women's Club of Moldova (IWCM) two fashion shows, or "fashion walks", that took place in addition to the official campaigns, but which helped to draw attention to them. The fashion shows featured clothing made mostly by CEED and CEED II supported companies. The models were mostly women from the IWCM or their families. During the fall show, several local celebrities also agreed to be models, thus raising the event's profile. The Spring Fashion Walk took place at the residence of the U.S. Ambassador to Moldova and the Fall Fashion Walk took place at the Codru Hotel. More than 250 guests were invited to the Fall Fashion Walk, including government officials, foreign diplomats, business leaders, local celebrities, and mass media.

**Problems Encountered & Solutions:** The activity was completed according to the plan.

### **Activity 6: Enhancement of export activities of Moldovan garment producers**

**Accomplishments:** CEED II supported Moldovan companies' participation at four important trade shows during the year. As a result, they have established new contacts, signed new contracts, and filled many trials orders (outcome pending). Moldova's regular participation at these shows is beginning to pay off as customers gain confidence in Moldovan companies' abilities and business intent.

*Promoting exports to Russia.* To help Moldovan companies increase exports in target markets, CEED II, MIEPO, and APIUS, helped five companies, Premiera Dona, Odema, Steaua Reds, Infinity, and Moldovan Vasile, to exhibit at the spring edition of Textilegprom in Moscow, Russia from February 28-March 2, 2012. This was the fourth time that a Moldovan delegation exhibited at Textilegprom. As a result, Moldovan apparel companies have established numerous contacts with Russian clients and several companies have steady sales. Outcomes of the companies' participation at the spring exhibition include:

Company	Sales Channel	No. of Contacts	Deals Made or In-Process
Premiera Dona	Via a local agent in Moscow	5	Delivered 900 pieces of women's clothes (dresses, blouses, suits) valued at €10,300, to their agent who sold them to customers in Moscow, Ivanovo, and Tveri.
Odema	Via a local agent in Moscow	4	Filled a trial order of 90 shirts for men for a client in Moscow valued at €1,200.

Company	Sales Channel	No. of Contacts	Deals Made or In-Process
Steaua Reds	Direct sales to client(s)	10	Filled one order for 800 men's pullovers valued at €16,000 for "Lario Covald" from Moscow. Filled a second order for 3,910 men's pullovers valued at €48,416 for "ХАЙТЕК" from Ivanovo.
Infinity	Via Moldovan-Russian JV	3	Delivered men's underwear to the Moldovan-Russian JV valued at €75,000.
Moldovan Vasile	Direct sales to client(s)	3	Filled one trial order for 74 pieces of children knitted wear valued at 8,000 MDL for a client from Krasnodar.

CEED II also supported six companies, Premiera Dona, Steaua Reds, Sotex, Ponti, Vasile Moldovan, and Infinity, to exhibit at the fall edition of Textileprom, which took place in September 2012. Each company made contacts with new potential clients from various parts of Russia: Premiera Dona made four contacts; Steaua Reds made four contacts; Sotex made six contacts; Ponti made three contacts; Infinity made four contacts; and Moldovan Vasile made five contacts. At present, it is too early to report any specific outcomes from the participation at September 2012 edition of trade show.

*Promoting exports to Europe.* CEED II also assisted apparel companies to participate at Zoom by Fatex in Paris, France in February and September 2012. Zoom by Fatex attracts clients looking for companies that can provide CM, CMT plus, and private label services, ideal for Moldovan apparel companies.

In February 2012, CEED II supported nine apparel companies to attend the show, i.e. Cedatex, Fabrica de confectii din Ribnita, Ionel, Mobile, Odema, Olga Ceban, Saltoianca, Steaua Reds, and Velitextil Plus. The companies displayed their collections at a common stand under the banner of "Moldova - your reliable partner in apparel". During the exhibition, the Moldovan stand was visited by representatives from companies in the United Kingdom, Italy, Germany, Spain, Belgium, Austria, Greece, Denmark, and Russia. As a result of participation at this exhibition, Moldovan apparel companies established numerous contacts with a number of foreign clients and some of them have already placed orders.

- *Ionel* established 28 contacts with potential buyers. Later, Eugen Klein from Germany ordered 2,033 women trousers and 792 women jackets in the amount of €15,917. Ets Laporte from France made a trial order of men's coats, and now Ionel is negotiating a long-term contract with this client.
- *Mobile* signed a contract with a client from France to stitch women's blouses valued at €40,000.
- *Odema* made nine contacts. One Belgian client placed an order for men's jackets valued at €6,000.
- *Saltoianca* established 16 contacts. Taubert from Germany later placed an order for 2,000 pieces of pants valued €19,000. Saltoianca also filled trial order for Francesco Di Fazio (Italy), FDF Industry (Italy), and Hansel Textil (Germany) and is now waiting for replies from these clients.
- *Steaua Reds* established nine contacts, and filled one trial order for May Tune (France) and is now waiting for replies from these clients.
- *Velitextil Plus* established five contacts, and later filled a 1,500 piece order for children wear by a new Dutch client valued at €10,000. And one of their existing clients, Gruppo Moda from Belgium, increased its order from a standing order for 1,500 pieces to 5,500 pieces, valued at €130,000.

In September 2012, CEED II supported seven apparel companies to attend Zoom by Fatex, i.e. Ionel, Mobile, Odema, Olga Ceban, Saltoianca, Steaua Reds, and Velitextil Plus. As a result, the companies established 81 contacts with potential foreign buyers: Ionel (13), Mobile (13), Odema (7), Olga Ceban (12), Saltoianca (18), Steaua Reds (9), and Velitextil Plus (9). After the exhibition, Ionel,

Saltoianca, and Mobile received trial orders. The clients sent them samples in order to make prototype garments. If the quality of the samples meets the clients' requirements, larger deals are likely.

**Problems Encounters & Solutions:** The activity was completed according to the plan.

### **Activity 7: Assist companies in designing and setting up proper sales departments**

This activity was canceled because there were other more valuable activities, such as the *Din inima Branduri de Moldova* campaign and common store at Zorile shopping center, which required more resources than initially planned and would yield better results. (See Activity 4 and 5).

### **Activity 8: Increase productivity for enhanced competitiveness of apparel companies**

**Accomplishments:** CEED II initiated three pilot projects to demonstrate how Management Information Systems (MIS) technologies can increase firm-level productivity. Because the projects are ongoing, concrete impacts cannot be reported yet.

During the year, CEED II continued to assist apparel companies to enhance their productivity through the use of technology, specifically MIS to automate the processing of production-related information and Computer Aided Design (CAD) to facilitate pattern design and minimize waste resulting from inefficiently cutting fabric. In addition, CEED II discussed how to improve productivity by improving workflow and operator methods (industrial engineering techniques).

*Management Information Systems.* During Year 2, CEED II agreed to assist three medium-size apparel companies, Vasconi Textile, Codreanca, and Premiera Dona, to implement a MIS with manufacturing software modules that will increase productivity by speeding up the information flow and exchange between business units, eliminating redundant information, and improving the efficiency of decisions making related to finance and production. EBRD-BAS program agreed to cost-share for the development of the system for Vasconi Textil Company. With the companies' participation, three local IT firms were selected for the work. Vasconi Textile selected Unisym-Soft. Codreanca selected DAAC System and Premiera Dona selected PGP-Program. The work is still underway and should be completed in November 2012. The companies expect to increase productivity by at least 10-15 percent due to the new systems.

*Computer Aided Design.* In November 2011, within the Black Sea Latex Exhibition, CEED II, APIUS, and Global Service, which distributes Gemeni CAD equipment, organized a CAD training that was attended by 22 designers from 15 apparel and shoes companies and also several professors from the Technical University of Moldova (UTM). Global Service explained the many advantages offered by CAD systems, and how it contributes to increased productivity within a manufacturing enterprise.

*Industrial Engineering.* Also in November 2011, CEED II organized an industry-wide training on how to increase productivity based on correct methods for workflow and workplace organization. The training was led by local consultant Demian Usanli who presented lessons learned from more than four years of work with CEED and CEED II. Thirty-five managers and technologists from 17 apparel companies attended, as did professors from UTM and representatives from APIUS and Ministry of Economy.

**Problems Encountered & Solutions:** A training to build awareness about MIS was planned for September 2012 but due to delays in completing the MIS projects, it was postponed for later in fall 2012. In addition, CEED II had planned to organize a training by distributors of spare parts and equipment for sewing machines to demonstrate how small investments in additional equipment can have real benefits in terms of increasing operator productivity. However, the training was postponed because the distributor organized on its own a similar training at Ionel to which several apparel companies participated.

## Activity 9. Asist APIUS to consolidate its activities

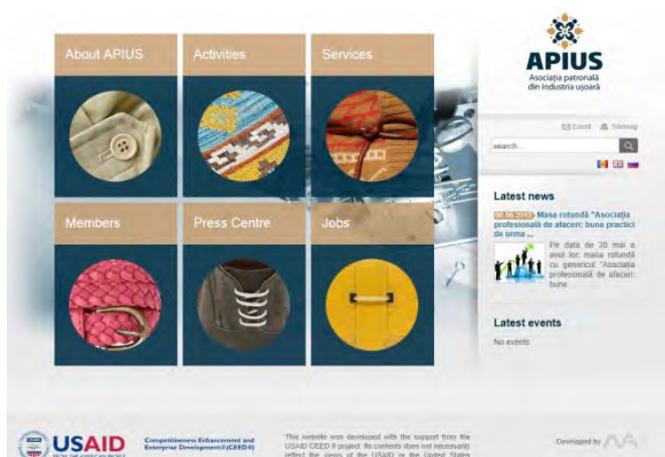
**Accomplishments:** CEED II helped APIUS to develop a strategic plan and launch some important activities on its own, such as strengthening the ties between the private sector and academia. In addition, by involving APIUS in many of CEED II's activities and by developing websites and other promotional materials – brochures for trade shows for example – CEED II is helping elevate APIUS's profile.

*Strategic planning.* During October-December 2011, CEED II helped APIUS to develop a strategic plan for 2012-2014. The plan establishes APIUS' mission, its strategic priorities and objectives, the main type of activities, the general management structure, and includes information about financing APIUS' operations. The plan was approved by the APIUS General Assembly in December 2012.

*Sharing best practice in association management.* In May 2012, CEED II organized a round table discussion about business association best practices in Moldova. APIUS attended; as did many other CEED II-assisted associations from other sectors. The objectives of the event were to discuss best practices in association management, especially by learning about good management practices from more mature associations such as AmCham and ATIC, who shared their experience with organizational management, management of the promotional activities, and planning and financial activities, etc. The attendants express big interests to the existing experience. It was decided to continue these practices focusing the meetings to separate function of the association.

*Cooperation between academia and the private sector.* In October 2011, CEED II organized a discussion between UTM and the private sector to discuss the industry's needs for specialists and how academic institutions can train specialists to possess the qualifications and skills demanded by industry. As a result, a special council was established, with Luminita Bernaz (TUM) and Gheorgeta Mir (Mobile) as coordinators. The council's objectives were to discuss the current curricula and consider how companies could get involved in the educational process by, for example, organizing master classes, getting involved in students' final theses, and helping to equip academic laboratories, etc. During the reporting period five directors and company specialists participated in students' thesis presentations. In addition, two young university lecturers passed internships at Mobile, which acquainted them with current fashion trends. Internships for students were also organized as a way to improve their practical skills – four students at Mobile and 17 at other companies. The program will be continued in the future.

*APIUS website and B2B site.* CEED II developed two websites for APIUS during the year: a general association website ([www.apius.md](http://www.apius.md)) and a promotional B2B website ([www.sourcemoldova.com](http://www.sourcemoldova.com)). The APIUS website was launched in April 2012; it includes the list of all members, mission and goals, industry news and information, and upcoming events. The website also has a secure area for communication with members. The B2B website is still under development. The main feature is a searchable database of all light industry companies in Moldova with information about the companies, their products, and manufacturing and design capabilities. The site will be completed in November 2012.



**Problems Encountered & Solutions:** CEED II encountered several challenges related to its work with APIUS during the year. The main challenge is that despite involving APIUS in many CEED II activities, the executive director resigned in August 2012 and to-date no one has been selected to replace her. Her resignation was due to a variety of factors, including but not limited to her failure to

effectively communicate what she was doing to the APIUS board of directors and the board's failure to give clear guidance to the executive director. Over time, tension developed and despite CEED II's attempts to mediate the conflict, no solution was found. This development has set back attempts by CEED II to ensure APIUS' long-term sustainability. Another difficulty has been with completing the B2B website, which is several months delayed because the developer has failed to allocate enough resources to the project and because there is no one from APIUS to develop the necessary content for the site. Recently, APIUS assigned someone on a temporary basis to work on the website and the developer agreed to focus more attention on the site. Finally, CEED II had planned to organize a visit to FEPAIUS in Romania for a small delegation from APIUS to learn how they developed into a strong industry association. However, the visit was twice postponed due to scheduling conflicts and was not organized during the year.

### **Activity 10: Assist the development of the Platform for apparel companies**

**Accomplishments:** CEED II strengthened the capacity of Velitextil Plus to offer services to smaller apparel companies and to serve as an intermediary between buyers in Europe and these companies, responsible for quality control and meeting delivery deadlines.

There are many apparel companies in Moldova that are small and which have limited human and financial resources to develop their own pattern design, sampling, or purchasing departments. These companies could benefit from a company that would offer these services to other companies as needed. Velitextil Plus is such a company. It receives high value orders from foreign clients, mostly from Belgium (Castellino, Bernd Berger, Gruppa Moda), and then contracts small apparel companies for manufacturing, providing them with additional services such as pattern design and/or supply of accessories as needed.

To strengthen these linkages, CEED II helped Velitextil Plus to develop and implement quality control procedures and develop a fabric and accessories library by providing them with an international consultant, Mr. Gie Van Cauteren. The consultant helped Velitextil to develop quality control procedures that will help it manage and implement orders. As a result, the incidence of problems with product quality dropped from 28 percent of all items produced to only 17 percent. This was a significant improvement, but there is still room for further improvement. In addition, the consultant developed procedures for how Velitextil should interact with clients to improve sales and customer service. The consultant also identified suppliers of accessories in Belgium and Holland that were interested in supplying Moldovan producers. Subsequently, several suppliers visited Moldova to explore opportunities for collaboration. After this visit, Velitextil Plus started the collaboration with Leduc, a supplier of fashion accessories from Belgium, and already bought accessories in the amount of €35,000.

**Problems Encountered & Solutions:** The activity was completed according to the plan.

## **B. Emerging Export Industries Activities**

### **Activity 1: Define a list of possible emerging export industries for project assistance**

**Accomplishments:** During the year, CEED II identified and examined the potential of several emerging industries using several methods, including but not limited to statistical data research, economic information analysis, and meetings with stakeholders. As a result, CEED II began supporting the emerging automotive parts manufacturing industry and remote business service industry, and later the tourism industry. In all, we examined the following emerging industries.

- Automotive Parts Manufacturing
- Remote Business Services
- Tourism
- International Transport and Logistic services

- Electric Manufacturing (i.e. meters, equipment, and instruments)
- Other businesses set up in the Free Economic Zones of Moldova

The analysis of the first two emerging industries showed that they had experienced strong growth during the past several years and that this growth was expected to continue.

The auto parts manufacturing industry had developed quickly since 2009, fueled by foreign investment. The companies operating in Moldova are manufacturing components, often electrical items, for larger manufacturing facilities in Germany, Italy, and Romania. While fast growing, the sector is comprised of less than ten firms, with only four employing more than 500 people.

The remote business services industry in Moldova is also growing rapidly. Existing enterprises provide various services such as sales, data processing, internet customer service, website and blog administration, HR management, accounting, finance and payments support, travel arrangements etc. Most operators export their services to European countries, especially to France, Italy, and Spain, countries with Latin-based languages like Romanian.

Given the dynamic growth of these industries, CEED II decided to begin supporting these emerging industries beginning in Q1, FY2012. At the time, the tourism industry was still under consideration but deemed a lesser priority than the other two. On the other hand, CEED rejected the possibility of supporting the last three emerging industries that were examined. Electronics manufacturing, while growing in some areas, had experienced significant declines in other areas. A similar trend existed in transportation and logistics services, as did concerns about the project's ability to intervene effectively in this highly regulated industry. No other opportunities were apparent.

**Problems Encountered & Solutions:** As noted, CEED II began supporting the automotive parts manufacturing and remote business service industries based upon their growth potential. However, during implementation it proved difficult for CEED II to secure buy-in from remote business service companies, many of whom operate in the gray economy; thus the project was unable to generate the necessary critical mass to justify continued support to the sector. Other factors also contributed to CEED II's and USAID's mutual decision to move away from this sector. The sector will likely continue to grow, but this growth will occur naturally without the need of external assistance.

CEED II also found it difficult to engage automotive parts manufacturers. The companies, mostly foreign investors, generally do not require assistance. They already operate using best manufacturing practices and have secure markets. The one common problem facing the sector relates to difficulties finding enough qualified workers. Consequently, CEED II played an active role in the successful launching of a bachelors degree program in automotive engineering and management at Balti University, branded and marketed with CEED II support as an "automotive academy". (Details following in Activity 2 below.)

Apart from this activity, automotive companies expressed little need for assistance. Moreover, the sector is continuing to develop rapidly without external support; in fact, some people believe that the sector might be growing too quickly and that its demand for workers might soon exceed the supply. As such, further support from CEED II to this sector was not needed, nor was it justifiable.

In the meantime, due to the above mentioned challenges, during the six month period October 2012-March 2012, CEED II continued to examine the tourism industry. This industry proved to be quite interesting, with positive growth trends and willing and able partners and beneficiaries, i.e. inbound tour operators, wineries with tourism facilities, hotels, and tourism associations. Analysis of the sector, with the aid of an international tourism expert, confirmed that tourism potential exists in Moldova and that the sector is indeed an emerging industry.

As such, in April 2012, CEED II began its interventions in the sector. With input from industry stakeholders, CEED II developed a strategy built around five areas – product development, marketing

and promotion, business environment improvement, workforce development, and data collection – and an action plan to guide implementation. These actions are discussed further below.

## **Activity 2: Support to automotive parts manufacturing industry in Moldova**

**Accomplishments:** During Year 2, CEED II engaged in two actions to support the emerging automotive parts manufacturing industry: promotion of the industry in Germany to potential investors and business partners and support to establish a new bachelor’s degree program in automotive engineering and management. The first initiative was cut short and ended, while the second initiative was fully accomplished with help from strong and committed partners.

*Attracting new automotive manufacturing business to Moldova.* CEED II started to promote Moldova to German automobile manufacturers and their tier 1-2 suppliers as a location for production. First, an analysis of Moldova and its regional competitors for automotive sector investment was conducted, and based on this a presentation in English and German was developed and placed on a special web page connected to the CEED website: [www.automotive.ceed.md](http://www.automotive.ceed.md). CEED II also had early discussions with several German press outlets about featuring Moldova’s emerging automotive parts manufacturing sector and with VDA, the main German automobile manufacturers association, about a visit by a high-ranking Moldovan official to meet with the president of VDA.

*Support in creating an automotive academy.* The management of Draexlmaier automotive parts manufacturing company expressed the need to start a project to prepare better quality specialists for this industry, namely engineers and managers with modern knowledge in automotive manufacturing. In response, CEED II set up a working group comprised of representatives of Balti State University, Technical University of Moldova, Balti and Ungheni Free Economic Zones, and Draexlmaier and Lear. CEED II took the lead to advance an initiative to develop a Bachelor Program. Many working sessions were organized to discuss with Education Ministry on how to implement this initiative.

Finally, in April 2012, after 6 months of effort, the Education Ministry gave approval to launch a new bachelor’s degree program in automotive engineering and management, branded an “Automotive Academy”, at the Balti State University. The first intake of 60 students started with the 2012/13 academic year. Through an



alliance with Draexlmaier, the University of Applied Science from Landshut, in Germany, has agreed to provide support to the Automotive Academy through professor exchanges, trainings, and internships for Balti University faculty. The German university helped the working group to develop the program’s study plan and other supporting documents in order to sector Ministry of Education approval. Further, the best five students will get stipends from Draexlmaier and have an opportunity to study in Germany.

**Problems Encountered & Solutions:** CEED II found it difficult to engage in the automotive parts manufacturing sector or to envision a long-term assistance plan for the sector. First, efforts to promote the sector were hampered by concerns among Moldovan policy makers that additional investment in this labor intensive sector might not be desirable since the existing companies were already having trouble attracting enough workers. In addition, all the existing companies have expansion plans; thus, further proactive efforts to attract new investors were deemed to be of less important for this industry. Second, the existing companies generally do not require CEED II assistance because they already operate using best manufacturing practices and have secure markets.

The one area where the companies needed CEED II assistance was in gaining support to launch the automotive academy. Here a few problems were encountered. Initially, the Ministry of Education opposed the initiative due to concerns about the capacity of Balti University and its partners to develop the automotive academy. However, the strong support from CEED II and Draexlmaier and

the partnership with the one of the best technical universities of Germany helped to address this concern. In addition, the original concept envisioned a partnership between Balti University and the Technical University of Moldova, which has the most advance engineering program in Moldova. However this idea was abandoned due to UTM's insistence that the automotive academy be located in Chisinau instead of Balti, where Draexlmaier is located. This was an unacceptable demand for the entire Balti industrial cluster that will continue to develop and need technical staff.

### **Activity 3: Engage and mobilize the tourism industry, establish a sector a task force**

**Accomplishments:** CEED II successfully established a tourism sector Task Force that has met several times to discuss a variety of initiatives, including:

- Moldova tourism sector positioning
- Moldova tourism brand development and sector website
- Wine Festival and sector involvement in its organization
- Industry marketing plan and activities coordination
- Familiarization trip organization
- Visitor's survey results

In March 2012, CEED II helped the Council of Europe organize a tourism workshop as part of their *Kyiv Initiative Regional Programme for Wine Culture Tourism Exchange*. The workshop brought together approximately 50 people representing tour operators, wineries, sector associations, tourism faculty staff, and the Moldovan National Tourism Agency. The four-day seminar was lead by a team of international practitioners and experts. The event generated a lot of interest among the tourism industry and brought the stakeholders together for meaningful discussions. But no follow up was planned by the Council of Europe due to lack of program funding.

Consequently, CEED II decided to build upon this event to create a tourism Task Force. During May 2012 CEED II organized another workshop for tourism industry stakeholders with the goals of reaching an agreement on an industry action plan and creating a consultative Task Force. More than 30 people participated, including representatives from 6 tour operators, 6 wineries that provide tourist services, 5 hotels, 5 sector associations (wine and tourism), and the National Tourism Agency. The outcome of the meeting was a concept for Moldova's tourism brand and the creation of a Task Force.

**Problems Encountered & Solutions:** No problems were encountered; however, in the future it will be important that active membership of the Task Force is expanded to include not only the largest inbound tour operators and wineries offering tourism services, but also small inbound operators and tourism enterprises as well. In addition, the actions of the Task Force should be formalized and industry stakeholders should take more ownership. These concerns will be addressed by CEED II as part of the project's planned activities.

### **Activity 4: Position and brand Moldovan tourism, develop a promotional website**

**Accomplishments:** With CEED II support, the Moldovan tourism industry expressed its vision for the country's tourism industry and its opinion about Moldova's tourism brand. Subsequently, CEED II, with input from the Tourism Task Force, developed a new tourism logo and slogan and launched a project to design and build a new Moldova tourism website.

During the workshop on May 3-4, the industry discussed how Moldova should position itself within the international tourism market and agreed on the main themes and brand attributes that should be used. CEED II used this information to launch calls for proposals to design a new tourism brand, i.e. logo



and slogan, and also to design and develop a new branded Moldovan tourism website, [www.MoldovaHoliday.travel](http://www.MoldovaHoliday.travel). The website will allow Moldova to communicate about its touristic attractions and activities in English, Romanian, and Russian, with other languages added later.

RT Design Studio was selected for both projects. They developed the brand during June-July with input from the Task Force members, and began working on the website in late-July. The structure and design of the website was reviewed and approved by a website steering group formed by interested representatives from the Task Force.



The first version of the website was published on September 30, 2012. CEED II plans to significantly improve the website during the first half of Year 3 and will also begin promoting the site following a website promotion strategy, which will be finalized in Q2, FY2013.

**Problems Encountered & Solutions:** A significant challenge that CEED II encountered when developing the website is the lack of information about Moldova's tourist attractions. Information about tourist attractions, e.g. monuments, activities, and events, does not exist or is not accessible. CEED II hired a local consultant to assist with content development, but even so first the version of content included on the website needs significant improvement which is planned for Year 3.

In addition, while the National Tourism Agency participated in almost all major discussions about the brand and website, the Agency appears to have a different vision about the tourism brand, although they have not expressed it nor do they have funds for implementation. Nevertheless, CEED II will need to take steps in the future to secure Agency buy-in for the plans developed and agreed to by the majority of the industry. Similarly, CEED II will need to discuss with all industry stakeholders options for the long-term operation and maintenance of the tourism website after CEED II ends.

### Activity 5: Understand the market by conducting a foreign visitors' survey

**Accomplishments:** In June 2012, CEED II organized the first visitors' survey of foreigners departing Moldova through the Chisinau Airport. The survey generated interesting and useful information concerning who is visiting Moldova, the purpose of their visit, and what touristic or entertainment choices they are making. The survey also examines the level of satisfaction with tourism in Moldova.

Without reliable data it is virtually impossible to identify opportunities, measure progress, and make course corrections as development strategies are implemented. In Moldova a visitor's survey had never been done before, so CEED II contracted Magenta Consulting SRL to perform a survey of foreign visitors that leave via Chisinau Airport. The survey consisted of a series of 239 interviews during four weeks in June 2013. The survey gathered the following information:

- Number of overnight and transient arrivals, by month, port of entry, and country of origin (not simply number of stays in hotels or number of tour packages purchased)
- Average length of stay, average daily visitor spending, and total tourism income
- Demographic profile of visitors (age, income, education, occupation, purpose of travel, places visited, etc.) by country of origin

- Reasons of travel to Moldova
- Experiences in Moldova (nature, monuments, wineries etc.)
- The level of satisfaction (positive and negative aspects of the trip.)

**Problem Encountered & Solutions:** The visitor’s survey was the first one of this kind in Moldova and there was no precedent. As a result, CEED II had to monitor very closely all aspects of preparation and realization of the survey, including questionnaire development and translation, interviewers’ selection, air flights timetable analysis and sample composition. CEED II negotiated with Ministry of Transportation and Chisinau Airport Administration to permit the interviewers’ access in the airport departure area during the survey.

In addition to challenges with implementing the survey, it became clear after the survey was completed that the by surveying only air travelers, a large portion of Moldova’s foreign visitors were not being surveyed, i.e. those that travel by road. Consequently, future surveys will also include major land border points as well. In addition, the tourism stakeholders expressed disagreement with the conclusions and recommendations made by the survey firm, a problem likely due to the fact that Magenta is not a tour operator and therefore not able to interpret the data properly. In the future, CEED II will facilitate a discussion among the tourism industry regarding lessons learned from the survey and any recommendation for action by the industry or public authorities.

#### **Activity 6: Support improvements to the Moldova wine festival**

**Accomplishments:** CEED II, through the Task Force, was able to introduce some improvements to the 2012 edition of the wine festival, namely a public tasting area and better advance promotion of the event through a website and Facebook page.

The National Day of Wine, or Moldovan wine festival as it is commonly known, is an important tourist event, which is instead viewed as principally a trade event by its organizer, the Ministry of Agriculture and Food Industry. Therefore, with CEED II support, the Task Force discussed ways to improve the festival format to make it more attractive for tourists. The national commission for the wine festival accepted some of the ideas presented by the tourism Task Force and CEED II, but not all. And they agreed that CEED II would help to promote the festival by building a basic website – [www.moldovawineday.md](http://www.moldovawineday.md) – and Facebook page. The website and Facebook pages were completed about one month before the festival, and about two weeks before the festival CEED II launched a Facebook campaign, promoting the event in Moldova, Romania, Ukraine, and Russia. The Facebook ad campaign cost CEED II \$180 and resulted in more than 1,000 people “liking” the Facebook page. Ads about the wine festival reached an audience in excess of 115,000 people.

The tourism and wine industries stakeholders recognize that the Moldova Wine Fest is not well promoted and communicated to the target audience (local and foreign tourists) and actions to improve the situation are necessary. At the National Commission for Organizing the National Wine Day meetings CEED II was asked to support the event with development of a website. The project selected a company and the website was developed in less than one month. Website address is [www.moldovawineday.md](http://www.moldovawineday.md). Facebook and other social media advertising were used to communicate the event to more the 100.000 people every day during three weeks before the event.

**Problems Encountered & Solutions:** The main problem with the wine festival is with its poor design and inefficient management by the organizer. The event is designed as a trade event, rather than as a tourism event, which is where its true potential lies. In addition, the format of the event is not visitor friendly, a source of frustration for local and foreign visitors alike. Another problem this year was the late date at which a decision was taken concerning the dates for the festival and for the festival concept. Because these vital details are not agreed upon in a timely manner, tour operators cannot promote the event far enough in advance to generate many bookings.

Consequently, CEED II and the Task Force sought to engage the festival commission as soon as possible and managed to offer a variety of suggestions and recommendations. Unfortunately, only several of these were accepted and implemented. However, by engaging the commission early in 2013, tourism stakeholders hope that they can have more input into next year's wine festival.

### **Activity 7: Organize a familiarization tour for foreign operators and journalists**

**Accomplishments:** CEED II planned and implemented a familiarization tour, *Discovering Moldovan Wine, Culture and Hospitality*, that coincided with the wine festival, October 5-10, for 4 tour operators and 7 journalists. All details of the trip were planned with local stakeholders.

With a view to showcasing Moldova's tourism offer, CEED II and several local stakeholders organized a familiarization trip for 11 foreign tour operators and travel & tourism journalists; the visit coincided with the National Day of Wine. Participants came from 7 countries: France, Germany, Italy, Poland, Romania, Switzerland, and the USA. In addition to visiting the wine festival, the foreign guests also saw several well known tourism attractions, including Cricova, Purcari, and Orhei Vecchi.

The guests also visited monasteries and villages, and they witnessed Moldova's cultural, folkloric, and culinary traditions. The visitors all left Moldova with very positive impressions of the country and its potential for tourism. As a result of the familiarization trip, several articles will be published in the international press about Moldova and Moldova will be marketed as a tourism destination.

The trip was organized with the participation of local partners including Amadeus Travel, Tatra-Bis, Solei Turism, ANTREC, Chateau Vartely, Cricova, Migdal-P, Purcari, Leogrand Hotel, and others.

**Problems Encountered & Solutions:** A familiarization trip organized jointly by several companies was a first for Moldova. Organizing the trip was a challenge because various partners had to take responsibility for different aspects of the visit, all under the direction of CEED II.

The most difficult part was to convince the Moldovan tour operators to help organize the trip and cover some of the costs. Initially many agencies refused, believing that that costs were too high and thinking that they could organize similar trips on their own. CEED II met each company separately to discuss the trip, and in the end most companies understood the value of participating.

The trip agenda was developed following extensive consultations with the stakeholders who together bore approximately 40% of the trip's costs. Because there were so many stakeholders, it was necessary to explain the purpose and design of the trip so that everyone was on the same page.

Since the preparation and the organization of the first fam trip was very well organized, we followed international practices and the advice of international consultants, the local co-organizers considered the fam tour to be fruitful activity and are ready to join similar activities in the future. Next fam trip only for tour operators from West Europe and USA is planned for May 2013.

## **C. Fashion Accessories Industry Activities**

### **Activity 1: Develop a Moldovan fashion accessories website**

**Accomplishments:** During the year, CEED II selected web developer to build the B2B site following a competitive tender. The site is under construction will be launched in fall 2012.

This activity is being done jointly with the apparel industry. The B2B website will help foreign clients to search for manufacturers in Moldova and will improve APIUS' image among its members and partners. CEED II contracted a web development company that defined the structure and design of the website. (See also Activity 9, Section A2. Textile Industry Activities)

**Problems Encountered & Solutions:** The website was supposed to be launched in July 2012, but has been delayed. The main reason is that APIUS still has no executive director after its previous director resigned; so there is no one in charge of maintaining the site. Other impediment is that not all fashion accessories companies have websites of their own. This is why CEED II plans to help fashion accessories companies to develop their own website during Year 3.

## Activity 2: Support enterprises in developing a corporate identity package

**Accomplishments:** CEED II assisted several companies to develop modern looking brands with supporting marketing materials that will benefit the companies' marketing and sales efforts.

During the year, CEED II assisted 9 nine companies, Daxencom, Arilux, Cristina Mold-Rom Simpex, Tabita Com, Vasilini, Tiras, Oldcom, BITprogram, and Tighina to develop or upgrade their brands within the framework of a Brand Coaching Program CEED II offered the companies a standard assistance package for (re) branding, which includes identification of a new brand name (as needed) and a slogan, as well as development of the corporate style and identity package, such as design of packaging, product labels, image photos, and a basic brochure.

Company Name & Activity Description	Brand Name & Logo
<p><b>DRAXENCOM</b></p> <p>Daxencom produces work shoes. The slogan "Safety and Comfort" corresponds to the specific of this company that already has started to implement the new attributes of the identity package.</p>	
<p><b>ARILUX</b></p> <p>Arilux launched its new brand ARILLU which is now being used successfully by the company. In September 2012, the Arilux's website was renewed, using its new brand and photos produced with project support. The company rebranded its main company store and will use the new brand at the common store in Zorile commercial center.</p>	
<p><b>TABITA COM</b></p> <p>TabitaCom makes work shoes and household slippers that it sells in Moldova and in regional markets. It is using the new brand at its company store and at trade exhibitions.</p>	
<p><b>VASILINI</b></p> <p>Vasilini makes wool slippers and other accessories. The company is using the brand for its new store in Calarasi.</p>	
<p><b>TIRAS</b></p> <p>Tiras makes leather comfort shoes for sale in Moldova. The company will use the new brand at its new sales point in the Zorile commercial center.</p>	

Company Name & Activity Description	Brand Name & Logo
<p><b>OLDCOM</b></p> <p>Oldcom makes rubber boots. The company recently started exports to Ukraine and needed a new brand. Oldcom is using its new brand on its products, website, and marketing materials.</p>	
<p><b>CRISTINA</b></p> <p>Cristina Mold-Rom Simpex (dba Cristina) makes elegant lady shoes sold in Moldova. The new brand will be used by the company for further marketing efforts.</p>	
<p><b>BITPROGRAM</b></p> <p>BITprogram makes leather bags and accessories (belts, gloves, etc) for sales in Moldova. The company will use the new brand for its future marketing efforts.</p>	
<p><b>TIGHINA</b></p> <p>Tighina makes leather comfort shoes. The company has exports to Russia but needed a new brand. This activity is in the final stage of work.</p>	<p>TBD – in process</p>

In addition, in November 2011, 11 participants from 8 fashion accessories companies attended training on brand management delivered by Aprom Grup.

**Problems Encountered & Solutions:** In some cases the branding activities experienced minor delays because the companies did not make decisions in time or because the service providers did not have sufficient manpower to stay on deadline. However, CEED II staying in close contact with all companies and services providers to keep the projects moving and resolve conflicts. In the case of Oldcom, the deadline was extended because the initial brand name was rejected by the State Agency on Intellectual Property (AGEPI). The company requested some time to rethink its strategy for the next years and finally choose to develop a brand name based on current company name.

### Activity 3: Support enterprises to visit and exhibit in specialized international shows

**Accomplishments:** CEED II played an important role in helping Moldovan footwear and accessories companies to present their products in international markets. With continued participation in future years, companies should be able to attract new clients and increase exports.

During the year, CEED II assisted fashion accessories companies to participate in several international trade expos as follows:

In February 2012, CEED II supported three companies, Artima JSC, Cristina Ltd, and Zorile JSC, to participate at Next Season in Bucharest, which is organized by Sfera Factor, the Association of Footwear Producers from Romania. The expo was small but the companies made new contacts.

Also in February 2012, CEED II and the Moldova Chamber of Commerce assisted 10 footwear and accessories companies, TabitaCom Ltd, Tiras Ltd, Arilux Ltd, Oldcom JSC, Romanita JSC, Tighina JSC, Zorile JSC, Floare JSC, MiusImpex Ltd, and Floti Ltd, to participate at AYSAF International

Footwear Industry Suppliers Fair in Istanbul, Turkey. AYSAF is an important leather, accessories, and equipment fair for the footwear industry. The Moldova Chamber of Commerce organized bilateral meetings between Moldovan producers and Turkish suppliers and visits to production companies in Istanbul. The expo was useful for companies to understand better the raw material and accessories market and allowed them to identify new more advantageous suppliers.

In March 2012, CEED II supported 6 companies, Zorile JSC, Cristina Ltd, Tighina JSC, Floare JSC, Softshoes Ltd and TabitaCom Ltd., to participate in Mosshoes expo in Moscow, Russia. Mosshoes is the most important footwear trade show for Russia and Eastern Europe. CEED II supported participation at the expo by designing and printing a brochure, banner, and making a presentation at the common. The joint participation of the Moldovan companies was appreciated by visitors and organizers, and the participating companies gained valuable information about the Russian market.

In May 2012, CEED II helped young jewelry designer Ana Popova to participate at MACEF Bijoux in Milano, Italy where she showed 6 collections. Her participation was a success. She met with 22 potential buyers and, as a result, three companies from Russia, Italy and USA placed trial orders. Two trial orders have already been delivered to clients; the last one will be finished and delivered in November. All trial collections will be tested in the clients' markets. If the results are they are likely to place larger orders. Ju-Bijoux is also in negotiations with new clients about trial orders.

In addition, in May 2012, CEED II and APIUS organized a seminar about how to prepare for trade shows, which was led by Aprom Grup. The seminar brought together participants from the apparel and fashion accessories industries. Seven managers from 3 accessories companies participated.

In September 2012, CEED II helped two companies from Transnistria, Floare and Tighina, to participate at the fall edition of Mosshoes in Moscow, Russia. In addition, several companies, Oldcom, Arilux, TabitaCom, Daxencom and BITProgram, attended Kiev Expo Shoes in Ukraine. Oldcom signed 2 new contracts and received 6 new orders after participation in Kiev Expo shoes. Arilux and BITProgram Ltd, which participated for the first time, each made about 10 new contacts. Now the companies are working to develop these contacts. Arilux found a distributor in Ukraine for bags, and BITProgram is trying to use the same distributor to find orders for gloves from Ukraine.

**Problems Encountered & Solutions:** Originally, CEED II planned to participate in a footwear expo in Dusseldorf, Germany; but based on feedback received about the fair we decided that Moldovan companies were not ready for such fair. Instead, the project supported participation at Kiev Expo and Next Seazon in Bucharest. Unfortunately, Next Seazon is too small to visit again. In addition, CEED II supported participation at MACEF Bijoux; although unplanned, it turned out to be a good choice.

#### **Activity 4: Improve merchandising and retail marketing of the companies**

**Accomplishments:** CEED II was able to provide value support to several fashion accessories companies during the year to improve their retail store operations and to help them promote their product in the local market. The planned store at Zorile commercial center will have a big impact.

*Improved merchandizing.* To improve merchandizing techniques, CEED II organized a training about merchandizing and also supported several companies, Zorile, Cristina, Tighina, Floare and Arilux, by performing in-store merchandising audits at their flagship retail outlets. The training and audits were done by a Ukrainian expert; the same person used in the apparel industry.

The training took place in January 2012. Twenty-six participants from 10 fashion accessories companies and 3 institutions participated. The training was titled, "*Fashion merchandising: how to make your store clear to the buyer and profitable for the seller*". The results of the course evaluation by trainees show the high level of satisfaction.

The merchandising audits also took place in January. Each company received a customized report with the expert's observations and recommendations, and all of the companies made changes to their retail stores as a result. For example, Tighina changed how it displays women and children footwear and Arillux changed its furniture, display method, lighting, and also some aspects of store layout.

In May 2012, the Ukrainian expert made follow-up visits to two Zorile stores and one Arilux store while in Moldova for a training to furniture producers. This resulted in more changes to these stores.

*Improved retail store layout.* As reported in the apparel industry section of the report, several apparel, footwear, and accessories companies plan to open a common store at Zorile commercial center. To support the project overall, CEED II commissioned the design of a professional store layout following best merchandizing practices. In addition, CEED II agreed to support Cristina to by commissioning the design for its new store within the Zorile commercial center. In addition, CEED II provided dedicated local consulting support to Tabita Com and Vasilini to advise them on best merchandising and retail marketing practices as they opened new stores in Floresti and Calarasi respectively.

*Din inima branduri de Moldova.* Four fashion accessories companies Zorile, Cristina, BITProgram and Arilux participated in the common promotion campaign with several apparel companies. The campaign was designed and implemented by CEED II with active support from the participating companies.

**Problems Encountered & Solutions:** Companies do not always have the opportunity to invest in all of the merchandising solutions proposed by experts. For example, Cristina delayed implementation of a number of proposals until it can repair its old store in Chisinau. This delays the impact of assistance.

### **Activity 5: Improve efficiency and production organization in factories**

**Accomplishments:** CEED II is assisting footwear manufactures to introduce technology that will improve their operations and increase productivity

CEED II invited footwear marketing and production expert John England to assess companies' readiness to export to Europe and also examine their production capabilities. In the reports developed after the evaluation, Mr. England proposed various measures to improve efficiency and to improve company's productivity. Some companies acted upon his recommendations. For example, Floare decided to improve its design and patterns development process by investing in a CAD system from Italy, while Tighina planned the same investment for next year. In addition, following Mr. England's advise, Oldcom implemented a ISO 9001 QMS and works to implement a MIS, with CEED II assistance. CEED II agreed to help Oldcom develop an MIS using AccelerateIT, the Moldovan branch of a Romanian software company. The EBRD-BAS program is also co-financing the project.

The main goal of this project is to increase labor productivity due to the implementation of MIS, which would allow speeding up the information flow, eliminating redundancy of information, improving efficiency of decisions related to finance and production due to the possibility of finding the necessary and full data from all company subdivisions in a timely manner. The production software module will provide the possibilities to automate the collection of data and to generate the management reports, including from orders to cash, inventory, order entry, product configurator, supply chain planning, inspection of goods, claim processing, commission calculation, assembled items management, serial numbers management, traceability management. The project was started in July 2012 and will be completed in November 2012. Cristina also plans to invest in a MIS with support from CEED II.

In addition, in November 2012, five fashion accessories companies attended the CAD training that was organized by CEED II, APIUS, and Global Services. Also, 12 production specialists from 6 fashion accessories companies attended the productivity enhancement seminar led by Demian Usanli. Both of these events were organized as joint apparel-fashion accessories industry events.

**Problems Encountered & Solutions:** CEED II initial plan to increase factory efficiency using industrial engineering techniques. However, the economic crisis in Europe resulted in less production volumes in Moldova, so company managers were less receptive to industrial engineering type interventions that would be more beneficial when the factories were operating at higher capacities. As a result, CEED II looked for alternative ways to intervene to increase productivity. Expert advice to improve productivity and efficiency of production by applying Method study which together with proper Time study could result in significant productivity savings, but taking into account that the footwear industry companies have not enough orders due to the economic recession, they are not ready to invest now in the implementation of these methods.

### **Activity 6: Assist companies to improve their ability to provide production services**

**Accomplishments:** CEED II is expanding small jewelry maker, L'Orina's production capabilities by providing hands-on training to local artisans who can produce jewelry for L'Orina.

L'Orina is a small jewelry manufacturer that relies on skilled artisans to make her design, which she sells in France, Italy, and Romania. To help increase L'Orina's production capacity, CEED II agreed to support a training for local artisans in the *frivolite* (tattooing) technique. The trainings took place during February-May 2012 and was led by the Union of Craftsmen of Moldova (UCM) in the villages of Paulesti, Frumoasa, Verejeni and Vișcăuți with CEED II support. Fifty individuals completed the training, and 3 individuals have already been employed full time by L'Orina. Another 12 trainees are in a trial and training period to improve their skills. And the rest were invited to further training organized by L'Orina from own sources.

**Problems Encountered & Solutions:** This activity was planned based on assessments made before the recession in Europe when Moldovan companies in the footwear industry lacked enough manpower to carry out in time the orders received. The idea was to create linkages between larger firms and smaller companies in Moldova. However, during the year, the situation has changed; buyers in Europe reduced the number of orders placed in Eastern Europe. Consequently, the need to create backward linkages to smaller footwear firms disappear because large companies began to have free capacities and are not able to provide the required amount of work to its own employees. For this reason CEED II was able to engage in the aforementioned activity as an alternative activity.

### **Other Activity: Export Coaching & Product Design for European Markets**

**Accomplishments:** CEED II is helping four companies to develop new footwear collections for sale in Russia and Europe. The project is providing market access and design know-how.

This activity was added to the work plan as it was determined that in order to increase sales and exports practically all companies require improved product design capabilities. Very few companies have their own designers, but they do not have sufficient skills and knowledge to provide high quality of the process of development of new products.

In February 2012, in response to interest by several footwear companies to increase exports to Europe, CEED II invited British footwear marketing and production expert John England to Moldova assess the potential of 7 Moldovan companies, Zorile JSC, Cristina Ltd, Oldcom JSC, Tighina JSC, Floare JSC, Rotan JSC, and TabitaCom Ltd, to develop exports to Europe. The consultant visited each company and prepared detailed assessment reports that were translated and sent to the beneficiary companies. Several companies took immediate actions. For example, Oldcom improved its website. Tabita Com decided to move more production facilities to a location outside of Chisinau and to develop sales in regions. And Cristina refocused on the domestic market rather than pursue exports.

As a result of the February assignment, Mr. England advised that only four companies had enough potential for exports to Europe to warrant continued support, namely, Zorile, Rotan, Floare and Tighina. Next he advised that they attend the Lineapelle fair in April in Bologna, Italy to gain

firsthand knowledge of the European market, understand their competition, and learn about new suppliers and production technologies. Accordingly, CEED II supported representatives from these companies to attend the fair. CEED II Deputy Director Doina Nistor and John England also attended.

Following Lineapelle, Mr. England visited Moldova again to help the companies determine their strategic approaches for entering the European market. During this visit, it was agreed that the companies each needed to develop new product collections if they were going to have any chance of success in Europe. Mr. England returned in May 2012 to advise on how the new collections should be designed, both in terms of the styles and the design process. He also made recommendations on how to write an effective design brief, which were used by the companies when speaking with designers.

Mr. England identified two foreign designers willing to work with the Moldovan companies. Designer Colin Johnson was hired by CEED II to design two groups of spring/summer 2013 ladies fashion shoes (sandals) for Zorile JSC to be sold on Moldovan and Russian markets. Another designer, Giovanni Deiana, was hired by CEED II to design groups of shoes for the spring/summer 2013 season for 3 companies, Floare, Cristina and Rotan. The companies provided design briefs to the consultants, which they used to produce design sketches for the new collections. Afterwards, the companies developed experimental samples. In August 2012, Mr. England and Mr. Deiana visited Zorile, Tighina, Cristina and Floare to review their progress and discuss plans for future design development.

As of the end of the year, only Zorile, had managed to make any shoes that were developed within the framework of this activity. Zorile showed these shoes at the Mosshoes expo in Moscow Russia.

**Problems Encountered & Solutions:** The original plan agreed with the companies was that they would each develop new shoe collections for European markets that would be presented at the GDS expo in Germany in September 2012. However, this proved to be too optimistic. Cristina was advised, and agreed, that it should focus on the domestic market, but improve its collection. Zorile, Tighina, and Floare felt that they needed more time to prepare their collections and that plans to exhibit at GDS were unrealistic. As a result, the plan was adjusted so that they would present their new collections at regional expos in fall 2012 and in January 2013 they would participate in Garda fair in Italy. However, only Zorile managed to produce samples of its new collection in time for Mosshoes in Russia. The others are in the process of developing collections: Floare and Tighina plans to expose them at Garda and Kiev fairs in January and at Mosshoes in March 2013. Rotan will show its new collection of working shoes in December 2012 at specialized working shoes fair in France.

## **D. Home Furnishings Industry Activities**

### **Activity 1: Revive or restart a furniture manufacturers association in Moldova**

**Accomplishments:** During the year, CEED II successfully helped the furniture industry to revive an existing but inactive association, recruit and hire an executive director, develop an action plan, and implement several activities. By year-end, the association had 14 active dues-paying members.

In November 2011, following discussions with furniture industry stakeholders, CEED II sponsored a visit to the MEBEL furniture exhibition in Moscow, Russia for representatives from five furniture companies. They were accompanied by furniture consultant Jeff Baron and the CEED II Home Furnishings Industry Manager Adrian Covalciuc. The goal of the trip was twofold: to encourage dialogue among the group members about issues of common concern, including the creation of an association; and to learn about the Moscow furniture market. The trip was an important factor in helping the group to decide that they wanted to establish a Moldovan furniture association. Following the trip, at a CEED II organized round table about the state of the furniture industry in Moldova, 25 furniture company representatives signed a Memorandum of Intent to restart an association. Later a working group with representatives from eight companies was formed to discuss the statutes of the association, the job description of the future executive director, and other essential matters.

During the period between December 2011 and March 2012, the working group met frequently to discuss the association and interviewed several candidates for the executive director position. An individual has hired in March, but she resigned in April due to another job offer, forcing the group to reopen the search for a director. Fortunately, a new executive director was hired in May 2012.

By this time the association had also established its main objective, the creation of a common furniture shopping center, which proved to be a powerful force for keeping the group together. The association administrative council (board of directors) visited several possible locations for the center and in May they began to negotiate the terms of a long-term agreement with fellow furniture producer Iurie Bors. To assist the association, CEED II hired a local lawyer to provide legal advice concerning the terms of the deal. In September 2012, the association signed a contract with Mr. Bors to open a 14,000 m<sup>2</sup> common furniture shopping center in August 2013 following construction of the premises. The center will become a destination for anyone shopping for furniture in Moldova. It will increase retail traffic for all the companies and permit them to use their marketing resources more effectively.

Worth noting is that while advising the association on the common shopping center, the CEED II-provided lawyer discovered that the association was incorrectly established. CEED II helped the association reregister properly, and by September 2012 it had 14 active dues paying members.

Also, in September 2012, with CEED II support, the association successfully organized participation by 12 companies from the association at the annual Moldovan furniture expo at Moldexpo, September 19-23. The association rented one of two pavilions at Moldexpo, organized attractive furniture displays, and planned and executed an effective media and PR campaign that brought in a lot of visitors, two times that of 2011. This strong showing at Moldexpo helped the companies to make sales of approximately \$91,500 during the expo.

#### Furniture Sales Resulting from Expo

Anturaj	320,000 MDL
Mezanin	110,000 MDL
Panmobili	63,000 MDL
Polimobil	100,000 MDL
Prima	320,000 MDL
Stejaur	90,000 MDL
Tiara	120,000 MDL
<b>Est. TOTAL, MDL</b>	<b>1,123,000 MDL</b>
<b>Est. TOTL, USD</b>	<b>\$91,500</b>

At the end of Year 2, the association had registered two successes: the common shopping center project and the successful organization of the furniture expo at Moldexpo. These accomplishments will be valuable selling points in the future as the association looks to increase its membership base.

**Problems Encountered & Solutions:** When CEED II began assisting the home furnishings industry there were two furniture associations in Moldova, Mobila Grup (17 members) and the Association of Furniture Producers of Moldova (21 members); both functioned only on paper. Trust among the companies in the industry was low. As such, CEED II took a careful approach, not taking sides or picking winners. Rather, CEED II supported ways to bring the stakeholders together and build trust, through activities such as the visit to MEBEL and later to IMM Cologne, peer-to-peer discussions with Romania furniture manufacturers, and group discussions on various topics of interest. By following this approach, a constructive dialogue was initiated and the companies agreed that an association was needed; so they decided to revive the Association of Furniture Producers of Moldova.

Unfortunately, the initial period after taking this decision was difficult. The administrative council had just appointed an executive director and developed an initial action plan, when the director quit for another job. The association then had to look for another director. CEED II helped to organize the process of screening candidates and conducting interviews for the vacant position. By the end of May, a new director was identified and appointed to administer the association.

In addition, as noted above, the association was initially incorrectly registered, causing some delays while the association was reregistered properly, as an association of companies rather than individuals as it had been initially registered. The new association was registered by nine companies, its founding members, but with the intent to add new members. Subsequently, when other would-be members were asked to pay their dues, only a few did so, and by year-end the association had only 14 members in

good standing even though more than 20 had originally agreed to join the association. However, given the association's success in only a few months, it should be able to attract more members.

Another challenge encountered during the year was the complexity of the common shopping center project due to the numerous factors that needed to be agreed upon by the various parties and because none of the parties had prior experience developing or managing such a center. But with CEED II assistance, including the active involvement of the project's Home Furnishings Industry Manager and the CEED II provided lawyer, the association was able to agree to the terms of a deal on the center.

## **Activity 2: Prepare for participation at international trade exhibitions and B2B events**

**Accomplishments:** CEED II had mixed success preparing Moldovan companies for international trade exhibitions. Two visits to international expos abroad were successfully organized, but despite visiting, the local producers decided that they were not ready to participate in such fairs in the near-term. An unexpected but positive outcome, however, was that the Moldovan producers returned home with more desire to join forces within the local market to increase or recapture market share.

In November 2011, in an effort to encourage Moldovan furniture manufacturers to consider exporting to Russia, CEED II organized a visit to MEBEL furniture exhibition in Moscow for representatives from five furniture companies. They were accompanied by Jeff Baron and Adrian Covalciuc. The objectives of the trip were as follows:

- Recognize that Russia is a huge market that attracts foreign producers from much farther away than Moldova, whose products are disadvantaged because of the import duties in Russia.
- Understand the taste of the market in terms of materials, finishes, dimensions/proportions, styles, functions (Russians virtually only buy sofas that have beds inside, for example), prices, etc.
- Understand that the product offerings in Moldova are not strong enough for Russia. The participants must understand what Russians want and find a way to compete with domestic and foreign suppliers.

In addition to visiting the MEBEL expo, the participants also visited Grand Furniture shopping center and an IKEA store to accumulate further information about the Russian market. Mr. Covalciuc and Mr. Baron also visited the Three Whales shopping center to better understand the market.

In January 2012, CEED II sponsored representatives from six Moldovan furniture manufacturers to visit IMM an international trade show in Cologne, Germany. The aim of the visit was to encourage the Moldovan furniture manufacturers to participate as exhibitors in the future. Like for MEBEL, Mr. Baron and Mr. Covalciuc accompanied the group. The group also visited a furniture center in Bonn and a part of the group has also visited the Cologne IKEA store to observe and to learn best practices.

CEED II also used the trips to Moscow and Cologne to reinforce the value of uniting in to a strong association and discussed the importance of calibrating one's product offering to the market requirements. The trips provide plenty of opportunity for one-on-one discussions with Mr. Baron.

Unfortunately, these trips did not succeed to motivate the Moldovan businesses to focus on exports. Rather, the trips reinforced the high level of competition in international markets and had the unexpected consequence of uniting the producers around strategies for increasing or winning back market share at home by establishing a common shopping center and by improving Moldova's annual furniture expo. Worth noting, however, is that the companies also consider that the shopping center, and the furniture expo, if properly organized, can serve 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.

Consequently, during June–August 2012, the association successfully negotiated with the furniture expo organizer, Moldexpo, to rent one of two pavilions to the association and to allow them to

identify furniture companies wishing to exhibit, design the floor plan layout, organize consumer loyalty incentives, and plan and execute a media and PR campaign. Then with CEED II support, the association successfully organized 12 companies' participation at the expo, September 19-23, 2012.

**Problems Encountered & Solutions:** Throughout 2012, CEED II has continued discussing with the Moldovan producers the idea of participating in the November 2012 edition of MEBEL in Russia. However, because participation in the fair is so expensive, with rents of approximately 370 Euro per m<sup>2</sup> and minimum space requirements per company of 50 -100 m<sup>2</sup>, and because of doubts about the likely return on investment, Moldovan producers decided that they are not yet ready to participate..

However, as indicated, the furniture companies believed that organizing a successful domestic show is the first step to eventually exhibiting abroad as they can use the lessons learned from the domestic event to influence how they will plan for an international trade show. Surprisingly, negotiations with Moldexpo to organize the local expo were very difficult and twice the association was on the verge of cancelling its initiative, but finally an agreement was reached.

### **Activity 3: Explore opportunities to benefit from Moldova's economic advantages**

**Accomplishments:** While CEED II thoroughly examined the possibility of leveraging Moldova's economic advantage for assembling and finishing furniture for export to Russia and CIS markets, unfortunately, the project failed to secure any real interest in this business model.

There is a free trade agreement between Moldova and the CIS that permits sales of products produced in Moldova, including furniture, without duties. Conversely, high duties on furniture imported into CIS from some strategic furniture manufacturing countries can add significantly to the product's cost. Similarly there is an asymmetric trade agreement in place between Moldova and the EU, which allows Moldova to export products to the EU without duties (under the Moldova – EU autonomous trade preferences). In addition, exporting companies that establish their operations in one of Moldova's Free Economic Zones (FEZ) can also avoid paying customs duties and income tax (on investments in excess of €1 million). Manufacturers can also benefit from Moldova's low labor costs, estimated at or below that of China. Consequently, Moldova is potentially a gateway to both the EU and CIS markets. CEED II is aware of several Moldovan companies operating in this way – importing unfinished components from the EU and exporting finished goods to the CIS – which suggests that the model is feasible.

Thinking that these benefits might be sufficient incentive to attract investors from the US, China, and EU countries, CEED II analyzed Moldova's economic and tax advantages against its competitors in selected markets and studied the following factors:

- The custom duties a company will have to pay when it imports furniture from China, US, Vietnam, or the EU into Russia, Ukraine and the EU respectively.
- All other payments, in addition to customs duties that arise when importing goods into Russia Ukraine and the EU from the above mentioned points of origin.
- Any special arrangements (free trade agreement, preferential trade agreements, tax incentives, etc.) available on the imports of the respective goods into Russia, Ukraine and the EU from the above mentioned points of origin.
- The definition of "Made in Moldova" for furniture (what are the specific conditions for furniture to be considered produced in Moldova) when imported into Russia, Ukraine and the EU respectively.
- The information regarding the weight of furniture exported from Moldova during 2009 and 2010 (custom category code 94 / value of the shipment / net weight of the shipment).
- The labor rates in the furniture industry (by regions of the country).
- The benefits an investor would get by setting up furniture production in Moldova.

The main conclusions of the research were that:

- Furniture and furnishings products “Made in Moldova” (or with partial value-added) may be exported to and sold in the EU and CIS countries with zero import duties. In the case of furniture, this can represent a saving of from 15% to as much as 35% on the total purchase price paid by the buyer (for example, many categories of furniture imported into Russia are taxed not according to value but instead on weight; at as much as €1.40 per kg).
- Furniture manufacturers in Moldova report paying monthly salaries of between €200 (entry level) and €400 (highly qualified and CNC<sup>1</sup> operators). Supervisors and department heads earn between €550 and €700. These salaries are not only lower than elsewhere in the EU and CIS but significantly lower than reported in China’s principal furniture manufacturing centers. Most of Moldova’s population is bilingual (Romanian / Russian) while a significant percentage of the population also speaks a third language – English, French, Italian, Spanish or German.
- Moldova is the only CIS country with a free trade agreement with both EU and CIS countries.
- It is 3 truck-days away to the port of Rotterdam, which is the primary point of export from the EU, and it also has international port access.
- Moldova has a profound tradition of furniture production, a stable and productive workforce and a furniture technical trade school operating in the capital of Chisinau.
- Between Moldova and nearby Romania and Ukraine, there is supply of all raw materials necessary to produce any kind of wood or upholstered furniture. For example, E1 certified composite wood products and fire retardant polyurethane foam are readily available in the country.
- Moldova has established nine Free Enterprise Zones where products, materials and machinery may be imported, value added and finished products exported all with minimal customs formalities and with zero duties or value added taxes applied. Enterprises established within these zones enjoy numerous additional advantages including: freedom from expropriation; indemnity from loss of rights; corporate profits tax rate of only 6 percent on export sales (with further exemptions depending on the capital invested in infrastructure).
- There are currently several furniture manufacturers operating in Moldova’s FEZ’s, importing components from the EU and exporting duty-free finished wood and upholstered furniture to Russia, Ukraine and other CIS and EU countries. Similarly, there are several tier-one automobile suppliers manufacturing in Moldova’s Free Enterprise Zones.

These facts were discussed with local producers with a view to encouraging more of them to consider this business model. Similarly, local producers were asked about their desire to form partnerships with foreign investors or trade partners, such as IKEA. Surprisingly, few local manufacturers expressed any interest, although CEED II had lengthy discussions with a couple of companies about supplying IKEA, who was looking at Moldova in late-2011 and early-2012 as a production destination, presumably for its stores in Russia and other Eastern European markets.

In addition, CEED II designed a brochure, featuring the aforementioned advantages, that was distributed to selected individuals and companies during the MEBEL Moscow and IMM Cologne trade shows. Mr. Baron also spoke to several of his personal contacts about these opportunities. The ideas were intriguing to them; but, in general, interest from foreign partners was modest because they know so little about Moldova. Moreover, without strong interest from the Moldovan side to form partnerships with international companies, it did not seem wise or feasible to press this issue further, although CEED II will revisit the issue periodically.

One other area of potential competitive advantage for Moldova is in the production of labor intensive furniture, which would take advantage of Moldova’s favorable labor rates. However, there too the Moldovan companies failed to express any interest, instead showing an interest in increasing their use

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<sup>1</sup> Computer Numerical Control (CNC) is one in which the functions and motions of a machine tool are controlled by means of a prepared program containing coded alphanumeric data. CNC can control the motions of the workpiece or tool, the input parameters such as feed, depth of cut, speed, and the functions such as turning spindle on/off, turning coolant on/off, etc.

of machinery and equipment, even if the small production volumes that they currently produce result in low productivity.

**Problems Encountered & Solutions:** During the research work, it was quite difficult to obtain the information required for the analysis. No government organization exists in Moldova that can answer these questions, e.g. average wages, other costs payable, etc. Private research firms can provide reasonably reliable information, but even they do not have a definitive source to validate their conclusions. To overcome these challenges, CEED II relied on multiple sources of information and cross-referenced everything with representatives of the Ministry of Economy and Trade and advisors to the Prime Minister's Office responsible for attracting foreign direct investment.

After the research was completed, CEED II hoped to see some interest from local producers in developing production in free economic zones, perhaps in some cases in partnerships with foreign companies, especially with the purposes of penetrating Russia's market. However, there has been no concrete action thus far. This is primarily due to the fact that Moldovan companies tend to believe that despite all the evident economic advantages, it is merely impossible to do business in Russia without a Russian partner that would provide support for the entry to the market.

#### **Activity 4: Calibrate the products offered to market requirements**

**Accomplishments:** After one year, CEED II succeeded to initiate a discussion with companies about the need for better product design and development. Initially it seems that companies were uninterested in the idea, but toward the end of the year several companies began to discuss with CEED II the possibility of receiving future support for product design changes.

More than half of the furniture sold in Moldova is imported. This means that the majority of the furniture purchased in Moldova is made elsewhere. It is highly unusual for an industry to not be able to satisfy the local market but to be able to satisfy neighboring markets. In addition, there is a substantial amount of custom-made furniture in Moldova. These facts suggest that local producers do not understand their domestic market. To understand this and the nature of the Moldova furniture market, CEED II commissioned market research in November-December 2011 to answer the following questions: Why the majority of furniture sold in Moldova is imported and why Moldovan manufacturers have (in certain cases) more success exporting than they do serving local customers? Why do local customers prefer to buy a significant percentage of "custom made" furniture from Moldovan manufacturers? What are the demographics of Moldovan furniture costumers? Although the market research appeared to confirm CEED II's hypothesis that local manufacturers do not understand their consumer as well as they should, the results were not indisputable, and, therefore, most local producers made little if any changes to their business.

However, to emphasize the need for consumer-oriented product design, CEED II organized a trends workshop for more than 40 representatives of Moldovan furniture companies. The workshop focused on global furniture product/design trends and experience relevant to Moldova. The workshop was led by Mr. Baron. He highlighted style trends and suggested how the participating companies could begin to test the market with some new designs, especially labor-intensive designs which can make use of Moldova's principle advantage in furniture manufacturing, low cost labor. Mr. Baron also frequently discussed the need for product design improvements during one-on-one meetings with companies. Not so many companies expressed interest in improving their design skills, however a few companies reported making changes to its product designs as a result of CEED II advice.

While companies were not so eager to change their product designs, several were open to improving their corporate identity package, their brands, including the development of professional brand books, product catalogues, and websites. While not originally included as part of the CEED II work plan, delays in other areas provided an opportunity for the project to assist five companies directly to upgrade their marketing, including Damashkan, Ergolemn, Tiara, Trabeco-Design, and Vanin-Mob. As of the end of the project-year, all of the projects are still in process.

**Problems Encountered & Solutions:** CEED II had hoped that by producing the market research and proving that in many situations local producers do not understand their domestic market and thus fail to appropriately serve their customers that it would influence the sector to rethink the way it does business and catalyze change. Many producers, participants at CEED II activities, have acknowledged the information and started paying attention to CEED II's advice. For example, Stejaur completely revived its company image and Polimobil and Ambianta improved product designs. However, changes takes time, and one year is not long enough to bring about significant change. The companies are only now beginning to trust CEED II and are only now beginning to ask themselves whether the design of their products really reflects the market demand, which should create new opportunities.

### **Activity 5: Build capacity in retail/wholesale management and sales, merchandizing**

**Accomplishments:** During January 2012 the CEED II Home Furnishings Industry Manager together with the CEED II Merchandizing Consultant visited shops that sell Moldovan furniture to learn more about existing constraints in order to start preparing for the merchandizing training planned for May 2012.

In February 2012, Mr. Baron delivered management training for top managers and retail store managers from Moldovan furniture companies. The training was intended for furniture producers that own and operate their own retail stores, since a major constraint to the development of the industry is the fact that most manufacturers have weak management systems, both in production and retailing. Most producer-retailers do not understand or use key performance indicators (KPIs) or other benchmarking techniques and do not collect data or keep records about the performance of their factories or stores. Therefore they are ill-equipped to make management decisions. This training was intended to provide them with tools to help them manage their business. The seminar was delivered to more than 40 representatives of Moldovan furniture companies. It presented best practices in furniture manufacturing and retail store management, focusing on the use of KPIs.

In April 2012, CEED II organized a series of sales trainings that targeted shop personnel. The trainings were developed after extensive discussions between the administrative council of the association and the training provider, AXA Management Consulting. There were four sessions of the training, each session lasted two days and had 20 participants; thus a total number of 80 sales people were trained. The training was structured around the usual pattern of communication between a sales consultant and a customer, focusing on each stage of the consumer's purchasing decision. For each stage, sales personnel were given specific techniques. All participants were involved in practical exercises, developed and organized to build appropriate skills and habits. The goals for the training were for participants to be able to: use a coherent and structured approach in sales; establish a positive relationship with a potential client; identify clients' needs and expectations; communicate effectively in order to satisfy these expectations and needs; offer a convincing presentation of the products and services; effectively overcome client's objections and doubts; use adequate sale closing techniques to obtain customer involvement; and offer a customer oriented service and display a positive attitude in sales.

In May 2012, CEED II organized merchandizing training with a Ukrainian merchandizing expert. It was attended by 32 participants. The course targeted company owners, general managers and retail store managers. Specific merchandizing techniques were offered and the rationale behind them was explained. The goals for the training were that after the training the participants would be able to: use laws and rules of visual presentation of goods; present goods for customers in the most advantageous way; assess the unemployed resources and put them to efficient use; and increase store profitability by using simple and relatively cheap measures. In addition to the training, five companies (Ambianta, Confort, Ergolemn, Anturaj, Polimobil) were selected for company-level assistance, which began with merchandizing audits of the companies' stores. The consultant spent 2-3 hours in each of the selected stores in order to study the current situation and then developed a detailed report with a set of recommendations for improvement.

Also, as previously mentioned, CEED II advised extensively on the idea of the furniture center. Mr. Baron even presented a draft concept for the shopping center to top managers of companies belonging to the furniture association. The concept was used to present the idea to potential store location owners to secure the best renting conditions possible for the members of the furniture association.

**Problems Encounters & Solutions:** In general there were no major problems encountered when implementing this activity. All companies were quite engaged and appreciative of the trainings, even asking for more of the same in the coming year. As concerns the furniture center, the biggest challenge was the initial reluctance of the companies to accept the idea, but through the connections established in the furniture producers association, this doubt was replaced with a sense of purpose to organize a common shopping center as soon as possible. It was an encouraging sign for CEED II, demonstrating that once agreement is reached, Moldova's furniture industry leaders are able to make decisions in an open and transparent manner and share in the risk and reward of joint project. We hope that this will prove true in other areas too.

## **E. Information Technology (ICT) Industry Activities**

### **Activity 1: Strengthening QLab capacity**

**Accomplishments:** During Year 2, CEED II achieved mixed results with QLab, but succeeded to put it on a path to independence and sustainability. CEED II worked with QLab to improve its governance and structure and to become more active in offering services to the market. Small improvements were made in both areas, but QLab still has serious weaknesses that need to be addressed in the future.

*Improving governance and structure.* At the start of Year 2, CEED II challenged QLab management to develop a strategic plan and action plan to guide its activities and to demonstrate a commitment to implementing the plans. As a result, QLab put forward a plan in early December 2011 that was positively viewed by CEED II and USAID/Moldova, and a decision was made to continue supporting QLab. By mid-March 2012, little progress had been made to implement the plan, in part due to lack of human resources, but by then QLab had hired a dedicated training coordinator. This time, CEED II forcefully challenged QLab, particularly its board of directors, to be more active, to consider making some changes to the configuration of the board, and to ensure more Moldovan ownership. The board agreed and in April 2012 decided to change the president of the board and add one more board member. From May 2012, Olivier Prado (GPG) became the president and Serghei Goloborodico (Pentalog) and Doug Griffith (CEED II) accepted to join the board of directors. In June 2012, under the direction of the new president, the management team was asked to present a complete financial report, update all planning documents, begin presenting monthly reports to the board of directors, and address several other matters. It took from June to late July to clarify many of the abovementioned items, and finally in mid-September the board of directors gave its consent to the management team to begin implementing the agreed upon plans, focusing first on QLab's core training business line. While these efforts have helped to bring much needed structure and discipline to QLab, it is still a weak organization with many risks to its long-term survival. Continued dedication by QLab's board of directors, management team, and founders, i.e. ATIC and ESI Bulgaria, is needed, and QLab must rapidly increase its service delivery in order to increase its credibility and generate income.

*Improving service delivery.* At the same time as working to improve QLab's governance and structure, CEED II also assisted QLab to deliver valuable trainings. During March 19-23, 2012, CEED II helped QLab to plan and implement a series of four specialized software development training courses delivered by SoftO2 from Belgium. The trainings included: Agile Enterprise Adoption and Transformation Strategies (0.5 day) – 15 participants; Software metrics and dashboards (1 day) – 6 participants; Risk-Based Software Testing Strategy (1 day) – 6 participants; and Writing and Managing Software Requirements (2 days) – 6 participants. Then in May, QLab organized a four-day (May 2-5) project management training, "Project Management: Preparation for Success", using the TenStep methodology. The course was conducted by Dragos Iorga, a PMP and certified trainer from Romania. A total number of 17 participants attended the course, most of them representing IT

companies. Finally, CEED II also helped to coordinate a partnership among QLab, Technical University of Moldova (UTM), and the Wordpress community. (Wordpress is an open source content management system, or CMS, popular with web developers.) As a result, for the first time in Moldova, a 30 hours practical course on Wordpress web development took place with a total number of 19 people attending the course, including IT companies' employees, free-lancers, and also students and professors from UTM. To summarize, with CEED II assistance during the year, QLab organized six training courses for a total of 69 participants from 32 companies. The list of trainings follows:

Topic	Dates	Trainer/Organization	Number of companies	Number of participants
Agile Enterprise Adoption & Transformation Strategies	March 19, 2012	Bruce Schoor SoftO2	10	15
Software Metrics and dashboards	March 20, 2012	Bruce Schoor SoftO2	4	6
Risk-based Software Testing Strategy	March 21, 2012	Bruce Schoor SoftO2	4	6
Writing and Managing Software Requirements	March 22-23, 2012	Bruce Schoor SoftO2	6	6
Managing successful projects	May 2-5, 2012	Dragos Iorga TenStep Romania	8	17
Wordpress web development for beginners	May 29–July 24, 2012	Serghei Beresnev Wordpress.md/Fruitware	-	19
<b>TOTAL</b>			<b>32</b>	<b>69</b>

**Problems Encountered & Solutions:** CEED II encountered several problems with QLab during the past year and tried to offer solutions for each. First, the board of directors was not providing much oversight and direction, which resulted in the executive team operating independently with virtually no controls or accountability. At CEED II's urging, the board of directors was restructured and reenergized and bringing much needed structure to the organizations. Second, for about half of the year, QLab's only staff member was its executive director who also functions as the executive director of ATIC. This scenario was not working, and thus at CEED II's urging, QLab hired a dedicated training coordinator, with resources committed by ATIC, QLab's co-founder. The addition of the training coordinator allowed QLab to refine its service offerings and marketing materials, including development of a website, [www.qlab.md](http://www qlab.md), and also offer a few trainings, but progress is still too slow. CEED II will work more with QLab management during the year ahead.

## Activity 2: Building practical IT skills

**Accomplishments:** CEED II succeeded to expand the Cisco IT Essentials (ITE) program in Moldova, most notably by helping to convince the Ministry of Education to include ITE as an official optional course for grades 10-12 starting with the 2012/13 academic year. This resulted in 12 schools enrolling 299 students in fall 2012, and increased enrollment is expected in the future. CEED II also helped UTM launch a Microsoft IT Academy during the 2011/12 academic year.

*CISCO IT Essentials* (ITE). Building on the success of the pilot activities in Year 1 to expand Cisco ITE in Moldova, in August 2011, CEED II conducted a series of trainings of trainers (ToT) for 22 lyceum informatics teachers from 12 schools, including 6 from outside of Chisinau, who were willing to teach ITE classes as paid electives outside of the official curriculum. A total number of 199 students have successfully completed ITE as paid optional courses during 2012.

However, shortly thereafter, in January 2012, CEED II agreed with the Ministry of Education that they would include ITE as an official optional course for grades 10-12 starting with the 2012/13 academic year. The Ministry of ICT and Prime Minister's Advisor on Youth and ICT Tudor Darie also strongly supported this idea, and so an MOU concerning the expansion of the ITE program was signed between CEED II and the Ministries of Education and ICT during February 2012.

After signing the MOU, CEED II hired two local consultants to coordinate the project and facilitate interactions with the Ministry of Education and other relevant stakeholders. The consultants prepared the ITE curricula, following official standards of the Ministry of Education, and subsequently the curriculum was approved by the National Council for Curriculum in July 2012. The course was also included in the National Curriculum Plan, which means that it will be funded from the state budget.

In parallel, in April 2012, the Ministry of Education collected applications from high schools that were interested to offer ITE classes, which included nominations for teachers to attend a ToT. In May-June 2012, The first group of 35 teachers from 26 high schools and the College of Finance and Banking Chisinau (CFBC) was trained. Twenty-five of the schools were from outside of Chisinau.

In September 2012, at the beginning of the 2012/13 academic year, CEED II and the Ministry of Education organized a meeting with all of the newly trained ITE instructors and encouraged them to push the initiative further, highlighting the importance of improving the ICT education. As a result, 13 teachers enrolled 299 high school students for the optional ITE course and began classes.

Lyceum Names, Locations		No. of Students Enrolled
1	TL M.Eminescu, Anenii Noi	36
2	TL B.P.Hasdeu, Balti	36
3	TL Lucian Blaga, Balti	
4	TL Matei Basarab, Basarabeasca	
5	TL M.Eminescu, Cahul	40
6	TL M.Eminescu, Slobozia Mare, Cahul	26
7	TL N.Mihai, Ciobalaccia, Cantemir	20
8	TL I.Creangă, Coșnița, Dubăsari	21
9	TL Doroțcaia, Dubăsari	13
10	TL D. Cantemir, Edinet	16
11	TL V.Alecsandri, Mărculești, Florești	11
12	TL A.Donici, Ciuciuleni, Hâncești	
13	TL M.Sadoveanu, Hâncești	47
14	TL Lucian Blaga, Iargara	21
15	TL M.Eminescu, Leova	
16	TL M.Eliade, Nisporeni	
17	TL Alexandru cel Bun, Vărzărești, Nisporeni	
18	TL Onisifor Ghibu, Orhei	
19	TL A.Russo, Sîngerei	
20	TL A.Mateevici, Șoldănești	
21	LT Stefan Voda, Ștefan Vodă	
22	TL Albota De Sus, Taraclia	
23	TL Hristo Botev, Taraclia	
24	TL O.Panov, Taraclia	
25	TL Chiștelîța, Telenești	
26	TL M. Cervantes, Chișinău	12
	<b>TOTAL</b>	<b>299</b>

*Microsoft IT Academy (MSITA).* CEED II continued efforts to expand the MSITA program to academic institutions by conducting a series of ToT for university and college professors from the Technical University of Moldova (UTM), State University of Moldova (USM), Academy of Economic Science (ASE), and colleges of finance and banking and informatics in database administration and programming and server administration. CEED II also helped them to organize promotional presentations to students about the classes on Microsoft technologies.

Despite all the efforts, UTM was the only institution that managed to implement the internal procedures to be able to offer classes. To-date, UTM has completed one programming course (Microsoft Windows Development, 1 module) for 4 students (of 7 which started).

*Other Microsoft initiatives.* In partnership with ASEM and Microsoft Moldova, CEED II organized a workshop titled, “Game Development and F#”, conducted by Giuseppe Maggiore, a game developer and university professor from Italy. The workshop was attended by 13 people. The purpose of the

workshop was to showcase interactive methods of teaching computer science disciplines through games and using functional programming language, thus ensuring a higher interest from the students.

In addition, CEED II organized an informal workshop on Microsoft Visual Studio platform by former Microsoft employee Kav Latiolais, who came to facilitate Startup Weekend Moldova. The aim of this meeting was to discuss the trends and implications of Microsoft products for business and education.

**Problems Encountered & Solutions:** The problems encountered during the year primarily related to MSITA. First, current IT professors appear unable to pass the Microsoft certification exams, even after participating in the ToT and in refresher workshops. CEED II organized several refresher workshops with ToT participants with Microsoft certified trainers from Endava to prepare them for certification exams, but only 2 of 34 were able to pass the exam. Clearly, until universities have professors with the requisite knowledge and skills, the MSITA program is unlikely to succeed. Second, the institutions themselves appear to lack the will or ability to offer Microsoft classes or to market them effectively. Only 1 of 2 universities and 2 colleges managed to offer classes mostly because they were either unwilling or unable to develop the internal procedure to offer the classes or because they were unable to recruit students for the paid courses. To address the first constraint, CEED II advised on possible “business models” for the classes, including how to recruit students, identify and build capacity in professors, and cover the costs of offering the classes. As concerns student recruitment, CEED II helped the institutions to organize promotion events and presentations to students. Unfortunately, these efforts were not enough. Thus, we have concluded that the entire MSITA strategy for Moldova must be reconsidered. After surveying the instructors which attended the Microsoft ToTs, CEED II found out that they actually use in their main university/college courses the curricula and the knowledge they have obtained during the ToTs.

### Activity 3: Supporting an ICT career promotion campaign

**Accomplishments:** CEED II successfully implemented a robust campaign to promote careers in IT, targeting high school students considering what fields of higher education to pursue and university students approaching the workforce. CEED II communications efforts reached millions of people. In addition, CEED II was instrumental in convincing the Ministry of Education to increase the admissions quota for IT related specializations and also the number of scholarships.

*ICT Career Orientation.* The format chosen for autumn 2011 by ATIC members and agreed by the universities and CEED II was an ICT career orientation event. This event gives students a chance to meet potential employers and learn more about the companies, including benefits and specializations, and what they expect from their employees. In November 2011, CEED II assisted ATIC to organize ICT career events at UTM and USM, during which time more than 300 students met representatives from nine companies. Students from CFBC were also invited to attend the event at UTM.

*Presentations in high schools.* The next events were in spring 2012, consisting of a series of presentations in 16 high schools and lyceums from Chisinau. The presentations were organized during March-May 2012. Representatives from 3 IT companies delivered the presentations. They shared their personal experiences with the students and encouraged them to consider careers in IT. An estimated 1,200 students from 16 lyceums attended the presentations. In addition, ATIC created a Facebook group called “I Choose IT Career”, which currently has more than 300 members. Students are invited to join and ask questions and interact with industry experts and campaign organizers.

The poster is titled "ICT CAREER ORIENTATION" in large, bold letters. Below the title, it says "Participă la sesiunile de orientare în carieră:" followed by a list of topics: Programare, Software Testing, Analiza, and Rețele. A section titled "Cunoaște potențialii angajatori și activitatea acestora!" lists companies: Endava, Trimeția, Pantalog, Switchward, Rezi Sky, Starnet, Moldcell, and Remys. The event dates are "8 Noiembrie" at "Universitatea Tehnică a Moldovei (floc 9)" and "9 Noiembrie" at "Universitatea de Stat din Moldova (floc 4)". The time is "Orele 9.30 - 14.00". Logos for the Ministry of Education, USAID, and other partners are at the bottom.

*Media campaign.* Next, in summer 2012, during the admission period for higher education institutions, CEED II helped ATIC to plan and conduct a media campaign to promote IT careers. The media campaign was aimed at attracting a larger number of candidates for IT related faculties. This year the media campaign was more extensive than in 2011 and comprised several channels: TV, radio and online. Also, at university admissions sites posters were placed highlighting the benefits of the IT careers and pointing to the number of scholarships offered by the Government for the IT Faculties.

With the Government of Moldova support, the video spots promoting IT career were broadcasted on five TV channels Moldova 1, Prime, TV7, N4 and ProTV; all of them offering very discounted prices. In addition, an online banner ad campaign on 15 websites (google.com, facebook.com, odnoklassniki.ru, mail.ru, 999.md, point.md, protv.md, inprofunzime.md, perfecte.md, profm.md, etc.) had more than 6 million impressions and generated nearly 5,000 visits to the IT career promotion website. CEED II and ATIC also organized a PR effort. Several interviews/articles/TV shows were arranged, featuring the IT sector, its potential and attractiveness for the youth. The entire campaign is estimated to have reached more than 2 million people through all the channels.

**Problems Encountered & Solutions:** Several problems were encountered while organizing campaign but they were not critical and were successfully overcome.

First, at the ICT career orientation event at USM, even though it was planned the same as at UTM, the attendance was much less, which dissatisfied the participating employers. Afterwards, USM's administration promised to take the event more seriously next year.

Second, the presentations in schools could not start when planned because approval from the Ministry of Education was delayed. In addition, fewer presentations were organized than planned because the IT Professionals Association did not deliver any speakers as promised; so only 16 of 25 presentations were possible.

Third, while planning the media campaign, ATIC asked the Government to help establish partnerships with the media channels to broadcast the IT career promotion message. Even though ATIC made its request early, a reply was only obtained at the beginning of the campaign. Nevertheless, government involvement ensured broadcasting of the video spot on four TV channels totally free of charge.

Finally, because the Ministry of Education did not provide data on university admissions for the 2012/13 academic year, CEED II and ATIC were unable to measure the impact of the campaign. However, hopefully the Ministry will provide this information in fall 2012.

#### **Activity 4: Promoting entrepreneurship in IT**

**Accomplishments:** To support the development of an entrepreneurial culture in Moldova, CEED II planned and organized two Startup Weekend events in Moldova, in November 2011 and June 2012. CEED II also attracted Orange Moldova as the events main sponsor.

*November 2011 event.* The first event was organized over the weekend of November 11-13, 2011 during the Global Entrepreneurship Week. CEED II attracted several private companies as sponsors, including Orange to provide mentors, PR support, and prizes; Simpals Garage to provide mentors, organization and media support, and prizes; and ASEM to provide the venue.

The event was successful, gathering 53 participants and 17 mentors and judges. Ten teams worked on their startup ideas over the weekend, chosen from more than 30 initial ideas pitched. The winning team's ideas was entered into the Global Startup Battle and won the 12<sup>th</sup> place out of 50. Mr. Kav Latiolais, a facilitator from Seattle delegated by Startup Weekend, led the event and shared his knowledge and experience in developing startup communities with the organizers and initiative group.

Prior to Startup Weekend, CEED II organized a workshop at ASEM on how to start a successful startup. It was attended by 40 aspiring entrepreneurs and led by Mr. Latiolais. After Startup Weekend (SW), CEED II in collaboration with the Agency for Innovation and Technology Transfer (AITT) organized a follow-up meeting with the SW participants, discussing incubation and financing opportunities available at AITT, and plans for future development. As a result of SW, an initiative group was formed to work on creating and consolidating the startup community in Moldova.

*June 2012 event.* The next event was organized over the weekend of June 1-3, 2012 at the Free International University of Moldova (ULIM). Orange and Simpals Garage continued to sponsor the event, even offering better terms and conditions than for the November 2011 event. Mr. Latiolais returned to Moldova as the facilitator. The event gathered 65 participants from Moldova, and also Romania and Portugal. Forty ideas were pitched, with 11 ideas having teams work on them over the weekend.



No talk. All action.

June 1-3

Prior to Startup Weekend, CEED II organized three events with Kav Latiolais: a developers' bootcamp (14 attendees); a workshop titled, "I quit! When is the right time to start your own business" (19 attendees); and a workshop titled, "How to win at Startup Weekend" (13 attendees). Before the event CEED II also organized a workshop titled, "Smart funding for IT projects", with 14 attendees, aiming to guide young and aspiring entrepreneurs about how to access funding and finance their projects.



*Media coverage.* Both Startup Weekend events had great media coverage online and offline. The Startup Weekend Moldova Facebook page has more than 850 fans; promotional banner were displayed on 20 websites; more than 40 articles (including blog posts) or video reports were published before and after the events; four TV stations reported about the events; and via live-streaming of the events, more than 3,000 people watched the final presentations.

**Problems Encountered & Solutions:** Despite that fact that CEED II has identified and recruited two strong and resourceful partners (Orange and Simpals), the project has yet to identify a permanent organizer, an owner, who will be able to stage the event in the future. CEED II continued looking for ways to make the event sustainable in the future.

## Activity 5: Organizing ICT Summit

**Accomplishments:** With CEED II support, ATIC successfully implemented the 2012 Moldova ICT Summit, the third edition. The event took place during the ICT week, on May 16-17, 2012.

The Summit was organized around several tracks: *smart society*, led by the Ministry of ICT; *Moldova as a regional ICT partner*, led by the Prime Minister's advisors on FDI attraction; *education and talent Management*, led by CEED II; *intelligent IT investment for government*, led by the e-Gov Center; *ICT4Business*, led by ATIC; and *software as a craft*, special track for developers led by Tacit Knowledge with inputs from other private companies. More than 1,000 people attended the Summit, including 85 guest speakers from more than 20 countries.

CEED II provided essential input into the *education and talent management* and promoting *Moldova as a regional ICT partner* tracks. These sessions were attended by 150 and 70 people respectively. The session on promoting Moldova as regional ICT partner was broadcasted live on the internet and had over 1,000 viewers. Media coverage of the event ensured good visibility and public reach. More than 30 journalists developed over 50 news stories about the Summit. Nine media channels, including one popular TV channel, were attracted as media partners. The press-releases regarding the ICT Summit generated news on over 100 sites, including 15 international online media resources.

ATIC was the main organizer, coordinating the involvement of all the partners and sponsors. The event was organized under the patronage of the Ministry of ICT, with the support from CEED II, World Bank and e-Gov Center, as well as many other partners and sponsors.

**Problems Encountered & Solutions:** Even if education and human capital development are major issues for the ICT sector, CEED II had difficulties developing an agenda for the education and talent management track and pack it with content, relevant for both academic and private sector. Most of the education related events and speakers are too academic and would not fit the format of the Moldova ICT Summit, which was aimed to provide practical experience on education and talent management, suitable for implementation in Moldova. CEED II identified several speakers and topics both for the education sessions, mostly interesting for the academia; and talent management sessions, rather suitable for the private companies.

### **Activity 6: Promoting and positioning the IT industry**

**Accomplishments:** CEED II commissioned a thorough analysis of the Moldovan IT industry by an internationally regarded IT market research firm, IDC. The research was the first serious look at the IT industry by an objective source. The results of the study were appreciated by the local industry, and also used as input for presentations about Moldova's attractiveness as a regional ICT partner.

During July-November 2011, IDC conducted research for a white paper entitled, "*Competitiveness Assessment of the Moldovan IT Market, 2011*". The data and results of this study are serving as a tool for understanding the key constraints that might hinder the competitiveness of the Moldovan IT industry, as well as for identifying the necessary corrective steps that would enable the central authorities to overcome these constraints. Finally, the overall assessment of the IT Moldovan industry's competitiveness is being used as input into a new ICT competitiveness strategy, that will include an emphasis on promoting Moldova as a viable IT destination. The findings and results of the study were grouped into two major parts.

The first part of the report focused on the current Moldovan IT market size and structure, reflecting internal demand and the development of internal IT spending over the next five years. The analysis was based on quantitative data related to the development of the main IT segments; namely hardware, software, and IT services. The analysis was important, because it provided the framework for the development of the IT industry over recent years, and it outlined the increasing importance and contribution of this industry to Moldova's economic development. The analysis also assessed the Moldovan IT market's strengths, weaknesses, opportunities, and threats.

The second part of the report focused on Moldova's ability to further increase its capabilities for hosting nearshore operations and the steps and initiatives that local and central authorities should undertake in order to increase Moldova's competitiveness and attractiveness for future foreign investments in the IT sector. The analysis presented the key competitive factors, positioning, capacity, and development of Moldova as a hub for nearshore activities. It also outlined the major development constraints and the corrective actions that should be undertaken in order to achieve the milestones of transition. Several critical success factors were analyzed, including education levels, language proficiency, resource availability, work culture, political commitment, administrative burden, intellectual property, and national infrastructure.

The report was presented to the public on November 10, 2011 at an event hosted by the Ministry of ICT and attended by 60 representatives of the government, private sector and academia. All the stakeholders considered the report to be useful for future sector development initiatives, and many private companies requested that it be shared with their clients. The feedback from attending industry stakeholders was used by IDC to enhance the report and include additional pieces of information, useful for the sector promotion and necessary for the policy makers. As such a full section on benchmarking Moldova against neighboring competitors was added. The final report was submitted to CEED II in November 2011. Copies were distributed to various stakeholders.

Afterwards, CEED II, IDC, and other local stakeholders planned some follow-up actions to help position and promote the country. Consequently, it was decided that IDC would develop two additional documents, a marketing white paper and a brochure about Moldova as an IT destination, which would be used at business-to-business events – originally planned for Romania and Ukraine – to be organized by IDC at the request of CEED II to promote Moldova as a nearshoring destination.

IDC completed the marketing white paper and brochure, but they could not be finalized until late-July 2012 due to an ADS 225 compliance audit per USAID regulations. As a result of this delay, the first presentation in Romania was postponed for October 2, 2012.

**Problems Encountered & Solutions:** In general, this activity took place without any problems, but two issues bear mentioning. First, as noted in the Year 1 annual report, the ICT competitiveness assessment was originally envisioned as a much larger activity that was to be co-organized and co-funded with the World Bank at their request. However, in the end the World Bank withdrew from this activity leaving CEED II to manage on its own. At the request of the Ministry of ICT, CEED II went ahead with the study, but at a much more modest scale. Second, the activity was delayed while Chemonics and USAID conducted an ADS 225 compliance audit.

### **Activity 7. Build the capacity of the internet market association to implement a solution to track and measure internet usage in the country**

This activity was canceled because the project's initiators had sufficient knowledge and financial resources on their own. There was no reason for CEED II to get involved.

### **Activity 8. Capacity building for ATIC**

**Accomplishments:** After reelection of ATIC's president and election of a new board of directors in early 2012, CEED II was able to agree with ATIC on a common action plan.

As one of the main priorities expressed by ATIC relates to ICT education issues, CEED II identified an experienced foreign consultant to develop an ICT Education Roadmap and Agenda for Action. This document was aimed to provide practical recommendations for improvement of ICT education in the country, based on the best practices from other countries and on the skills needed by the private sector. CEED II also identified two local consultants to work with the foreign expert to produce the document based on opinions and recommendations from different stakeholders, including the Ministry of Education, Ministry of IT, educators, and private sector representatives. The education and talent management track at Moldova ICT Summit was also used as a platform to announce the project and build awareness among possible participants at the survey. The assignment was successfully completed in June and two events were organized—an interim workshop and a final presentation of the Agenda for Actions developed as a result of the project. Representatives of academia, private sector and Government attended the events. 31 people participated at the workshop and 46 at the final presentation. The presence of two vice ministers (of Education and ICT) and the Prime Minister's Advisor on Youth and IT demonstrated the willingness of the government to improve ICT education. CEED II decided to continue working on implementing the recommendations from the Agenda for Actions together with ATIC, the government and academia.

Other common activities between CEED II and ATIC include development of a policy white book, a legal pocket guide, and a B2B portal to promote the IT sector. After calling for proposals and analyzing the received offers, CEED II and ATIC selected the subcontractors for the legal pocket guide and the B2B website, and a consultant was hired to develop the ICT Policy White Book.

**Problems Encountered & Solutions:** The work planning period for ATIC does not coincide with CEED II's, so it was impossible to define a common action plan until early 2012, this resulted in some delays on the side of CEED II. In addition, in CEED II's view, ATIC leadership, starting with its board of directors, needs to develop a new vision for the organization that will give impetus to new activities, new members, and greater openness to serious institutional capacity building efforts.

## Other Activities

**Accomplishments:** During the year, CEED II was able to conduct a few unplanned activities that related to increasing industry association leadership and boosting IT workforce capacity.

*Association of IT Specialists (ITA).* CEED II discovered a group of IT professionals trying to consolidate and grow an IT specialists' association and considered that supporting this association would be a good opportunity to strengthen and develop the IT community. CEED II representatives held several meetings with the members of this association to discuss their goals, objectives, and plans to determine if any needs for project assistance existed. Subsequently, CEED II provided some support to ITA for designing their brand identity and website. Further, CEED II, ATIC and ITA agreed to jointly organize IT career promotion sessions in schools from Chisinau, aimed at explaining to the students the specifics and benefits of an IT career and persuading them to make a choice in favor to such a career during the following university admission period. Several planning meetings were held and a format for the presentation sessions was developed.

*Open Source Boot Camp.* CEED II supported several initiatives aimed at improving Moldovan IT professionals' software development practices and skills including on open source methodology. Open source development is increasingly seen as an indicator of IT competitiveness and maturity. To strengthen this capability, CEED II helped to organize an Open Source Boot Camp in Moldova in partnership with ITA, Agence Universitaire Francophone, and an initiative group from the Open Source Moldova Community. The event, facilitated by a trainer from Ukraine, gathered 45 attendees, most of them developers, representing 14 IT companies. Six open source project ideas have been proposed by the participants during the pre-event phase, using the Open Source Moldova website.

**Problems Encountered & Solutions:** Initially ITA and Open Source Moldova seemed very interested to cooperate with CEED II to build a professional IT community in Moldova, but in the end, they were unable to dedicate time to agreed projects and so active cooperation with them ended.

## F. Wine Industry

### Activity 1: Support the establishment of a public-private institution to manage the wine sector

**Accomplishments:** As a result of CEED II's efforts and the positive public-private dialogue among the wine sector stakeholders, the Ministry of Agriculture and Food Industry (MAFI) officially submitted a package of reforms, namely draft amendments to Laws no. 1100 (Production and Circulation of Alcohol and Alcoholic Products), no. 57 (Vine and Wine), and Law 451/2001 (Licensing of Entrepreneurial Activities) to the Government of Moldova on September 30, 2011. The draft law included the norms for the legal establishment of the Office of Wine and Vine (ONVV) and a Fund of Wine and Vine (FWV). After a thorough review by the Government, which involved some changes to the initial proposal, the draft law was sent to Parliament for adoption on May 3<sup>rd</sup>, 2012, registered as draft law no.900. Details concerning the process of acceptance within the Government and within the Parliament are described in Activity 2.

This was possible because the CEED II team and the sector stakeholders that were advocating for the draft law were able to explain and convince the Government authorities and the Parliamentary Commissions of the need to create an institution to manage the wine sector. They defended the ONVV and FWV concept and demonstrated the value of having a public-private partnership to manage the wine industry, gaining support from the Prime-Minister and many leaders in Parliament.

The close cooperation between wine industry representatives and MAFI has served as a strong argument for the adoption of the draft law. All 11 wine sector associations were involved when their support was needed and they signed a declaration of support for the draft law and an open letter addressed to Parliamentary groups in order to urge law adoption.

**Problems Encountered & Solutions:** The process of approval and adoption of new laws is a very complex one, involving many institutions, authorities, procedures, that can impact the legislative process, making it longer and more difficult. As the draft law contains very complex legal reforms and a revolutionary model for the institution to manage the wine industry, the reviewing process within the Government encountered some opposition from the Ministry of Finance, which delayed the review process for 2 months. This was caused by the responsibilities that this ministry has before the International Monetary Fund related to the state budget. Therefore, CEED II could only achieve Milestone 1 since the next ones were dependent on passage of the draft law by Parliament. Nevertheless, the process continued to advance and weathered many challenges both technical and political and CEED II is cautiously optimistic about the law's passage in Q1, FY2013.

## **Activity 2: Support continued reforms to the legal and regulatory framework**

**Accomplishments:** The wine sector reforms were submitted by MAFI to the Government on September 30, 2011, and then by the Government to Parliament on May 3, 2012. Finally, following extensive debates, Parliament passed the draft law, no. 900, in its first reading on October 4, 2012. CEED II and sector stakeholders are now trying to ensure its final passage in Q1, FY2013.

The proposed reforms to the wine sector legal and regulatory framework include important amendments meant to ease the business environment in wine industry, such as creating separate legal regimes for wine production and trade vis-à-vis hard alcohol; abolishment of the licensing procedure and licensing conditions for wineries; exclusion of the label approval procedure and the authority of the Central Tasting Commission; introduction of more transparent material and procedural norms related to entrepreneurial activity in the wine industry, i.e. transparent quality requirements, predictable rules for winemaking, clear conformity assessment procedures, and defined competencies of the controlling authorities; and creation of a legal framework for the production of wines with Geographical Indication and Denomination of Origin.

The draft law, including the above-mentioned amendments, as well as the norms related to the creation of the ONVV and FWV, was officially initiated by MAFI in September 2011. Twenty-four public authorities, including the ministries and public authorities and institutions, were invited to study the draft law and express their support or objections to it. In the same period, MAFI continued discussions with the private sector associations and wineries on the draft law, receiving some final amendments to the legislative initiative.

CEED II consultants assisted during the process of reviewing the draft law within the Government, which lasted from October 2011 to April 2012. The process was very complicated, including argument, advocacy, lobby and negotiation, especially with the Ministry of Finance, the Ministry of Economy, and the Regulatory Impact Assessment Commission (RIA Commission). The review process was delayed because of the Ministry of Finance's initial opposition to the creation of the ONVV and FWV. MAFI, assisted by CEED II experts, was able to show the need and legality of the proposed reforms and succeeded to obtain a positive review by the Ministry of Finance. The Ministry of Economy initially had some objections, but most of them were dropped after the consultations with the expert team. The RIA Commission discussed the draft law twice, assessing its regulatory impact on the business environment and the legislative amendment, before finally issuing a positive opinion.

Despite all the discussions and negotiations, the concept of the draft law remained intact. This was achieved because of the appropriate management of the review process. All the stakeholders were involved, MAFI, the Prime Minister office, and the wine sector associations, helping to overcome resistance by various actors along the way. Consequently, the Government approved the draft law on May 3, 2012, and submitted it to Parliament, where it was registered as draft law no. 900/3.05.2012.

During the Parliamentary review ahead of the law's first reading, CEED II assisted MAFI to present and defend the concept. Five public presentations of the draft law were organized for the Parliamentary commissions and party groups. Mass-media also discussed widely the wine legislative

initiative, which contributed to the awareness of the reform in the wine industry and the public information. Wine sector representatives actively participated at these debates and lobbied Parliament, which finally contributed to the successful approval of the draft law by most of the Parliamentary commissions. Consequently, on October 4, 2012, the Parliament adopted in first reading the draft law no.900 and proposed it for adoption in the second reading.

**Problems Encountered & Solutions:** Due to the long Government review process, the draft law was sent to Parliament later than what was initially planned. The Parliamentary procedure has also been rather difficult, for different reasons: the complexity of the reform, the innovative solutions, the political situation among the governing parties, and the personal interests of some deputies. However, CEED II succeeded to facilitate dialogue between the draft law's originators and the reviewing authorities, involving substantial efforts of lobby, representation and consultations. During the reviewing process CEED II played the role of a facilitator and mediator between these actors, ensuring that the process was not stopping.

Since the draft law was not adopted by the Parliament, milestones 2 and 3 could not be accomplished. The presentation of the study on normative-technological documents and conformity assessment will be organized when the process for amending the subordinated acts begin. And milestone 3 is possible depending on the passage of the amendments to the wine and vine law. Nevertheless, CEED II has issued a list of the subordinated acts that need to be modified or developed, being ready to initiate this activity when the moment arises.

### **Activity 3: Improve viticulture policies and regulation**

**Accomplishments:** During the year, CEED II managed to focus the industry's attention on needed improvements to Moldova's viticulture policies and to raise awareness to some obsolete regulations and ineffective policies. First, CEED II organized a two day activity during February 2012. This activity consisted of one training on modern viticulture techniques and a roundtable on modern viticulture practices and national policies related to viticulture. The massive attendance of the viticulture techniques training by 95 agronomists and viticulturists from all over the country demonstrated the need for training and modernization in the viticulture community. Grape producers shared their experience and discussed the needs to improve viticulture policies and practices on the following day, during the wine sector round table.

Further, based on discussions in February 2012, CEED II formed a team of local and foreign consultants: Mr. Vladimir Corobca and Arcadie Fosnea (Republic of Moldova) and Javier Ocon Berango (Spain) to develop a white paper for the viticulture of Republic of Moldova. Based on an extensive study of the current situation of the viticulture in Moldova, the best EU and New World practices, a set of 11 recommendations and solutions was developed and presented to the wine sector stakeholders on August 16, 2012. The white paper provoked lively discussions among wine sector stakeholders and was highly appreciated by the grape producers associations and MAFI.

The key proposals of the white paper are zoning the vine areas accordingly to the GI specificity, based on the free initiative of producers; more transparent rules for vine planting and abolition of the technical design requirement; eradication of the need to form commissions and requirements for approval vine planting, aging, and vine grabbing; improved vine material classification and vine varieties requirements; reform of the National Institute of Wine and Vine; and the deed for a new Strategy for the Wine Industry.

The white paper includes a list of short, medium, and long-term proposals addressed to public authorities, professional associations, specialized institutions, and grape and wine producers. Based on these, CEED II consultants and MAFI developed several amendments to the wine legislation that have been proposed to be incorporated into the final version of draft law no.900.

**Problems Encountered & Solutions:** Viticulture in Moldova has numerous complex problems which cannot all be addressed through policies and regulations. Most of them require large investments and structural changes in the wine industry. Still, the white paper offers an extensive overview of the current situation and well defined steps to take for a sustainable development of the viticulture sector. Another problem is the division that traditionally separates grape producers from grape processors within the wine industry. This problem was addressed by CEED II consultants in the viticulture white paper, and at ONVV management concept, ensuring that both viticulture and winemaking professions are represented in the ONVV Council for Coordination.

#### **Activity 4: Support for positioning, branding, and promoting Moldovan wine**

**Accomplishments:** Several activities that contributed to the development of a national wine brand were organized during the reporting period. CEED II made progress defining the quality requirements for wines that will be promoted under the country brand and in identifying the differentiating characteristics of Moldovan wines. These elements will be used as input when defining the Unique Selling Proposition of Moldovan wine and when developing the visual aspects of the wine brand.

Two wine benchmarking tastings were organized by CEED II and wine sector associations in October 2011 and February 2012. One of them assessed the potential of sparkling, semi-dry, and semi-sweet still wines from Moldova compared to competitor wines in the €4-6 segment in Poland and the Czech Republic. The second benchmarking focused on defining the most appropriate or prominent characteristics of Moldovan wines compared with the wines of Bulgaria, Hungary, Romania, and Georgia. Six international and four local wine tasters participated at the third benchmarking.

Also, CEED II consultants developed a positioning proposal and several options for the visual identity of the wine country brand. These documents and the conclusions of the three wine tastings were discussed by the Council for Wine Promotion, where all wine sector stakeholders were represented, and most of the exporting wineries. But the wine industry could not make a decision regarding the final positioning and visual aspects of the wine country brand because of the many divergent views on this matter. However, considering that the institution that would manage the wine country brand and organize the generic promotion, i.e. the ONVV, was not created yet (since the draft law wasn't adopted), the Council for Wine Promotion decided to put the process of developing the wine country brand on hold until the law is voted in the second reading by the Parliament. Indeed, CEED II was hesitant to move so quickly, preferring to wait until passage of the draft law was eminent, but yielding to pressure from MAFI, the project agreed to push the process forward.

An accomplishment of the wine industry, achieved with CEED II support, was the development of a new annual promotion plan for 2012, developed by the private sector and approved by the Council for Wine Promotion. This is a very good practice as it is joining the sector's financial, human and organizational efforts around a common marketing agenda. The wineries and the professional associations used the Council for Wine Promotion as a platform for discussion and implementation of the Joint Marketing Plan for 2012. MAFI and MIEPO also participated at these reunions and discussed with the private sector their promotion plans funded from the state budget. The Council for Wine Promotion met six times and has coordinated the organization of nine trade and promotion events. CEED II provided logistical support to the activity of the Council for Wine Promotion.

**Problems Encountered & Solutions:** The process of developing a brand to represent and promote the wines of an entire industry is a very complex one requiring a good knowledge the Moldovan wine offer, the international market opportunities for Moldovan wines, and a deep understanding of these aspects by the industry stakeholders. During the implementation of this activity it occurred that the wineries and public authorities did not correctly understand the meaning and need for precise positioning, and they split their opinion regarding Moldovan wines differentiating factors and the visual identity of the national wine brand. Old and new generation wineries could not find a compromise regarding the positioning statement and visual logo. Nevertheless, CEED II managed to assist them to agree upon the elements of the wine country brand, to understand the need for a

positioning statement, and to be aware that the success of a country brand depends upon strong commitment from the industry stakeholders.

Considering that the further implementation of this activity depends on the adoption of draft law 900, CEED II agreed to pause the process. Consequently, this activity could not be completed during this reporting period. Meanwhile, CEED II has analyzed the achievements and challenges and defined the concept for renewing the country brand development process.

### Activity 5: Increase awareness about Moldovan wines and enhance export sales

**Accomplishments:** During the year, CEED II supported the organization of several promotion activities in the target markets defined by the wine industry in their Annual Marketing Plan. The multiple actions implemented within this activity were coordinated through the Council for Wine Promotion accordingly to the Joint Marketing plan for 2012. Thus, the wineries and MAFI could plan in advance their promotion activities in a more transparent way, which contributed to organizing better trade events, getting more impact from them, having more participating wineries.

Event Name, Date	Market	Format	# of wineries	Ave. # of contacts per winery	# of negotiations started
<b>Importers &amp; press trip to Moldova, October 2011</b>	Czech Republic & Poland	B2B	15	4	2
	<ul style="list-style-type: none"> <li>1 in VinoRevue (Czech Republic)</li> <li>1 in Wino Magazine (Poland)</li> </ul>				
<b>Good Wine trade fair, November 2011</b>	Romania	B2B, B2C	6	25	5
	<ul style="list-style-type: none"> <li>1 contract signed with a high profile restaurant (Gitana)</li> <li>1 new importer (Fautor); and 3 articles published</li> </ul>				
<b>ProWein, March 2012</b>	Central and West Europe	B2B	10	60	40
	<ul style="list-style-type: none"> <li>1 new contract with Serbian importer for 1 million bottles/year (Cimislia)</li> <li>1 new contract with a first order of \$55,000 (DK-Intertrade)</li> </ul>				
<b>Professional tasting in Kiev, May 2012</b>	Ukraine	B2B B2C	13	25	9
	<ul style="list-style-type: none"> <li>Increased sales by 15% (Equinox wines)</li> <li>1 new contract for a new importer and increased sales by 10% (Lion Gri)</li> <li>1 new contract signed and first order of 2 trucks (Migdal P)</li> <li>1 new contract with an importer of premium wines (Chateau Vartely)</li> </ul>				
<b>Professional tasting in Bucharest, May 2012</b>	Romania	B2B B2C	15	20	5
	<ul style="list-style-type: none"> <li>1 contract signed with a Romanian importer (Fautor)</li> <li>Increased sales by 7% (Chateau Vartely)</li> </ul>				
<b>Wine press trip to Moldova, October 2012</b>	Moldova	n/a	10	n/a	n/a
	<ul style="list-style-type: none"> <li>6 articles and 1 TV show are planned for publishing in the following months in 5 target export markets.</li> </ul>				

Other promotion events were attended by Moldovan wineries, organized in the framework of the Council for Wine Promotion, but without CEED II financing. The organization of promotion activities involved press communication, publishing articles in wine journals, wine blogs, wine communication resources, familiarization of foreign journalists with Moldovan wines, which are all contributing to promote Moldova as a wine producing country and increase the image of Moldovan wines among professionals. The cooperation among wineries during the common participation and organization of promotion activities contribute to share the experience with the newest companies and to ensure the quality of the wines presented during these events. Consequently, the wineries acknowledge the need

to act as partners when approaching export markets, and in communicating about Moldova as a wine country. Also, this partnership between wineries is a first step in the organization of the generic promotion of Moldovan wines under a country brand.

All these activities had positive impacts on increasing awareness about Moldovan wines and had concrete results in terms of increasing sales. Post-event surveys show that the wineries feel increased interest towards the Moldovan wines from importers. This likely contributed to the 35% increase in exports of Moldovan wines to target markets within the EU during the first 6 months of 2012 compared to the same period last year.

**Problems Encountered & Solutions:** The wineries and the wine sector associations still lack the capacity to organize their participation at trade fairs. This is due in part to the fact that the Moldova Wine Guild has had management problems and could not take the lead to organize trade-related events. For example, due to the Guild's failure to book space for Vinexpo 2012 in Hong Kong, the wineries were unable to participate. Similarly, the planned activities for penetrating the Chinese market did not take place because without the Guild the wineries could form a group of wineries ready to invest in the market. Rather they decided to continue their promotion activities individually.

Another issue is the lack of sufficient information about the trends of the wine target markets. For example, wine sales in Poland decreased in 2010-2011, but there was no understanding of the causes of these negative trends; so CEED II convoked the Council for Wine Promotion to analyze the export situation for the first half of 2012 and to assess the impact of the promotion activities and adapt them to the needs of these markets. As a result, the Council for Wine Promotion decided to support more aggressive and complex promotion activities in Poland and Ukraine, by re-orienting resources assigned for other markets. With CEED II support, the exporting wineries have developed a concept of promotion campaigns in Poland and Ukraine for a 10-month period. The plan calls for several B2B and B2C elements, with supporting PR and media campaigns.

#### **Activity 6: Promote wine culture and expand sales in the domestic market**

**Accomplishments:** The local market was designated a target market for the wine sector and has been included in the Joint Marketing Plan for 2012. To complement wineries' efforts within the trade, several events were organized that aim to upgrade local wine culture. CEED II provided support to many activities aimed at promoting wine culture on the local market. These activities have had complementary objectives, contributing, thus, to a higher impact over the mass market:

Objective	Activity	Outcomes	
Improve quality of wine service in HORECA	Strengthening sommelier profession	<ul style="list-style-type: none"> <li>1 official request of the sommelier profession registration submitted</li> <li>1 Partnership Agreement signed with Association of Restaurants and Hotels</li> </ul>	<ul style="list-style-type: none"> <li>6 new members of the Association of Sommelier of Moldova (ASM)</li> </ul>
	Training sommeliers and HORECA personnel	<ul style="list-style-type: none"> <li>1 professional sommelier training for HORECA staff</li> <li>1 Master Class for Moldovan sommeliers</li> <li>1 Master Class for restaurant owners</li> </ul>	<ul style="list-style-type: none"> <li>16 new sommeliers trained</li> <li>6 restaurants with improved wine services</li> </ul>
Improve wine culture awareness among mass market consumers	Meeting wines with consumers	<ul style="list-style-type: none"> <li>2 Wine Vernissage events: winter &amp; spring editions</li> </ul>	<ul style="list-style-type: none"> <li>700 participants, including high profile officials, diplomats, business owners.</li> <li>TV and media coverage</li> <li>25 wineries present more than 300 SKUs</li> </ul>

	Wine culture trainings for mass market	<ul style="list-style-type: none"> <li>• 3 Master Classes in wine tasting: leasing companies, hedonists' club and Vartely's club</li> <li>• 2 Wine &amp; Gastronomy theatres</li> <li>• 4 Master Classes in wine tasting for wine amateurs at ExpoVin 2012</li> <li>• 1 Wine culture training for students (ASM)</li> <li>• 1 Wine culture training program (Carpe Diem)</li> </ul>	<ul style="list-style-type: none"> <li>• Over 250 consumers initiated in wine tasting</li> <li>• 1 program of wine culture trainings</li> </ul>
	Public communication on wine culture & sommelier profession	<ul style="list-style-type: none"> <li>• 1 Master class in wine culture for mass media</li> <li>• 4 TV shows about sommelier profession and wine tasting</li> <li>• Several articles about sommelier profession and wine culture</li> </ul>	<ul style="list-style-type: none"> <li>• 25 journalists initiated to wine tasting</li> </ul>

CEED II succeeded to cover different topics and areas of wine culture and sales promotion on the local market and created a network for cooperation between wine producers, wine service providers (HORECA and sommeliers), wine consumers, and the public authorities. The media support enhanced the communication areas and spread the word about wines and wine culture. The local market showed a very promising development of about 15% of increased wine sales in 2011-2012.

CEED II supported the Association of Wine Producers and Exporters of Moldova's (APEV) proposal to organize a wine tasting event that would feature wines in a distinctive environment. And so with CEED II assistance the Wine Vernissage concept was developed and two editions were organized which had a good impact on the local market and positive feedback from consumers, wineries, and authorities. The Wine Vernissage offered a different approach to wines and created a platform for an appropriate meeting between wines and consumers. The objective of this event is to create a fashion of wine consumption and to present the wine in a modern and trendy atmosphere.



The Wine Vernissage, Wine Theatres, and other events demonstrate that there are a lot of interested people wanting to learn more about wines. To this end, CEED II announced a contest on the development of wine culture trainings, with a permanent and sustainable program. CEED II received four proposals, one of which was selected to receive support at the program start-up. Consequently, the Carpe Diem wine shop & bar received assistance and is going to launch in October 2012 permanent courses in wine culture for mass market consumers. This competition inspired ASM and other associations which are also designing their wine culture training programs.

Finally, the sommelier profession was strengthened by training new sommeliers, which resulted in increased membership in the Association of Sommelier of Moldova (ASM). Greater awareness about the sommelier profession has resulted in new partnerships between ASM and the restaurants' association. And soon the sommelier profession will be officially recognized in Moldova, giving new impetus to this profession.

**Problems Encountered & Solutions:** Even if an association of restaurants was created, not all restaurants are members of it and the association started its activity only in June 2012. Consequently,

the young sommeliers' association had difficulty in getting in contact with restaurant owners about their staff participating in the sommelier training. Thus, participation at the master class for restaurant staff was poorer than planned. Nevertheless, with support from CEED II and other wine sector associations, six of the best restaurants of Chisinau sent their staff to the sommelier training. ASM promoted at two national TV channels (Moldova1 and Prime TV) this participation of the high class restaurant to sommelier courses, which has impacted the opinion of the other restaurants.

Although the Wine Vernissage concept is a good one, the APEV does not have enough resources to organize it without outside support. Consequently, the spring edition was organized in partnership with the ICT Summit 2012. For future editions, APEV will collaborate with Punkt magazine and the hedonist club, which will contribute to a more sustainable event life.

Since ASM has slowed its activities in the second half of the year, CEED II began searching for other organizations that could communicate about wine culture to the mass market and opened a competition for CEED II assistance. This solution had good results, as the organizations became more competitive and more active. Consequently, CEED II considered that this competition can be repeated next year for launching other wine culture activities.

### **Activity 7: Assist the emergence of new small winemakers and support the strengthening of the Association of Small Winemakers (ASW)**

**Accomplishments:** ASW understand that they must add new members and diversify their wine offer. Consequently, ASW activity was organized around two objectives: strengthening the association by increasing the sales of its members and by assisting the emergence of new small wine producers.

Toward this end, with CEED II support, the association drafted and adopted a complex development program for one year, aiming to consolidating market position and skills of the existing members, but also to identify and coach new wine producers, in order to prepare them for adhering to the ASW Code of conduct and technical specifications.

ASW has identified ten small producers that have been enrolled in the ASW Coaching program, where the current members act as mentors for the newcomers. ASW has organized three seminars in the three wine regions of Moldova, where they presented their association activities and objectives, organized tasting of their wines and discussed future cooperation with new members.

During summer, the ten new small wine producers were audited by ASW members, during which they identified needed areas for assistance, made recommendations and visited vineyards and production facilities. Four candidates were selected to receive ASW consultancy for the 2012 vintage.

The current ASW members were supported to promote their wines on the local market. To this end, 4 ASW members participated with a common booth at the GoodWine trade fair (November 2011) in Bucharest and at ExpoVin exhibition (February 2012) in Chisinau. Two members of ASW (Sergiu Galusca and Ion Luca) received CEED II support within the Marketing coaching program and are preparing to launch their new products of the local market in November 2012.

Also, the ASW members have organized a study visit to Romania to study Romanian experience in producing wine from local grape varieties. The study trip was very valuable for ASW members who could understand better the challenges and the steps to take when considering to plant and to produce wine of autochthonous varieties. The ASW experience has been shared with other wineries and wine sector associations.

Wines of the small wine producers are still considered one of the highest quality being sold majorly in restaurants and wine bars. Once the draft law is passed, the wines of the small wine producers will become more competitive and new small and medium sized producers will emerge.

**Problems Encountered & Solutions:** ASW is a small association and its members have many occupations, having insufficient time for more activities. This created difficulties with implementation of the ASW coaching program, which needed more time for some activities than initially planned. Another issue is that many owners of vineyards are not ready to start producing their own wine. They need investment in equipment and to improve their knowledge in winemaking and the wine business. Moreover, most of these farmers are afraid to enter the wine business because of the complicated legislation and the big wineries' competition. Thus, the candidates for ASW membership are less than expected. Nevertheless, the positive example of a few more small wine producers may later inspire other farmers to start producing wine. The long procedure of adopting the wine legislation reform has slowed also the process of ASW expanding to new members, as the current legislation does not favor the emergence of small wine producers.

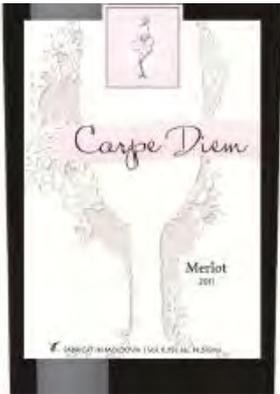
### Activity 8: Marketing Coaching Program

**Accomplishments:** The Moldovan wine sector is showing a new development trend, marked by the small and medium sized wineries which are re-orienting their wine production towards more qualitative and attractive wines, targeting the local and very specific export markets. These wineries, deemed “new generation” wineries by CEED II, are carefully using marketing techniques and investing in effective promotion and good quality of their products.

To support their efforts, CEED II designed a Marketing Coaching Program (MCP) for them. The objective of this program is to provide support to the “new generation wineries” to develop and launch new wine products, using correct marketing practices and implementing adapted and efficient promotion and product development actions. The MCP was designed in 2 phases: (1) the conceptualization phase and (2) the implementation phase.

During the first phase, nine wineries received training on best practices in product and brand development and were coached in drafting a product development plan. Based on this, CEED II selected six wineries to enter the second phase and receive assistance in the implementation of their plans. During this phase MCP participants were assisted in developing their positioning statements, briefs for the design companies, and promotion plans. Another 2 more advanced wineries, such as Et Cetera and Fautor, have received CEED II support to launching new wines in their product portfolio.

Winery Name	1 <sup>st</sup> phase	2 <sup>nd</sup> phase	Outcome
Vinaria din Vale	X		In process of developing a new wine brand for the local market.
Vinaria Cainari	X		“Vinaria Cainari” brand – medium segment. 
Cimislia	X	X	“Chillout” brand developed– premium segment. 

<b>Gitana</b>	X	X	<p>New products: "Lupi" and "La petite Sophie" launched in June 2012. Gitana website is being developed.</p> <div style="display: flex; justify-content: space-around;">   </div>
<b>Salcuta</b>	X	X	<p>Total re-branding of the company. New brand is being developed for the high-medium segment. Planned launch in December 2012.</p>
<b>Agro-Vin Bulboaca</b>	X	X	<p>"Mimi" premium wines launched in May 2012.</p> 
<b>Vinfoteca (Ion Luca)</b>	X	X	<p>"Carpe Diem" brand developed – premium segment. Planned launch – November 2012.</p> 
<b>La Vie (Sergiu Galusca)</b>	X	X	<p>"La Vie" brand developed – premium segment. Planned launch – November 2012.</p> 

<b>Et Cetera</b>	X	X	<p>“Et Cetera Rosé”, “Et Cetera Viognier” and “Et Cetera Carmeneré” launched.</p> 
<b>Fautor SRL</b>	X	X	“F’autor Illustro” is being developed – premium segment.

Through the MCP, CEED II succeeded to assist wineries to develop new product ranges for the local market accordingly to the best marketing practices. This will impact the attractiveness of the wine offer on the local market and enhance sales of small and medium sized wineries. These successful marketing practices will create new trends within the Moldovan wine industry.

**Problems Encountered & Solutions:** The projects to develop new wine products/brands are costly, requiring investments from the wineries. Nevertheless, all MCP wineries implemented their projects, covering most of the costs. CEED II helped the wineries to organize competitions to select design agencies and cost-shared the expenses for the brand designs. The launches of several new products is planned for the end of 2012, as the process of brand design is a complex artistic process and is not always completed in strict dead-lines.

## G. Finance & Investment Activities

### Activity 1: Facilitate the acceleration of a “credit market” within target industries

In order to identify and understand the finance and investment needs of all targeted industries and the requirements of financial institutions, meetings with associations and companies were held as well as with representatives of Moldova’s main banks to discuss their perspectives about lending to enterprises in the CEED II assisted industries. Discussions with enterprises in target industries revealed that, during the ongoing economic slowdown, especially in Europe, companies are skeptical about loans and are dissatisfied with the high interest rates and the difficulty securing loans. Concurrently, banks confirm that they have money to lend; the financial market has extra liquidity. Financial institutions understand the need for client oriented policies and are more opened now. At the same time, risk management is more thorough. Banks are more reluctant to unsecured loans.

CEED II worked to bridge the gap between entrepreneurs and the financial market by researching on all the existing special financing products and current opportunities on the financial market and presenting them to the assisted companies from targeted sectors during the following events:

- In October 2011, a round table on “selling on credit to clients through a bank” was organized, focusing on furniture producers. CEED II gathered 10 furniture companies and 2 Banks (Mobiasbanca and Moldindconbank) to discuss issues related to this selling tool. The analysis of furniture sector and discussions at this round table showed a reduced usage of selling on credit,

but a good understanding of the possibilities that this instrument offers to the manufacturers. As a result, training on “Selling on credit to clients through a bank” was delivered to Stejaur and Stejaur Market, in collaboration with Mobiasbanca. Ambianta and Crinela signed contracts and started using this selling technique. A second round table on this subject was organized also focusing on furniture producers. CEED II gathered 8 furniture companies and 2 Banks (Mobiasbanca and Moldova Agroindbank) to discuss the issues related to this tool. The banks presented existing offers and alternative products.

- In December 2011, CEED II organized a round table titled, “Financial Market: Tools and Opportunities”. It brought together 60 participants: representatives from Moldovan financial institutions and companies from CEED II target industries. The participating banks included BCR Chisinau, ProCredit Bank, Victoriabank, and FinComBank. The leasing companies that were present included MAIB Leasing, General Total Leasing, and General Raiffeisen Leasing. Also NFC-Moldfactor (factoring company) and SIG Garantinvest (guarantee fund) took part in the event. Speakers from the participating financial institutions presented their special products and options for alternative sources of financing, including overdrafts, leasing, lease backs, purchase order financing and international factoring. They also presented details on two financing programs: Moldovan Sustainable Energy Financing Facility (MoSEFF) and Competitiveness Enhancement Project (PAC). The roundtable started discussions between the financial institutions and business people that should lead to future collaboration and thus increase access to finance by the private sector. One of the cases that reflect the results from such an event is Bilargo Prim that addressed NFC-Moldfactor for international factoring services.
- In May 2012, CEED II partnered with EBRD/BAS to organize a round table on “*Financing Opportunities and Instruments of the European Bank for Reconstruction and Development*”. Alexandru Cosovan, EBRD Senior Banker, presented EBRD’s activities and highlighted the existing opportunities for Moldovan enterprises. Additionally Veronica Arpintin, National Manager EBRD/BAS, informed the participants about the program, which helps enterprises to access a diverse range of consulting services by facilitating projects with local consultants on a cost sharing basis. This activity was addressed mostly to medium and large companies that have or may have in the future interest in financing large investment projects as extending its activity, renovation, reconstruction, energy efficiency projects etc. The presentation took place on May 28, and gathered 25 participants from textile, fashion accessories, home furniture and other sectors. This joint event also allowed us to contribute to public outreach of CEED II project.
- In August 2012, a roundtable entitled “*Financial offers for small and medium enterprises*” took place. It brought together 45 participants: representatives from Moldovan financial institutions, companies from CEED II target industries, as well as companies supported by EBRD BAS Program. The participating banks included BCR Chisinau, ProCredit Bank, Victoriabank, and FinComBank. From non-banking financial sector Total Leasing, Raiffeisen Leasing and NFC-Moldfactor (factoring company) were present. Speakers from financial institutions presented their special products and options of alternative sources of financing. Such products as overdrafts, leasing, lease backs, purchase order financing and international factoring were presented. The details on Moldovan Sustainable Energy Financing Facility (MoSEFF) and Competitiveness Enhancement Project (PAC) financing programs as well as opportunities offered by EBRD BAS Program were highlighted during the event. One of the cases that reflect the results of such an event is NeoMatrix that addressed ProCreditBank and opened an overdraft account.

CEED II also identified topics of interest from the assisted enterprises related to the financial and investment issues and organized the following seminars:

- Two seminars on “*Enterprise Fiscal Optimization*” were organized, one for companies from textile, apparel and fashion accessories industries, and another for companies from furniture industry. These seminars took place in April 2012 and May 2012, gathering 38 participants from 26 companies. Participants were made aware of methods and techniques of fiscal optimization, practical schemes of tax payments minimization in accordance with law limits, and regulations, aspects of fiscal management of the value added tax, income tax and other taxes, as well as

particularities of the 2012 fiscal year. Participants use this knowledge in their everyday work. One of the cases that reflect the results from such an event is that Carolina Tulgara, the owner of Chiriac & Tulgara, being a non-financial manager, after this seminar felt a lack of knowledge in the financial field and attended an additional course in “Accounting”.

- The seminar on “*Smart funding for IT projects*” was organized in May 2012 for young entrepreneurs from IT industry, developers that plan to start own business, startup companies, developing IT companies and other people interested in funding an IT project. Participants got a comprehensive overview on the decision process on how much capital or additional finance is needed for an IT project; basic concepts on finance and investments; the possibilities to finance an IT project; and how to gain creditors’ reliability; practical tips on how to set up a sustainable business and how to estimate its value; capital injections and exit aspects.
- Two seminars on “*Enterprise Fiscal Administration*” took place on June 2012 and September 2012, gathering 33 participants from 23 furniture, textile & apparel and fashion accessories companies. Participants were made aware of fiscal policy; fiscal practice and enterprise relations with control authorities; frequently common fiscal errors with VAT and income tax; internal fiscal audit, organization of fiscal subdivisions in the enterprise organizational chart; fiscal reporting. Participants now apply this knowledge in their everyday work.

In addition, meetings with banks that participated in the CEED purchase order finance (POF) program were held to find out about the status of this product. Unfortunately, two banks stated that they are not working with POF at all. Moldova Agroindbank commented: “We have POF on the list of offered products but we are not interested in promoting this product for the time being, for several reasons: during the crisis POF is very risky; there is no certitude that the contract obligations will be honored; very difficult to appreciate the reliability of the clients’ partners; the loan is uncovered; POF covers the needs only for one cycle (one contract) but clients request longer loans (for 1-2 years); meanwhile MAIB developed a new product overdraft that partially covers the same needs”. Concurrently Banca de Finante si Comert “FinComBank” affirms that they use POF and have a very healthy portfolio of such loans. They are ready to extend the list of potential clients for this credit product, therefore FinComBank participated at the events organized by CEED II and presented the POF to the audience.

**Problems Encounters & Solutions:** Discussions with financial institutions revealed that they take steps to reduce the bureaucracy in applying procedures and many of the banks now do not require a business plan in the proper sense. They have elaborated application forms that include all the needed data to decide on the company’s credibility and to appreciate its financial situation. Business plans are required only for large investment projects. Therefore instead of organizing seminars on how to approach a bank and how to apply for a loan, CEED II organized seminars on other financial topics, presented above, that will improve the understanding of the financial management in general as an essential component of a successful business, and will result in improved effectiveness, leverage understanding and so increased access to financing and investment by enterprises.

## **Activity 2: Support access to finance through special channels**

During the year CEED II researched and learned about existing special financing mechanisms and informed the businesses within the target industries about these opportunities by organizing the events described above in Activity 1. In addition, CEED II was proactive in collaboration with the Viticulture Restructuring Program Unit “Filiera Vinului”, which manages the European Investment Bank credit line of €75 million allocated for the production of GI/PDO wines.

In order to facilitate the access of wineries to the financial benefits that the “Filiera Vinului” provides, CEED II developed program to help wineries apply for loans and informed them by communicating with industry associations, wineries, and the “Filiera Vinului” PIU. Such wineries as AgroVin Bulboaca, Vinaria din Vale, Salcuta, Migdal-P, Leuntea Vin, Basarabia Lwin Invest, Kazayak Vin, Suvorov Vin, Mezalimpe, Vinaria Tiganca, Bravo Wine were consulted on how to apply for a loan.

A number of companies applied for assistance in developing business plans. In order to facilitate the access by the wineries to the financial resources of the BEI credit line and hereby to contribute to increasing investment in the wine sector, CEED II decided to assist companies, on a cost-share basis, to develop the business plan for implementing large investment projects, as described below:

- “Suvorov-Vin” LTD for an investment project that consists of modernizing its factory, increasing the efficiency of its technological processes, enlarging its capacities, and reducing production costs. In addition to buying new equipment, the winery intends to build a larger for storing products until they are exported. The company applied to the BEI credit line and was accepted.
- “Vinaria Tiganca” LTD for an investment project that consists of renovating and modernizing its the factory; increasing the efficiency of its technological processes, and enlarging its capacities by re-equipment of such sections as: grape processing, treatment, wine storage and maturation. Additionally the winery will buy a new Italian bottling line, with high speed characteristics. The company applied to the BEI credit line and now is in the process of being accepted.
- “Mezalinpe” LTD for an investment project that consists of expanding the production area; changing the existing small bottling line to a modern one with higher capacity; and buying additional equipment for fertilization. Mezalinpe also intends to build a wine cellar. In this way, the project would ensure the increase of the production capacity, as well as the attractiveness of the factory as a wine tourism point. The business plan is under development.
- “Agrovin Bulboaca” SA for an investment project that consists of renovation and re-equipment of such sections as: grape processing, treatment, wine storage and maturation, bottling. They look for increasing the capacity of treatment and bottling wine with PGI. They also plan to build a “chateaux” for wine tourism. The business plan is under development.
- “Bravo Wine” LTD for an investment project consisting in the construction of a factory according to a Spanish model, with support from foreign experts. This will allow them to become a factory with full cycle of production. They also intend to buy advanced agricultural equipment, which will increase vine management efficiency and improve grape quality. In this way, they would ensure the production of a high quality wine. The business plan is under development.

Three Loan Guarantee Agreements between USAID Development Credit Authority (DCA) and Prime Capital, Comertbank, and Rural Finance Corporation were signed and obligated. The following assistance in paying the origination fee and presenting the condition precedent documents was provided. A Guide on “How to place a Qualifying Loan” for RFC and Comertbank was developed and presented to Partners. Trainings on “How to use the USAID Guarantee” were delivered to loan officers from Prime Capital and Comertbank, including branches from Chisinau, Balti and Cahul. Assistance to Comertbank in participation at the conference calls related to Credit Management System, organized by EGAT, was provided. Prime Capital was assisted to develop an offer for IT professionals. This offer was sent by CEED II to about 1,100 professionals from IT sector. Prime Capital confirmed a feedback from the addressees. These actions are meant to facilitate assimilation and accelerate implementation of DCA program.

At the end of September 2012, DCA partners placed under the USAID guarantee 5 loan contracts in total amount of \$173 000. The clients are from IT, textile and construction materials sectors.

CEED II also organized meetings on DCA issues with financial institutions for:

- James Gilman, USAID Regional Field Investment Officer. Mr. Gilman is responsible for DCA in Europe and Eurasia region. He met with 11 financial institutions, previous and present USAID DCA partners, and the National Bank of Moldova
- Stefan Jansson, consultant from SIDA. He met with 9 financial institutions to make an assessment for a new DCA project in energy efficiency sector.
- Kent Larson, Country Director USAID Moldova; Sergiu Botezatu, Project Manager USAID Moldova si Nancy Reiter, USAID Moldova Program Economist with Dorin Dragutan, Governor of the National Bank of Moldova

**Problems Encounters & Solutions:** CEED II was not able to refer businesses to the DCA partners because the financial institutions decided not to disclose the DCA guarantee. They believe that knowing about the guarantee the clients will become less conscious in paying off the debt. Therefore CEED II worked more with loan officers and the managers of the DCA Partners to stimulate the usage of the USAID guarantee in the lending activity.

## SECTION III

### Results and Impact

#### A. Quantitative Results

CEED II registered excellent performance during Year 2, driven by swift expansion into new target industries (home furnishings, fashion accessories, and emerging exports industries, which in time focused on tourism) and robust assistance programs for “old” sectors. The project met or exceeded the targets for 15 indicators, but missed targets for 6 indicators. See the table below. The project caught up on several indicators where it had fallen behind after Year 1 (FY 2011, only 9-month “year”).

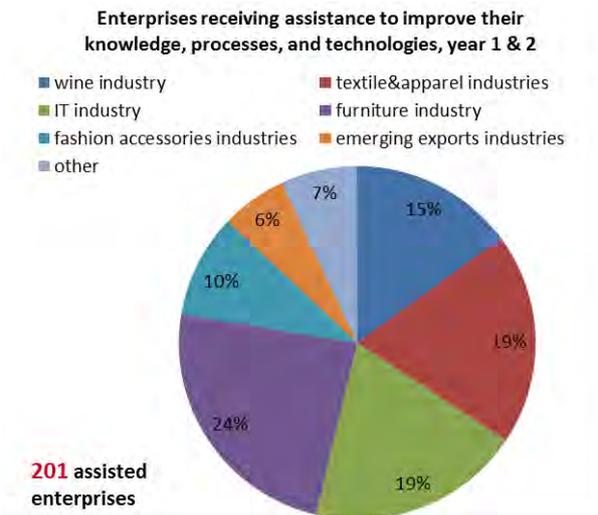
Indicators	Year 2 Target	Year 2 Actual
01. Sales of assisted enterprises	10.00%	19.30%
02. Investment in assisted enterprises	15.00%	36.21%
03. Enterprises receiving project-related assistance to improve their knowledge, processes, and technologies	85	129
04. Assisted enterprises applying improved knowledge, processes, and technologies	55	115
05. Productivity of assisted enterprises	3.00%	17.64%
06. Investments in workforce development initiatives by assisted enterprises or other cluster actors	10.00%	17.68%
07. Participants in project-related trainings or capacity building programs	1000	3,387
08. Assisted enterprises paying for BSP services with some or all of their own resources	15.00%	50.00%
10. Assisted enterprises participating in project-related programs to enhance trade and investment capacity	85	80*
11. Assisted enterprises following recognized product or process standards	10.00%	6.78%*
12. Assisted enterprises expanding sales to new or existing markets	55	47*
13. Assisted enterprises exhibiting at trade shows or participating in business-to-business (B2B) events	25	213
14. Financing accessed by assisted enterprises	10.00%	35.16%
15. Assisted enterprises with increased financing or investment in targeted industries	45	43*
16. Associations or member-based organizations demonstrating increased leadership in targeted industries	4	8
17. Increased revenues of associations or member-based organizations	10.00%	92.31%
18. Member satisfaction level of associations or member-based organizations	50.00%	66.65%
19. Participants at project-related trainings or workshops about advocacy or policy analysis	100	199
20. Policy or position papers published or commissioned by assisted associations or member-based organizations	10	8*
21. Consultative meetings or events between representatives from the public and private sectors as a result of project assistance	15	19
22. Government actions taken that improve the business environment in targeted industries	10	8*

\* indicators where targets were not met

*Impact on assisted enterprises.* CEED II’s impact broadened significantly when measured by number of companies assisted: overall 201 companies, including 48 in home furnishings (furniture), 39 in apparel, 30 in wine, 30 in IT, 19 in fashion accessories, and 12 in tourism (see chart below). The

project assisted another 129 companies during Year 2, nearly reaching its life of project target of 220 companies. The significant expansion of assisted companies was due to the project’s work in new industries, especially furniture and tourism. (The project will surely add new tourism enterprises in Year 3, ensuring that CEED II will exceed it’s LOP target.)

In addition, 67% (134 out of 201) of assisted enterprises have indicated that they have applied the improved knowledge, processes and technologies that they have gained from CEED II assistance, which demonstrates the effectiveness and high adoption by beneficiary companies of the delivered technical assistance.



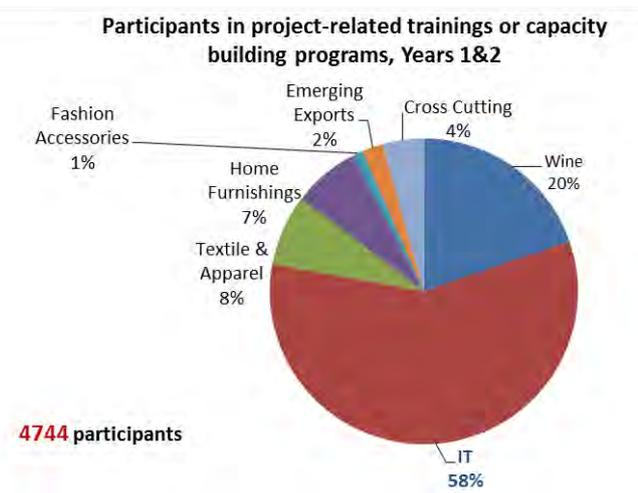
As a result, sales of assisted enterprises (indicator 1) and investment in assisted enterprises (indicator 2) increased by 19.30 percent and 36.21 percent respectively against targets of 10 and 15 percent. In absolute terms, sales and investment increased by nearly \$28 million and \$19.5 million. This yields a “return on investment”, expressed as the ratio of project expenditures to increased sales of 1:11.74. The currently life of project ROI is shown in the table below.

	Annual ROI	Cumulative ROI
Year 1 / FY2011	\$9.18	\$9.18
Year 2 / FY 2012	\$11.74	\$10.67

Further, during Years 1-2, 89 enterprises from the apparel, fashion accessories, home furnishings, and wine industries participated in at least 1 of 40 total trade-related events. Cumulatively, this resulted in 213 participations to trade events during Year 2 which is significantly above the target. Participate at these events resulted in productive business contacts, often with trial or permanent orders following.

CEED II assistance contributed to sales, investment, and productivity growth in assisted firms during Year 2. Overall, assisted enterprises registered robust average sales increases of 19.3%, particularly high for wineries (39%), followed by apparel (9%) and footwear (12%) firms. Companies that were most active to seek new markets and adopt aggressive marketing and expansion strategies have translated these efforts into sales growth. The value of investments in assisted companies also increased significantly, by 36% in Year 2 versus Year 1, fueled by increased access to financing. Measured as average sales per employee, the productivity indicator has recorded a substantial growth of 17.6% on average, while many firms reduced employment and increased sales, thus growing productivity.

The project also had remarkable outreach through its capacity building programs. During Year 1-2, 4,744 people participated in CEED II trainings and other capacity building events, which exceeded targets by three times and nearly reached the life-of-project target of 5,000 participants. As can be seen from the pie chart at the left, the majority participants (58%) come from IT-



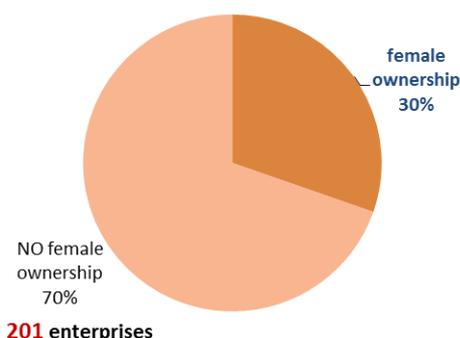
related programs, specifically technical trainings through QLab, Cisco and Microsoft programs in schools and industry wide events, such as Startup Weekend. These programs are instrumental to mentality shift and improved knowledge across industries.

*Impact on improved public-private dialogue.* With CEED II support, 19 associations are demonstrating increased leadership. These results have met and exceeded the life-of-project target, validating project’s ability to consolidate the so important associative function within the target industries. In Year 2, assisted associations produced 8 position papers, mainly in the wine sector strongly connected with the ongoing reforms in this industry. Monitored associations have increased their revenues by an average of 89% during Year 2, as well as member satisfaction levels.

CEED II support to improve public-private dialogue translated into 5 important government actions to improve the business environment, including submission of the wine reform initiative to Parliament (subsequently named draft Law No. 900), implementation of a new optional curriculum in IT and of a new engineering educational program in Balti University by the Ministry of Education, and the Parliament decision to extend tax exemptions for IT companies and software developers.

*Gender impact.* According to monitoring data disaggregated by gender, 61 out of 201 assisted firms are women-owned, which represents 30% of the beneficiaries. During Year 2, women-owned firms performed better than non-women owned businesses as related to sales, investment, and productivity. (See table at right.) Sales growth was higher among the women owned enterprises 27.5% versus 11.4% for non-women owned. Likewise, companies with female ownership were considerably more open for accessing finance and translating these and other sources into investments. Data shows that \$14.3 million out of the \$19.5 million in increased investment was at women-owned firms. Finally, the productivity increase was also higher in women owned enterprises: 29% versus 6.3%. CEED II also was gender sensitive and inclusive in its training and capacity building programs. Overall, 31% of 4,744 participants in various capacity building programs, supported by the project, were women.

**Assisted Enterprises to Improve Knowledge, Process and Technologies, Year 1&2**



**Average Growth in Assisted Enterprises, Yr 2**

	Women owned	Non-women owned
Sales	27.49%	11.38%
Investment	78.61%	14.53%
Productivity	29.02%	6.27%
Financing	84.44%	18.15%

*M&E challenges.* While results achieved during Year 2 were impressive there are still some challenges:

- Very few IT enterprises report data for sales, investment, productivity and other enterprise related data because CEED II works with very few IT enterprises directly; rather CEED II is supporting industry-level activities within the IT industry. According to the project’s PMP, CEED II only monitors *assisted enterprises*, or those that are “receiving customized firm-level assistance or participating with smaller groups of enterprises in intensive project sponsored initiatives related to productivity enhancement, trade and investment promotion, workforce development, etc.” Most IT enterprises fall within CEED II’s definition of *participant enterprises*, or those that are “participating in project-sponsored trainings, seminars, roundtables, and similar activities targeting a wide audience and/or members of CEED II-assisted associations or organizations.”
- The reliability of some indicators is still questionable. Indicators # 06 and 08 that measure investments in workforce development and payments for BSP services may not be fully reliable because companies do not track these items separately and thus have difficulties in valuing them.

Nevertheless, CEED II attempts to gather this information and reports what has been provided by the assisted enterprises.

- Many associations are not accustomed to measuring member satisfaction level. Therefore, not all members completed the surveys, making the data for Indicator #18 perhaps not representative. CEED II will continue to work with associations to establish member satisfaction surveys.

A complete report of CEED II's performance during Year 2 against the targets established in the project Performance Monitoring Plan is shown in the table below. Disaggregated data is shown in the table presented in Appendix III.

Final indicators	Target	Actual	Year 1 Actual vs. Target	Target	Actual				Actual	Year 2 Actual vs. Target	Cumulative Actual (Y1 + Y2)	Cumulative (Y1+Y2) Actual vs. Target	LOP Target	Cumulative Actual vs. LOP Target
	Year 1	Year 1		Year 2	Q1 FY 2012 /Q4 2011	Q2 FY 2012 /Q1 2012	Q3 FY 2012 /Q2 2012	Q 4 FY 2012 /Q3 2012	Year 2					
01. Sales of assisted enterprises	10.00%	28.78%	18.78%	10.00%	Data reported annually	Data reported annually	Data reported annually	Data reported annually	19.30%	9.30%	24.04%	14.04%	10.00%	14.04%
	MDL	166,455,171							335,338,919					
	USD	15,607,900							27,934,769					
02. Investment in assisted enterprises	15.00%	70.44%	55.44%	15.00%	Data reported annually	Data reported annually	Data reported annually	Data reported annually	36.21%	21.21%	53.33%	38.33%	15.00%	38.33%
	MDL	173,588,027							235,480,810					
	USD	15,220,519							19,492,944					
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	72	22	85	53	38	34	4	129	44	201	66	220	(19)
04. Assisted enterprises applying improved knowledge, processes, and technologies	35	19	(16)	55	41	15	39	20	115	60	134	44	160	(26)
05. Productivity of assisted enterprises	2.00%	27.56%	25.56%	3.00%	Data reported annually	Data reported annually	Data reported annually	Data reported annually	17.64%	14.64%	22.60%	20.10%	4.25%	15.85%
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%	-44.28%	-54.28%	10.00%	Data reported annually	Data reported annually	Data reported annually	Data reported annually	17.68%	7.68%	-13.30%	-23.30%	10.00%	-23.30%
07. Participants in project-related trainings or capacity building programs	700	1,357	657	1,000	900	763	1,560	164	3,387	2,387	4,744	3,044	5,000	(256)
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%	35.29%	25.29%	15.00%	Data reported annually	Data reported annually	Data reported annually	Data reported annually	50.00%	35.00%	42.65%	27.65%	17.50%	10.15%
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	48	(2)	85	25	39	13	3	80	(5)	128	(7)	220	(92)
11. Assisted enterprises following recognized product or process standards	5.00%	0.00%	-5.00%	10.00%	Data reported annually	Data reported annually	Data reported annually	Data reported annually	6.78%	-3.22%	6.78%	-3.22%	20.00%	-13.22%

Final indicators	Target	Actual	Year 1 Actual vs. Target	Target	Actual				Actual	Year 2 Actual vs. Target	Cumulative Actual (Y1 + Y2)	Cumulative (Y1+Y2) Actual vs. Target	LOP Target	Cumulative Actual vs. LOP Target
	Year 1	Year 1		Year 2	Q1 FY 2012 /Q4 2011	Q2 FY 2012 /Q1 2012	Q3 FY 2012 /Q2 2012	Q 4 FY 2012 /Q3 2012	Year 2					
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	(22)	55	10	8	7	22	47	(8)	60	(30)	160	(100)
13. Assisted enterprises exhibiting at trade shows or participating in business-to-business (B2B) events	20	93	73	25	64	70	51	28	213	188	306	261	100	206
Expected Result 2.3: Access to financing and investment by enterprises in targeted industries increased														
14. Financing accessed by assisted enterprises	10.00%	-4.51%	-14.51%	10.00%	Data reported annually	Data reported annually	Data reported annually	Data reported annually	35.16%	25.16%	15.33%	5.33%	10.00%	5.33%
15. Assisted enterprises with increased financing or investment in targeted industries	25	22	(3)	45	Data reported annually	Data reported annually	Data reported annually	Data reported annually	43	(2)	65	(5)	125	(60)
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	7	4	0	0	7	1	8	4	19	11	10	9
17. Increased revenues of associations or member-based organizations	10.00%	126.81%	116.81%	10.00%	Data reported annually	Data reported annually	Data reported annually	Data reported annually	92.31%	82.31%	109.56%	99.56%	10.00%	99.56%
18. Member satisfaction level of associations or member-based organizations	50.00%	81.74%	31.74%	55.00%	Data reported annually	Data reported annually	Data reported annually	Data reported annually	66.50%	11.50%	74.12%	19.12%	57.50%	19.12%
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	50	292	242	100	66	19	29	85	199	99	491	341	300	191
20. Policy or position papers published or commissioned by assisted associations or member-based organizations	5	9	4	10	2	1	2	3	8	(2)	17	2	35	(18)
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	5	15	4	3	12	0	19	4	34	9	50	(16)
22. Government actions taken that improve the business environment in targeted industries	5	8	3	10	0	3	3	2	8	(2)	16	1	30	(14)

Performance Indicators	Comments & Explanatory Notes
<p><b>01. Sales of assisted enterprises</b></p>	<p><b>TARGET ACHIEVED.</b> Overall, assisted enterprises registered a robust average increase of 19.3% in sales. Highest growth was recorded by wineries (39%), which is due to recoveries in target markets. Sales of apparel and footwear companies noted a slighter growth of 9% and 12% respectively. Firms that were most active in seeking new markets or adopting aggressive marketing and expansion strategies have translated these efforts into sales growth. For example, Oldcom successfully entered the Ukrainian market, Arillux opened new stores, Zorile invested heavily in product development and domestic market expansion, while Iuvus opened exports in Russia. On contrary, companies relying on existing clients have seen a reduction in orders from these, due to the economic crisis. Furniture sales declined by 1.6%. While this could be due to the ongoing effects of the economic crisis in Europe, we believe that a significant percentage of sales are underreported; thus official statistics mask the true performance of furniture enterprises. Finally, the IT sector has an insignificant contribution to this indicator due to the fact that only two companies are monitored directly.</p> <p>Micro and small enterprises recorded the steepest growth in sales, 65% and 26% respectively, demonstrating their flexibility and quick reaction to market changes. Medium and large companies experience increases of 11% and 17%.</p>
<p><b>02. Investment in assisted enterprises</b></p>	<p><b>TARGET ACHIEVED.</b> The value of investments in assisted companies increased significantly by 36.2% in Year 2 compared to Year 1. This growth is driven mostly by wineries, which recorded a sharp growth of 62% fueled by increased access to finance (see comments below for Indicator 14). Enterprises from furniture and fashion accessories sectors also registered increased investment of 5% and 6.5%, respectively. Investment in the apparel industry declined in Year 2 compared to Year 1 (-24%). However, Year 1 growth was high (43.19%); so we conclude that enterprises made investments in Year 1 that they new exploit.</p>
<p><b>Objective 1: Productivity of targeted industries increased.</b></p>	
<p><b>Expected Result 1.1: Use of improved technologies and business processes within target industries increased</b></p>	
<p><b>03. Enterprises receiving project-related assistance to improve their knowledge, processes, and technologies</b></p>	<p><b>TARGET ACHIEVED.</b> CEED II's impact broadened significantly when measured by number of companies assisted: 201 companies, including 48 in furniture, 39 in textile, 30 in wine, 30 in IT, 19 in footwear and 12 in tourism. The project added another 129 companies for assistance during Year II, nearly reaching its life of project target of 220 companies. A significant expansion of assistance was for the new industries, especially furniture and tourism.</p>
<p><b>04. Assisted enterprises applying improved knowledge, processes, and technologies</b></p>	<p><b>TARGET ACHIEVED.</b> Follow-up monitoring has shown that during Year 2, 115 out of 129 companies, or nearly 90%, have applied improved knowledge, processes and technologies, which demonstrates the effectiveness and high adoption by beneficiary companies of the delivered assistance. If we look at the cumulative figures for Years 1 and 2, this indicator drops to 67% (134 out of 201 assisted enterprises).</p>

Performance Indicators	Comments & Explanatory Notes
<b>05. Productivity of assisted enterprises</b>	<b>TARGET ACHEIVED.</b> Measured as average sales per employee, productivity has increased by 17.64% compared with a target of 3%. Most companies have increased sales while preserving or slightly decreasing employment, thus increasing productivity. All industries, except for furniture, have recorded a positive average growth in productivity. The highest growth is in the wine companies (36.6%) followed by fashion accessories companies (12.8%).
<b>Expected Result 1.2: Capacity of the workforce in targeted industries increased</b>	
<b>06. Investments in workforce development initiatives by assisted enterprises or other cluster actors</b>	<b>TARGET NOT ACHEIVED.</b> The value of investments in workforce development initiatives increased by 17.64% in Year 2 compared with Year 1. The highest growth was recorded by fashion accessories industry (45.08%), followed by home furnishings (29.58%). This shows an increased understanding of the importance of knowledge and higher level of skills. Even though the target for Year 2 was achieved, the significant decrease in Year 1 (-44%) resulted in a cumulative decrease of -13.30%. The experience of collecting this data from companies shows that they have difficulties in reporting this data because they do not track it. Thus, the concerns about accuracy and reliability of this data still exist. However, CEED II enlarged the number of companies monitored under this indicator from 16 in Year 1 to 49 in Year 2 and tried to explain it better to the companies.
<b>07. Participants in project-related trainings or capacity building programs</b>	<b>TARGET ACHEIVED.</b> Nearly 4n750 people, women representing 31%, participated in project related training or capacity building programs, which exceeded the target by three times and nearly reached its life of project target of 5,000 participants. This shows an impressive outreach achieved by CEED II during the first two years. Majority participants (58%) come from IT-related programs, specifically technical trainings through QLab, educational programs with schools and industry-wide events, such as Start-up Weekend and Moldova ICT Summit.
<b>Expected Result 1.3: Capacity of industry service providers and other value chain actors increased</b>	
<b>08. Assisted enterprises paying for BSP services with some or all of their own resources</b>	<b>TARGET ACHEIVED.</b> According to data reported from assisted enterprises, 25 out of 50 assisted enterprises or 50% have increased the value of services contracted to BSPs in Year 2 of the project compared to Year 1. It is noticeable that in apparel and footwear, these investments are made by companies with dynamically developing own brands and were fueled by CEED II own brand development assistance program. However, CEED II continues to be concerned about the reliability of this data because companies do not track it.
<b>Objective 2: Trade and investment in targeted industries increased</b>	
<b>Expected Result 2.1: Quality of products and services produced by enterprises in targeted industries improved</b>	
<b>10. Assisted enterprises participating in project-related programs to enhance trade and investment capacity</b>	<b>TARGET NOT ACHEIVED.</b> Overall, CEED II assisted 128 companies to enhance their trade and investment capacity. As such, during Year 2 assistance was expanded to 80 new companies, particularly 43 furniture, 16 fashion accessories, 14 apparel and 6 wine companies. While this was a significant effort, the target was slightly unachieved partially because assistance is in its early phase for tourism sector and has not year been captured in the M&E system.

Performance Indicators	Comments & Explanatory Notes
<b>11. Assisted enterprises following recognized product or process standards</b>	<b>TARGET NOT ACHIEVED.</b> Measured as the percentage of enterprises that introduced new recognized process, this indicator constitutes 6.78% at the end of the second year. Four enterprises (lonel, Fautor, Vinaria Tiganca and Oldcom) out of the 59 monitored adhered to the recognized process standard ISO 9001 during the reporting period. The indicator is slightly under the target of 10%. Worth noting is that this indicator tracks those companies that adopted <i>new</i> standards; many companies already follow international standards.
<b>Expected Result 2.2: Positioning and promotion of products and services from targeted industries in strategic markets improved</b>	
<b>12. Assisted enterprises expanding sales to new or existing markets</b>	<b>TARGET NOT ACHIEVED.</b> According to the available data, 60 companies (or nearly 47% of enterprises assisted under indicator 10) from wine, apparel, fashion and furniture industries expanded sales to domestic and foreign markets, including Russia and EU. Due to complex assistance provided by CEED II to stimulate export to China, 6 wineries successfully entered the Chinese wine market. The promotional campaign “Din Inima Branduri de Moldova” increased the recognition of Moldovan fashion brands and contributed to sales expansion and new outlets domestically. Participation in foreign tradeshows, in Paris and Moscow, translated in concrete sales for many apparel companies. However, the achieved results are under the target, since assistance for many companies is in the early phases and results will most likely materialize in the next quarters.
<b>13. Assisted enterprises exhibiting at trade shows or participating in business-to-business (B2B) events</b>	<b>TARGET ACHIEVED.</b> 89 enterprises from the wine, apparel, furniture and fashion accessories industries participated in at least one event from the total of 40 trade shows and B2Bs organized during the first two years of the project in various target markets. Cumulatively, this resulted in 213 participations to trade events over Year II, and significantly over the target (25). Wine companies participated most intensively (112), followed by apparel (61), fashion accessories (22) and furniture (18). While company cost-participation in trade events demonstrates sustainability, these interventions were expanded beyond target due to tangible results, in the form of productive business contacts, as well as trial or event permanent follow-up orders.
<b>Expected Result 2.3: Access to financing and investment by enterprises in targeted industries increased</b>	
<b>14. Financing accessed by assisted enterprises</b>	<b>TARGET ACHIEVED.</b> The value of financing accessed by the assisted enterprises from banks and other financial institutions increased by 35% in Year 2 versus Year 1, the later having recorded a negative growth. This impressive growth comes mostly from medium size companies in the wine sector. As such, from the 146 mln MDL financing accessed by 55 companies during Year 2, 90% or 130 mln MDL is by the wineries. These are signs that the wine industry is slowly coming out of the lingering depression.
<b>15. Assisted enterprises with increased financing or investment in targeted industries</b>	<b>TARGET NOT ACHIEVED.</b> 43 of 60 unique assisted enterprises, or 71%, increased financing or investment during Year 2 compared to Year 1. These are mainly medium and large companies from the wine and apparel sectors. Overall, during Years 1 and 2, 65 companies (non-unique) accessed greater financing and investment in targeted industries.

Performance Indicators	Comments & Explanatory Notes
<b>Objective 3: Public-private dialogue improved leading to a better business environment for targeted industries</b>	
<b>Expected Result 3.1: Viability and number of industry associations and member based organizations increased</b>	
<b>16. Associations or member-based organizations demonstrating increased leadership in targeted industries</b>	<b>TARGET ACHEIVED.</b> With CEED II support, during years 1 & 2, 19 associations are demonstrating increased leadership. These results have met and exceeded the life-of-project target, demonstrating project's ability to consolidate the associative function within the target industries. Initiated wine reforms have activated the 12 associations in the wine industry, some of which existed, while others were formed to support the reform. Likewise, the tourism workforce joined four associations. Finally, ATIC, APIUS and recently formed Furniture Association also continue to play an active role.
<b>17. Increased revenues of associations or member-based organizations</b>	<b>TARGET ACHEIVED.</b> Monitored associations have increased their revenues by 89% during Year 2 versus Year 1. Revitalization of APIUS has led to significant growth of its revenues by 172%. APIUS collected more fees from members, as well as generated revenues from trainings. The average percent change in value of revenues of the wine sector associations represented 98%. ATIC registered a non-significant decrease by -4.5%, however still remains the association with the highest annual revenues – 1.8 mln MDL.
<b>18. Member satisfaction level of associations or member-based organizations</b>	<b>TARGET ACHIEVED.</b> The average member satisfaction level is 78.5% for wine associations, 84.6% for ATIC and 25% for APIUS. These are good results; however, CEED II is concerned about the representativeness of this data because not all addressed members have completed the survey.
<b>Expected Result 3.2: Private sector capacity for advocacy and policy analysis increased</b>	
<b>19. Participants at project-related trainings or workshops about advocacy or policy analysis</b>	<b>TARGET ACHEIVED.</b> 491 people, mostly from the wine sector, participated in project related events about advocacy or policy analysis, which is 1.5 times above the LOP target. These results are connected with the reforms in the sector.
<b>20. Policy or position papers published or commissioned by assisted associations or member-based organizations</b>	<b>TARGET ACHEIVED.</b> Assisted associations produced 8 position papers, particularly in wine and IT sectors, demonstrating their active involvement in industry reform initiatives. Examples include: "Positioning letter highlighting the importance of maintaining the current favorable tax environment for the Moldovan IT sector"; "Open Letter on GI/PDO System development initiated by the 8 wine associations to MAFI" and others.
<b>Expected Result 3.3: Understanding by the public sector of private sector concerns and actions taken to improve conditions for targeted industries increased</b>	
<b>21. Consultative meetings or events between representatives from the public and private sectors as a result of project assistance</b>	<b>TARGET ACHEIVED.</b> 19 consultative meetings were held between government and private sectors representatives within the wine, IT and tourism sectors, demonstrating both public and private sectors' commitment to dialogue.
<b>22. Government actions taken that improve the business environment in targeted industries</b>	<b>TARGET NOT ACHEIVED</b> CEED II assistance resulted in 13 government actions to improve the business environment, including approval of a new optional curriculum in IT and of a new engineering educational program in Balti University by the Ministry of Education, and a Parliament decision to extend tax exemptions for IT companies and software developers.

## B. Qualitative Results

Project performance, in its entirety, is difficult to measure. While performance against planned activities, as reported in Section II, and performance against planned targets, as reported above, are both important and required, neither paints a full picture. As such, below CEED II reports, in a more qualitative manner, its results from the previous year by target industry.

### B1. Apparel Industry

- With CEED and CEED II support approximately 24 companies, representing about 15% of the industry, now produce and sell clothing under own brand. During Year 2, CEED II assisted 4 more companies to develop own-brands. Companies assisted during CEED are seeing their sales grow. For example, Ionel opened 2 new shops in Chisinau and 1 in Comrat during the reporting period, bringing their total number of outlets to 8. Vasconi textile opened 2 new shops in Chisinau and 1 in Balti, bringing their total number of outlets to 12. Tricon opened 2 new shops in Chisinau bringing their total number of outlets to 9.
- Sixteen 16 fashion-related companies (10 apparel, 3 footwear, and 3 accessories companies) will open a common multi-brand department store of 500 m<sup>2</sup> at Zorile commercial center. The store will open in November 2012.
- Due to investments in brand management and individual and common promotion, sales of Ionel in Moldova increased to 919,000 MDL in April 2012 an increase of 22% compared to April 2011.
- Moldovan own label apparel companies changed their attitude about the importance brand promotion in order to increase their visibility. During Year 2, Ionel invested 350,000 MDL in promotion, Vasconi Textile 28,000 MDL, Iuvas 45,000 MDL, and Tricon 62,000 MDL.
- Aimed at building national pride and fashion brands awareness, the CEED II-initiated, “*Din Inima Branduri de Moldova*”, campaign generated impressive results and laid the foundation for future common promotion efforts. Twelve apparel and fashion accessories companies participated in the first campaign, cost-sharing for more than 70,000 MDL or 1/3 of the overall budget. The campaign leveraged an estimated €6,400 of TV air time (35% of the overall budget); it was featured free of charge by several major news shows. The campaign website attracted over 10,000 viewers and the Facebook page nearly 2,000 fans. An internet contest helped build individual awareness, with over 3,600 fans voting for their favorite brand and photo. Fifteen companies participated in the second campaign during September – October 2012.
- CEED II contributed to changing how local producers design and make seasonal apparel collections which led increased sales. For example, Tricon sold 80% and 75% of all items produced for its My Revival and Tricon brands for the spring/summer 2012 season. In comparison, in 2011 it sold only 60% of its entire production during the spring/summer season.
- By supporting repeat participation at Textileprom in Russia, CEED II has helped companies increase sales in this market. Steaua Reds, Infinity, Odema, Mobile, Vasile Moldovan and Premiera Dona now collectively generate 11.5% of their annual sales in Russia; until they began to exhibit at Textileprom, they had no sales in Russia. The structure of the export to Russia by companies is the following: Infinity 73%, Steaua Reds 17%, Mobile 5%, Premiera Dona 2%, Odema 1.5%, and Vasile Moldovan 1.5%.
- After the winter 2012 edition of Textileprom, Steaua Reds filled two trial orders for 800 men’s pullovers (€16,000) for a client from Moscow and 3,910 men’s pullovers (€48,416) for ХАЙТЕК Ltd. from Ivanovo. Subsequently ХАЙТЕК became a permanent client.
- With CEED II support several companies participated at Zoom by Fatex in Paris. Some of them received trial and long-term orders as follows. Trial orders may lead to larger ones.
  - Ionel received trial orders for men coats samples from Ets Laporte (France) and is now negotiating a long-term agreement with this client.
  - Mobile signed a contract with a prestigious French client, Carven, for 10,000 items of fashionable clothes each spring/summer season.
  - Odema filled a trial order (€6,000) for a client from Belgium and now is now negotiating a long-term contract with them.

- Saltoianca filled trial orders for Francesco Di Fazio (Italy), FDF Industry (Italy), and Hansel Textil (Germany) and are now waiting for feedback.
- Velitextil Plus received long-term orders from Gruppo Moda (Belgium). Since February 2012, this client increased its order from 1500 pieces to 7500 pieces (€130,000 Euro).

## B2. Emerging Export Industries

- CEED II was instrumental in developing the concept for a new bachelor degree program in automotive engineering and management at Balti University in response to the industry's need for qualified people in the Balti region. After 6 months of negotiations with stakeholders, the Education Ministry approved the request for launching the "Automotive Academy" within Balti State University. The first intake of 60 students started in academic year 2012/2013.
- CEED II succeeded to organize a tourism Task Force comprised of representatives from most active inbound tourism operators and other tourism-related businesses. More than 30 people participated in the first Task Force meeting (6 tour operators, 6 wineries that provide tourist services, 5 hotels, 5 sector associations (wine and tourism), and the National Tourism Agency). The group communicates and takes decisions about the strategic orientation of the industry's development and is involved in other activities supported by CEED II project.
- CEED II helped the tourism industry to agree on a positioning statement and develop a new brand. The new branding and promotion strategy has been embraced by the industry and is being incorporated into their offers and promotion efforts.
- CEED II has improved communication about the Moldovan tourism industry by designing and constructing a website, [www.MoldovaHoliday.travel](http://www.MoldovaHoliday.travel), with related social media pages, e.g. Facebook, Twitter, Pinterest, etc.
- CEED II helped promote the 2012 Moldova wine Festival, or National Wine Day, by constructing a website, [www.MoldovaWineDay.md](http://www.MoldovaWineDay.md), and establishing a Facebook page. Through paid Facebook advertising, CEED II ensured that 115,000 people learned about the event.
- CEED II, in partnership with the tourism Task Force, planned and implemented a successful familiarization tour for 4 foreign tour operators and 7 journalists from 7 countries. During the five-day visit, the international visitors saw a cross-section of Moldova and took part in a variety of activities. Each day of the visit focus on specific aspects of Moldova's tourism offer.
- CEED II commissioned the first international visitor's survey in Moldova. Departing foreign visitors were interviewed at Chisinau Airport during four weeks in June 2012. The objective of the survey was to better understand what tourism and recreational activities international visitors participated in within in Moldova and to gauge their satisfaction with their experience.

## B3. Fashion Accessories Industry

- CEED II supported 11 footwear and accessories companies to participate at 7 international trade fairs in Russia, Ukraine, Italy and Turkey to enhance exports of own brand products and improve sourcing of raw materials. Overall, participation in exhibitions has been beneficial, as it has allowed the companies to communicate directly with customers, including wholesalers and retailers, and to make decisions about target markets. As a result of participation in exhibitions:
  - Floare, Zorile, Tiras, Tighina, Romanita, and Arilux established contacts with new suppliers of leather and materials in Turkey.
  - Zorile, Bitprogram, Floare and Tigina make new contacts with designers and leather and accessories suppliers from Italy.
  - Tighina increased exports during 2012 from 830,000 Lei in the first quarter to 4.5 million Lei in the third quarter, i.e. by 5 times.
  - Oldcom began selling in Fourchette supermarkets in Ukraine in 2012 and also signed 2 new contracts and received 6 new orders after participating at Kiev Shoes Expo in September 2012. Third quarter exports in 2012 were 3 times those of 2011.
  - Arilux and BITprogram each made 10 new contacts during Kiev Shoes Expo in September 2012.

- Ju-Bijoux met 22 potential clients at a MACEF Milano jewelry fair, and 4 companies from Russia, Germany, Italy and USA have already placed trial orders.
- CEED II helped 9 companies, Daxencom Ltd, Arilux Ltd, Cristina Mold-Rom Simpex Ltd, Tabita Com Ltd, Vasilini Ltd, Tiras Ltd, Oldcom JSC, BITprogram Ltd and Tighina JSC, to develop new brands or upgrade existing ones. Arilux, TabitaCom, Vasilini and Tiras implemented new identity packages to improve product marketing and stores. As such, the small manufacturer Arilux has invested already around \$6,000 in brand promotion and store improvements, particularly the one in Zorile shopping centre. Oldcom has invested over \$5,000 in new marketing materials.
- CEED II-organized merchandising resulted in Arilux and Tiras deciding to open new stores within the common store planned at Zorile commercial center. TabitaCom opened new stores in Chisinau and Floresti. Arilux and Zorile have both made significant improvements to their stores, including improved lighting and layout. Cristina, with CEED II assistance, is designing an entirely new design that it will pilot at the common store at Zorile commercial center. Many companies that participated in the merchandizing program increased domestic sales during the first three quarters of 2012 compared with same period in 2011. For example, Arilux increased its domestic sales by 40%; Zorile by 16%; Cristina by 3.5%; and Daxencom by 2%. Floare increased its domestic sales by 10 times from 2012 to 2011.
- CEED II trained 50 women in frivolite (tattooing) jewelry making techniques, from which 3 women are already working full time for L'Orina; another 12 women are engaged on a trial basis.
- CEED II assisted 4 companies (Zorile, Tighina, Floare, and Rotan) to improve shoes collections with 10-20 new styles. Zorile exhibited its new collection of lady sandals at Mosshoes expo in September 2012. Tighina is in the process of producing its first samples with the intent to exhibit them at the Kiev and Garda (Italy) expos in early 2013. Likewise, Floare intends to participate in these two fairs with the new collection of men sports/comfort shoes. Rotan intends to launch a new collection of safety/work shoes at Expoprotection Exhibition in France in December 2012.

#### **B4. Home Furnishings Industry**

- CEED II was instrumental in helping to establish a furniture industry association with 14 active, dues-payment members by September 2012. The association has also hired an executive director.
- CEED II assisted the new association to carry out two important activities and achieve early successes. First, with CEED II support, the association signed a contract with Iurie Bors to open a common furniture center in August 2013. The furniture center will encompass a surface area of 14,000 m<sup>2</sup> of which the association will initially rent 8,000 m<sup>2</sup> for 12 furniture companies. The furniture shopping center will become a destination for all consumers shopping for furniture. Second, CEED II helped the association to co-organize Moldova's annual furniture exhibition at Moldexpo in September 2012. The association rented one of two pavilions, organized participation by 12 companies, and implemented a promotion campaign to attract consumers. As a result, the expo had more than twice the number of visitors than the 2011 expo and the participating companies registered sales in excess of \$90,000 during or immediately after the fair.
- CEED II initiated discussion about product design and visits MEBEL Moscow and IMM Cologne resulted in several companies making improvements to their products. For example, Polimobil started to produce armchair recliners; Ambianta developed an experimental kitchen corner concept; Confort added new fabrics to their upholstery products and introduced a new range of sofas with a new design; and Stejaur entirely changed their product range and approach to doing business (they have recently inaugurated a new flagship store).
- Targeted and practical trainings, supported by CEED II, have changed the approach and enhanced company knowledge about sales and store merchandising:
  - In April 2012, more than 80 furniture sales people received sales training. The course was delivered in 4 repeated sessions; each session lasted two days and enrolled 20 participants. All participant companies were pleased with the knowledge their employees received at the training and asked for similar trainings to be organized in the future.

- In May 2012, as a result of the merchandising training and in-store audits, Anturaj, Ambianta, Ergolemn, Polimobil, and Confort have improved the visual presentation of their products and of the stores and the control of the customer traffic within their stores.

## B5. ICT Industry

- CEED II helped QLab to organize 6 trainings for 69 participants. QLab's sales for the first three quarters of 2012 were approximately \$27,000, which is on par with the sales for the first three quarters in 2011 (\$28,000). ATIC's overall financial contribution for supporting QLab is approximately \$15,000, demonstrating its commitment for the initiative.
- CEED II brought Startup Weekend to Moldova, organizing events in November 2011 and June 2012, and succeeded to attract two major partners: Orange Moldova and Simpals Garage. ATIC also partnered with CEED II to organize these events, which were attended by more than 150 people. The participants pitched 70 ideas, 21 of which were developed during the two events.
- CEED II helped to organize the 2012 Moldova ICT Summit, the third such event. The summit attracted nearly 1,000 participants, including 85 guest speakers from more than 20 countries. The total budget of the event was around \$70,000 of which 70% came from private sources.
- CEED II was instrumental in obtaining a positive decision by the Ministry of Education to implement Cisco IT Essentials (ITE) as an official elective course for high school students in their last two years of study. Also, ITE continued to be offered as a paid extracurricular course. See box for details.
- CEED II supported ATIC to successfully organize an IT career awareness campaign with the following results:
  - More than 300 students met with 9 ICT companies during the ICT Career Orientation days at UTM and USM, listened to their showcase presentations and learned about specifics and trends in various fields of the ICT jobs.
  - 1,200 students from 16 lyceums (from their senior years) attended the live presentations, featuring the benefits of an IT career and providing guidance on where to get IT education, conducted by the representatives of 3 major IT companies from ATIC.
  - Five TV channels and two radio channels with national reach and 15 websites with very high traffic featured video/radio spots and banners promoting IT career during the admission period at the higher education institutions. The campaign had a total estimated reach of 2 Million people.
  - The total estimated budget for this campaign is over \$50,000. CEED II cost-share represents below 15%. Most of the costs were covered by ATIC members or media partners, attracted due to the sustainable and effective partnerships established by the organization with Government involvement.
- CEED II commissioned the first assessment of the Moldovan ICT industry by a globally recognized ICT research organization – IDC. The finding and conclusions of the study are therefore more credible than those of other studies.
- CEED II in partnership with ATIC developed an ICT Education Roadmap & Agenda for Action as a first step towards finding comprehensive and long-term solutions to the problems associated with Moldova's declining human resource capacity in ICT, a major threat to the ICT industry.

### Cisco ITE Results: 2012

- ITE approved as elective nationwide
- **35** teachers trained from **26** lyceums
- **12** lyceums offered ITE as an elective course during the 2012/13 academic year
- **~300** pupils enrolled in ITE classes
- **~200** students graduated from ITE classes taught as paid extracurricular classes prior to its approval as an official elective class

## B6. Wine Industry

- CEED II was instrumental in pushing forward a comprehensive package of industry reforms, contained in draft law no. 900, that were passed in their first reading by the Moldovan Parliament on October 4, 2012. During the year, CEED II succeeded to help the Ministry of Agriculture and

Food Industry (MAFI) present the reforms to the Government of Moldova and the negotiate with relevant GOM stakeholders to obtain their support for the reforms. Then CEED II assisted MAFI to present and defend the proposals to relevant Parliamentary commissions and party factions.

- CEED II commissioned a white paper that examined the problems facing Moldovan viticulture. As a result, the law on wine and vine will be amended to exclude costly and difficult administrative requirements related to planning vineyards. This should decrease the costs of planting vineyards by 10% and it will save a lot of time for winery personnel.
- CEED II helped the wine industry stakeholders to maintain their initial agreement and to form a unique voice in the dialogue with the Government and the Parliament. Thus, when it was necessary, all 11 wine sector associations have signed an open letter to Parliament to urge adoption of the draft law and a support declaration to the wine legislation reform in June 2012.
- CEED II organized a training on mechanization techniques in viticulture and modern methods of fighting with vine diseases in February 2012 that was attended by 95 agronomists. Following the training, 7 wineries acquired mechanization equipment and 4 wineries changed their way of vineyards' treating, pruning, and harvesting. By implementing these mechanized works, the costs of the viticulture works decreased by 30%. Consequently, grape price diminished by 25 % which contributed to producing more competitive wines.
- CEED II helped 20 small, medium, and large wineries to participate at 4 trade events oriented to enhance export sales. The total exports of Moldovan wines to EU markets increased by 35% during the first half 2012 in comparison to the same period in 2011.
- CEED II-assisted winery, Fautor, after participating at three promotion events in Romania, found an importer that placed an order for 10,000 bottles. Cimisia winery obtained a new export contract for 1 million bottles per year after participating at ProWein 2012, which represents a doubling of their 2011 exports. Migdal-P will increase exports to Ukraine by 20% after receiving a new order from a Ukrainian importer that they during a CEED II organized event in May 2012.
- CEED II supported professional trainings and master classes for sommelier, resulted in another 6 sommeliers being trained according to the program of the European Sommelier Association, and 6 Moldovan restaurants improved wine services. Based on the ASM estimations, the restaurants that have an employee trained as sommelier have 15%-20% more sales than the other restaurants.
- CEED II efforts to help promote a more sophisticated wine culture in Moldova have resulted in a 15% increase in domestics sales overall, a positive trend appreciated by all wineries.
- CEED II helped 10 so-called "new generation wineries" to improve their knowledge of best practices in wine marketing and product development within the framework of a marketing coaching program (MCP). As result, 7 new wine brands and products were developed and have been or are going to be launched soon on the local market. Three other wine brands/products are underway. These new wine brands/products on the local market will boost sales and consumers' attention towards wines. In the case of AgroVin Bulboaca, with CEED II assistance the winery launched a new wine product, Mimi Premium Wines, in summer 2012. By fall 2012, sales of Mimi wines were ready 1,000 bottles per month and growing.

## SECTION IV

# Technical and Administrative Support

## A. Administration and Finance

CEED II's administrative and financial management systems are in place and functioning well. During August 2012, Chemonics home office Field Accounting and Compliance Manager Mary Tuba visited the project to conduct an internal audit and provide refresher training to project staff.

## B. Project Communications

CEED II's communications activities implemented during the reporting period made our partners and stakeholders aware of the project's mission, objectives, and activities, and helped policymakers in Moldova and the U.S. know about our work and accomplishments. All activities were linked directly to our technical activities. To communicate about CEED II we used following channels:

*Local press.* CEED II activities were frequently reported by local media. Its activities were featured in 19 print articles; 37 articles or videos on the Internet; 3 radio programs; and on several TV shows. See Appendix IV for a complete list by month.

*Website.* During the year, CEED II updated the project website – [www.ceed.md](http://www.ceed.md) – with project highlights and news about project sponsored events. A screen-shot of the site is show below.

The screenshot displays the CEED II website interface. At the top left is the USAID logo with the text "FROM THE AMERICAN PEOPLE". To its right is the project title "Competitiveness Enhancement and Enterprise Development II (CEED II)". On the far right, there are language options for "English" and "Română". Below the header is a dark blue navigation bar with white text for "Home", "About Us", "Activities", "Events", "Press Center", "Publications", "Get Involved", and "Contact Us", along with a search box. The main content area is titled "News and Past Events" and features a list of six news items, each with a small image and a brief description. To the right of this list is a "Calendar of Events" section with two event listings. At the bottom right, there is a "Featured Activities" box for "StartupWeekend Moldova" held from November 16-18, 2012, with a colorful graphic of stylized human figures.

**USAID** FROM THE AMERICAN PEOPLE

Competitiveness Enhancement and Enterprise Development II (CEED II)

English Română

Home About Us Activities Events Press Center Publications Get Involved Contact Us search...

**News and Past Events** see all → **Calendar of Events** see all →

**Moldova Presented as a Tourism Destination in Poland**  
October 31, 2012  
With CEED II support, three of Moldova's leading inbound tour operators and Purcari winery presented the country as an emerging tourism destination at Tour Salon 2012 in Pozan, the largest and most important tourism and travel trade show in Poland. The delegation established...

**Moldovan Wines Promoted in Poland**  
October 31, 2012  
CEED II supported 15 Moldovan wineries to show more than 100 wines at a professional tasting of Moldovan wines in Warsaw, Poland. The goal of the event was to help Moldovan wineries establish partnerships with Polish wine importers, distributors, and retail buyers. It...

**Footwear and Accessories Producers Attend Expo-Shoes in Kiev**  
October 31, 2012  
CEED II supported 5 small and medium sized producers of shoes, bags, and accessories to display their products at Expo-Shoes in Kiev, Ukraine. During the expo, the companies established new contacts and found distributors for the Ukrainian market. Mr. Ion Stavila, the Ambassador...

**Sales Training for Moldovan Furniture Producers**  
October 31, 2012  
Twenty Moldovan furniture companies attended a strategic sales training organized by CEED II and the Association Furniture Producers of Moldova. The training was led by a certified Theory of Constraints (TOC) expert and targeted furniture company owners and directors. As a result of...

**Business opportunities in the Moldovan ICT Sector Highlighted in Romania**  
October 11, 2012  
On October 2, 2012, in Bucharest, IDC Romania headlined an event that highlighted for the Romanian ICT community the business opportunities that exist in the Republic of Moldova. The event targeted decision makers from Romanian or regional ICT companies operating in Romania that...

**Seminar "Corporate Finance: Capital Structure" (for furniture sector)**  
November 23, 2012  
Location: Summit Conference Center

**Presentation of the study on normative-technological documents & conformity...**  
November 8, 2012  
Location: Ministry of Agriculture and Food Industry conference room

**Strategic Sales Training (for owners, general managers, marketing and sales mana...**  
November 22, 2012  
Location: Summit Conference Center

**Featured Activities**

**StartupWeekend Moldova**  
November 16-18, 2012

*Facebook.* CEED II continued to share information about project events through Facebook. By the end of year, 758 people had "Liked" the CEED II page – an increase of 369 people. Project-initiated

pages for other events such as the Moldova ICT Summit (1,595 Likes), Startup Weekend (833 Likes), and Dininima.md (2,217 Likes) were also very popular.

*USAID.* Throughout the reported period, CEED II regularly submitted its “calendar of activities” to USAID for inclusion on the Mission website. In addition, CEED II organized several site visits for visiting USG officials thereby highlighting USAID’s work in Moldova and its impact. CEED II also wrote several branded success stories during the year – available in Appendix V.

In addition, all CEED II communications materials (i.e. fact sheets, banners, door plaques, folders, etc.) were compliant with the USAID branding regulations and were used consistently by project team members in their everyday communication with the stakeholders.

Finally, CEED II developed and maintained good relations and fruitful cooperation with government through regular consultations, meetings, written communication, signing MOUs, formalizing the partnerships for certain activities, and highlighting joint events and accomplishments.

### **C. Monitoring & Evaluation**

CEED II’s results to-date are reported in Section III above and in Appendix I-II. After submission of the Year 1 Annual Report, several problems were identified with the PMP design that needed to be corrected. Consequently, during January-February 2012, the COP, DCOP, and Tatiana Durllestean conducted an in-depth analysis of the project’s PMP, examining the indicators and/or indicator definitions, the calculation methods, and annual and life-of-project targets. Based upon this analysis, they made several recommendations for how to improve the PMP and M&E system. These recommendations – contained in the memo in Appendix III – were discussed with the project COR and then submitted for approval along with an updated PMP. The updated PMP was approved on March 21, 2012. Subsequently, CEED II adjusted the database to be in line with the updated PMP.

### **D. Environmental Compliance**

No activities implemented during Year 2 had a negative impact on the environment. In March 2012, the CEED II team met with Mr. William Gibson, PhD, Regional Environmental Advisor and Acting Bureau Environmental Officer/USAID, to discuss the project and its activities. Mr. Gibson concluded that CEED II activities were compliant and that as described were subject to categorical exclusions.

## **APPENDIX I**

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### **Performance Indicator Chart**



## PMP Performance Indicator Chart

Indicator	Detailed Description	Unit	Disaggregation	Justification/Management Utility	Data Source	Data Collection / Reporting Frequency	Baseline	Targets / Results	
<b>Project Purpose: To grow and expand the competitiveness and efficiency of key strategic industries in Moldova leading to increased sales and investment.</b>									
1	<b>Sales of assisted enterprises</b>	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. Additionally, sales growth is a key indicator of economic health and competitiveness within targeted industry clusters.	Enterprises, associations, and BSPs	Data collected quarterly, reported annually	Variable: The 4 quarters prior to the reporting period (year) in which assistance began for each company	Yr 1: +10% / +28.78% Yr 2: +10% / <b>19.30%</b> Yr 3: +10% Yr 4: +10% <b>LOP: +10%</b>
2	<b>Investment in assisted enterprises</b>	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. Additionally, investment growth is an indicator of economic health and industry competitiveness.	Enterprises, including BSPs, National Bank of Moldova and investors	Data collected quarterly, reported annually	Variable: The 4 quarters prior to the reporting period (year) in which assistance began for each company	Yr 1: +15% / +70.44% Yr 2: +15% / <b>36.21%</b> Yr 3: +15% Yr 4: +15% <b>LOP: +15%</b>
<b>Objective 1: Productivity of targeted industries increased.</b>									
<b>Expected Result 1.1: Use of improved technologies and business processes within target industries increased</b>									
3	<b>Enterprises receiving project-related assistance to improve their knowledge, processes, and technologies<sup>2</sup></b>	Number of unique enterprises receiving direct or indirect assistance from the project to improve their knowledge about better processes and technologies that will enhance productivity and/or improve products and services etc.	#	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	Data collected quarterly, reported quarterly	Zero (0)	Yr 1: 50 / +73 Yr 2: 85 / <b>+129</b> Yr 3: 70 Yr 4: 15 <b>LOP: 220</b>

<sup>2</sup> CEED II will use indicator no. 3 as a proxy for standard F-indicator 4.6.2, "Number of firms receiving USG supported assistance to improve their management practices".

Indicator	Detailed Description	Unit	Disaggregation	Justification/Management Utility	Data Source	Data Collection / Reporting Frequency	Baseline	Targets	
4	<b>Assisted enterprises applying improved knowledge, processes, and technologies</b>	Number of unique enterprises that are applying lessons learned and new knowledge from technical assistance received directly or indirectly from the project	#	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 only be effective 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	Data collected quarterly, reported quarterly	Zero (0)	Yr 1: 35 / 20 Yr 2: 55 / <b>+115</b> Yr 3: 45 Yr 4: 25 <b>LOP: 160</b>
5	<b>Productivity of assisted enterprises</b>	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 or through increase sales volumes, or both. This measures whether productivity efforts are working.	Enterprises	Data collected quarterly, reported annually	Variable: The 4 quarters prior to the reporting period (year) in which assistance began for each company	Yr 1: +2% / +27.56% Yr 2: +3% / <b>+17.64%</b> Yr 3: +6% Yr 4: +6% <b>LOP: +4.25%</b>
<b>Expected Result 1.2: Capacity of the workforce in targeted industries increased</b>									
6	<b>Investments in workforce development initiatives by assisted enterprises or other cluster actors</b>	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 an 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, and other cluster actors (including the GOM and grantees), and project staff	Data collected quarterly, reported annually	Variable: The 4 quarters prior to the reporting period (year) in which assistance began for each company or other actor	Yr 1: +10% / -44.28% Yr 2: +10% / <b>17.68%</b> Yr 3: +10% Yr 4: +10% <b>LOP: +10%</b>
7	<b>Participants in project-related trainings or capacity building programs<sup>3</sup></b>	Number of people that participate in trainings and other capacity building programs directly delivered by the project, or facilitated by the project and delivered by other cluster actors, including enterprises or academic institutions	#	Target industry, type of provider (project, enterprise, BSP, or academic institution), and sex	Increased access to knowledge through 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	Data collected quarterly, reported quarterly	Zero (0)	Yr 1: 700 / 1,357 Yr 2: 1,000 / <b>3,387</b> Yr 3: 1,650 Yr 4: 1,650 <b>LOP: 5,000</b>

<sup>3</sup> CEED II will use indicator no. 7 as a proxy for standard F-indicator 4.6.3, “Number of persons participating in USG-funded workforce development programs”.

Indicator	Detailed Description	Unit	Disaggregation	Justification/Management Utility	Data Source	Data Collection / Reporting Frequency	Baseline	Targets	
<b>Expected Result 1.3: Capacity of industry service providers and other value chain actors increased</b>									
8	<b>Assisted enterprises paying for BSP services with some or all of their own resources</b>	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 service.	Enterprises, BSPs, associations, grantees as applicable and project staff	Data collected quarterly, reported annually	-NA-	Yr 1: 10% / 35.29% Yr 2: 15% / <b>50.00%</b> Yr 3: 20% Yr 4: 25% <b>LOP: 17.5%</b>
<b>Objective 2: Trade and investment in targeted industries increased</b>									
<b>Expected Result 2.1: Quality of products and services produced by enterprises in targeted industries improved</b>									
10	<b>Enterprises participating in project-related programs to enhance trade and investment capacity</b>	Number of unique enterprises receiving direct or indirect assistance from the project to improve their trade and investment capacity	#	Target industry, women-owned enterprises, size of enterprise	Monitoring the number of trainings 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 towards or meet international standards for improved international trade.	Project records, associations, BSPs, and grantees as applicable	Data collected quarterly, reported quarterly	Zero (0)	Yr 1: 50 / 48 Yr 2: 85 / <b>80</b> Yr 3: 70 Yr 4: 15 <b>LOP: 220</b>
11	<b>Assisted enterprises following recognized product or process standards</b>	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 creditable partners.	Enterprises, BSPs, associations, grantees as applicable, and project staff	Data collected quarterly, reported annually	-NA-	Yr 1: 5% / 0% Yr 2: 10% / <b>6.78%</b> Yr 3: 15% Yr 4: 20% <b>LOP: 20%</b>
<b>Expected Result 2.2: Positioning and promotion of products and services from targeted industries in new or existing markets improved</b>									
12	<b>Assisted enterprises expanding sales to new or existing markets</b>	Number of unique assisted enterprises expanding sales to new or existing markets (domestic and export)	#	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	Data collected quarterly, reported quarterly	Zero (0)	Yr 1: 35 / 12 Yr 2: 55 / <b>47</b> Yr 3: 45 Yr 4: 25 <b>LOP: 160</b>

Indicator		Detailed Description	Unit	Disaggregation	Justification/Management Utility	Data Source	Data Collection / Reporting Frequency	Baseline	Targets
13	<b>Assisted enterprises exhibiting at trade shows or participating in business-to-business (B2B) events</b>	Number of enterprises (non-unique) participating or exhibiting at trade shows or B2B events (foreign or domestic)	#	Target industry, women-owned enterprises, size of enterprise	Participation at trade shows and B2B events puts enterprises in front of potential buyers, it will also help to raise the profile and image of Moldova.	Project records, enterprises, associations, and BSPs	Data collected quarterly, reported quarterly	Zero (0)	Yr 1: 20 / 93 Yr 2: 25 / <b>213</b> Yr 3: 30 Yr 4: 25 <b>LOP: 100</b>
<b>Expected Result 2.3: Access to financing and investment by enterprises in targeted industries increased</b>									
14	<b>Financing accessed by assisted enterprises</b>	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 growing ability of enterprises and financial institutions to measure and manage business and financial risks. This indicator will allow the project to monitor finance trends in target sectors.	Enterprises, including BSPs, and financial institutions	Data collected quarterly, reported annually	Variable: The 4 quarters prior to the reporting period (year) in which assistance began for each company	Yr 1: +10% / -4.51% Yr 2: +10% / <b>35.16%</b> Yr 3: +10% Yr 4: +10% <b>LOP: +10%</b>
15	<b>Assisted enterprises with increased financing or investment in targeted industries</b>	Number of assisted enterprises (non-unique) that are able to access greater amounts of financing or investment	#	Target industry, women-owned enterprises, size of enterprise	Increased financing and/or investment is a key indicator of increased competitiveness and growth.	Enterprises, including BSPs, and financial institutions (including grantees as applicable)	Data collected quarterly, reported annually	Zero (0)	Yr 1: 25 / 22 Yr 2: 45 / <b>43</b> Yr 3: 40 Yr 4: 15 <b>LOP: 125</b>
<b>Objective 3: Public-private dialogue improved leading to a better business environment for targeted industries.</b>									
<b>Expected Result 3.1: Viability and number of industry associations and member-based organizations increased</b>									
16	<b>Associations or member-based organizations demonstrating increased leadership in targeted industries</b>	Number of associations (or member-based organizations) providing leadership <sup>4</sup> to targeted clusters, such as coordinating industry-level activities or initiatives, developing a strategy document, holding industry meetings, etc	#	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	Data collected quarterly, reported quarterly	Zero (0)	Yr 1: 4 / 11 Yr 2: 4 / <b>8</b> Yr 3: 2 Yr 4: 0 <b>LOP: 10</b>

<sup>4</sup> Increased leadership means that associations are more active than before receiving USG support; this includes but is not limited to actively seeking new members, proactively developing an annual activity plan, working to promote their members' interests, and/or engaging with public sector policy makers,

Indicator		Detailed Description	Unit	Disaggregation	Justification/Management Utility	Data Source	Data Collection Frequency	Baseline	Targets
17	<b>Increased revenues of associations or member-based organizations</b>	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 of industry associations indicates sustainability and effectiveness of the associations to respond to the private sector.	Associations and other member-based organizations	Data collected quarterly, reported annually	Variable: The 4 quarters prior to the reporting period (year) in which assistance began for each assoc.	Yr 1: +10% / 126.81% Yr 2: +10% / <b>92.31%</b> Yr 3: +10% Yr 4: +10% <b>LOP: +10%</b>
18	<b>Member satisfaction level of associations or member-based organizations</b>	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	Data collected annually, reported annually	-NA-	Yr 1: 50% / 81.74% Yr 2: 55% / <b>66.50%</b> Yr 3: 60% Yr 4: 65% <b>LOP: 57.5%</b>
<b>Expected Result 3.2: Private sector capacity for advocacy and policy analysis increased</b>									
19	<b>Participants at project-related trainings or workshops about advocacy or policy analysis</b>	Number of participants at project-related trainings or workshops about lobbying, advocacy or policy analysis	#	Target industry	The number of participants at trainings or workshops about lobbying, advocacy or policy analysis will indicate the depth of exposure or knowledge within the industry about this.	Project records, associations, BSPs, and grantees as applicable	Data collected quarterly, reported quarterly	Zero (0)	Yr 1: 50 / 292 Yr 2: 100 / <b>199</b> Yr 3: 100 Yr 4: 50 <b>LOP: 300</b>
20	<b>Policy or position papers published or commissioned by assisted associations or member-based organizations</b>	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.	#	Target industry	The number of policy papers or memoranda published by private sector is an indicator of increasing influence of the private sector to advocate for a better business enabling environment.	Associations and other member-based organizations	Data collected quarterly, reported quarterly	Zero (0)	Yr 1: 5 / 9 Yr 2: 10 / <b>8</b> Yr 3: 10 Yr 4: 10 <b>LOP: 35</b>

Indicator	Detailed Description	Unit	Disaggregation	Justification/Management Utility	Data Source	Data Collection Frequency	Baseline	Targets	
<b>Expected Result 3.3: Understanding by the public sector of private sector concerns and actions taken to improve conditions for targeted industries increased</b>									
21	<b>Consultative meetings or events between reps. from the public and private sectors as a result of project assistance</b>	Number of consultative meetings or events between representatives of the public and private sectors to discuss ways to improve the business environment facing targeted industries	#	Target industry	The number of consultative meetings of public and private sector representatives will contribute to greater understanding between both sides and lead to more productive and constructive dialogue.	Government of Moldova sources and associations or member-based organizations	Data collected quarterly, reported quarterly	Zero (0)	Yr 1: 10 / 15 Yr 2: 15 / <b>19</b> Yr 3: 15 Yr 4: 10 <b>LOP: 50</b>
22	<b>Government actions taken that improve the business environment in targeted industries</b>	Number of government actions/initiatives taken that improve the performance of selected industries; includes ordinances, government decrees, etc.	#	Target industry	Actions/initiatives by the government to improve the business environment facing targeted industries demonstrates their commitment to helping develop them.	Official Gazette, other Government of Moldova sources, and associations or member-based organizations	Data collected quarterly, reported quarterly	Zero (0)	Yr 1: 5 / 8 Yr 2: 10 / <b>5</b> Yr 3: 10 Yr 4: 5 <b>LOP: 30</b>

## **APPENDIX II**

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### **PMP – Disaggregated Results, Year 2**



Final indicators	Target	Actual	Year 1 Actual vs. Target	Target	Actual	Year 2 Actual vs. Target
	Year 1	Year 1		Year 2	Year 2	
01. Sales of assisted enterprises	10.00%	28.78%	18.78%	10.00%	19.30%	9.30%
MDL		166,455,171			335,338,918	
USD		15,607,900			27,934,769	
Target industry disaggregation						
wine industry		23.42%			39.10%	
MDL		96,104,651			354,090,055	
USD		9,229,650			29,586,839	
textile&apparel industries		32.11%			8.92%	
MDL		70,033,974			(17,669,127)	
USD		6,351,432			(1,557,523)	
IT industry		100.00%			14.15%	
MDL		316,547			(1,082,920)	
USD		26,818			(88,052)	
furniture industry		n/a			-1.58%	
MDL		n/a			7,195,525	
USD		n/a			566,166	
fashion accessories industries		n/a			12.04%	
MDL		n/a			(7,544,463)	
USD		n/a			(624,786)	
emerging exports industries		n/a			5.01%	
MDL		n/a			349,848	
USD		n/a			52,124	
Enterprise size disaggregation						
micro		41.51%			65.51%	
MDL		(72,853)			2,890,080	
USD		(9,142)			240,077	
small		60.66%			26.28%	
MDL		5,181,404			8,294,881	
USD		495,629			697,805	
medium		26.16%			11.48%	
MDL		17,395,130			96,341,624	
USD		2,173,898			8,052,254	
large		21.03%			17.13%	
MDL		143,951,491			27,812,333	
USD		12,947,514			18,944,631	
Female ownership disaggregation						
female ownership		26.15%			27.49%	
MDL		67,516,652			198,622,920	
USD		6,655,001			16,445,170	
NO female ownership		33.09%			11.38%	
MDL		98,938,520			136,715,998	
USD		8,952,899			11,489,599	

Final indicators	Target	Actual	Year 1 Actual vs. Target	Target	Actual	Year 2 Actual vs. Target
	Year 1	Year 1		Year 2	Year 2	
02. Investment in assisted enterprises	15.00%	70.44%	55.44%	15.00%	36.21%	21.21%
MDL		173,588,026.88			235,480,810.00	
USD		15,220,519.10			19,492,944.00	
Target industry disaggregation						
wine industry		74.51%			61.97%	
MDL		159,772,821			234,696,260	
USD		14,014,372			30,340,385	
textile&apparel industries		43.19%			-24.71%	
MDL		13,815,206			(11,318,188)	
USD		1,205,316			(964,055)	
IT industry		n/a			-54.79%	
MDL		0.00			(130,400)	
USD		0.00			(10,577)	
furniture industry		n/a			5.15%	
MDL		n/a			9,080,722	
USD		n/a			709,478	
fashion accessories industries		n/a			6.49%	
MDL		n/a			3,188,074	
USD		n/a			251,585	
emerging exports industries		n/a			-18.41%	
MDL		n/a			(357)	
USD		n/a			(23)	
Enterprise size disaggregation						
micro		100.00%			17.37%	
MDL		200,000			7,861	
USD		17,352			601	
small		109.28%			678.35%	
MDL		1,779,414			40,610,115	
USD		154,443			3,395,044	
medium		-17.32%			54.34%	
MDL		(16,953,979)			60,058,615	
USD		(1,435,945)			4,971,252	
large		128.34%			25.32%	
MDL		188,562,592			134,025,980	
USD		16,484,670			11,066,520	
Female ownership disaggregation						
female ownership		6.84%			78.61%	
MDL		7,463,030			172,963,734	
USD		776,472			14,307,724	
NO female ownership		121.00%			14.53%	
MDL		166,124,997			62,517,076	
USD		14,444,047			5,185,220	

Final indicators	Target	Actual	Year 1 Actual vs. Target	Target	Actual	Year 2 Actual vs. Target
	Year 1	Year 1		Year 2	Year 2	
<b>Objective 1: Productivity of targeted industries increased.</b>						
<b>Expected Result 1.1: Use of improved technologies and business processes within target industries increased</b>						
03. Enterprises receiving project-related assistance to improve their knowledge, processes, and technologies	50	72	22	85	129	44
<b>Target industry disaggregation</b>						
wine industry		24			6	
textile&apparel industries		19			20	
IT industry		21			18	
furniture industry		1			47	
fashion accessories industries					19	
emerging exports industries		1			11	
other		6			8	
<b>Enterprise size disaggregation</b>						
micro		4			24	
small		19			54	
medium		30			41	
large		19			9	
<b>Female ownership disaggregation</b>						
female ownership		33			28	
NO female ownership		39			101	
04. Assisted enterprises applying improved knowledge, processes, and technologies	35	19	(16)	55	115	60
<b>Target industry disaggregation</b>						
wine industry		4			20	
textile&apparel industries		11			19	
IT industry		1			27	
furniture industry		1			32	
fashion accessories industries					12	
emerging exports industry					1	
other		2			4	
<b>Enterprise size disaggregation</b>						
micro		1			14	
small		5			38	
medium		7			43	
large		6			20	
<b>Female ownership disaggregation</b>						
female ownership		12			38	
NO female ownership		7			77	

Final indicators	Target	Actual	Year 1 Actual vs. Target	Target	Actual	Year 2 Actual vs. Target
	Year 1	Year 1		Year 2	Year 2	
05. Productivity of assisted enterprises	2.00%	27.56%	25.56%	3.00%	17.64%	14.64%
number of employees		(333)			(68)	
Target industry disaggregation						
wine industry		29.33%			37.60%	
number of employees		(335)			17	
textile&apparel industries		24.78%			5.59%	
number of employees		3			47	
IT industry		n/a			26.87%	
number of employees		n/a			1	
furniture industry		n/a			-2.53%	
number of employees		n/a			41	
fashion accessories industries		n/a			12.83%	
number of employees		n/a			(163)	
emerging exports industries		n/a			-7.63%	
number of employees		n/a			1	
Enterprise size disaggregation						
micro		-50.19%			52.07%	
number of employees		7			3	
small		35.12%			21.91%	
number of employees		8			(6)	
medium		27.77%			11.72%	
number of employees		(8)			20	
large		30.71%			18.34%	
number of employees		(339)			(84)	
Female ownership disaggregation						
female ownership		25.26%			29.02%	
number of employees		(246)			(13)	
NO female ownership		31.65%			6.27%	
number of employees		(86)			(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%	-44.28%	-54.28%	10.00%	17.68%	7.68%
Target industry disaggregation						
wine industry		-66.50%			6.46%	
textile&apparel industries		-19.23%			-0.31%	
IT industry		n/a			200.00%	
furniture industry		n/a			29.58%	
fashion accessories industries		n/a			45.08%	
emerging exports industries		n/a			200.00%	
Female ownership disaggregation						
female ownership		-46.88%			0.42%	
NO female ownership		31.65%			44.19%	

Final indicators	Target	Actual	Year 1 Actual vs. Target	Target	Actual	Year 2 Actual vs. Target
	Year 1	Year 1		Year 2	Year 2	
07. Participants in project-related trainings or capacity building programs	700	1,357	657	1,000	3,387	2,387
Type of provider disaggregation						
associations		10			1,289	
academic institutions		22			67	
business service providers		186			492	
enterprises		10			8	
project		1,129			1,531	
Sex disaggregation						
female participants		469			1,484	
men participants		888			3,260	
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%	35.29%	25.29%	15.00%	50.00%	35.00%
Target industry disaggregation						
wine industry		50.00%			47.06%	
textile&apparel industries		14.29%			45.45%	
IT industry		n/a			100.00%	
furniture industry		n/a			55.56%	
fashion accessories industries		n/a			50.00%	
emerging exports industries		n/a			50.00%	
Female ownership disaggregation						
female ownership		28.57%			53.85%	
NO female ownership		66.67%			45.83%	
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	48	(2)	85	80	(5)
Target industry disaggregation						
wine industry		26			6	
textile&apparel industries		22			14	
IT industry						
furniture industry					43	
fashion accessories industries					16	
emerging exports industry						
other					1	
cross-cutting						
Enterprise size disaggregation						
micro		4			14	
small		6			23	
medium		25			33	
large		13			10	
Female ownership disaggregation						
female ownership		34			21	
NO female ownership		14			59	

Final indicators	Target	Actual	Year 1 Actual vs. Target	Target	Actual	Year 2 Actual vs. Target
	Year 1	Year 1		Year 2	Year 2	
11. Assisted enterprises following recognized product or process standards	5.00%	0.00%	-5.00%	10.00%	6.78%	-3.22%
wine industry					2	
textile&apparel industries					1	
fashion accessories industries					1	
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	(22)	55	47	(8)
Target industry disaggregation						
wine industry		3			16	
textile&apparel industries		9			8	
IT industry		1				
furniture industry					10	
fashion accessories industries					13	
emerging exports industry						
other						
cross-cutting						
Enterprise size disaggregation						
micro		1			6	
small		2			11	
medium		4			18	
large		6			12	
Female ownership disaggregation						
female ownership		9			24	
NO female ownership		4			23	
13. Assisted enterprises exhibiting at trade shows or participating in business-to-business (B2B) events	20	93	73	25	213	188
Target industry disaggregation						
wine industry		47			112	
textile&apparel industries		45			61	
IT industry						
furniture industry					18	
fashion accessories industries					22	
emerging exports industry						
other		1				
cross-cutting						

Final indicators	Target	Actual	Year 1 Actual vs. Target	Target	Actual	Year 2 Actual vs. Target
	Year 1	Year 1		Year 2	Year 2	
Enterprise size disaggregation						
micro		4			18	
small		10			38	
medium		46			74	
large		33			83	
Female ownership disaggregation						
female ownership		56			118	
NO female ownership		37			95	
<b>Expected Result 2.3: Access to financing and investment by enterprises in targeted industries increased</b>						
14. Financing accessed by assisted enterprises	10.00%	-4.51%	-14.51%	10.00%	35.16%	25.16%
Target industry disaggregation						
wine industry		-2.23%			41.43%	
textile&apparel industries		-34.41%			35.46%	
IT industry						
furniture industry					-12.24%	
fashion accessories industries					28.48%	
emerging exports industries						
other						
cross-cutting						
Enterprise size disaggregation						
micro					1668.84%	
small		714.49%			-86.53%	
medium		-58.58%			164.24%	
large		-3.48%			28.53%	
Female ownership disaggregation						
female ownership		33.95%			84.44%	
NO female ownership		-11.33%			18.15%	
15. Assisted enterprises with increased financing or investment in targeted industries	25	22	(3)	45	43	(2)
Target industry disaggregation						
wine industry		12			21	
textile&apparel industries		10			11	
IT industry						
furniture industry					5	
fashion accessories industries					5	
emerging exports industries					1	
other						
cross-cutting						
Enterprise size disaggregation						
micro		1			1	
small		4			7	
medium		8			18	
large		9			17	
Female ownership disaggregation						
female ownership		16			22	
NO female ownership		6			21	

Final indicators	Target	Actual	Year 1 Actual vs. Target	Target	Actual	Year 2 Actual vs. Target
	Year 1	Year 1		Year 2	Year 2	
<b>Objective 3: Public-private dialogue improved leading to a better business environment for targeted industries.</b>						
<b>Expected Result 3.1: Viability and number of industry associations and member based organizations increased</b>						
16. Associations or member-based organizations demonstrating increased leadership in targeted industries	4	11	7	4	8	4
wine industry		9			3	
textile&apparel industries		1				
IT industry		1				
furniture industry					1	
fashion accessories industries						
emerging exports industries					4	
17. Increased revenues of associations or member-based organizations	10.00%	126.81%	116.81%	10.00%	92.31%	82.31%
wine industry		74.09%			97.91%	
textile&apparel industries		200.00%			172.35%	
IT industry		159.08%			-4.54%	
furniture industry						
fashion accessories industries						
emerging exports industries						
18. Member satisfaction level of associations or member-based organizations	50.00%	81.74%	31.74%	55.00%	66.50%	11.50%
wine industry		85.50%			78.50%	
textile&apparel&fashion industries		75.00%			25.00%	
IT industry		80.95%			84.60%	
furniture industry						
fashion accessories industries						
emerging exports industries						
<b>Expected Result 3.2: Private sector capacity for advocacy and policy analysis increased</b>						
19. Participants at project-related trainings or workshops about advocacy or policy analysis	50	292	242	100	199	99
wine industry		270			75	
textile&apparel industries		22				
IT industry						
furniture industry					94	
fashion accessories industries						
emerging exports industries					30	
20. Policy or position papers published or commissioned by assisted associations or member-based organizations	5	9	4	10	8	(2)
wine industry		8			5	
textile&apparel industries						
IT industry		1			3	
furniture industry						
fashion accessories industries						
emerging exports industries						

Final indicators	Target	Actual	Year 1 Actual vs. Target	Target	Actual	Year 2 Actual vs. Target
	Year 1	Year 1		Year 2	Year 2	
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	5	15	19	4
wine industry		14			10	
textile&apparel industries						
IT industry		1			2	
furniture industry						
fashion accessories industries						
emerging exports industries					7	
22. Government actions taken that improve the business environment in targeted industries	5	8	3	10	5	(5)
wine industry		6			2	
textile&apparel industries						
IT industry		2			5	
furniture industry						
fashion accessories industries						
emerging exports industries					1	



## **APPENDIX III**

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**Memo: Improvements and Adjustments to CEED II Performance Monitoring Plan**



# MEMO

**From:** Douglas Griffith, Chief of Party

**To:** Sergiu Botezatu, USAID COTR

**CC:** Doina Nistor, Deputy Chief of Party

**Date:** March 21, 2012

**Re:** Improvements and Adjustments to CEED II Performance Monitoring Plan

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During January-February 2012, the CEED II team, namely Doina Nistor and I assisted by Tatiana Durllestan, conducted an in-depth analysis of the project's Performance Monitoring Plan (PMP), examining the indicators and/or indicator definitions, the calculation methods, and annual and life-of-project targets. This deep analysis was necessary to fine tune the design and construction of the project's M&E database and to correct several problems that were identified earlier and described in the CEED II Year 1 Annual Report.

As a result, a series of proposed improvements, by indicator, are described below. These proposed changes have been incorporate into the updated PMP (attached), notably in the Performance Indicator Chart and Performance Indicator Reference Sheets sections.

**1. Sales of assisted enterprise (Indicator 1).** We propose to improve the methodology for calculating the annual aggregate percentage change in sales of assisted enterprises. The original calculation method is the percentage change between the sum of all sales in the baseline year (or preceding year) for each assisted enterprise and the sum of all sales during the assisted year (or reporting period), or -0.8% in the example below.

Indicator 1 Calculation Method: "Old" vs. "New"	Sales in Baseline Year (four quarters)	Sales in Assisted Year (four quarters)	Change in Sales	% Change in Sales (% change of total sales)	% Change in Sales (average % change per company)
Company A	1,000	850	(150)	--	-15.0%
Company B	850	880	30	--	3.5%
Company C	650	700	50	--	7.7%
Company D	100	150	50	--	50.0%
<b>TOTAL</b>	<b>2,600</b>	<b>2,580</b>	<b>(20)</b>	<b>-0.8%</b>	<b>11.6%</b>
<b>Currently reported increase in sales using "old calculation method":</b>				<b>-0.8%</b>	
<b>Revised reported increase in sales using "new calculation method":</b>				<b>11.6%</b>	

The problem with the original calculation method is that the value returned is skewed towards the results of large companies. The nominal sales growth, or decline, of larger companies overwhelms the results of small and medium sized enterprises, thus distorting the overall picture and incorrectly portraying CEED II's impact.

As such, we propose a new methodology that would compute the annual aggregate percentage change by *averaging* (calculating an arithmetic mean) the percentage change in sales of each assisted company. In the example above, this would return a value of +11.6%.

In addition, for the new methodology we propose to cap extreme values (whether positive or negative) at 200%. An extreme value or outlier is defined as any positive or negative growth of over 200% registered by an assisted company during a reporting period. Similarly, since

assisted start-ups have no baseline (or rather a baseline of zero), it is mathematically impossible to calculate a percentage change in sales in the first year of operation; thus, we propose to fix the percentage change in sales for startups in the first year to 100%.

We also propose to modify the life-of-project (LOP) target because calculating the LOP results based upon year-on-year changes in sales, as originally envisioned, is not possible unless the baseline is fixed from the beginning. In fact, the baseline is variable because CEED II will engage companies throughout the project period and at unspecified points in time. As such, we propose that the LOP target be a simple average of the annual performance targets; so in the case of indicator no. 1, the target will be +10%.

Finally, although the absolute, or nominal, change in value of sales of assisted enterprises is not a formal indicator, we will report it for information purposes.

**2. Investment in assisted enterprise (Indicator 2).** We propose to modify the LOP target in the same way and for the same reasons as discussed above for Indicator 1.

Also, although the absolute, or nominal, change in investment of assisted enterprises is not a formal indicator, we will report it for information purposes.

**3. Enterprises receiving project-related assistance to improve their knowledge, processes, and technologies (Indicator 3).** We propose to adjust the annual and LOP targets for this indicator. During Year 1, we have determined that the number of unique, viable companies in each target industry, the likely beneficiaries of project assistance, ranges from 30 to 50 enterprises. Our estimates are shown in the table at the right.

Therefore, we propose that the total LOP target for this indicator be reduced to 220 from 350 and that the annual targets for Year 3 and 4 be reduced accordingly. The number of potential beneficiary companies, unassisted and viable, within the target industries will be low in these years because CEED II's outreach will be aggressive during the first two years.

Target Industry	Est. No. of Beneficiary Companies
Apparel & Textiles	50
Emerging Industries	20
Fashion Accessories	30
Home Furnishings	40
IT	50
Wine	30
<b>TOTAL</b>	<b>220</b>

**4. Assisted enterprises applying improved knowledge, processes, and technologies (Indicator 4).** We propose to adjust the annual and LOP targets for this indicator because they are linked to the targets established for Indicator 3. We propose that the targets for this indicator be reduced in proportion to the reduction in Indicator 3.

**5. Productivity of assisted enterprises (Indicator 5).** We propose to change the calculation for this indicator in the same way that we proposed to change the calculation for Indicator 1. Our proxy for productivity is "sales per employee". The new calculation will be an average (arithmetic mean) of the percentage change of sales per employee in the baseline year compared to sales per employee in the assisted year for each assisted enterprise. We will handle extreme values, i.e. percentage changes greater than 200%, and values for startup enterprises as outlined for Indicator 1.

In addition, we propose to modify the LOP target in the same way and for the same reasons as discussed above for Indicator 1.

Finally, we propose to change the indicator definition from "the percent change in the value of sales per full-time equivalent (FTE) job measured by person-days of employment, converted to FTE jobs using 200 days of labor/year" to simply "the percent change in the

value of sales per job/employee”. This is because assisted enterprises are providing the number of employees for the reporting period, and not person-days of employment.

**6. Investments in workforce development initiatives by assisted enterprises or other cluster actors (*Indicator 6*).** We propose to modify the LOP target in the same way and for the same reasons as discussed above for Indicator 1.

**7. Participants in project-related trainings or capacity building programs (*Indicator 7*).** No change from original PMP.

**8. Assisted enterprises paying for BSP services with some or all of their own resources (*Indicator 8*).** We propose to change the definition, method of calculation, and targets for this indicator. Originally this indicator was intended to capture the “percent change in the number of assisted enterprises...paying more for BSP services”. However this calculation is not possible without knowing how many companies paid more in the baseline year, which itself is not possible without data from the year prior to the baseline year.

Instead, we propose to measure the percentage, or weight, of assisted enterprises paying more for BSP services in a given reporting period. The new calculation is simply the number of companies paying more for BSP services divided by the number of assisted enterprises. The updated annual targets reflect a modest increase in the percent of companies paying more for BSP services. Also, we propose to modify the LOP target in the same way and for the same reasons as discussed above in point one.

**9. Repeat clients of (assisted) BSPs (*Indicator 9*).** We propose to permanently remove Indicator 9 from our PMP because CEED II does not envision having many BSPs as project beneficiaries. To-date there has been only one, QLab. And this is not likely to change.

**10. Enterprises participating in project-related programs to enhance trade and investment capacity (*Indicator 10*).** We propose to adjust the annual and LOP targets for this indicator for the same reasons discussed above for Indicator 3.

**11. Assisted enterprises following recognized product or process standards (*Indicator 11*).** We propose to change the definition, method of calculation, and targets for this indicator. We propose to measure the percentage, or weight, of assisted enterprises that introduced new recognized standards in a given reporting period. The new calculation is the number of companies that introduced new standards divided by the number of assisted enterprises. The annual targets show modest increases. Because the annual targets are cumulative, the Year 4 target is also the LOP target.

**12. Assisted enterprises expanding sales to new or existing markets (*Indicator 12*).** We propose to adjust the annual and LOP targets for this indicator for the same reasons discussed above for Indicator 3.

**13. Assisted enterprises exhibiting at trade shows or participating in business-to-business (B2B) events (*Indicator 13*).** No change from original PMP.

**14. Financing accessed by assisted enterprises (*Indicator 14*).** We propose to modify the LOP target in the same way and for the same reasons as discussed for Indicator 1.

Also, although the absolute, or nominal, change in value of financing accessed by assisted enterprises is not a formal indicator, we will report it for information purposes.

**15. Assisted enterprises with increased financing or investment in targeted industries (Indicator 15).** We propose to adjust the annual and LOP targets for this indicator for the same reasons discussed above for Indicator 3.

**16. Associations or member-based organizations demonstrating increased leadership in targeted industries (Indicator 16).** No change from original PMP.

**17. Increased revenues of associations or member-based organizations (Indicator 17).** We propose to change the calculation for this indicator in the same way that we proposed to change the calculation for Indicator 1, and we will also modify the LOP targets in the same way and for the same reason. Likewise, we will handle extreme values, i.e. percentage changes greater than 200%, and values for startup enterprises as outlined for Indicator 1.

**18. Member satisfaction level of associations or member-based organizations (Indicator 18).** We propose to change the definition, method of calculation, and targets for this indicator. We propose that the indicator be defined as the average percentage, or weight, of members that are satisfied from assisted associations. The calculation is the average satisfaction percentage for all associations, with the satisfaction calculation for each association being the number of satisfied members divided by the total number of members that have responded to a member satisfaction survey. The updated annual targets show modest increases in the percent of members that are satisfied. Also, we propose to modify the LOP target in the same way and for the same reasons as discussed for Indicator 1.

**19. Participants at project-related trainings or workshops about advocacy or policy analysis (Indicator 19).** No change from original PMP.

**20. Policy or position papers published or commissioned by assisted associations or member-based organizations (Indicator 20).** No change from original PMP.

**21. Consultative meetings or events between reps. from the public and private sectors as a result of project assistance (Indicator 21).** No change from original PMP.

**22. Government actions taken that improve the business environment in targeted industries (Indicator 22).** No change from original PMP.

## **APPENDIX IV**

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### **List of Media Articles in Moldova**



## Summary of CEED II-Related Media-Mentioned During Year 2

Title	Media Outlet	Date/issue
"Rimvydas Birstonas helping Moldova's fashion industry" video story within the Face to Face e-project	Allmoldova business portal <a href="http://www.allmoldova.com/en/project/face-face/604.html">http://www.allmoldova.com/en/project/face-face/604.html</a>	October 19, 2011
"Moldovan-Style Fashion Business"	Business Class magazine	October 2011 issue
John Weeks about the Wine and the "Golden, Red and nr. 8" video story within the Face to Face e-project	Allmoldova business portal <a href="http://allmoldova.com/en/project/face-face/601.html">http://allmoldova.com/en/project/face-face/601.html</a>	October 23, 2011
"Importers Visiting Moldova" article	Logos Press newspaper	October 28, 2011
Winemakers in Partnership with the State: How to promote Moldovan Wines	Business Class magazine	October 2011 issue
"Consumers Appreciate the Wine flavor"	Logos Press newspaper	November 4, 2011
"The ICT Market Will Be Ascending in the Following 5 Years, a Study Shows "	Allmoldova business portal <a href="http://www.allmoldova.com/ro/moldova-news/1249058953.html">http://www.allmoldova.com/ro/moldova-news/1249058953.html</a>	November 10, 2011
"Report on IT Sector in Moldova" news reportage in Publika TV evening news program	Publika TV <a href="http://www.publika.md/raport--sectorul-it-din-republica-moldova-a-intrat-intr-o-perioada-de-stagnare_561711.html">http://www.publika.md/raport--sectorul-it-din-republica-moldova-a-intrat-intr-o-perioada-de-stagnare_561711.html</a>	November 2011
"USAID CEED II Project Presents the Competitiveness Assessment of the Moldovan IT Industry whitepaper" announcement	Placed in "Event" rubric of publika.md	November 10, 2011
Press release and USAID CEED II project proper branding in within the Black Sea Letex annual exhibition	Placed on <a href="http://moldexpo.md/">http://moldexpo.md/</a> and related event promotional materials	November 2011
" Moldovan IT Market Estimated: up to \$180 mln by 2015" article	ECONomist newspaper	November 10, 2011
"IT Industry of Moldova Assessment" video news	IT Moldova. com <a href="http://itmoldova.com/2011/11/10/evaluare-a-competitivitatii-industriei-it-din-moldova/">http://itmoldova.com/2011/11/10/evaluare-a-competitivitatii-industriei-it-din-moldova/</a>	November 10, 2011
Moldova IT Market ... news	Economika I Finansii/ Forum.md <a href="http://forum.md/Themes/economy/523050/1/#1">http://forum.md/Themes/economy/523050/1/#1</a>	November 10, 2011
"IT Market in Moldova" news	Jurnal.md <a href="http://www.jurnal.md/ro/news/piata-it-din-moldova-in-2015-la-180-mil-de-dolari-212542/">http://www.jurnal.md/ro/news/piata-it-din-moldova-in-2015-la-180-mil-de-dolari-212542/</a>	November 10, 2011
"in 2010 Market Size of IT in Moldova has Increased by 2,4% vs. \$131,33 mln.in year 2009" article news	Info Agency InfoMarket.MD evening news flow	November 10, 2011
"IT for Export" article	Panorama Info Agency <a href="http://pan.md/paper/Obshiestvo/Informatsionnie-tehnologii-na-eksport">http://pan.md/paper/Obshiestvo/Informatsionnie-tehnologii-na-eksport</a>	November 2011
" CEED II Advises Moldovan Authorities to Create Competitive Conditions for ICT Sector Development" article	Infotag newsflow/ (RO/RU/EN)	November 10, 2011

Title	Media Outlet	Date/issue
"Moldovan IT Sector Depends on the Public Private Partnership, and Readiness to Invest in Education" online news	Infotag News Agency Website <a href="http://www.infotag.md/news/592000/">http://www.infotag.md/news/592000/</a>	November 15, 2011
"Moldovan IT Industry and Human Resources" article	Capital Market <a href="http://capital.market.md/index.php?option=com_content&amp;task=view&amp;id=2229&amp;Itemid=34">http://capital.market.md/index.php?option=com_content&amp;task=view&amp;id=2229&amp;Itemid=34</a>	November 16, 2011 #45 (414)
IT Industry: an alternative for development or a chance missed?	Economist newspaper	November 16, 2011
"Practical Training Helps Moldovan IT Students Meet the Labor Market Requirements" article	Mesager Universitar, UTM newspaper & webiste	November 2011
"IT Students and IT Companies got together during the ICT Career Orientation activities" article	Mesager Universitar, UTM	November 2011
"IT Job Fair" article	Mesager Universitar, UTM	November 2011
"Start Up Weekend: A New Way of Teaching" article	Mesager Universitar, UTM	November 2011
"Moldova Startup Weekend" video story	Allmoldova business portal <a href="http://allmoldova.com/en/project/face-face/612.html">http://allmoldova.com/en/project/face-face/612.html</a>	November 18, 2011
"USAID Project: Wine-Tasting Master Class for Media Representatives" news article	Allmoldova business portal <a href="http://allmoldova.com/viniculture/articles/4602.html">http://allmoldova.com/viniculture/articles/4602.html</a>	November 24, 2011
"Wine Master Class" article	Prosto & Vkusno magazine	December 2011
"National Wine Agency will Help Sector Overcome Financial Crisis" news article	Infotag newsflow/ (RO/RU/EN)	November 29, 2011
"Turnover of Moldovan Restaurants may Grow by 10-15% if They Increase Moldovan Wines Sales" news article	Infotag newsflow/ (RO/RU/EN)	November 30, 2011
"Idea Turned into a Business Within a 54-hour Competition" article	Timpul newspaper	November 18, 2011
Ședință de lucru "Evaluarea Competitivității Industriei IT în Moldova" press release	MTIC website <a href="http://www.mtic.gov.md/evenimente_rom/164872/">http://www.mtic.gov.md/evenimente_rom/164872/</a>	December 2, 2011
"Analysis of Furniture Industry" article	Logos newspaper	December 2, 2011
"Despite the after crisis "Even not fully recovered after the crisis, the banks don't have time to relax", Moldovan bankers state	News article on 24h.md Multimedia National Portal, Economy rubric <a href="http://www.24h.md/ro/news/desi-isi-revin-dupa-criza-bancile-inca-nu-sunt-relaxate-sustin-bancherii-46484/">http://www.24h.md/ro/news/desi-isi-revin-dupa-criza-bancile-inca-nu-sunt-relaxate-sustin-bancherii-46484/</a>	December 6, 2011
Do you need financing? See what the market offers	Economist newspaper	December 7, 2011
"To improve economy a dialogue between financial sector and companies is needed" news article	Infotag newsflow	December 6, 2011

Title	Media Outlet	Date/issue
"Leasing is a Solution for Costs Reduction for SMEs" article	Capital Market newspaper	December 14, 2011
Light industry employers' association drafts business plan for next 3 years	Infotag news flow	December 16, 2011
"Versace Made in Moldova..." video story	Publika TV <a href="http://www.publika.md/versace-made-in-moldova--tot-mai-multe-branduri-mondiale-isi-aleg-parteneri-din-tara-noastra_618721.html">http://www.publika.md/versace-made-in-moldova--tot-mai-multe-branduri-mondiale-isi-aleg-parteneri-din-tara-noastra_618721.html</a>	December 17, 2011
"Wine Vernisage Premiere in Moldova" press release	Noi.md <a href="http://www.noi.md/md/news_id/8686">http://www.noi.md/md/news_id/8686</a>	December 20, 2011
"The First Wine Vernisage is on in Moldova" news article	<a href="http://www.24h.md/ro/news/primul-vernisaj-al-vinului-se-va-desfasura-la-chisinau-48638/">http://www.24h.md/ro/news/primul-vernisaj-al-vinului-se-va-desfasura-la-chisinau-48638/</a>	December 21, 2011
"The First Wine Vernisage Took Place in Moldova"	Vinmoldova.md <a href="http://www.vinmoldova.md/index.php?mod=news&amp;id=27307">http://www.vinmoldova.md/index.php?mod=news&amp;id=27307</a>	December 23, 2011
"Another Wine Holiday in Moldova" video reportage	Jurnal TV, News rubric <a href="http://www.jurnaltv.md/ro/news/inca-o-zi-a-vinului-321797/#">http://www.jurnaltv.md/ro/news/inca-o-zi-a-vinului-321797/#</a>	December 21, 2011
"Wine Culture in Moldova"	Business Press.md <a href="http://www.businesspress.md/index.php?action=News&amp;idm=135&amp;id=3302&amp;id_lang=1&amp;id_cat=5">http://www.businesspress.md/index.php?action=News&amp;idm=135&amp;id=3302&amp;id_lang=1&amp;id_cat=5</a>	December 22, 2011
"We now also have a Wine Vernisage in addition to traditional wine festival"	Moldova Suverana <a href="http://www.moldova-suverana.md/actualitate/eveniment/5386-pe-ling-festivalul-tradiional.html">http://www.moldova-suverana.md/actualitate/eveniment/5386-pe-ling-festivalul-tradiional.html</a>	December 22, 2011
"First Wine Vernisage Organized in Moldova" video reportage	Publika TV <a href="http://www.publika.md/asociatia-producatorilor-de-vinuri-a-organizat-prim-editie-a-vernisajului-vinului_626131.html">http://www.publika.md/asociatia-producatorilor-de-vinuri-a-organizat-prim-editie-a-vernisajului-vinului_626131.html</a>	December 22, 2011
"Five times more vodka quantity is consumed in Moldova than wine"	Noi.MD news agency <a href="http://www.noi.md/md/news_id/8781">http://www.noi.md/md/news_id/8781</a>	December 22, 2011
"Premiere of Wine Vernisage in Moldova" news article	Moldpres.MD News Agency <a href="http://portal.moldpres.md/default.asp?Lang=ro&amp;ID=164621">http://portal.moldpres.md/default.asp?Lang=ro&amp;ID=164621</a>	December 22, 2011
"First Wine Vernisage Held in Moldova" article	Komsomoliskaya Pravda newspaper <a href="http://kp.md/online/news/1047056/">http://kp.md/online/news/1047056/</a>	December 22, 2011
"Premiere of Wine Vernisage" news	Infotag news flow	December 22, 2011
"The potential target product markets for Moldovan wine include Germany, Poland, Czech republic, Ukraine, China, and Canada" news	Infotag news flow	December 22, 2011
"First Wine Vernisage"	Logos newspaper	December 23, 2011
"Rules for a Successful startup"	Business Class magazine	December 2011

Title	Media Outlet	Date/issue
"Moldovan Prime Minister Took Part in the First Wine Vernisag" news	Government of Moldova official website <a href="http://www.gov.md/libview.php?l=ro&amp;idc=436&amp;id=4612">http://www.gov.md/libview.php?l=ro&amp;idc=436&amp;id=4612</a>	December 21, 2011
"I don't see a crisis as an obstacle/"article	Profit magazine	December 2011
"Sommelier To Be Trained In Moldova" article	Profit magazine	December 2011
Wine Vernisage Afterword	Logos Press newspaper	December 30, 2011, #48
Rebranding of the Light Industry	Logos Press newspaper	December 30, 2011, #48
<b>"Din ♥ branduri de Moldova- 1" related</b>		
„USAID lansează un proiect de promovare a mărfurilor autohtone”	Tele Radio Moldova/ TRM.md <a href="http://www.trm.md/ro/economic/usaidd-lanseaza-un-proiect-de-promovare-a-marfurilor-autohtone/">http://www.trm.md/ro/economic/usaidd-lanseaza-un-proiect-de-promovare-a-marfurilor-autohtone/</a>	February 24, 2012
«Коллективный выход молдавских брендов»	Logos Press newspaper	February 24, 2012, #7
"Business lunch cu presa"	Infotag website/Press Release rubric <a href="http://www.infotag.md/press-releases-ro/593633/">http://www.infotag.md/press-releases-ro/593633/</a>	February 25, 2012
"În Moldova a fost lansată campania de promovare a brandurilor autohtone"	Infotag/ News rubric <a href="http://www.infotag.md/noutati/593736/">http://www.infotag.md/noutati/593736/</a>	February 29, 2012
"Rebranding pe bani americani: 12 mărci moldovenești vor fi reinventate și promovate"	Publika TV <a href="http://www.publika.md/rebranding-pe-bani-americani-12-marci-moldovenesti-vor-fi-reinventate-si-promovate_726161.html">http://www.publika.md/rebranding-pe-bani-americani-12-marci-moldovenesti-vor-fi-reinventate-si-promovate_726161.html</a>	February 29, 2012
"A fost lansată prima campanie promoțională a brandurilor din Moldova"	Moldpres Info Agency <a href="http://www.moldpres.md/News.aspx?NewsCod=1823&amp;NewsDate=29.02.2012">http://www.moldpres.md/News.aspx?NewsCod=1823&amp;NewsDate=29.02.2012</a>	February 29, 2012
<a href="#">"Giovanni Primo și Bella Prima, branduri noi de la Ionel SA"</a>	ECONomist newspaper <a href="http://www.eco.md/index.php?option=com_content&amp;view=article&amp;id=4463:giovanni-primo-i-bella-prima-branduri-noi-de-la-ionel-sa&amp;catid=105:marketing-pr&amp;Itemid=476">http://www.eco.md/index.php?option=com_content&amp;view=article&amp;id=4463:giovanni-primo-i-bella-prima-branduri-noi-de-la-ionel-sa&amp;catid=105:marketing-pr&amp;Itemid=476</a>	February 29, 2012
"Lansarea campaniei "Din branduri de Moldova", inițiată și coordonată de proiectul USAID Creșterea Competitivității și Dezvoltarea Întreprinderilor. La eveniment participă vice ministrul Economiei, Octavian Calmîc"	Publika TV <a href="http://www.publika.md/lansarea-campaniei-din-branduri-de-moldova--initiatasi-coordonata-de-proiectul-usaid-cresterea-competitivitatii-si-dezvoltarea-intreprinderilor--la-eveniment-participa-viceministrul-economiei-octavian-calmic_726861.html">http://www.publika.md/lansarea-campaniei-din-branduri-de-moldova--initiatasi-coordonata-de-proiectul-usaid-cresterea-competitivitatii-si-dezvoltarea-intreprinderilor--la-eveniment-participa-viceministrul-economiei-octavian-calmic_726861.html</a>	February 29, 2012
"Producția în lohn, perfuzia care ține în viață întreprinderile moldovenești din industria ușoară"	24h.md news portal <a href="http://24h.md/ro/news/productia-in-lohn-perfuzia-care-tine-in-viata-intreprinderile-moldovenesti-din-industria-usoara-60306/">http://24h.md/ro/news/productia-in-lohn-perfuzia-care-tine-in-viata-intreprinderile-moldovenesti-din-industria-usoara-60306/</a>	February 29, 2012
„Стартовала кампания по продвижению 12 молдавских брендов легкой промышленности на внутреннем рынке”	Infomarket Info Agency/ evening news <a href="http://www.radiochisinau.md/pages/view/2334">http://www.radiochisinau.md/pages/view/2334</a>	February 29, 2012

Title	Media Outlet	Date/issue
"Majoritatea fabricilor din Republica Moldova funcționează sub branduri străine"	Radio Chisinau	February 29, 2012
"Prima campanie promoțională a brandurilor din Moldova"	Moldova Suverană newspaper <a href="http://www.moldova-suverana.md/economic/media/6519-prima-campanie-promoional-a-brandurilor-din-moldova.html">http://www.moldova-suverana.md/economic/media/6519-prima-campanie-promoional-a-brandurilor-din-moldova.html</a>	March 1, 2012
"Кампания по продвижению местных брендов"	Logos Press newspaper <a href="http://logos.press.md/Weekly/Main.asp?IssueNum=936&amp;IssueDate=02.03.2012&amp;YearNum=8&amp;Theme=100&amp;Topic=30651">http://logos.press.md/Weekly/Main.asp?IssueNum=936&amp;IssueDate=02.03.2012&amp;YearNum=8&amp;Theme=100&amp;Topic=30651</a>	
"A fost lansată prima campanie promoțională a brandurilor din Moldova"	Sindicat.md <a href="http://www.sindicat.md/1669">http://www.sindicat.md/1669</a>	March 1, 2012
"Revoluția brandurilor moldovenești"	Jurnal TV/ Acasa devreme & Desteptarea <a href="http://www.jurnaltv.md/#revolutia-brandurilor-moldovenesti-341619">http://www.jurnaltv.md/#revolutia-brandurilor-moldovenesti-341619</a> & <a href="http://jurnaltv.md/ro/news/revolutia-brandurilor-moldovenesti-340847/">http://jurnaltv.md/ro/news/revolutia-brandurilor-moldovenesti-340847/</a>	March 2, 2012
"Mărfuri de calitate/ Quality Products"	Profit magazine	March 2012 issue
"Branduri Made in Moldova"	Prime TV/news/ Primele Stiri <a href="http://prime.md/ro/news/primele-stiri-3-martie-21-00-2011370/">http://prime.md/ro/news/primele-stiri-3-martie-21-00-2011370/</a>	March 3, 2012
„Veaceslav Ionita, in rol de manechin! Artisti si sotii de diplomati au defilat in haine 100% moldovenesti” & "Artiști si soții de diplomați au pasit pe podium purtând haine 100% moldovenești"	Pro TV & Pro TV perfecte.md <a href="http://www.protv.md/stiri/divertisment/veaceslav-ionita-in-rol-de-manechin-artisti-si-sotii-de-diplomati.html#">http://www.protv.md/stiri/divertisment/veaceslav-ionita-in-rol-de-manechin-artisti-si-sotii-de-diplomati.html#</a> & <a href="http://perfecte.md/article/fashion/artisti-si-sotii-de-diplomati-au-pasit-pe-podium-purtand-haine-100-moldovenesti.html">http://perfecte.md/article/fashion/artisti-si-sotii-de-diplomati-au-pasit-pe-podium-purtand-haine-100-moldovenesti.html</a>	March 4, 2012
"Odată ce am aflat de lansarea acestui nou proiect, ..."	Pentru.md <a href="http://pentru.md/article/prezentare-de-moda-la-resedinta-ambasadorului-sua-513.html">http://pentru.md/article/prezentare-de-moda-la-resedinta-ambasadorului-sua-513.html</a>	March 6, 2012
"Urmărește defileul de la reședința ambasadei SUA, descoperă brandurile de Moldova și vezi cum se prepară Salată de broccoli cu dressing dulcișor. "	Jurnal TV/ Sare si Piper <a href="http://www.jurnaltv.md/ro/news/sare-i-piper-6-martie-partea-ii-342879/#">http://www.jurnaltv.md/ro/news/sare-i-piper-6-martie-partea-ii-342879/#</a>	March 6, 2012
"Giovanni Primo și Bella Prima, branduri noi de la Ionel SA"	Marketing.md <a href="http://www.marketing.md/articles/giovanni-primo--i-bella-prima-branduri-noi-de-la-ionel-sa.html">http://www.marketing.md/articles/giovanni-primo--i-bella-prima-branduri-noi-de-la-ionel-sa.html</a>	March 1, 2012
"A fost lansată prima campanie promoțională a brandurilor din Moldova"	Agro.md <a href="http://agro.md/news.php?cat=&amp;id=860">http://agro.md/news.php?cat=&amp;id=860</a>	March 1, 2012
"Doar 15% din garderoba moldovenilor sunt branduri autohtone"	Point.md <a href="http://www.point.md/article/ekonomika/doar-15-din-garderoba-moldovenilor-sunt-branduri-autohtone">http://www.point.md/article/ekonomika/doar-15-din-garderoba-moldovenilor-sunt-branduri-autohtone</a>	February 29, 2012
"Fashion Walk 2012"	InStyle (online version) <a href="http://instyle.md/?a=24&amp;i=87">http://instyle.md/?a=24&amp;i=87</a>	March 14, 2012

Title	Media Outlet	Date/issue
"O noua tendință in industria ușoară- de la producerea in lohn la propriul brand"	Capital Market newspaper & online <a href="http://capital.market.md/old/index.php?option=com_content&amp;task=view&amp;id=2361&amp;Itemid=34">http://capital.market.md/old/index.php?option=com_content&amp;task=view&amp;id=2361&amp;Itemid=34</a>	Mar 14_12_#10 (430)_ro & ru
"Моду на женские сумочки диктует мода"	Logos Press newspaper	March 16, 2012, #10
"Din inimă - branduri de Moldova"	Radio Europa Libera /Interviuri rubric <a href="http://www.europalibera.org/content/article/24532216.html">http://www.europalibera.org/content/article/24532216.html</a>	March 30, 2012
"Avem branduri, căutăm client"	Adevarul newspaper & online <a href="http://www.adevarul.ro/moldova/economie/Hai-branduri-moldovenesti_0_670733360.html">http://www.adevarul.ro/moldova/economie/Hai-branduri-moldovenesti_0_670733360.html</a>	March 27, 2012, # 60 (331)
<b>Other project activities related</b>		
"Băutură cu măsură! Pregătirea unui vin bun durează ani de zile " (Vernisaj)	Prime TV/Primele Stiri <a href="http://prime.md/ro/news/primele-stiri-6-ianuarie-21-00-2006786/">http://prime.md/ro/news/primele-stiri-6-ianuarie-21-00-2006786/</a>	January 6, 2012, 22:11, evening news
"Perspectives on Financial Support"	FinConsultant magazine	January 2012
"Impetus for Light Industry"	Business Class magazine/Marketing rubric	January 2012 issue
"CEED II Launched Furniture Sector Activities"	MyBusiness.md <a href="http://mybusiness.md/ceed/">http://mybusiness.md/ceed/</a>	January 14, 2012
"For the first time at Wine Vernisage"	MyBusiness.md <a href="http://mybusiness.md/vino/">http://mybusiness.md/vino/</a>	January 26, 2012
"American Dream for Moldovan Producers"	Logos Press newspaper	January 27, 2012, #3
Press Release on ITE memorandum signed	IT Moldova.com	February 8, 2012
"Furniture Market of Moldova"	Business Class magazine/Marketing rubric	February 2012 issue
"Moldova: the time for new technologies has come to vineyards/Wine & Society rubric	AZ Акциз wine specialized website <a href="http://akcyz.com.ua/analytics/wine/1212.html">http://akcyz.com.ua/analytics/wine/1212.html</a>	
"Un vis devenit realitate"	Profit magazine	March 2012 issue
"Monetization of local startups"	Business Class magazine/Hi-Tech rubric	March 2012 issue
"Moldova Wine Guild presents wines at ProWein 2012 expo in Germany"	Infotag website/ news rubric <a href="http://www.infotag.md/news-en/593949/">http://www.infotag.md/news-en/593949/</a>	March 3, 2012
"Training for local wine culture tourism specialists is held in Chisinau"	Infotag daily news flow	March 28, 2012
<b>More "Din ♥ branduri de Moldova-1" related</b>		
"Din inima branduri de Moldova/Hai la Made in Moldova"	Publika TV / Publika Report <a href="http://www.publika.md/emisiuni/publika-report_371.html">http://www.publika.md/emisiuni/publika-report_371.html</a>	April 1, 2012
"A venit sa schimbe moda din Moldova "	Jurnal TV/ sare si Piper <a href="http://www.jurnaltv.md/ro/news/sare-i-piper-2-aprilie-partea-ii-349996/#">http://www.jurnaltv.md/ro/news/sare-i-piper-2-aprilie-partea-ii-349996/#</a>	April 2, 2012
"Din inima: branduri de Moldova"	Aquarelle magazine	April 2012 issue

Title	Media Outlet	Date/issue
"Moldovan apparel companies"	Logos Press newspaper	May 11, 2012, #18
"Rebrandingul companiilor autohtone pe piața locală"	TV Radio Moldova/ Cadran Economic TVR <a href="http://www.trm.md/ro/cadran-economic/cadran-economic-din-14-mai-2012/">http://www.trm.md/ro/cadran-economic/cadran-economic-din-14-mai-2012/</a>	May 14, 2012
"Au schimbat ringul de dans pe mașina de cusut"	Union TV, in „Social” rubric <a href="http://www.union.md/utv/social/au-schimbat-ringul-de-dans-pe-masina-de-cusut">http://www.union.md/utv/social/au-schimbat-ringul-de-dans-pe-masina-de-cusut</a>	May 17, 2012
<b>Moldovan Wine Featured at Events in Kiev, Ukraine &amp; Bucharest, Romania related</b>		
<b>Kiev, Ukraine</b>		
"Moldovan Wines: Opening New Horizons"	DRINKS+ magazine & online version <a href="http://drinks.com.ua/index.php?option=com_content&amp;view=article&amp;id=652:lr&amp;catid=62:news&amp;Itemid=53">http://drinks.com.ua/index.php?option=com_content&amp;view=article&amp;id=652:lr&amp;catid=62:news&amp;Itemid=53</a>	May 15, 2012
"Winemaking in Moldova: Per Aspera ad Astra" article	"DRINKS + " magazine	#3 (May) & #4 (June)_2012 (122)
"Moldovan Wines: Opening New Horizons"	„Zerkalo Mira” tour website, portal <a href="http://mw.com.ua/?oid=6399&amp;sid=5399">http://mw.com.ua/?oid=6399&amp;sid=5399</a>	May 2012
"Moldova, degustată până la ultima picătură” article & photo gallery	Vinul.ro online magazine <a href="http://vinul.ro/moldova-degustata-pana-la-ultima-picatura.html">http://vinul.ro/moldova-degustata-pana-la-ultima-picatura.html</a>	Printed magazine (#3, 4, 2012)
"Moldovan Wine Featured At Event In Kyiv” press release/Press Release rubric	Infotag News Agency website <a href="http://www.infotag.md/press-releases-en/594897/">http://www.infotag.md/press-releases-en/594897/</a>	May 15, 2012
For the 1st time in Ukraine: Moldovan Wines: New Horizons	Chicken Kiev, Internet magazine specializing in HORECA news etc. <a href="http://www.chicken.kiev.ua/magazine.phtml?view=17512-1258">http://www.chicken.kiev.ua/magazine.phtml?view=17512-1258</a>	May 17, 2012
"Moldovan Wines: New Horizons’ news article	«Международный Туризм» magazine website <a href="http://intour.com.ua/news/y-9/n-173/">http://intour.com.ua/news/y-9/n-173/</a>	May 31, 2012
Article on Moldovan wine tastings in Kiev	"Tour Business News” news portal <a href="http://novosti-turbiznesa.info/article/zhurnal_drinks_priglasaet_na_masshtabnuyu_degustatsiyu_vina_moldovy_otkryvaem_novye_gorizonty.html">http://novosti-turbiznesa.info/article/zhurnal_drinks_priglasaet_na_masshtabnuyu_degustatsiyu_vina_moldovy_otkryvaem_novye_gorizonty.html</a>	May 10, 2012
"Moldovan Wines” article	«КаБаРе/Шик» magazine	June 6, 2012
<b>Bucuresti, Romania</b>		
"Degustare de vinuri moldovenesti la Hilton” news article	Restograf.ro internet gastronomy portal <a href="http://www.restograf.ro/degustare-de-vinuri-moldovenesti-la-hilton/">http://www.restograf.ro/degustare-de-vinuri-moldovenesti-la-hilton/</a>	May 2012
"Bucureștenii degustă Moldova în 18 mai la Athenee Palace Hilton”	VIP Style HoReCa etc. portal <a href="http://www.vipstyle.ro/Eveniment_Bucure%C5%9Ftenii_degust%C4%83_Moldova_%C3%AEn_18_mai_la_Athenee_Palace_Hilton">http://www.vipstyle.ro/Eveniment_Bucure%C5%9Ftenii_degust%C4%83_Moldova_%C3%AEn_18_mai_la_Athenee_Palace_Hilton</a>	May 18, 2012

Title	Media Outlet	Date/issue
"Participanții la „vernisaajul vinului” au apreciat cele mai bune vinuri moldovenești"	Wine.md portal <a href="http://wine.md/content/participantii-vernisaajul-vinului/">http://wine.md/content/participantii-vernisaajul-vinului/</a>	May 16, 2012
"Degustă Moldova, București"	Port.ro portal <a href="http://www.port.ro/pls/fe/festival.festival_page?i_festival_id=4785&amp;i_city_id=1&amp;i_county_id=1">http://www.port.ro/pls/fe/festival.festival_page?i_festival_id=4785&amp;i_city_id=1&amp;i_county_id=1</a>	May 18, 2012
+ 12 online news articles in Romanian mass media + 3 blogs		
<b>Other project activities related</b>		
"MIEPO wants to enhance promotion of Moldovan textile in Russia" news article	Infotag "Daily News" bulletin/news flow	April 12, 2012
"Wine Tourism: Count Starts" article	Logos Press newspaper	Apr 27, 2012, #16
CEED II assisted companies' in T&A and Wine sectors successes highlighted	USAID INSIGHT newsletter <a href="http://moldova.usaid.gov/sites/default/files/publications/usaids_insight_0.pdf">http://moldova.usaid.gov/sites/default/files/publications/usaids_insight_0.pdf</a>	April 2012
Wine Vernisage banner placement issues	Infotag website, Vernisaj facebook, <a href="http://vinmoldova.md/">http://vinmoldova.md/</a> , & <a href="http://wine.md">http://wine.md</a> , with the link to <a href="http://www.facebook.com/#!/pages/Vernisajul-Vinului/287242357986443">http://www.facebook.com/#!/pages/Vernisajul-Vinului/287242357986443</a>	April-May 2012
"Ediția a treia a „MOLDOVA ICT SUMMIT” va avea loc la Chișinău" press release	Infotag Agency website, press release/News rubric <a href="http://www.infotag.md/noutati/594903/">http://www.infotag.md/noutati/594903/</a>	May 15, 2012
"Spring Wine Expo was held in Chisinau"	Infotag Agency website/Press Release/news rubric (in 3 languages)	May 18, 2012
"Azi la Chișinău, mâine la București "	Basarabeni.ro news portal <a href="http://www.basarabeni.ro/stiri/articol/azi-la-chisinau-maine-la-bucur-977/">http://www.basarabeni.ro/stiri/articol/azi-la-chisinau-maine-la-bucur-977/</a>	May 18, 2012
"Vernisaajul Vinului"/in evening news	Prime TV	May 18, 2012
"Vernisaajul Vinului – Ediția nr.2"	AllMoldova portal <a href="http://allmoldova.com/ro/project/in-objective/3402.htm">http://allmoldova.com/ro/project/in-objective/3402.htm</a>	May 21, 2012
"Moldova ICT Summit 2012 s-a deschis astăzi la Chișinău" video news	Unimedia.md news portal <a href="http://unimedia.md/?mod=news&amp;id=47726">http://unimedia.md/?mod=news&amp;id=47726</a>	
"Cultura vinului va fi promovată din nou la Chișinău"	Timpul.md <a href="http://www.timpul.md/articol/cultura-vinului-va-fi-promovata-din-nou-la-chisinau-33794.html">http://www.timpul.md/articol/cultura-vinului-va-fi-promovata-din-nou-la-chisinau-33794.html</a>	May 14, 2012
"Vernisaajul Vinului-2" news	Unimedia.md news portal <a href="http://sergiugalusca.unimedia.md/?p=480">http://sergiugalusca.unimedia.md/?p=480</a> <a href="http://unimedia.md/?mod=news&amp;id=47570">http://unimedia.md/?mod=news&amp;id=47570</a>	
"Spring Vernisage" article	Logos Press newspaper/Vino & Proviant rubric	May 11, 2012, #18
"Luca Zavarise: "No standards may be invented for fantasies" article	Logos Press newspaper	May 18, 2012, #19

Title	Media Outlet	Date/issue
"20 de vinării din Moldova se vor întruni la Vernisajul Vinului" video news	TV7/ Social rubric <a href="http://www6.tv7.md/ro/news/20-de-vinari-din-moldova-se-vor-intruni-la-vernisa-jul-vinului-12248.html">http://www6.tv7.md/ro/news/20-de-vinari-din-moldova-se-vor-intruni-la-vernisa-jul-vinului-12248.html</a>	May 17, 2012
"Wine Vernisage" article	Logos Press newspaper/ Vino & Proviant rubric	May 25, 2012
Startup Weekend Moldova-2 related announcements	Point.md news portal, usalumni.md, adc facebook etc. <a href="http://news.point.md/ro/afaceri/startup-weekend-moldova-aciunea-2">http://news.point.md/ro/afaceri/startup-weekend-moldova-aciunea-2</a> <a href="http://usalumni.md/index.php?option=com_content&amp;view=article&amp;id=998%3Astartup-weekend-moldova-2&amp;catid=23&amp;Itemid=1&amp;lang=en">http://usalumni.md/index.php?option=com_content&amp;view=article&amp;id=998%3Astartup-weekend-moldova-2&amp;catid=23&amp;Itemid=1&amp;lang=en</a> <a href="http://www.facebook.com#!/adc.moldova">http://www.facebook.com#!/adc.moldova</a> etc.	May 31, 2012
"USAID launches "startup weekend" competition" news	Infotag Agency news flow/news bulletin	May 31, 2012
"Anunțarea câștigătorilor din cadrul Startup Weekend Moldova 2012" video news	Privesc.eu TV/news portal <a href="http://www.privesc.eu/Arhiva/10803/Anunt-area-castigatorilor-din-cadrul-Startup-Weekend-Moldova-2012">http://www.privesc.eu/Arhiva/10803/Anunt-area-castigatorilor-din-cadrul-Startup-Weekend-Moldova-2012</a>	June 3, 2012
"Producers insist upon creating national wine department " news article	Infotag news flow/news bulletin	June 13, 2012
"ICT Education in Moldova" press release/Events rubric	MITC website/press release <a href="http://www.mtic.gov.md/evenimente_rom/165481/">http://www.mtic.gov.md/evenimente_rom/165481/</a>	June 19, 2012
"Sistemul educațional, industria și guvernul caută soluții pentru asigurarea creșterii sectorului TIC!" article	NEXTPOST.MD portal & ITMoldova.com <a href="http://nextpost.md/2012/06/20/sistemul-educational-industria-si-guvernul-cauta-solutii-pentru-asigurarea-cresterii-sectorului-tic/">http://nextpost.md/2012/06/20/sistemul-educational-industria-si-guvernul-cauta-solutii-pentru-asigurarea-cresterii-sectorului-tic/</a> <a href="http://itmoldova.com/2012/06/20/sistemul-educational-industria-si-guvernul-cauta-solutii-pentru-asigurarea-cresterii-sectorului-tic/">http://itmoldova.com/2012/06/20/sistemul-educational-industria-si-guvernul-cauta-solutii-pentru-asigurarea-cresterii-sectorului-tic/</a> <a href="http://itmoldova.com/2012/06/20/sistemul-educational-industria-si-guvernul-cauta-solutii-pentru-asigurarea-cresterii-sectorului-tic/">http://itmoldova.com/2012/06/20/sistemul-educational-industria-si-guvernul-cauta-solutii-pentru-asigurarea-cresterii-sectorului-tic/</a> <a href="http://nextpost.md/2012/06/21/maine-va-fi-prezentat-un-proiect-pentru-dezvoltarea-sectorului-tic-din-moldova/">http://nextpost.md/2012/06/21/maine-va-fi-prezentat-un-proiect-pentru-dezvoltarea-sectorului-tic-din-moldova/</a>	June 20, 21, 2012
„IT-ul asigură cu certitudine un mod decent de viață oriunde”	Interview on Europa Libera <a href="http://www.europalibera.org/content/article/24622043.html">http://www.europalibera.org/content/article/24622043.html</a>	June 22, 2012
"Lansarea Agendei de Acțiuni "Educația TIC în Moldova: Racordarea la necesitățile pieței" press release	I Comunicat & comunicate.md <a href="http://icomunicat.md/comunicat/Lansarea-Agendei-de-Aciuni-Educaia-TIC-n-Moldova-Racordarea-la-necesitile-pieei--888.html">http://icomunicat.md/comunicat/Lansarea-Agendei-de-Aciuni-Educaia-TIC-n-Moldova-Racordarea-la-necesitile-pieei--888.html</a> <a href="http://www.comunicate.md/index.php?task=articles&amp;action=view&amp;article_id=5532">http://www.comunicate.md/index.php?task=articles&amp;action=view&amp;article_id=5532</a>	May 21, 2012

Title	Media Outlet	Date/issue
"Prezentarea proiectului Agendei de Acțiuni "Educația TIC în Moldova: racordarea la necesitățile pieței"	Privesc.eu TV/news portal <a href="http://www.privesc.eu/Arhiva/11207/Prezentarea-proiectului-Agendei-de-Actiuni--Educatia-TIC-in-Moldova--racordarea-la-necesitatile-pietei-">http://www.privesc.eu/Arhiva/11207/Prezentarea-proiectului-Agendei-de-Actiuni--Educatia-TIC-in-Moldova--racordarea-la-necesitatile-pietei-</a>	May 22, 2012
"Prezentarea proiectului Agedei de Actiuni "Educatia TIC in Moldova: racordarea la necesitatile pietei" video news	Prime TV/evening news <a href="http://www.prime.md/ro/news/primele-stiri-22-iunie-21-00-2020971/">http://www.prime.md/ro/news/primele-stiri-22-iunie-21-00-2020971/</a>	May 22, 2012
Startup Weekend video	Prime TV	June 4, 2012
"Moldova Announced about its Potential" article	Logos Press newspaper	June 1, 2012, #21
Announcement of the presentation, plan of actions "ICT Education in Moldova: adjusting to market needs" /News rubric	Publika.md <a href="http://www.publika.md/prezentarea-proiectului-agendei-de-actiuni-educatia-tic-in-moldova--racordarea-la-necesitatile-pietei_905961.html">http://www.publika.md/prezentarea-proiectului-agendei-de-actiuni-educatia-tic-in-moldova--racordarea-la-necesitatile-pietei_905961.html</a>	June 20, 2012
Presentation of the action plan "ICT Education in Moldova: adjusting to market needs"/Evenimente la ora rubric	<a href="http://www.agenda.md/">http://www.agenda.md/</a> press release daily news flow <a href="http://www.agenda.md/?a=31&amp;uid=23">http://www.agenda.md/?a=31&amp;uid=23</a>	June 18, 2012
"I T Career Promotion Campaign: More than 1200 pupils have participated at presentation sessions "Choose a Career in IT" news article	ATIC website <a href="http://www.ict.md/news/2012-05-25">http://www.ict.md/news/2012-05-25</a>	May 2012
Launch of the Plan of Actions "ICT Education in Moldova: adjusting to market needs"	Icomunicat.md <a href="http://icomunicat.md/comunicat/Lansarea-Agendei-de-Aciuni-Educaia-TIC-n-Moldova-Racordarea-la-necesitile-pieei--888.html">http://icomunicat.md/comunicat/Lansarea-Agendei-de-Aciuni-Educaia-TIC-n-Moldova-Racordarea-la-necesitile-pieei--888.html</a>	June 21, 2012
	<a href="http://nextpost.md/2012/06/21/maine-va-fi-prezentat-un-proiect-pentru-dezvoltarea-sectorului-tic-din-moldova/">http://nextpost.md/2012/06/21/maine-va-fi-prezentat-un-proiect-pentru-dezvoltarea-sectorului-tic-din-moldova/</a>	
"ICT Education in Moldova" news article	MTIC on communicate.md site: <a href="http://www.comunicate.md/index.php?task=articles&amp;action=view&amp;article_id=5532">http://www.comunicate.md/index.php?task=articles&amp;action=view&amp;article_id=5532</a>	
"International Experts Revealed Challenges in ICT Specialists Education/Training" news story	Infotag news agency daily news flow	June 22, 2012
"More opportunities for students that choose IT"/evening news/prime time	Prime TV <a href="http://www.prime.md/ro/news/primele-stiri-22-iunie-21-00-2020971/">http://www.prime.md/ro/news/primele-stiri-22-iunie-21-00-2020971/</a>	June 22, 2012
"EBRD Enhances Companies' Competitiveness" article	Business Class magazine	July- August 2012 issue
"Moldovan Authorities Returning To Idea Of Creating Specialized Agency For Grape-Growing And Wine Making" news article	Infotag Agency news flow/news bulletin	July 9, 2012
"Moldovan Wines: Opening New Horizons" article	FOOD.UA magazine	#4 (35), 2012
"Honored Guest of Moldovan Tourism" article	Logos Press newspaper	July 20, 2012, #26

Title	Media Outlet	Date/issue
"Moldova Wine Guild: On the Edge of Changes" article	Logos Press newspaper	July 20, 2012, #26
"Eleven Recommendations to Rebound Moldovan Viticulture" news article	Infotag Agency news flow/news bulletin	August 17, 2012
"Startup Weekend- o alta modalitate de a invata"	Mesager Universitar, UTM newspaper & website	September 2012 issue
Article in Logos "To Adopt but not to Copy" article	Logos Press/Vino & Proviant rubric	Sept 7, 2012, #35
<b>"Din ♥ branduri de Moldova-2" related</b>		
"Din ♥ branduri de Moldova: United States Helps Moldovan Fashion Companies to Successfully Compete with Foreign Brands" press release	Infotag News Agency Website <a href="http://www.infotag.md/press-releases-ro/596905/">http://www.infotag.md/press-releases-ro/596905/</a>	September 10, 2012
"Viticulture Sector: Looking Forward to Reforms" article in Romanian & Russian	Capital Market newspaper	September 12, 2012, #36, 456
"Ministry of Economy Encourages Local companies to Develop New Brands, and Consumers to Wear them with Pride" news article	Minsitry of Economy website <a href="http://www.mec.gov.md/comunicate/ministerul-economiei-indeamna-companiile-locale-de-confectii-sa-dezvolte-branduri-proprie-iar-consumatorii-sa-le-poarte-cu-mandrie/">http://www.mec.gov.md/comunicate/ministerul-economiei-indeamna-companiile-locale-de-confectii-sa-dezvolte-branduri-proprie-iar-consumatorii-sa-le-poarte-cu-mandrie/</a>	September 13, 2012
"Moldovan Brands. Local companies Intend to Dress up More Moldovans" article	Adevarul newspaper & website <a href="http://www.adevarul.ro/adevarul_moldova/actualitate_md/Branduri-Moldova-Companiile-autohtone-moldoveni_0_773322904.html">http://www.adevarul.ro/adevarul_moldova/actualitate_md/Branduri-Moldova-Companiile-autohtone-moldoveni_0_773322904.html</a>	September 13, 2012
"Moldovan Companies Launched a Campaign to Promote Own Brands" article	Moldpres news agency	September 13, 2012
"It's in Fashion To Wear Moldovan Brands" article	Adevarul newspaper & website <a href="http://www.adevarul.ro/adevarul_moldova/actualitate_md/E_la_moda_sa_porti_branduri_moldovenesti_0_775722443.html">http://www.adevarul.ro/adevarul_moldova/actualitate_md/E_la_moda_sa_porti_branduri_moldovenesti_0_775722443.html</a>	September 17, 2012
"Clothes Produced in Moldova Should be in More Demand than Those Imported" on Prime TV/Economy rubric/evening news/prime time	Prime TV <a href="http://www.prime.md/ro/news/hainele-produse-in-moldova-trebuie-sa-fie-mai-solicitate-decat-cele-de-import-2026881/">http://www.prime.md/ro/news/hainele-produse-in-moldova-trebuie-sa-fie-mai-solicitate-decat-cele-de-import-2026881/</a>	September 14, 2012
"Ministry of Economy Encourages Light Industry Enterprises to Develop Own Brands" article	Infomarket news agency <a href="http://www.infomarket.md/ro/macroeconomy/Ministerul_Economiei_ndeamn_ntreprinderile_din_industria_uoar_s-i_dezvolte_brandurile_proprie">http://www.infomarket.md/ro/macroeconomy/Ministerul_Economiei_ndeamn_ntreprinderile_din_industria_uoar_s-i_dezvolte_brandurile_proprie</a>	September 13, 2012
"William Moser: USA will Continue to Support Moldovan Fashion Industry" news article	Infotag newsflow/ (RO/RU/EN)	September 13, 2012
"Moldovan Brands at Fall Fashion Walk 2012" news article	News agency, portal <a href="http://unimedia.info/stiri/Branduri-moldoveneti-la-Fall-Fashion-Walk-2012-52269.html">http://unimedia.info/stiri/Branduri-moldoveneti-la-Fall-Fashion-Walk-2012-52269.html</a>	September 17, 2012

Title	Media Outlet	Date/issue
"Lux and Elegance in Chisinau. Local companies on Podium" news	Prime TV <a href="http://prime.md/ro/news/lux-si-eleganta-la-chisinau-producatorii-autohtoni-au-iesit-pe-podium-2027018/">http://prime.md/ro/news/lux-si-eleganta-la-chisinau-producatorii-autohtoni-au-iesit-pe-podium-2027018/</a>	September 17, 2012
"Fashion Walk 2012" article	Infomarket news agency <a href="http://www.infomarket.md/ro/afisa/Fall_Fashion_Walk_2012_">http://www.infomarket.md/ro/afisa/Fall_Fashion_Walk_2012_</a>	September 17, 2012
"Caritate in numele modei" news	Jurnal TV <a href="http://www.jurnaltv.md/ro/news/caritate-in-numele-modei-392618/#">http://www.jurnaltv.md/ro/news/caritate-in-numele-modei-392618/#</a>	September 16, 2012
"Fall Fashion Walk 2012! How Businessmen and Celebrities Promote Local Brands" news	Pro TV/ Perfecte.md <a href="http://perfecte.md/article/howto/fall-fashion-walk-2012-cum-promoveaza-oamenii-de-afaceri-si-interpretii-brandurile-autohtone.html">http://perfecte.md/article/howto/fall-fashion-walk-2012-cum-promoveaza-oamenii-de-afaceri-si-interpretii-brandurile-autohtone.html</a>	September 16, 2012
"Fall Fashion Walk" article/Events rubric	<a href="http://instyle.md/?a=18&amp;i=247">http://instyle.md/?a=18&amp;i=247</a>	September 17, 2012
? " Celebrities and Fall Fashion Walk 2012"	<a href="http://www.aquarelle.md/news/zvezdy_Fall_Fashion_Walk_2012/#.UFglX8QzH11.facebook">http://www.aquarelle.md/news/zvezdy_Fall_Fashion_Walk_2012/#.UFglX8QzH11.facebook</a>	September 17, 2012
"Din Inima/Branduri de Moldova" Project article	Allmoldova.md/ Allfun.md <a href="http://www.allfun.md/index.php?page=projects&amp;id=1347952640&amp;sid=1347952703">http://www.allfun.md/index.php?page=projects&amp;id=1347952640&amp;sid=1347952703</a>	September 18, 2012
"Din Inima" Project: "Fall Fashion Walk'2012: Made in Moldova Defile	Allmoldova.md/ Allfun.md <a href="http://allfun.md/index.php?page=projects&amp;id=1347952640&amp;sid=1347958139&amp;pid=33654">http://allfun.md/index.php?page=projects&amp;id=1347952640&amp;sid=1347958139&amp;pid=33654</a>	September 19, 2012
"The Image of Moldova in Moldovan Brands" article	Capital Market newspaper & website	September 19, 2012
"Moldovan Brands at Fall Fashion Walk 2012" article	Pentrua.md <a href="http://pentrua.md/article/branduri-moldovenesti-la-fall-fashion-walk-2012-1169.html">http://pentrua.md/article/branduri-moldovenesti-la-fall-fashion-walk-2012-1169.html</a>	September 17, 2012
"Fashion Show Promoting Moldovan Brands Organized In Chisinau with USAID Support" article	Infotag newsflow/ (RO/RU/EN)	September 17, 2012
"Din Inima" Project: Din ♥ branduri de Moldova": US Helps Moldova to Successfully Compete with Foreign Brands" article	Allmoldova.md/ Allfun.md <a href="http://allfun.md/index.php?page=projects&amp;id=1347952640&amp;sid=1347958139&amp;pid=33660">http://allfun.md/index.php?page=projects&amp;id=1347952640&amp;sid=1347958139&amp;pid=33660</a>	September 18, 2012
"Fall Fashion Walk" article	Allmoldova.md/ Allfun.md <a href="http://allfun.md/index.php?page=projects&amp;id=1347952640&amp;sid=1347958139&amp;pid=33618">http://allfun.md/index.php?page=projects&amp;id=1347952640&amp;sid=1347958139&amp;pid=33618</a>	September 18, 2012
"Fashion Show to Support Local Brands Took Place in Chisinau" article	Allmoldova.md/ Allfun.md <a href="http://www.allmoldova.com/moldova-news/society/1249073801.html">http://www.allmoldova.com/moldova-news/society/1249073801.html</a>	September 17, 2012
"Fashion Walk 2012" article/News Blitz rubric	<a href="http://www.allmoldova.com/project/news-blitz/3116.html">http://www.allmoldova.com/project/news-blitz/3116.html</a>	September 18, 2012

Title	Media Outlet	Date/issue
"Fashion Industry United for Joint Positioning of Local Brands" article	<i>Logos Press newspaper</i>	September 14, 2012, #33
Natalia Melnic	Jurnal TV/S si Piper cu Nat Melnic	September 24, 2012
"Din inima-2..." article	MyBusiness.md <a href="http://mybusiness.md/ro/categories/item/651-din-inima-2-diavolul-alege-prada">http://mybusiness.md/ro/categories/item/651-din-inima-2-diavolul-alege-prada</a>	September 25, 2012
<b>Other project activities related</b>		
International Specialized Exhibition: Furniture 2012 will take place on September 19-23, 2012"	Infomarket News agency <a href="http://infomarket.md/ro/macroeconomy/Expozitia-internaional-specializat-Furniture-2012-va-avea-loc-pe-19-23-septembrie-la-Chiinau">http://infomarket.md/ro/macroeconomy/Expozitia-internaional-specializat-Furniture-2012-va-avea-loc-pe-19-23-septembrie-la-Chiinau</a>	September 18, 2012
"Furniture 2012 for Your House Comfort" article/Moldova news rubric	Allmoldova.md <a href="http://www.allmoldova.com/ro/moldova-news/1249066657.html">http://www.allmoldova.com/ro/moldova-news/1249066657.html</a>	September 17, 2012
"Furniture 2012" press release/Macro economy rubric	Infomarket News agency <a href="http://infomarket.md/ro/macroeconomy/Expozitia-internaional-specializat-Furniture-2012-va-avea-loc-pe-19-23-septembrie-la-Chiinau">http://infomarket.md/ro/macroeconomy/Expozitia-internaional-specializat-Furniture-2012-va-avea-loc-pe-19-23-septembrie-la-Chiinau</a>	September 18, 2012
"About 70 companies from 5 countries participate in XIIIth edition of Furniture 2012" news article	Moldpres news agency <a href="http://portal.moldpres.md/default.asp?Lang=ro&amp;ID=178853">http://portal.moldpres.md/default.asp?Lang=ro&amp;ID=178853</a>	September 19, 2012
"International Furniture Opened at MOLDEXPO" a fost deschisă Expoziția press release	Moldexpo website <a href="http://ro.furniture.moldexpo.md/">http://ro.furniture.moldexpo.md/</a>	September 19, 2012
" Furniture 2012: Event in Furniture World" video news	InStyle <a href="http://instyle.md/?a=19&amp;i=114">http://instyle.md/?a=19&amp;i=114</a>	September 20, 2012
"35 Informatics Teachers from 25 Schools Got CISCO Certificates"	Allmoldova.md <a href="http://itmoldova.com/2012/09/20/35-de-profesori-de-informatica-din-25-de-scoli-au-primit-certificate-cisco/">http://itmoldova.com/2012/09/20/35-de-profesori-de-informatica-din-25-de-scoli-au-primit-certificate-cisco/</a>	
"Informatics Teachers Received Cisco Certificates" news article	Infotag newsflow/ (RO/RU/EN)	September 20, 2012
"Theory and Practice of IT Education" article	Profit/Bank & Finansi magazine	September 2012



## **APPENDIX V**

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### **Success Stories**





**USAID**  
FROM THE AMERICAN PEOPLE

**Competitiveness Enhancement and  
Enterprise Development II (CEEDII)**

## FIRST PERSON

# Moldovan Prodigy Kick-Starts IT Career

### **Talented 16-Year-Old Earns Praise and Recognition through USAID-funded Startup Weekend**



***“The offer to work with Simpals Garage was the best reward I could have ever expected thanks to help of USAID.”***

*— Andrei Tolocica  
10<sup>th</sup> Grade Student &  
Aspiring Technology  
Entrepreneur*

U.S. Agency for International Development  
[www.usaid.gov](http://www.usaid.gov)

Moldova’s first-ever Startup Weekend, a hands-on 54-hour crash course and competition on how to build a technology startup business, attracted many young people interested in IT from all over the country, including nearly 50 developers, designers, marketers, and managers. At just 16 years old, Andrei Tolocica was the competition’s youngest participant.

During the USAID-sponsored Startup Weekend Moldova, Andrei designed a website where people can enter the grocery items they have on hand and then receive recipe recommendations for dishes containing the available ingredients. Although some participants mentioned other sites as having a similar function and purpose, what differentiates Andrei’s site is that it generates recipes that are strictly based on the ingredients available at home. So, there’s no need to run to the store to purchase a missing item.

During the two-day event, Andrei developed a thorough search system made up of 1,500 lines of code, with the system capable of producing 21,000 recipe ideas. “If you have in your fridge only carrots and potatoes and you don’t have any clue about what you could prepare, then my website will help you find a recipe you’d like.”

During his childhood, Andrei’s father operated a computer store, giving him access to computers from an early age. Andrei recalls taking an interest in computers at age four, and by the second grade, while some children were learning to read, Andrei was developing his first website. In the eighth grade, Andrei received his first client – a Moldovan law firm that needed a website. That same year, he created an entertainment portal, which is currently visited by 400 unique visitors daily.

His latest work, [www.feedmehoney.ru](http://www.feedmehoney.ru), won second place at Startup Weekend Moldova. It also caught the eye of a Moldova-based technology incubator, Simpals Garage, which asked Andrei to submit a business plan for his idea. Andrei is eager to begin collaborating with Simpals, while he continues to tackle high school and his part-time job at a local IT company.



## SNAPSHOT

### Fabula: A Fabulous Success for Family-Owned Winery

**With help from USAID, Fautor Winery launched a successful brand that is serving as a model for Moldovan wineries**



PHOTO: MOLDOVAN WINE GUILD  
*Ruxanda Lipcan, Marketing and Sales Manager, Fautor Winery, is proud of the successful launch of the Fabula brand.*

***“Without USAID’s support we would have never achieved such impressive results in such a short period of time!”***

*— Ruxanda Lipcan, Marketing and Sales Manager, Fautor Winery*

Fautor, a midsized family-owned winery near the Romanian border, was able to adapt its production processes from bulk to bottled wine to meet the demands of new clients in the wake of Russia’s 2006 ban on the import of Moldovan wine. Before the ban, the majority of the winery’s clients had been in Russia. By 2010, the company’s new range of bottled wine, called simply *Fautor*, was available in grocery stores and restaurants throughout Moldova and the region.

The winery was pleased with the initial success of *Fautor*, the company’s first foray in to bottled wine. Still, they knew that to remain competitive in the coming years, they would need to further expand their customer base. Fautor wanted to attract new, non-traditional wine buyers — a younger, more modern clientele with a range of incomes — with a line of value-priced everyday wines. Fautor hoped that these clients could become the financial backbone of the company.

The development of a new line of wine, from grape processing to label design, would be a large undertaking. Thankfully, Fautor had collaborated with USAID for other business promotion activities, such as participating in trade shows and business-to-business events arranged by USAID in Europe. These events allowed the winery to learn the latest trends thereby providing valuable insight for the launch of the new brand. Additionally, the winery wisely tapped Ruxanda Lipcan, a marketing specialist trained abroad and member of the family that operates Fautor, to lead its efforts to create a new brand called *Fabula*. To jump-start its new brand, Ruxanda turned to USAID for advice.

Ruxanda and USAID worked together to select and work with a local design firm to develop *Fabula*’s eye-catching floral logo and concept for a multimedia marketing campaign. *Fabula* has succeeded in appealing to a younger, less traditional audience, and in only four months through aggressive promotion, it became a recognizable brand on the local market. It is a popular wine; an everyday wine that has the packaging and taste to rival the more expensive wines on the shelf. *Fabula* now has sales of about 3,000 bottles a month and is sold in more than 100 locations, including Moldova’s best restaurants and grocery stores. The owner of one popular Moldovan restaurant said, “The high-quality, aggressive marketing campaign and specific approach to clients led to *Fabula*’s fast and impressive results.”



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## FIRST PERSON

### Get Your Tickets! Moldovan Entrepreneur Gets a Boost

**Moldovan IT entrepreneur receives know-how from USAID-sponsored entrepreneur events to develop his business.**



***“Startup Weekend and Launch-48 pushed me to pursue my dream of starting a business. I wouldn’t be in this position without these events, where I learned to adjust my dreams into practical ideas.”***

*— Igor Gornostali*

U.S. Agency for International Development  
[www.usaid.gov](http://www.usaid.gov)

Having worked for several of the most well known IT companies in Moldova, Igor Gornostali had the skills and experience for a successful career. For Igor, however, this was not enough. He dreamed of setting out on his own and building a business.

Igor possessed the two things necessary for every entrepreneur to succeed – ambition and an idea. While his ambition came naturally, the idea came from a conversation with his friends. They discussed how everyone hates waiting in long lines to buy tickets for concerts, and, worst of all, when an event sells out before you can buy your ticket. Igor decided then to create a mobile application and website where users could buy tickets for all sorts of events straight from their phones. Tickets could be reserved from anywhere at any time and there would be no queues, haggling, or need to print a ticket. Just show up to the venue, present the ticket on your phone, and enjoy the show.

After testing his idea with friends and gauging the interest of vendors, Igor started reading all the business books he could find, but he still needed help. Thankfully, USAID announced Launch48, a hands-on 48-hour crash course on developing an IT product. The skills and encouragement that Igor gained at Launch48 propelled him to leave his job to focus on his idea.

Based on the success of Launch48, USAID sponsored Startup Weekend, a similar event, which attracted entrepreneurs from all over Moldova, including nearly 50 programmers, designers, marketers, and managers. During the event, Igor’s mobile application idea was well-received, and he gained advice and support to further develop and improve his business concept.

For Igor, Startup Weekend was a major step in launching his business. He didn’t win the event, but he won an arguably more important prize — the opportunity to be connected with Moldovan-based technology incubator Simpals Garage. The incubator provides technical, legal and marketing advice, as well as financial assistance, office space, and mentors. Igor’s mentors have helped him improve his business model by, for example, suggesting he focus on just the mobile application.

Igor plans to release his Ticksell application this summer. He credits USAID-sponsored entrepreneur events with teaching him the skills to turn his idea into a practical business concept.



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**Competitiveness Enhancement and Enterprise Development II (CEED II)**

# SNAPSHOT

## Sharing the Code to Program a Career in IT

### USAID and the Moldovan Association of Private ICT Companies raise awareness of the benefits of a career in Information Technology



CREDIT: USAID CEED II PROJECT

*“Program your career in IT” poster used to promote IT career 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*

U.S. Agency for International Development  
[www.usaid.gov](http://www.usaid.gov)

Like its neighbors, Moldova suffers from high levels of youth unemployment and underemployment. But the field of information technology 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 are choosing IT. “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 ICT Companies (ATIC). ATIC, with the support of USAID, is taking steps to change the status quo by promoting IT careers to students, their parents and the general public.

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

USAID and ATIC are also focusing on students who are already pursuing degrees in the field. With USAID’s support IT career orientations were held at TUM to provide companies and students the opportunity to interact. These events, which have reached more than 500 students, helped participants better understand what IT companies are looking for in employees and provided valuable networking opportunities. The orientations shed light on the variety of career options available in the sector by showing that IT is not limited to software programming and web development, but also offers the possibility of being a business analyst, database architect, or project manager. A recent orientation was so popular that students lined the classroom walls to participate. Companies also provided positive reviews of the events, including Endava, a leading IT firm that has hired seven interns from the events.

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



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**Competitiveness Enhancement and  
Enterprise Development II (CEED II)**

## SNAPSHOT

# Moldovan Teenagers Set Sights on a Career in IT

**USAID expands  
practical and interactive  
IT courses to younger  
students**



PHOTO: CEED II PROJECT  
*Mrs. Svetlana Schitco (center) is especially proud of her two youngest successful 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

When 15-year-old Victor Colta began taking computer classes last year, he was just a teenager who liked computer games. 14-year-old Emil Burinschi signed up for his first IT course because his home computer was plagued by viruses. Now, Victor, Emil and more than 400 hundred Moldovan teenagers like them have been introduced to practical hands-on IT courses. In addition to gaining useful skills, many students are now interested in pursuing a career 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 the 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, IT Essentials or ITE, teaches students software and hardware basics.

When USAID first introduced ITE, it was directed at older students, who would soon be entering the workforce. However, last year, Victor, then a 14-year-old student at Spiru Haret Lyceum in Chisinau, asked his teacher Mrs. Svetlana Schitco if he could take the class. Svetlana, one of the most enthusiastic ITE instructors trained by USAID, thought, “Why not?”, and allowed Victor to enroll in the course. When Victor completed the course with one of the highest grades, 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 went on to earn a top mark too.

Victor and Emil’s success has convinced Svetlana to target younger students, who can benefit earlier from the skills learned and have the option to take advanced classes. For example, Victor has gone on to take the next level of Cisco courses on operating computer networks. The courses have piqued his interest in IT so much that he is now teaching himself how to program in Pascal and .html at home. She has now taught more than 50 students who have officially 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 recently trained 35 new ITE teachers from throughout Moldova. In the 2012-2013 academic year many more young students will be able to attend ITE courses and may choose to pursue a career in IT.



**USAID**  
FROM THE AMERICAN PEOPLE

**MOLDOVA**

## FIRST PERSON

# From Hobby to Thriving Clothing Business

**USAID boosts the business of a Moldovan mom who turned her love of sewing into a bustling enterprise**



PHOTO: CEED II PROJECT  
*Natalia Melnic displays a piece from her new collection*

***Since Natalia Melnic began working with USAID more and more customers have learned about her products.***

For Natalia Melnic, clothing design has always been a family affair. Her mom taught her how to sew when she was young, and by the sixth grade she was making her own clothes. After she married and had kids, she started to make children's clothes for fun in the evening. She often worked after her kids were asleep, sometimes annoying her neighbors with the noise of the sewing machine. At that time, Natalia was not trying to sell her clothes, but neighbors and friends were soon placing orders.

Realizing that she could turn her hobby into a career, she began to sell perfume or anything else she could find to raise money for fabrics and sewing machines. She eventually opened Natalia Melnic Ltd. in 1997 with five seamstresses. By 2011, when a USAID project advisor saw Natalia's clothes while shopping, she was focused on producing women's wear and had grown to 20 employees, producing more than 600 pieces per month. Natalia sold more than 8,000 pieces in 2011 with a sales value of nearly \$260,000.

Impressed by Natalia's designs, USAID invited her to attend a fashion forecast training. In addition to learning about trends for the next season, Natalia met other designers and began exchanging ideas with them. Natalia eagerly incorporated what she learned into her next collection. Since then, Natalia attended other trainings on product development and merchandising. She also participated in a USAID-sponsored trip to a fabric and accessories trade show in Turkey to develop relationships with suppliers.

As a result of USAID support, Natalia has improved the way she designs and makes her collections. With USAID assistance, Natalia developed a new brand - Secana. The new Secana collection, a more upscale clothing line, targets professional women, ages 25 to 50, and is part of a strategy to improve marketing and sales in Moldova and also in Russia. She expects to sell around 9,000 pieces in 2012 totaling \$290,000, an increase of nearly 12%.

The strategy is succeeding. After launching her Secana line, the value of exports to Russia in 2012 is estimated to reach \$87,000 (accounting for 30% of total sales) compared with \$66,000 in 2011, a more than 30% increase. In addition, the higher sales volumes allowed Natalia to hire more workers. She now employs 32 seamstresses and expects to add 20 more soon after the construction of a larger factory is completed. It is still a family business, but Natalia's family is now that much larger.



## FIRST PERSON

### Sweet Dreams for Moldovan Mom Turned Entrepreneur

**USAID helps a Moldovan children's wear company to improve its marketing, resulting in increased sales and employment**



PHOTO: USAID CEED II PROJECT

***"When you are true to yourself and seek out your purpose in life, all doors begin to open, and dreams start to come true. USAID helped me to believe in myself, to totally change the image of my company, and to attract more clients and increase sales."***

— Silvia Iazu,  
Owner, Bombonici

As a young girl, Silvia Iazu dreamed of becoming a fashion designer. Since she can remember, Silvia drew clothing sketches and sewed her designs using old sewing machines at the community center in her village in southern Moldova.

But her mother had different dreams. She wanted Silvia to become a doctor. Silvia started medical school, but medicine wasn't her true calling, so Silvia quickly transferred to a junior college and then to the Technical University of Moldova, where she graduated with a degree in apparel design.

Shortly after her graduation, Silvia's first child was born. Her daughter sparked an idea: she could design and manufacture children's clothing, a plan supported by fellow new mothers. Slowly, Silvia's dream took shape. At first, she designed and sewed outfits herself, selling them to friends and family who were impressed by the quality and style of her designs. Encouraged, Silvia began to expand. She bought five sewing machines, rented an apartment, and hired five seamstresses. With a steady flow of orders, her business eventually grew to 30 employees. But then business slowed and Silvia began looking for ways to continue growing her company. Then she learned about a local USAID project.

USAID project staff recommended that Silvia improve her marketing, starting with the company's image. With USAID's assistance, Silvia rebranded her company to *Bombonici*, which means *sweets* in Romanian. USAID consultants helped her to design a new logo and slogan, and prepare new marketing materials. "USAID's assistance came quite in time," Silvia says. "It was a complete turnaround, and would not have happened without the project's help."

Shortly after rebranding, Bombonici participated in a local exhibition. The company's new look caught the eye of new clients, wholesalers who began buying and reselling Bombonici clothing, allowing Silvia to expand her distribution throughout Moldova. In 2010 Silvia began to export to Romania, and opened her first company store in Chisinau, Moldova's capital city in 2011. During three years, Bombonici's revenues grew by more than 225%, reaching nearly \$150,000 in 2011. Silvia also steadily employed more people. By early 2012, Bombonici had 60 employees, nearly double the number from a little more than one year before. With her success, Silvia is optimistic about the future, and is still dreaming.



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## SNAPSHOT

# Connecting to the Culture of Viticulture

### **USAID support to the Moldovan Sommelier Association reconnects the country to its wine heritage**



PHOTO: USAID CEED II PROJECT

*Mihai Druta, President of the Moldovan Sommelier Association, USAID consultant Brigitte Leloup, Vice President of the European Association of Sommeliers, and Sergiu Nedelea, Romanian sommelier lead the Wine & Gastronomy sessions during the 2012 ExpoVin Moldova wine exhibition.*

***With USAID support, the Moldovan Sommelier Association strengthened its professional competencies, increased its membership, and improved their credibility within the wine and the hotels, restaurants and cafés (HoReCa) industries.***

Although Moldova has a long tradition of wine production, the country lacks well-trained sommeliers, who serve as an essential link between winemakers and consumers. By most estimates, wine has been made on Moldova's land since 500 B.C. Wine is an important part of Moldovan daily life. Roughly half of Moldovan families produce their own wine, and wine is present at most of life's celebrations from birthdays to religious holidays. Yet, despite the country's wine heritage, consumption of quality bottled wine is low in comparison to other European countries due to limited knowledge of how to appreciate quality wines.

In an effort to connect Moldovans to their roots and improve business in the wine sector, USAID is supporting the newly established Moldovan Sommelier Association (MSA). USAID sponsored a series of seminars to build the capacity of sommeliers and wine enthusiasts. The sommelier courses were led by Brigitte Leloup, a Master Sommelier and Vice President of the European Association of Sommeliers. More than 40 wine professionals, including 16 new sommeliers, participated.

"Sommeliers present the link between winemakers and restaurant business," says Lilia Ciotca, sommelier and tour guide at Milestii Mici winery. "The professional sommelier trainings that I participated in have been really valuable for me, and helped me develop my professional skills in terms of serving, selling and promoting wine to tourists." Like Ms. Ciotca, many participants have already applied their new knowledge at trade fairs, in specialized wine shops, restaurants and hotels, and in the classroom. One participant, Mr. Luca, a professor at the Technical University of Moldova, developed a course on wine serving, which has reached more than 50 undergraduate and graduate students. Further, the association of sommeliers has welcomed seven new members.

Mihai Druta, president of the MSA, commented that USAID's assistance has contributed significantly to educating Moldovans on how to appreciate wines. Mr. Druta further noted that, "Without the support we wouldn't have been able to increase our capacity and to contribute to improving the wine consumption culture in Moldova."

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.