COMPETITIVENESS ENHANCEMENT AND ENTERPRISE DEVELOPMENT II (CEED II) PROJECT MOLDOVA

MID-TERM PERFORMANCE EVALUATION

December 2012

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Acronyms

APIUS	Patronate Association of Light Industry Companies
ASW	Association of Small Winemakers
ATIC	Moldovan Association of Private ICT Companies
B2B	Business-to-Business
B2C	Business to Consumer
BSP	Business Service Provider
CAD	Computer Assisted Design
CE	Client Enterprises
CEED II	Competitiveness Enhancement and Enterprise Development II
CM	Cut and Make
CIS	Commonwealth of Independent States
CMT	Cut, Make and Trim
COMTRADE	United Nations Commodity Trade Statistics Database
COP	Chief of Party
COR	Contracting Officer's Representative
DCA	Development Credit Authority
DCOP	Deputy Chief of Party
DLI	Development Leadership Initiative
EIB	European Investment Bank
ER	Expected Result
EU	European Union
FGD	Focus Group Discussion
FY	Fiscal Year
GDP	Gross Domestic Product
GI	Geographic Indication
GOM	Government of Moldova
HACCP	Hazard Analysis & Critical Control Points
ICT	Information Communications Technology
ISO	International Organization for Standardization
IR	Intermediate Result
IT	Information Technology
LER	USAID Office of Learning, Evaluation and Research
LOP	Life of Project
MIEPO	Moldovan Investment and Export Promotion Organization
MIS	Market Information System
M&E	Monitoring and Evaluation
MOU	Memorandum of Understanding
MWG	Moldovan Wine Guild
NetAcad	Cisco Networking Academy
PE	Participant Enterprises
PMP	Performance Monitoring Plan
PMU	Project Managements Unit
PPL	USAID Bureau for Policy, Planning and Learning
Q-Lab	European Software Institute Eastern Europe Quality Laboratory
SME	Small and Medium Enterprises
SOW	Scope of Work

UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USG	United States Government

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Executive Summary

This evaluation of the Competitiveness Enhancement and Enterprise Development (CEED II) Project was led by USAID's Bureau for Policy Planning and Learning, Office of Learning Evaluation and Research, and conducted by a team that included a PPL/LER Senior Evaluation Specialist and two Development Leadership Initiative (DLI) Foreign Service Officers, from USAID/Egypt, and USAID/Mali. This is the first of a series of evaluations to support Missions who are interested in evaluating and learning from projects whose evaluation requirements, are outside of the "required" USAID evaluations as per the evaluation policy, and do not need an "external evaluator" as team leader. It also served as an opportunity for DLI Foreign Service officers, to gain practical experience participating in USAID evaluation teams, following completion of the USAID/PPL/LER supported evaluation courses, for Program Managers, and Evaluation Specialists.

This CEED II evaluation, is a mid-term, performance evaluation whose objectives are to help determine what components and aspects of the CEED II project are achieving the expected results, and which are not, and to make recommendations for modifications and mid-course corrections where applicable. The USAID Competitiveness Enhancement and Enterprise Development II (CEED II) project, valued at $9,149,605 with a four year period of performance from December 8, 2010 until December 7, 2014 follows the five year CEED project, which ended on September 30, 2010. CEED II is implemented by Chemonics International, which also implemented CEED.

The project targets six industries. These are (1) apparel and textile, (2) fashion accessories, (3) home furnishings, (4) information technology (IT), (5) wine, and (6) tourism. The project aims to increase competitiveness in these six targeted industries through activities that are expected to produce results in the three following over-arching areas:

- Increased productivity
- Increased trade and investment
- Improved public-private dialogue for a better business environment.

The evaluation team utilized a combination of data collection methods that included a desk review of project related literature, in-depth interviews with key informants, and focus group discussions (FGDs). A total of 40 respondents were selected from the six industries to participate in the in-depth interviews, and 16 participants took part in focus group discussions. The in-depth interviews, and FGDs, addressed questions that captured the perception of respondents of the value of the project and activities in which they have participated; the degree to which the project has contributed to knowledge and improvement in productivity within the various enterprises; the extent to which the project might have contributed to improvement in processing standards and production methods; and the extent to which the

project has been addressing trade and competitiveness constraints and contributing towards an enabling environment for businesses, through public-private dialogue.

Activities supported by the project include a) trainings, b) direct and indirect technical assistance, and c) opportunities for market exposure through trade shows and exhibitions. Interviews with key stakeholders during the evaluation data collection process revealed that CEED II focuses more on activities that are expected to address systemic problems of enterprise performance, and potential for sustainable results.

At the time of the evaluation, activities in the IT, wine, and apparel industries had been implemented for 21 months; while in the fashion accessories, home furnishings, and tourism industries, the project has only been working for 13 months, 12 months, and 6 months respectively. Thirty-four percent of the CEED II activities that are designed towards the achieviment of increased productivity were targeted at the apparel and textile industry, followed by the IT industry (31%). On the other hand, most of the activities (32%) designed towards the achievement of increased trade and investments, were targeted at the apparel industry; this was followed by IT (20%), wine (25%), and home furnishing (10%). In terms of improved public-private dialogue for a better business environment, half (50%) of all activities implemented were targeted at the wine industry, while 35% were targeted at the IT industry. The effect of these activities were analyzed in terms of progress that the project is making towards achieving the three objectives of increased productivity, increased trade and investments, and increased public –private dialogues towards an enabling business environment in Moldova.

Highlights of Findings

Interview responses suggested several successes among the enterprises in the apparel and textile industry. In general, while there has not been immediate improvement in productivity among the enterprises as a result of the project, knowledge for key employees has definitely improved, according to respondents. CEED II's main accomplishment in the apparel industry is the consolidation of "own brand apparel companies" in Moldova. Own brand production and sales is a new high value segment of the market that has been developed with CEED II support. While firms supported by CEED II are likely to be sustainable, and continue beyond project support, it is questionable whether the Apparel and Textile Industry Association (APIUS) has the capacity to provide sustainability and continuity to several of the CEED II activities that are now being coordinated by CEED II.

Overall, CEED II is contributing to changes that are taking place in the fashion accessory industry in Moldova. Domestic sales reflect this improved image of Moldovan fashion accessory companies, and activities such as Made in Moldova, as well as accompanying activities such as fashion shows, mass marketing, and the development of new brands for companies have all been extremely well-received by interview respondents. The evidence suggests that success in

"Made in Moldova" could lead to greater investment opportunities for fashion companies in Moldova. Increasing activities that focus on financial services was requested repeatedly, with companies experiencing growth and needing the technical expertise on how best to help facilitate this growth via credit and grant opportunities.

In home furnishings, interviews suggest that there is satisfaction with the CEEDII trainings provided in marketing, sales and accounting, while highlighting the need to also provide training to production staff within the industry. There is lack of adequate training in educational institutions in furniture design. For example, recent graduates have not been exposed to some of the current furniture design software, such as 3D max, which is the main program to design furniture. CEED II assistance activities have focused on helping create an association/working group to represent its members and the industry. The association has brought together industry participants and has accomplished some important results in a short period of time (e.g. organization of local furnishings exhibit, and plan for a shared sales space for several companies to sell and display their products in the same shopping location). However, given the high level of fragmentation in the industry (more than 400 companies) the association now only represents the largest home furnishing companies. Membership is expected to expand, as the association continues to demonstrate its value to the industry.

An important achievement of CEED II in the IT industry, pointed to by interview respondents, is the role played by the project in motivating the Ministry of Education to accept CISCO IT Essentials as an approved high school elective starting in the 2012/13 academic year. Promotion of IT in high schools has risen dramatically through CEED II, both through an IT Essentials elective course, but also by having industry leaders visit and talk with students about the industry and raising awareness. Over 30 teachers have been trained from 25 schools, and over 300 students are paying for the IT Essentials course.

The wine industry is the most mature of the six industries supported by CEED II. During the first two years, CEED II has implemented a number of activities aimed at contributing directly to increased productivity. One of the most successful outcomes is the contribution of the project towards the progress in placing draft law no. 900 before Parliament. On October 4, 2012, this law passed the first reading in Parliament and a final reading will take place in late October or early November. This law, if passed, will revolutionize the wine market in Moldova. Among its provisions is that it will harmonize the wine legislation to the European Union and OIV standards – by setting clear quality requirements by transparent documents, clear labeling rules, more efficient quality assessment procedures. Another major achievement of the project in the wine industry is the creation of a new system of Geographic Indications (GI) with four distinct zones in Moldova, which is likely to improve the quality and marketability of wine. CEED II has also played a key role getting the Sommelier profession recognized in Moldova, and having the profession included in the national classification of professions in Moldova. A key advantage of this classification is that the profession will benefit from the labor laws and

conditions in Moldova. For this, CEED II is accredited to have written the letter to the Ministry making the request for classification

In the tourism industry, the key accomplishment highlighted during interviews with industry representatives is establishing a tourism marketing task force with public and private sector members who worked towards developing a new logo and website to promote and market tourism in Moldova. CEEDII also developed a business environment task force. Together, they are working on supporting the industry to develop a Moldova tourism brand which incorporates wine, rural and culture.

In general across almost all of the industries with perhaps the exception of the apparel and tourism industries, strengthening of industry associations is a project activity that has most advanced the projects purpose. This is very evident in the home furnishings, wine, and IT industries.

Challenges

While the project has made significant strides in its progress towards the three objectives, there are some challenges that need to be addressed over the next two years. A major challenge the project has to deal with is that the quality and skill of the workforce for some of the industries is not yet meeting the demand of businesses. In the apparel, furniture, and IT industries, the evaluation findings, based primarily on interviews with key informants, suggested that there is a significant mismatch between the skills required in these industries, and the curriculum and training provided to students in educational institutions. For these industries to be competitive the work force should also be competitive and productive and up to date in their knowledge and application of the latest technologies in the industries in which they work. CEED II definitely has a potential role to play in bridging this gap, by bringing together the industries and educational institutions to understand each other's needs and identify solutions.

The project has made progress towards strengthening the enterprise associations. However, based on interviews and focus group discussions, there is still much work to be done in this area. Enterprise associations in the wine industry seem to be much more established and mature, exhibiting potential for sustainability in supporting the industry with minimal help from CEED II. Other associations are not as strong and exhibit varying operational and governance capacities. APIUS is perhaps the association that will need to have most significant input from CEED II in the next two years towards building its capacity if it is to become sustainable over time. It is critical for CEED II to determine if APIUS is being responsive to make the necessary changes and if it has the governance structure to ensure proper management and take ownership to provide continuity and sustainability as an association.

There is also the challenge in reconciling the perception among the members of ATIC that there is a dichotomy in benefits between large and small IT firms in the benefits of the association. This has implications for membership and growth of the association. The flexible

nature of the IT industry, which is also prone to individualism and entrepreneurial start-ups, is a double edge sword for the association. Companies could do it alone, or benefit from the support of an association that they perceive as supporting their growth, and advocating for legislative changes that will support the common good and competitiveness of the industry.

In the wine industry, though significant strides have been made under the support of the CEED II project, there are still several challenges facing the industry. For example, several wine producers still experience serious lingering financial difficulties from the Russian wine ban (2006/07) and economic crisis. Maybe, until the vine and wine law is approved and implemented, there is still inappropriate legal and regulatory framework affecting the development of the industry. And added to this is the poor quality of vineyards that may affect the competitive capacity of the industry particularly in the European market.

In home furnishings, the growth of imported furniture, by volume and market share, is a threat to local producers. Also, a critical challenge that is experienced in the industry is limited marketing and retail capacity. The industry association though still relatively weak, is engaged in improving the retail capacity by developing a showroom at a centralized location that can be shared by all of its members and a contract was signed on October 2, 2012 toward this end. Nevertheless, the industry faces a fragmentation and informality challenge, and the newly created association is primarily engaging large firms in the industry.

In tourism, interviewees point to the challenges in harmonizing the tourism strategy with that of the National Tourism Board. While CEED II has been instrumental in establishing a Tourism Task Force, which has contributed towards development of a Moldovan tourism logo, slogan, and website for the industry, there is still a challenge of having buy-in from the national Tourism Agency. Also, outbound operators' interests eclipse inbound operators' interests in associations, and there is very weak capacity of the National Tourism Agency and no budget for promoting the country.

Recommendations

In general, the project is making significant progress towards the results that it was set out to achieve. However, most of the activities and progress are demonstrated among industries that were targeted under CEED I. Because the project had only completed 21 months of implementation at the time of the evaluation and only 13 months, 12 months and 6 months for the fashion accessories, home furnishings and tourism industries respectively, activities and measurable results among these newer industries that became part of CEED II, were limited. Recommendations are made in the report on how the project can move forward in strengthening its value chain, and cluster actor activities, as well cross-cutting activities.

1. Introduction

Moldova is situated between Western Europe and the CIS and has the advantage of geographical proximity to both stable but demanding western markets and growing but risky eastern markets. However, Moldova remains one of the poorest countries in Europe. With a population of 3.6 million, of which 60 percent live in rural areas, the country has no mineral deposits, and depends heavily on agriculture. A strip of Moldova's territory, located between the Dniester River and the Ukrainian border, is under the de facto control of the separatist government of the self-proclaimed Trans-Dniester Republic. This section of the country is also known by its local name, Transnistria.

There is very little foreign direct investment, and high outward migration- an estimated third of the population lives and works abroad- and a challenging business environment. The Moldovan economy went through a recession in 2009. Industrial output and exports both dropped by 24% in the first nine months of 2009; and overall real GDP contracted by an estimated nine percent. Low levels of productivity and constrained markets threaten to prolong economic recession in Moldova, although there are indications of improving conditions in 2010. The structure of the economy is evolving from a traditional agrarian orientation to expanding service and industrial sectors. Over the years, many over-capitalized enterprises with poor labor productivity have downsized, divested, or been replaced by smaller and less capital-intensive enterprises, giving rise to more agile industrial and services sectors. Despite these improvements, productivity remains too low to compete for export opportunities. Moldova's average labor productivity is just 40 percent of firms in Central and Eastern Europe3. Similar to productivity gains, access to capital has improved over the years, but growth remains stymied by conservative bank lending, high collateral requirements, and a lack of trade finance.

Moldova is losing competitiveness in its traditional CIS export markets, which have been geared towards low-quality wine, fruits and vegetables, and some industrial products. Russia dominates this market and has disrupted trade with Moldova through politically motivated – though sometimes justifiable – food safety concerns. However, the recent introduction of trade preferences by the EU suggests an opportunity for export-driven growth. Besides low labor costs, Moldova's comparative advantages in this market include its highly educated population, favorable agricultural production factors, facility with languages, and geographic proximity. While these factors facilitate rapid market entry in a number of sectors, they are easily overtaken if Moldova cannot offer the quality and quantity demanded by higher-value markets.

In early 2010, the Moldovan government unveiled a medium-term economic reform plan, dubbed "Rethink Moldova." The plan is aimed at improving the business climate in the country, increasing exports, including agricultural exports, and upgrading the country's infrastructure. International donors, including the International Monetary Fund, the World Bank, the European Union, and the United States have pledged $2.6 billion for the period 2010-2013 to implement the plan. It is within this context that the CEED II project is implemented by USAID in Moldova.

2. Project Background

CEED II is follow-on to USAID's CEED I Project which ended on September 30, 2010. CEED I was designed to enhance the competitiveness of Moldovan private sector enterprises with an emphasis on (1) apparels and textiles, (2) information technology, and (3) winemaking. CEED I focused on stimulating the competitiveness of producers in these three industries by upgrading enterprise marketing and sales skills, enhancing productivity, introducing new technologies, and improving access to financing and investment.

CEED II began in December 2010 and will operate until December 2014. The project is designed to support competitiveness in six industry sectors including five traditional industries—apparel and textile, fashion accessories, home furnishings, information technology (IT), and wine and tourism.

CEED II is designed to contribute to the economic growth objective and private sector competitiveness program area of the U.S. Foreign Assistance Framework. The CEED II project complements and supports the March 2010 document titled "*Rethink Moldova*"[1] that specifies medium term development priorities and presents the vision of the Government of the Republic of Moldova (GOM) for achieving five "pillar" reform priorities: European integration, economic recovery, rule of law, administrative and fiscal decentralization and reunification of the country. The CEED II project is designed to complement and support the GOM strategy for increased competitiveness and export-driven growth. The strategy, which was developed with the assistance of the IMF and World Bank, is two pronged: (1) Continue structural reforms and improve the business climate; and, (2) increase exports and integrate into global supply chains. In addition, CEED II will complement and coordinate with other donor organizations' projects and activities.

2.1 Overview of Targeted Industries

The project identified six industries from which enterprises have been selected to receive project inputs towards enhancing their competiveness and increasing productivity and sales. Data from the project monitoring databases was analyzed during the evaluation to determine the characteristics of the enterprises the project is working with, as well as the type of relationship that has been established between CEED II and the enterprises. Based on analysis of the project monitoring database, the project has had direct contact with 289 organizations that have participated in a range of activities offered by the project. Among these, the vast majority (86%) were enterprises, 6% associations, 5% educational institutions, 2% government counterparts, and 15 business service providers.

Among the 289 organizations, 79 (27%) have a Memorandum of Understanding (MOU) with CEED II, and 73% do not have an MOU. Enterprises with an MOU with CEED II are referred to as Client Enterprises (CE), and those without MOU are referred to as Participant Enterprises (PE). Engagement with the project and selection criteria for both types of enterprises is different.

[1] http://siteresources.worldbank.org/INTMOLDOVA/Resources/Rethink-Moldova-2010-2013-Final-edit-110310.pdf

Participant enterprises (Non-MOU) are those that are participating in trainings, seminars, roundtables, and similar activities directly or indirectly supported by CEED II that target a wide audience. These enterprises self-select, and must demonstrate willingness to invest time in project-sponsored events and to remain in good standing with project-assisted organizations

Client enterprises (MOU with CEED II) are 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. These enterprises can be either be self-selecting i.e. they can approach CEED II and actively solicit the project; or CEED II can approach enterprises to participate. In addition client enterprises are selected on 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; and
- Strong potential at reasonable cost for technology of management system improvements to increase sales or enhance productivity.

Enterprises with a MOU are also those that are required by CEED II to report sales and other data that are used to fulfill CEED II's reporting requirements for its PMP. However, data is collected by CEED II on all enterprises when they participate in CEED II sponsored trainings and other technical assistance. Among the 79 enterprises with MOU engagement with CEED II, 37% are in the wine industry, 22% in apparel and textile, 13% in fashion and accessories, 10% in home furnishing, 5% in information technology, 2% emerging export industries, and 11% of industries in the monitoring database were categorized as "undefined". Among those categorized as "undefined" – 2 were enterprise associations, 4 educational associations, and 3 government counterpart.

Apparel and Textile

The Moldovan apparel industry is represented by two groups of companies: (i) companies that operate based on the C&M (cut and make) scheme, which is a contract-based method of manufacturing for foreign clients, where finished goods are re-exported back to the country of origin and (ii) companies that produce and sell finished goods under their own label. Building on accomplishments of CEED I, CEED II has continued to support companies producing their own brands. For example, CEED II assisted 3 apparel manufacturers, Ionel, Fabrica de Confecti din Ribnita, and Premiera Dona, to develop new brands for their own clothing labels. CEED II also subcontracted local design companies to assist client enterprises to do the creative work, coming up with a new brand name, logo, and slogan and then developing a corporate style, documenting it in a brand book. The design companies also designed new packaging, tags, and

promotional materials with high quality photographs. In each case, a unique brand image was developed to lay foundation for growth.

Fashion Accessories

At first glance the similarities between fashion and apparel are striking, and it can be tempting to lump the two industries together, however there are several differences between the two in the marketplace. Fashion accessory companies, like apparel, are trying to graduate from being production companies to more full-service providers; however the market for fashion accessories abroad is very small. Larger companies have some opportunities for export, however even the largest fashion accessory company CEED II works with, has chosen to focus only on domestic markets after consulting with a CEED II-sponsored expert in the fashion industry market. The question going forward is what steps to take to help the fashion accessory industry become competitive internationally. The Fashion Accessories Industry of Moldova consists mostly of footwear production (90% of the business) and with 10% is production of bags and leather products. It contributes roughly 0.3% of GDP and 4.0% of exports. The industry employs an estimated 4,000 people in 60 companies, 30% of which are located in Transnistria. Companies are also clustered around Chisinau and Soroca.

Home Furnishing

Home furnishing is a relatively small sector of the Moldovan economy accounting for approximately $65-70 million in sales (equivalent to approximately 50% of the wine exports) and employing around 4,400 employees. The industry is small and highly fragmented with approximately 400 firms, the vast majority small enterprise with less than 10 employees operating in the informal economy.

This is a new industry for CEED II. During the first year efforts were focused on hiring the Industry Manager (who was hired on July 18, 2011) and doing preliminary industry analyses and assessments.

Information Technology

ICT represents 3% of Moldovan GDP, however CEED II is not working with the communications sector within ICT. The IT sector employs 6,000 workers, with 14,000 more in the communications branch of ICT, and adds 20,000 jobs to non-IT organizations (IT specialists at banks, for example). The market for IT products and services was $130m domestically, and $30m internationally, with a 7% growth rate (74% hardware, 11% software, 15% services [should be noted that CEED II does not work with hardware manufacturers, the bulk of the IT industry in Moldova]). Moldova is one of the world capitals of software piracy, with 90% of the software being used by companies obtained illegally (according to CEED II personnel). The IT industry in Moldova demonstrated positive trends during the last year, playing a growing role in economic and social development. Internet and mobile penetration is increasing, and connectivity is ensured at a lower price compared to the previous years. IT exports are growing, and so are sales in the local market, fueled by increased consumption of IT services which is improving business efficiency. Surprisingly, IT preserved its revenues during the

financial crisis and started to recover since 2010. In the last years, Romania and Ukraine became regional leaders in IT services, which signals an opportunity for Moldovan companies to increase their market share, especially since Moldova ranks higher than Ukraine according to the World Bank Doing Business Index 2011 and is able to offer incentives to become a regional hub for the companies operating in Central and Eastern Europe.

Wine

Winemaking is an important sector for the Moldovan economy accounting for 18-20% of GDP and employing around 27% of the country's labor force. It is also an important sector in foreign investment in Moldova. In 2009 the value of exports was estimated at more than US$ 161.4 million and the area under cultivation is more than 151,000 hectares. COMTRADE, ranks Moldova 10th in the world, among producers and exporters of alcoholic beverages.

During the first two years of implementation, CEED II has made some relevant contributions towards the growth and expansion of the competitiveness and efficiency of the wine industry in Moldova. It is apparent that CEED II interventions have the potential to lead to improve industry-wide competitiveness and to increase sales and investment among participating firms in the future.

Tourism

During the first two years, CEED II considered a number of potential "Emerging Export Industries" by analyzing export statistics to try to identify the two emerging export industries with the highest potential to benefit from project assistance. Some of the industries assessed by CEED II included: international transportation and logistics, tourism, electric and electronic appliances (meters, equipment, instruments); remote business services; automotive parts manufacturing, and new types of business to be located in free economic zones or industry parks. The goal was to analyze 5-6 industries and to select 2-3 for assistance to be able to "incubate" some of these emerging export industries. After assessing a number of potential industries, CEED II decided to focus on auto and tourism[2].

Tourism is a very small sector of the Moldovan economy. The Government of Moldova recently created a Tourism Agency as a separate authority from the Ministry of Culture and Tourism. According to Tourism Agency representatives, within the Ministry of Culture and Tourism structure, they only had four employees dedicated to tourism, and now the new Tourism Agency has been strengthened and the number of employees and budget increased (they have about 22 employees and a budget of LEI 3.7 million (US$ 300,000) for project and activities. They coordinate activities with MIEPO (e.g. MIEPO has a budget of LEI 200,000 for exhibitions) and the Ministry of Foreign Affairs and the Ministry of European Integration. The new Tourism Agency reports to the Office of the Prime Minister and falls under the supervision of the Vice Prime Minister. The Tourism Authority classifies tourism in the country in five categories: ecologic tourism, religious tourism, cultural tourism, wine tourism and rural

[2] As of October 1st, following the field work for this evaluation, the decision was made by CEEDII to focus entirely on tourism as the sixth industry to be supported by the project.

tourism. Tourism has links to several other sectors and the potential to impact development of those sectors two (e.g. transportation, food, lodging, communications, medical services, etc.). Auto parts was also identified as an emerging industry, however, after consultations with CEED II it is evident that this industry will be dropped from the project, as businesses identified as clients were too advanced and in little need of CEED II interventions.

3. Evaluation Purpose and Evaluation Questions

This is a mid-term, performance evaluation whose objectives are to help determine what components and aspects of the CEED II project are working well and why, which perhaps are not and why, and to make recommendations for modifications and mid-course corrections, if necessary, to help guide the CEED II project over the second half of project implementation. The evaluation provides pertinent information, statistics, and judgments that will enable Chemonics and its implementing partners, USAID, and the Government of Moldova (GOM) to learn about the accomplishments, challenges, and future potential of the CEED II project. In summary, the evaluation findings will help all stakeholders involved with the project better understand the initial results and contributions of the project, and help re-focus and strengthen project implementation.

Evaluation Questions

The Evaluation Team assessed the **relevance, effectiveness and efficiency**[3] of all CEED II activities in Moldova, to determine what activities should be continued or modified to increase the likelihood of sustainability for planned results. Based on the evaluation Scope of Work (SOW) the following evaluation questions were addressed:

1) Which of the project activities appear to have most advanced the projects purpose of growing and expanding the competitiveness and efficiency of key strategic industries in Moldova leading to increased sales and investments?
2) What is the perceived value-add of project activities for stakeholders working in target industries?
3) To what extent can the project begin to address USAID Forward objectives[4], specifically Implementation and Procurement Reform 2?
4) What steps can the project take to ensure the sustainability of its objectives?
5) Are there any unintended but important results attributable to the project that should be documented?
6) What are the factors that hinder/assist the project performance?
7) How effective has the project been at partnering with the private sector, other United States Government agencies, and with other donors in order to achieve project objectives?

[3] An activity is relevant if it is a required and necessary input for achieving an identified and clearly defined development outcome; an activity is effective if it produces the desired result, or development outcome it was designed to produce; an activity is efficient if it achieves its intended results within the allotted time and financial parameters.

[4] USAID/Forward information can be found at http://forward.usaid.gov/ Implementation and Procurement Reform 2 is: "Strengthen local civil society and private sector capacity to improve aid effectiveness and sustainability, by working closely with our implementing partners on capacity building and local grant and contract allocations."

8) How can project monitoring and evaluation data be better used for management purposes?

4. Methodology

This section provides a description of the evaluation design and methodology. This is the first of a series of evaluations to support Missions who are interested in evaluating and learning from projects whose evaluation requirements, are outside of the required USAID evaluations as per the evaluation policy, and do not need an external evaluator as team leader. The evaluation was conducted by a 3-person team that includes a Senior Evaluation Specialist from USAID's Office of Learning, Evaluation and Research (LER); and two Development Leadership Initiative (DLI) Foreign Service Officers (one from USAID/Egypt, and one from USAID/Mali), who have completed one of the evaluation courses offered by PPL/LER for USAID program managers and evaluation specialists. Fieldwork for collecting data was conducted in Moldova from September 10th – 21st, 2012. Respondents for the in-depth interviews, focus groups and survey of staff, were selected from among enterprises with and without MOUs. Below is a description of the data collection and analysis methods applied for this evaluation.

4.1 Data Collection Methods

Desk Review of Literature

Prior to arriving in the field, the Evaluation Team in collaboration with the CEED II team identified several project related documents and literature that were reviewed for background information on the project design and implementation. Among the documents reviewed are the project Award Contract between USAID and Chemonics; annual work plans for FY11, FY12, and FY13; the FY11 Annual Report; the Performance Monitoring Plan (PMP), as amended in March 2012; and other progress reports, including Quarterly Reports for FY 11 and FY 12.

The documents were reviewed by the team, and provided background on the CEED II project implementation process, and progress towards the achievements of the targets for the project performance indicators. Also, based on the analysis of the contents of documents reviewed, information was gathered that contributed to the development of other data collection instruments, such as the in-depth interview guide, focus group discussion guide, and the mini-survey.

Analysis of Performance Monitoring Data

CEED II staff has developed a database that houses data collected on the indicators that are in its PMP. Access to this data was provided to the Evaluation Team by the CEED II M&E team. Indicators in the database include names of the enterprises supported by CEED II, type of enterprises, type of industry to which each enterprise belongs, type of activities, enterprise sales, employment figures, as well as other pertinent data on the enterprises and activities supported by CEED II.

Using the performance monitoring data, the Evaluation Team conducted an analysis of the enterprises and industries supported by the project, to provide an overview of their characteristics and the type of project activities that they have participated, and some of the results that have been achieved. During the field data collection, as the team conducted interviews and gained insights into the project, additional requests were made to the CEED II team for additional data examining the extent to which beneficiaries made changes to their business practices based on their participation in CEED II activities.

Key Informant Interviews

Interviews were conducted with 40 key-informants selected from enterprises in the six industries supported by the project. The Evaluation Team worked closely with the project COR in identifying and scheduling interviews, which took place during the field visit to Moldova. In addition, the Evaluation Team also interviewed staff of the CEED II implementing partner, USAID/Chisinau staff, members of the industry associations, and Government of Moldova representatives who were knowledgeable about the project and its activities (See Appendix 2 for a list of respondents).

Interviews were conducted using an interview guide containing 20 open-ended questions (See Appendix 3). The questions were grouped into sections that addressed the expected results of the project, which includes productivity, trade and investments, and public private dialogue. Interviews were conducted face-to-face with each respondent, either at their offices, or at the hotel where the Evaluation Team was residing. Some interviews were conducted at the offices of the CEED II project. For almost all of the interviews, an interpreter accompanied the Evaluation Team members, and questions were translated into Romanian or Russian. For the respondents that answered in Romanian or Russian, the responses were translated into English by the interpreter. These interviews lasted for about 30 – 45 minutes per interview. Each interview was recorded by the Evaluation Team member who conducted the interview.

The interviews addressed questions that captured the perception of respondents on the value of the project and activities in which they have participated; the degree to which the project has contributed to knowledge and improvement in productivity within the various enterprises; the extent to which the project might have contributed to improvement in processing standards and production methods; and the extent to which the project has been addressing trade and competitiveness constraints and contributing towards an enabling environment for businesses, through public-private dialogue. The Evaluation Team developed a tool for collating and summarizing the qualitative responses for each respondent. These were later analyzed and reported in the evaluation findings below.

Focus Group Discussions

During the field data collection, three focus group discussions were conducted by the Evaluation Team. A total of 16 respondents participated in these focus groups. These included (1) a focus group of women business owners with five participants; (2) a focus group with women who had participated in trainings offered by CEED II over the last 21 months; and (3) focus group of training participants in general. The FGDs were facilitated by members of the Evaluation Team, with an interpreter translating the questions into Romanian or Russian, and translating discussions and responses into English.

The FGDs were conducted using a discussion guide developed by the Evaluation Team. There were two versions of the guide, one version was for training participants, and the other was for women business owners. These FGDs allowed the Evaluation Team to explore in a less formal setting than key informant interviews, technical and managerial elements of the project; and aspects of the project that should continue, elements that could be improved, and new areas that should be addressed by the project over the next two years. For training participants, the questions also focused on their participation in CEED II training and technical assistance activities, as well as the extent to which activities have contributed to the productivity and competitiveness of the enterprises in which they work.

The content of the discussions were analyzed by the Evaluation Team. The results of the analysis are incorporated into the narrative in the findings section of this report.

Survey of Enterprise Staff

The Evaluation Team attempted to implement a survey of project beneficiaries using Google Forms; however the response rate was too low to derive any significant conclusions. The fact that The Evaluation Team had only two weeks in the field prevented the survey from being administered in person, and thus contributed to the low response rate. While the Evaluation Team would have liked having an additional source of data from which to draw from, the Evaluation Team is nonetheless confident that the quantitative and qualitative data collected is sufficient to provide meaningful recommendations to the USAID/Moldova Mission.

Methodological Limitations

The evidence reported in this evaluation cannot be used to generalize across enterprises in Moldova for the sectors covered by the project. Respondents who participated in the interviews and focus group discussions were identified and selected by the project, and are also participants in the project activities, and as such, there is a likelihood that their responses may be biased towards the project. We were not able to access non-participants, and who might have alternate views on some issues. To compensate for potential biases such as selection bias and recall bias among interviewees, the Evaluation Team triangulated data from multiple sources to ensure that the data was reliable enough to derive significant conclusions. It should be stated, however, that there will be an inherent bias in favor of the project due to the lack of a counterfactual. Due to logistical constraints this was unavoidable.

5. Evaluation Findings

The objective of CEED II is to grow and expand key competitive industries in Moldova. The development hypothesis that guided the project design is that helping Moldovan enterprises to compete successfully at home and abroad will lead to the growth of targeted industries through increased sales and investment. The project is also designed to complement and supports the Government of Moldova's strategy for export- and investment driven growth.

The project aims to increase competitiveness in six targeted industries through two approaches. The first approach will strengthen value chains of the six enterprises, and produce the following results - Increased productivity (Objective 1); and - Increased trade and

investment (Objective 2). Value chain strengthening is addressed through assistance to individual enterprises or groups of enterprises to improve internal competitiveness factors to enhance enterprise growth and to boost sales. The second approach applied by CEED II is cluster actor strengthening. This is expected to result in - Improved public-private dialogue for a better business environment (Objective 3). Using cluster actor strengthening approach, CEED II provides support for industry interventions to address systemic barriers & policy constraints, assist and work with associations and member based organizations; assist and work with Government counterparts; bring private and public sectors together and improve dialogue. This approach is being implemented with a holistic view of cluster development with an increased focus on non-value chain actors, such as business associations and Business Service Providers (BPSs.)

Activities supported by the project include a) trainings, b) direct and indirect technical assistance, and c) opportunities for market exposure through trade shows and exhibitions. Interviews with key stakeholders during the evaluation data collection process revealed that CEED II focuses more on activities that are expected to address systemic problems of enterprise performance, and potential for sustainable results. Also, CEED II offers an intensified focus on partnerships, public-private dialogue, and industry-wide interventions to encourage systemic and sustainable change. As a result the project has identified and established technical partnerships with several Moldovan institutions in both the public and private sectors.

In this section, we draw from the findings from the evaluation data, collected through the project monitoring database, in-depth interviews, focus group discussions, and a survey of staff of six industries supported by CEED II.

5.1 Progress towards achieving results

The CEED II project aims to increase competitiveness in the six targeted industries through activities that are expected to produce results in the three following over-arching areas:

- Increased productivity
- Increased trade and investment
- Improved public-private dialogue for a better business environment.

Based on data analyzed by the Evaluation Team, using the project monitoring database, a total of 105 activities are geared towards achieving these results and have been implemented by the CEED II project. Among these activities, 21% were implemented with the expectation that they will contribute towards achieving Objective 1. More than half (53%) of the activities implemented so far are expected to contribute to the achievement of Objective 2, and only 19% of project activities are expected to contribute to the achievement of Objective 3.

In terms of distribution among the enterprises in six industries, a greater proportion (34%) of the CEED II activities that are designed to contribute to Objective 1 were targeted at the enterprises in the apparel and textile industry, followed by the IT industry (31%). Also, the apparel industry had the most activities (32%) towards the achievement of Objective 2; this was followed by IT (20%), wine 25%, and home furnishing (10%). For Objective 3, half (50%) of the

activities implemented were targeted at the enterprises in the wine industry, while 35% were targeted at the IT industry.

Below is an illustration of the results the project is designed to achieve:

The next section of this report, provides an analysis of progress made in the first 21 months of implementation, towards achieving the results that the CEED II project was designed to accomplish. Data for the analysis is drawn from the project monitoring data, in-depth interviews with stakeholders, and focus group discussions.

5.2.1 Increased Productivity

Progress of the CEED II project towards increasing the productivity of the enterprises in the targeted industries depends on the achievement of three results. These include (1) use of improved technologies and business processes within target industries increased; (2) increased capacity of the workforce in targeted industries; and (3) increased capacity of industry service providers and other value chain actors. This section of the report provides an analysis of progress the CEED II project is making towards the achievement of these results.

During the first year of implementation, the project reached 73 enterprises with technical assistance to improve their knowledge, processes and technologies. With this, the project exceeded its target of reaching 50 enterprises by 46%. Among the enterprises participating in the project's first year activities to enhance productivity, two-thirds were in the wine, IT and apparel and textile industries.

The industries supported by CEED II participated in a total of 29 activities focusing on increased productivity, over the last 21 months. This included 12 activities in year 1 and 17 activities in

year 2, with over a third of the activities targeted at the apparel and textile industries. Table 1, below, shows the distribution of activities targeting increased productivity across industries

Table 1: Total Number of CEED II Activities in which Industries Participated towards Increased Productivity

Result	Apparel and textile	Fashion accessories	Home furnishings	Information technology	Wine	Emerging Industries	TOTAL
Activities towards increased productivity							
Year 1	6	0	0	5	1	0	12
Year 2	4	4	2	4	3	0	17
Total	**10**	**4**	**2**	**9**	**4**	**0**	**29**

Progress of the project towards the achievement of increased productivity among enterprises in each of the industries is discussed below.

Apparel and Textile

Project activities implemented over the last 21 months to contribute towards increased productivity among enterprises in the apparel and textile industries included the following: brand development and rebranding; enhancing product design capabilities of apparel companies; color forecast training; and assisting companies to ensure high efficiency in yarn production. During the second year of implementation, the project implemented the following activities to improve knowledge, processes, and technologies among apparel and textile enterprises: an awareness campaign for Moldovan-made brands in the apparel industry; color forecast training for Moldovan brand apparel companies; enhance product design capabilities of Moldovan-brand apparel companies; assist apparel companies to use merchandizing tools to increase sales; assistance in building an image and improving perception of domestic products; and enhancement of export activities of the Moldovan garment producers. The project also assisted companies in designing and setting up proper sales department.

The project provides support and opportunities to participant and client enterprises to participate in international Expos. Most respondents from enterprises in the apparel and textile industries who were interviewed acknowledged that Expos provide "terrific learning and networking opportunities". Most companies did not find that CEED II activities resulted in higher productivity. Respondents to interviews conducted with management staff who have participated in CEEDII supported trainings indicated that they felt that while these trainings have been generally useful to them. However, they were of the opinion that if CEED II develops trainings targeted at staff who are directly involved in production, such trainings will have a direct effect on productivity of their enterprises, as well as production quality.

Although apparel companies received Computer Assisted Design (CAD) software and training to help them computerize fashion designing and ultimately improve productivity. None of the three apparel respondents mentioned this or the effect CAD has had on their companies. Follow-up activities with support for companies who have received CAD software could be

needed to ensure that the software is being used properly and efficiently and to assess the impact on productivity.

Interviews revealed several successes among the enterprises in the apparel and textile industry. In general, while there has not been immediate improvement in productivity among the enterprises as a result of the project, knowledge for key employees has definitely improved, according to respondents. There is high value placed on the trainings that CEED II had supported, with most enterprises suggesting that they need more frequent training.

The transition from solely being producers to being full-service companies is underway. Interviewees indicated that expos and external consultants have helped their enterprises understand different fashion styles and broaden understanding of different marketplaces, resulting in far more sophisticated clothing being manufactured. According to most respondents interviewed, branding activities have been hugely successful as well, with several enterprises introducing new clothing lines based on the advice received from CEED II consultants and trainings in which they participated. Most respondents were of the opinion that the industry is becoming highly profitable due to higher quality and more sophisticated patterns/colors etc. Several respondents during in-depth interviews said that redesign of their store layouts that were made following the advice of a CEED II consultant has resulted in quick and tangible results, reflected in their sales, company reputation and branding. Respondents felt their redesigned stores were more professional, and were helping create stronger brand loyalty amongst consumers.

Fashion Accessories

Respondents from the fashion and accessories industry reported growth in their respective enterprises. However, lack of qualified labor supply is hampering the rate of growth. There was no evidence of CEED II activities working with building the fashion workforce, i.e., working with vocational schools or promoting the fashion industry to youth as a viable employment opportunity.

Productivity at the factory floor level has shown mixed results. One respondent indicated that the company had participated in very skill-specific trainings on stitching and manufacturing techniques, resulting in higher levels of production from the staff. However, for the most part, trainings focused primarily on knowledge building, such as marketing, which did not make their workers more productive in the sense of producing more goods at higher qualities.

Overall, interview respondents and FGD participants were of the perception that CEED II is "contributing to the transformation of the fashion accessory industry in Moldova". They indicated that what was once seen as a low-quality, inferior option to imported European goods, is now viewed proudly as homegrown fashion. They pointed to the public reception of the "Made in Moldova" campaign, as well as accompanying activities such as fashion shows, mass marketing, and the development of new brands by companies.

While the major market for Moldovan brand fashion accessories is domestic, there have been notable exceptions. One respondent from a jewelry company noted that she had seen a

significant rise in the number of international clients, with these new relationships being formed by attending foreign expos. The domestic market is, according to all respondents interviewed, expanding at a fast enough rate to help companies grow. Soon these companies, particularly smaller companies, will reach a tipping point however where the lack of skilled workers will prevent them from continuing to grow.

Home Furnishings

The initial literature review indicated that CEED II has implemented two activities aimed at contributing directly to Project Objective 1 - Increased productivity of targeted key strategic industries. These two activities are: Activity 4 – calibrate the product offer to market requirements and Activity 5- build capacity in retail/wholesale management and sales and merchandising.

Most interviewees indicated that they have participated in several CEED II events and trainings from the beginning. CEED II has coordinated trainings on sales and merchandising for sales staff as well as accounting for administrative staff. According to respondents, the experts provided by CEED II "were very hands on professionals who provided straightforward advice to employees and sales staff. The sales seminar was delivered by a Ukrainian expert who provided very specific examples on furniture. The same consultant did an audit of the showroom (one respondent indicated that he thinks five other companies were also supported by the same consultant)".

Another respondent from a CEED II supported enterprise indicated that after participating in a sales seminar, they noticed an increased in productivity of their sales staff. Other firm indicated that seven of their sales employees attended the sales seminar and during the training they went through every step to codify and understand buyers' needs, and now they are much better prepared to work with clients in closing the deal. These activities are also contributing to ER 2.2 – Positioning and Promotion of Products and Services.

In terms of the accounting training a respondent indicated that *"they were talking not only about general accounting principles, but they were giving very practical advice*" and added that "*during the training, participants learned better techniques to run the company, costs, profits, and ideal ratios of sales per square meter, useful statistics and how these statistics can be useful in the business operations"*. The consultant helped the participating company do a breakdown of their financial statements.

Several respondents spoke very highly of a consultancy arranged by CEED II with industry expert, Jeff Barren, who gave a seminar on furniture industry trends and how it is developing year by year. Several respondents indicated that Jeff Barren visited their factories, identified issues and proposed solutions so firms found his support very useful. A manager interviewed indicated that "*he (Jeff Barren) was quite an innovator and he pointed out the problems and helped us identify solutions and helped us understand how to address these issues".*

Respondents indicated their satisfaction with the trainings provided in marketing, sales and accounting and indicated the need to also provide training for production staff. One

participant in the focus group discussion indicated that training for production employees is an issue. They indicated that there is high employee turnover among production staff. A respondent added that companies need to use the equipment not just for production, but also for training employees. In the country there is not a vocational training center to train staff needed to work in furniture factories. Production in the furniture industry is seasonal, with a peak season from May to July. During the low season most companies reduce staffing levels, lay off employees or work shorter weeks, and a lot of the employees don't return for the next peak season so they have to train new employees.

In terms of actual sales results of increasing the competitiveness and productivity of the home furnishings industry, one respondent from an enterprise that has participated in CEED II trainings indicated that while they cannot directly attribute to CEED II, the company has made several changes in their showroom following participation by the sales and accounting staff at a CEED II training. This year the company seemed to be doing relatively well despite the market crisis, and they believe this is due to all the changes that were adopted as a result of CEED II training.

A respondent whose enterprise exports to Romania indicated that after the visit of a CEED II consultant, they have made significant improvements in productivity, but it is hard for them to attribute a sales figure to CEED II. This firm has ISO since 2009, and having the certification and buying quality raw material has a market value for them as it maintains their access to the Rumanian marketplace. This company also participated in the Moscow Furniture Show and indicated that as a result, they now have a better understanding of what it would take to penetrate the Russian market which is a new market to which they are interested in exporting.

Interviews suggest that there is need in the home furnishing industry to improve productivity levels in the enterprises. Several respondents expressed the need to improve the skill level of production staff and to learn better techniques on how to organize the production process. Another issue mentioned is the lack of adequate training in educational institutions; and one firm shared that this year they hired a recent graduate who had studied furniture design, but she didn't learn at school how to use 3D max which is the main program to design furniture. So firms have to start training employees from the beginning, asthe technical university is not preparing students with the skills required by the firms. A respondent indicated that "*lack of qualified workforce is the biggest problem. Curriculums at universities are outdated. There is one vocational school for furniture production, but graduates have to be re-trained by the company that hires them after graduation. The equipment with which they teach at the institution is outdated (from the 50s).*"

Information Technology (IT)

According to interviews with industry association leaders, the main issue affecting IT companies in Moldova is labor shortage at all levels: entry level, mid-level, senior leadership. Also, according to the owner of an IT enterprise that hires graduates as computer programmers, there is a job market mismatch in the IT industry. In his words, "*Computer programmers do not know where to find jobs and what kind of jobs are in high demand, while employers don't know where to find computer programmers.*" It is not common for employers to advertise the skills they expect recruits to have. For example, if an employer is looking for someone accredited in

Microsoft Access, they rarely mention this when advertising the position. The owner of the IT enterprise felt that if people knew what employers were looking for, they might be more receptive to trainings and classes at universities. Employers don't advertise these skills because they often feel they must develop them in-house, which can be very expensive. This communication problem is is clearly within CEEDII's manageable interest. A number of respondents indicated that the IT curriculums at universities do not apply to the market. For example, while most IT firms are now using Google Python as a programing language, universities are still teaching students Pascal or Prologue languages. This makes it difficult for graduates to get IT jobs.

The market for trainings for IT companies is low. Many IT companies conduct trainings in-house, which are specific to the solutions their company is selling. General trainings on topics such as project management or branding have been described as too basic and more suited for "junior" employees.

Some respondents suggested that CEED II should redesign IT-specific trainings, by either making them more applicable to the industry or stop doing these trainings. IT Essentials, which is an elective offered in High Schools, is combined with up to 50 other electives offered by schools, making the chances of its adoption in early grades quite low, particularly without if there is no Ministry of Education support. CEED II has worked on addressing this issue. At the time of the evaluation a new Minister of Education who supports the initiative, and just came into office, and interest in this area was demonstrated by promoting it in a at a press conference.

Respondents indicated that IT promotion in high schools has risen dramatically through CEED II, both through IT Essentials elective course, but also by having industry leaders visit and talk with students about the industry, raising awareness. Also, colleges are reported to be holding IT fairs for students to meet with IT companies, professors, etc., as a way of raising interest. Promotional materials are sent to HS students during the time of year when they are in the process of making decisions on selecting a college specialty. Student enrollment at IT technical school is reported to be up this year with 200 more students, despite an overall drop in admittance at the university level.

Increasing productivity is challenging to achieve in the IT sector, as increasing productivity can only happen with a larger, more skilled workforce. CEED II has taken very positive steps in beginning this shift, but it will probably take several years to see the dividends from the investments made in education, particularly at the high school level. Thus, while productivity itself has not necessarily been improved in the IT sector, the seeds have been planted for future productivity gains throughout the industry. While investments in creating HS IT curriculum makes sense intuitively, the buy-in and participation from the Ministry of Education is paramount to its success.

Wine

The wine industry is the most mature of the six industries supported by CEED II. CEED II has implemented a limited number of activities aimed at contributing directly to increased

productivity in the wine industry. This may be partially due to the mature level of the industry as a whole, prior support that firms have received from CEED I, and other stakeholders. These have resulted in relatively higher levels of productivity and competitiveness among enterprises in this sector, compared to those in newer industries. Evidence suggests that activities implemented under the CEED II predecessor, CEED I played an important role in increasing firm level productivity in the wine industry.

The initial literature review indicated that only one activity directly supported ER 1.1 Use of Improved technologies and business processes within targeted industries, which is activity 3: Improve viticulture policies and regulations. In-depth interviews indicated that in terms of international processing standards, most companies interviewed already have ISO, HACCP and V1 and have had these accreditations for several years (without CEED II support).

In terms of productivity, several interviewees indicated that the main issue is with the viticulture. One respondent indicated that "*vineyards are old and agricultural technologies outdated and concluded that this is the weak link in competitiveness*." A few companies indicated that their marketing and sales staff are already sufficiently trained, and indicated the need to coordinate trainings in viticulture production. Members of the Small Wine Producers Association indicated that they follow all the standards starting with the vineyards in terms of controls, and during the processing process (e.g. use of stainless steel, glass, plastic) however, certifications such as ISO are too expensive for small processors; only one of the members is in process of obtaining ISO. Among members of the Moldova Wine Producers Association, about 80% of the members already have ISO, and the others are in the process of getting it. There seems to be general consensus in the industry that it is easier for small processors to monitor and control quality than for large processors.

The expected result, capacity of industry service providers and other value chain actors increased was addressed by CEED II, through strengthening of the Sommelier profession in Moldova by supporting the newly created Sommeliers Association.

Tourism

No activities for the tourism industry have been implemented to support Objective 1. In terms of companies operating in wine tourism, there are only a small number of wineries that have hotels. These facilities have limited number of rooms (less than 20 for each of the two hotels located in wineries). One of the interviewed firms indicated that occupancy this year was very good (close to 90%). The National Association of Travel Agencies is providing trainings to travel agencies in the industry, who have to be trained every three years. The contractor has implemented limited activities to improve the capacity of industry service providers and other value chain actors, so there is significant room for growth in this area (IR 1.3).

An interviewee from one of the associations commented that education for the tourism sector is outdated. The concern was expressed that teachers are educators and have never been practitioners in the industry. There are some technical schools/universities (culinary, bar tender, receptionist) but the level of graduates is not considered good enough for the industry. Rural pensions have to train their staff in-house starting with the basics of tourism.

In terms of Sommeliers, comments on the training provided under the wine industry were very positive, as this is necessary for restaurants, so Sommeliers can make good recommendations how to combine food with wine. Confidence was expressed that as the profession grows, it will have an impact on the productivity of the tourism industry, because most international tourists are very sophisticated and with knowledgeable sommeliers it will help in their appreciation of wine and gastronomy in Moldova.

5.2.2 Increased Trade and Investments

There are three expected results that the project expects to achieve that will contribute towards increased trade and investments in the six industries it supports. These include: improvement in the quality of products and services produced by enterprises in targeted industries; positioning and promotion of products and services from targeted industries in strategic markets; and increased access to financing and investment by enterprises in targeted.

During the first and second year of project implementation industries supported by CEED II participated in a total of 58 activities designed to contribute to increased trade and investments. These included 18 activities in which enterprises from the apparel and textile industries participated, the wine industry participated in 14 activities, and IT participated in 11 of these activities. Using data collected through interviews and focus groups, the analysis below outline the experiences and perceptions of respondents regarding CEED II efforts towards increased trade and investments in the targeted industries

Table 2 - Total Number of CEED II Activities in which Industries Participated towards Increased trade and investments

Result	Apparel and textile	Fashion accessories	Home furnishings	Information technology	Wine	Emerging Industries
Activities towards Increased trade and investments						
Year 1	9	0	0	7	8	0
Year 2	9	7	6	4	6	2
Total	18	7	6	11	14	2

Apparel and Textile

Respondents interviewed from the apparel and textile industry indicated the need for more financial training, particularly in the area of learning how to access financial services. The local market for credit is not particularly strong, so expanding "financial services" to include grant opportunities would make sense in supporting the growth of the apparel and textile industry.

Made in Moldova has proven to be a large success, and is helping to transform the culture in Moldova and this could potentially open up new financing opportunities for businesses. CEED II should expand the breadth of financial services trainings offered, as these were often asked for by interview respondents. Providing workshops directly with banks is one option, as is bringing

in outside consultants to help train workers on financial best practices. The strengthening of financial literacy within companies can have a positive effect on their ability to obtain credit, making them more trustworthy institutions in the eyes of lenders.

Fashion Accessories

In the fashion and accessories industry, respondents found local and international expos useful in learning about foreign brands, networking, and occasionally obtaining new clients, none of the respondents felt that they would be able to attend these expos when the CEED II project ended due to the extraordinary costs.

Not all expos offer the same market access opportunities. Some respondents felt that focusing on more regional expos as opposed to the larger ones in France and Italy might not only make more business sense in terms of reaching the appropriate markets, but also something they could envision doing on their own after the end of the CEED II project.

Based on interview data, there appears to be a gap between the levels of assistance the larger companies receive compared to smaller companies, with large companies participating in more trainings and seminars than smaller companies. Respondents from smaller companies typically wanted much more training for their staff than larger companies, who were more satisfied with the level of assistance being received from CEED II. This could also reflect the starting points of large companies versus small companies, with large companies already having higher capacity amongst its staff, whereas smaller companies needing far more support.

While a respondent from a large shoe company mentioned a banking seminar the company had participated in, access to financial services, and improved knowledge of credit and grant opportunities, had not been improved based on respondent answers. Also, a financial institution interviewed indicated that the CEED II enterprises are larger than the type of enterprises his institutions usually support with financing. As a result, since the DCA agreement was signed with USAID, they have not provided any financing to enterprises supported by CEED II.

Again, in the fashion and accessories, "Made in Moldova" has been very successful, and could lead to greater investment opportunities for fashion companies in Moldova. Increasing activities that focus on financial services was requested repeatedly, with companies experiencing growth and needing the technical expertise on how best to help facilitate this growth via credit and grant opportunities.

Home Furnishings

During the first two years, CEED II has implemented several activities in support of Objective 2 – Increased trade and investment in targeted industries, such as helping prepare firms for participation at international trade exhibits and business-to-business (B2B) events (activity 3), calibrate the product offer to market requirements (activity 5) and to build the capacity in retail/wholesale management and sales and merchandizing.

In-depth interviews with four firms, three focus group participants and two association representatives indicated that the CEED II project has taken some initial steps to try to

increase trade in the home furnishings industry by supporting the participation of firms in international trade events (as observers) and by helping organize a local exhibition of home furnishings. One of the companies interviewed indicated that they went to two of the largest expos with CEED II support: Moscow, Russia and Cologne, Germany. The purpose of this participation was not to exhibit but to have a better understanding of what would be required for them to exhibit in the future. This year one firm decided against participating in the international exhibit in favor of a domestic exhibition. One firm indicated that every year, they used to go to Milan, Cologne and Moscow (on their own), but this year for the first time they went with the CEED II consultant Jeff Barren who added a lot of value to their participation. They now feel they are much better prepared to participate in the future. Most respondents indicated that participation in B2Bs and other events has increased their knowledge on how to exhibit, and gave them the opportunity to seek more export opportunities and to realize the need to raise the quality of their products. Several furniture companies recognized the added value to have an expert in exhibits and fairs to guide them on specific things in which they have to focus.

Several interviewees indicated that they or their staff participated in merchandizing and sales (e.g. selling techniques), and accounting trainings (around 2-3 employees per training per company.) As a result of participation in trainings and consultants' visits and following their recommendations, one company said that their showroom looks much better; the new layout has changed how clients perceive their brand and products and has resulted in increased sales. A respondent mentioned CEED II support in the development of a new product catalogue (not issued yet), so he couldn't speak of tangible results. Several respondents mentioned CEED II support in coordinating the local home furnishings exhibition (Moldova's Furniture Fair) and added that the project provided support in the negotiation of the cost for participating in MoldExpo, from an initial price of Lei 75 per square meter, to a reduced price of Lei10 per square meter.

Another contribution mentioned by several firms is CEED II's support to create a Furnishings Common Shopping Area. The enterprises, have decided to rent a whole pavilion for all members of the association to establish a common sales space. This project is led by the newly created furniture association, which was created with CEED II support. With support from CEED II and the association, they are building the structure now and hope to be operational next year[5]. The owner of the property (a member of the association) will use a part of the shop and will rent out to other association members and they will jointly hire and pay a manager for the common shopping area. One firm owner indicated that "If they succeed at this, it will be a great achievement and the goal of the concept is that firms selling furniture will sell within the same shopping center, while making the shopping experience of consumers more efficient, by them going to a single space for all their home furnishing needs, including tiles, electricity, decoration supplies. The two accomplishments described above (Moldova's furniture fair and Furnishing Common Shopping Area) are closely connected to the creation of the new association described under Objective 3.

[5] The furniture association signed a contract with Lurie Bors to develop the furniture shopping center on October 2, 2012. According to the agreement, the store should open in August 2013.

Another valuable activity mentioned during the interviews is CEED II's assessment of the home furnishings industry which provided very valuable data (otherwise not available). This was useful, but firms in the industry indicated the need for additional information to make better decisions. One of the companies interviewed indicated that they are operating at 60% of their production capacity and even lower during the low season. The main reason why they don't produce more is because they don't have a market. A respondent indicated that they are importing 25% of the furniture required to complete the product mix for the local market, as they don't have the equipment nor the knowledge to produce and meet the market demand for this high-end segment of the market (e.g. manufacture furniture with natural woods); and this segment of the domestic market is so small (1%) to it wouldn't be cost efficient to produce (lack of economies of scale would make it unprofitable).

In terms of access to finance, none of the companies interviewed have received direct support from CEED II to access loans. Most of the companies are medium or large and several have longstanding relationships with banking institutions and get loans when necessary and have good credit records and no difficulty obtaining access to financing. Other companies interviewed don't want to get loans, and prefer to sustain their growth by reinvesting their profits (12-14% rate in euros is too high for them).

Information technology (IT)

An activity that CEED II has implemented in order to generate increased trade and investment in the IT industry is the organization of a start-up weekend. However, evidence from participants in interviews and focus group discussions indicated that Startup Weekend is not developing entrepreneurs past the actual weekend. Respondents indicated that there is no follow-up and that there should be consistency in organizing the start-up weekend, e.g. once a year. The start-up weekend targets graduate students, who are interested in the domestic market. One challenge expressed by a respondent is that it is very difficult to find appropriate space for the start-up weekend. He went on to suggest that it will be a good idea to have such an event in a location with large and small conference rooms that provide the ability for bigger and smaller group meetings. CEED II staff have acknowledged this problem but aren't sure what to do about it with limited resources.

An area in which the efforts of CEED II have created an immediate impact is the introduction of the software AGILE into the Moldova IT community. An interview respondent indicated that as a result of this software "I have felt the impact of CEED II." The project invited to Moldova a trainer from Ukraine, who trained the IT firms on the use of the software, and provided certification for its use. The program is now being applied by several firms, and a key component of the program that has contributed to increased trade, is that it provides a platform for clients to interact with the developers and programmers. It also has added value because it is an excellent interface for working in groups.

The term "IT" in Moldova often only refers to programming and/or engineering, which results in a very narrow definition that's promoted to HS and college students, missing huge opportunity to integrate graphic design into IT careers, particularly for website design and

software user interfaces. This stove piping is evident at the university level, where IT faculty haven't spoken with graphic design students or professors.

The IT Summit was also viewed as a big success by interview respondents because of the variety of participants invited—there were international companies, local companies, and IT specialists all involved. Respondents felt the event was useful for local networking and for exposure to international companies, professionals, and ideas.

There has been little integration between IT businesses involved with CEED II and businesses in other sectors that are participating in the project. For example, there's been no indication of an IT company designing a website for a wine company that gets assistance from CEED II, even though a shoe company has specific IT needs and is currently looking in Romania for companies to work with. While IT companies according to CEED II staff have tried to develop management information systems (MIS) for at least one fashion company, this company was not pleased with the MIS software developed and is now actively looking in Romania for alternative companies to work with. Although Moldovan companies won't always agree or work well together, activities such as these that cross-fertilize industries can be scaled up.

Wine

CEED II has implemented a significant number of activities in support of Objective 2 – Increased trade and investment in targeted industries through the participation of twenty-four wineries in thirteen domestic and international events including wine expos, tasting events, exhibits and B2B and B2C events. Total participation of the twenty four wineries in the 13 events is 135 for an average participation of six events per winery.

In-depth interviews with representatives from five wine enterprises, three focus group participants and two association representatives and a field visit to three wineries indicated that the CEED II project is making contributions towards increased trade in the wine industry, including diversification of their export markets. Respondents to in-depth interviews indicated that CEED II was supporting firms in the wine industry with activities such as, participation in trade shows and regional exhibits as well as promoting local consumption by supporting local promotional interventions like wine tasting events (vernissage), all of which can contribute to increased trade. Several of the interviewees spoke very positively of the vernissage and the need to continue supporting this type of event. Also the Moldovan Small Producers Association indicated that the vernissage was a huge success, with the participation of hotel and restaurant owners (35 clients are businesses). It will be critical for CEED II to identify and strengthen local coordinators and sponsors to make the vernissage event as well as other domestic efforts to increase consumption sustainable.

CEED II also supports the promotion and sales of members of the Moldovan Wine Producers Association, and soon members will have new products in the market. For instance, members received trainings on how to launch new products in the spring of 2012. The association is trying to expand the number of members to strengthen the association and be able to have more lobbying power and do more promotional activities together. CEED II's most relevant contribution has been to bring industry participants together and for instance in trade shows,

they have all represented Moldova as a team. The GI efforts are also very important for the association members. CEED II also supported the association on a trip to Romania, to help them obtain information on planting material to increase production of local varieties (Rara Neagra) which can potentially have much higher value added for specialty, premium wines.

Respondents interviewed indicated that their enterprises have directly or indirectly benefitted from CEED II activities. One company said that they cannot mention tangible benefits in terms of sales and exports but that thanks to participation in business trips, the image of Moldova has improved in Ukraine and Rumania. One respondent indicated that a recommendation is that CEED II could potentially have better results if they focused on one or two markets, so they can work with better quality on specific markets. A respondent indicated that they benefitted from business trip to NY, Chicago as it helped them learn how to better market their product. After going to that event in Chicago, he learned how to promote his product domestically and started supporting the vernissage, which is a great event for the local market. It was a little bit risky for them to do, but because they saw and like the US vernissage, they decided to try it and the event has been a great success. CEED II's support is making an impact on the quality of their products and marketing skills.

Most of the companies interviewed are medium scale processors and indicated that they have participated in several CEED II supported trade shows, B2B and B2C events including exhibits in France, Dusseldorf, Cologne, B2B, B2C, in Czech Republic, Poland and Rumania, wine tourism activities and wine tasting vernissage activity (very important to develop local culture of wine consumption). Event participants (B2B, B2C, wine expo, tastings) indicated the importance of talking directly to sellers to understand what they want, and feel that their participation provided great insight on new markets (e.g. Poland, Czech Republic, Sweden, China).

A few interviewees responses indicated that while they perceived benefit from participating in these activities such as developing new contacts, meet partners from other countries to discuss potential deals, get updated in new trends in the industry in general they cannot speak of tangible benefits in terms of increasing sales and exports. However, some interviewees indicated that as a result of their participation in such events they have been able to sign new contracts, penetrate new markets and increase their exports. For instance three firms interviewed were able to obtain a new contract and to access a new market (Czech Republic) and also Poland for another firm as a result their participation in the ProWein trade shows in Dusseldorf, Germany with CEED II support. Another company indicated that the firm had been in touch with a Czech company to develop a partnership and as a result of their participation in the fair in Dusseldorf, they signed the contract. Several of the companies interviewed indicated that while they have participated on their own in several of the fairs and events, they appreciate the support from CEED II to be able to participate in additional events. One of the members of the Moldovan Small Wine Producers Associations after participation in a B2B event in Ukraine in 2012 obtained a contract with a buyer. Small producers of premium wines are trying to increase exports, but are mainly focused now on the domestic market as they have limited production volumes and for instance it would be difficult to work with a market like China that demands high volumes.

Several respondents acknowledged CEED II's valuable contribution in supporting the establishment of a "country brand" for Moldovan wines, which "has the potential to significantly improve overall recognition of Moldovan wines". CEED II has brought industry participants together to jointly promote a "country brand" for Moldova that is more affordable and benefits all Moldovan producers. As one respondent indicated "the problem is not quality, there is a problem of unity, as nobody knew about Moldovan wines".

Several respondents also pointed to CEED II's role in establishing a Geographical Indication (GI) system in Moldova, and the potential future benefits in terms of sales and income for wine firms. A Geographical Indication (GI) is an indication that identifies the wine as originating in a region or locality where a given quality, reputation or other characteristics of the wine is essentially attributable to the geographical origin; CEED II in collaboration with industry partners is supporting the establishment of four distinct regions in Moldova. One of the respondents from the Moldovan Wine Producers Association indicated that there was some resistance from the Government of Moldova to implement the GI, but CEED II was very persistent with the importance to adopt a GI system and accomplished the GI registration in only two months (other source indicated that the Ministry of Agriculture had had this idea for several years). A Production Manager of a winery indicated that "there will definitely be a benefit from the process as GI will mean more money for the companies in the future". Along with the process, CEED II is also supporting the creation of associations for each GI zone and some of the firms interviewed are co-founders of the wine associations for their GI zone. GI and supporting efficient associations will be important for marketing and promotion.

Other respondents indicated that the most relevant benefit that their enterprises have derived from CEED II participation was exposure to the premium wine market. Participation in a trip to the US supported by CEED II, created exposure to marketing and promotion, ideas, techniques and knowledge on premium wines, according to respondents. A participant indicated that this experience encouraged them to focus on premium wines, and the firm created a brand (five types of premium wine products), as a tangible benefits. The participant says that the creation and launching of this product was "a dream come true", and CEED II support (visit to the US) gave them the necessary insights and ideas to make it happen. The company had been producing wines since 1998 when her dad bought the company, but it was only though CEED II support that they accomplished the most relevant change in the business, which is to the production and commercialization of premium wines.

Feedback from participants on CEED II trainings on marketing and merchandizing of wine were very positive. The training was provided by a local company. Respondents indicated that after the training, a marketing firm was hired; another purchased new equipment, and CEED II provided a consultant to help the enterprise learn how to maximize the benefit of the equipment. Wine enterprises have also benefitted from an expert in viticulture supported by CEED II, from France. Several, interview respondents indicated that since his visit, they have changed their methodologies (e.g. the period of time they keep the wine in barrels, based on the consultant's recommendation.)

The enterprises from which respondents were interviewed have not received direct support from CEED II to access loans. Several have longstanding relationships with banking institutions

and get loans when necessary and have good credit records and little difficulty obtaining financing. One company indicated that they recently had a 60% foreign investment from a US company equivalent to US$ 20 million and these resources have been used to modernize their equipment and facilities. It was mentioned a few times that CEED II played a very important role to increase access to financing for the sector as a result of their work in Geographic Indication (GI), as the European Bank for Investment (EBI) recently approved a credit line for Euro 75 million, targeted to firms that are making the necessary investments to comply with GI. Apparently CEED II is helping develop cost shared business plans so companies can apply for these loans, or putting companies in touch with qualified consultants. Some of the members of the Small Producers Association are considering applying to obtain loans from this fund.

Tourism

During the previous six months, CEED II implemented two activities that are contributing to Objective 2 – increased trade and investment in targeted industries. Activity 3: Positioning and branding Moldova tourism sector (includes website development). During the interview with the Tourism Authority the Director indicated that they developed a Moldovan Tourism Logo with support from UNDP a few years ago and they recently completed the registration process of the logo. Interestingly, discussions with other industry participants (e.g. associations) indicated that they are working with two agencies with CEED II support to develop a Moldovan tourism brand (logo and slogan). The logo developed as part of this effort is different than the logo that the Tourism Authority developed with UNDP support and registered recently, so there doesn't seem to be agreement between public and private stakeholders with respect to which image and logo will be used to position Moldovan tourism.

Two of the interviewees indicated that the Tourism Agency logo is not working and the new logo should be used. CEED II should at this point assess the level of agreement between government and private stakeholders as it is not advisable to promote a logo and image to position the country without agreement from the Government of Moldova. This also applies to the development of the webpage that CEED II is supporting, as the GOM indicated that they are developing a digital interactive map. The contractor needs to make sure theyare not duplicating efforts and that they are coordinating and have buy in from the GOM for the activities CEED II is supporting (e.g. image and logo, joint plan of action, webpage).

One of the respondents mentioned that their main market for winery visitors is local (business travelers, companies that take their visitors on wine tours, etc.). Outside markets are Italy, UK, US, Rumania, Ukraine and Russia. The respondent mentioned that the diaspora is another great opportunity to increase inbound tourism, as this year, Moldovan's living in Italy came to Moldova on vacation and brought with them Italian tourists, who went to their wine tourism site. This company has participated with their own funds on B2B and B2C events.

None of the interviewees have benefitted from access to financial services. One respondent indicated that loans are hard to get and hard to pay back, as the interest rate is very high (sometimes as high as 25%). The Moldova National Association of Rural, Ecological and Cultural tourism mentioned an ODIM program funded thru the government. If members of a family are working abroad and can show that they have send over the last year of the amount

of the loan 40%, they will lend them and use the relative's employment as collateral. An interviewee indicated that there is need to attract investors.

Another activity which CEED II conducted as it works towards understanding the potential of the tourist industry in Moldova was to conduct a visitor's survey. The lack of reliable data in the tourism sector in terms of number of visitors, length of stay, demographics of visitors was repeatedly mentioned by several interviewees. Lack of figures and statistics make planning very difficult, and the only figures that are reported are through the travelers that use tour operators. Visitors are reported at approximately 10,000 per year, which is seriously underreporting the real number, as it doesn't account for business travelers or other travelers that don't use tour operators. Approximately only 20% of the hotels report number of guests.

The promotion tour for international tour operators and journalists scheduled for October, 2012 during the wine festival is contributing to Objective 2 (this activity is described by CEED II under Activity 2 – Tourism Task Force organization and sector involvement). Some very positive comments from interviewees in terms of this activity is the potential to promote Moldova as a destination. Other activities are being planned for the visitors, including pottery workshops, cooking traditional food, popular dance, to show visitors other interesting things they can do during their visit. The head of the National Association of Travel Agencies indicated that the first goal for these info events is to develop the CIS markets that are already familiar with the wine culture, and wondered whether the infrastructure or the supply of services is ready at this point to target Western Europe.

5.2.3 Improved Public-Private Dialogue for a Better Business Environment

There are three results expected to contribute towards improving public-private dialogue for a better business environment. Among these are viability and number of industry associations and member based organizations increased; private sector capacity for advocacy and policy analysis increased; and increased understanding by the public sector of private sector concerns and actions taken to improve conditions for targeted industries. To achieve these results, industries supported by CEED II participated in 20 activities supported by CEED II over the last 21 months of project implementation. Discussed below, are the perceptions and experiences of industry representatives who were interview or participated in focus groups, regarding these activities, and progress by CEED II towards achieving these results.

Table 3 - Total Number of CEED II Activities in which Industries participated towards increasing public private dialogue

Result	Apparel and textile	Fashion accessories	Home furnishings	Information technology	Wine	Emerging Industries
Activities towards increasing public private dialogue						
Year 1	1	0	0	5	5	0
Year 2	1	0	1	2	5	0
Total	2	0	1	7	10	0

Apparel and textile

Only two activities have been implemented under objective 3 that were targeted at the apparel and textile industry. These were the project year1 activity 8 - consolidate the cluster through development of member based organization, and; year 2 activity 9 - assist APIUS to consolidate its activities. However, interview and focus groups participants from the apparel and textile industry did not have a favorable view of APIUS, the Apparel association. The association was not rated favorably by respondents, who believe that the association is suffering from poor management and also lack of credibility with the government. One company asked that CEED II "take over" APIUS so that the association could be better run and have more legitimacy with the government. Companies do not feel that government has done anything to help them, and that APIUS should open up dialogue with government officials with CEED II's help. Overall, there does not seem to be any significant successes for Objective 3 in the apparel industry.

Public-private dialogue cannot be expected without the strengthening of APIUS. Critics particularly point out the lack of strong leadership in the association, which is something CEED II can focus resources on. If CEED II feels that APIUS is a lost cause, the formation of formal and informal public-private dialogues should be facilitated so that apparel businesses feel that they have a voice, and that the government understands the complexities and challenges of running a small business in Moldova.

Fashion accessories

At the time of the evaluation no activities had been implemented towards the achievement of Objective 3 among the enterprises in the fashion industry. The apparel and fashion industries share the same association, APIUS. Some respondents in FGDs and in-depth interviews expressed frustration about the lack of results from the association. Some respondents did not want to be members of APIUS due to its lack of results, while others say they were members but had not seen any benefits of their membership. Like the apparel companies, fashion companies, do not feel like the government has been helping their industry grow, and no respondents mentioned having any interactions with government staff.

Home furnishings

CEED II's main contribution to support Objective 3 was through activity 1 in year 2– revive or restart a furniture manufacturers association in Moldova. Several respondents indicated their gratitude and recognition to CEED II for bringing industry participants together and establishing and registering the association. One firm said that in the past there had been two unsuccessful attempts and that CEED II had been instrumental to establish the association. Prior to the project there was no functioning private or public home furnishing industry association.

CEED II was able to get industry participants together, and a respondent indicated that "*now they not only talk to each other but they also collaborate. Some companies that do something better share with others and learn from each other."* They are also selling to each other and have become business partners, not competitors. CEED II often provides office space for the association's meetings. Several of the respondents interviewed were positive and confident that a well-managed association will benefit their enterprises and the industry as a whole.

Potential benefits identified by respondents were primarily those that could contribute to an improvement in the competitiveness of the industry. The advantages mentioned by respondents included the following:

- Negotiate better prices as an association (e.g. MoldExpo price for exhibition),
- Learn from each other, and have association members do not regard each other as competitors but as partners;
- Possibility to source raw material jointly;
- Do promotional activities as a group;
- Sell under a common roof (likely to attract more customers);
- Market studies as an industry to obtain relevant info for decision making; and
- Negotiate and request support from the government as an association (e.g. in other countries like Italy the government supports promotion costs).

A significant portion of the raw material (e.g. fabrics, wood) for the industry is imported, which makes the industry less competitive, and makes it imperative for industry participants to purchase together to try to negotiate a better price for higher volumes and to reduce transportation and purchasing costs. One respondent indicated that CEED II was instrumental for the creation of the association and did the legal arrangements to form the association. Now the association meets on a weekly basis, and a member interviewed considers it is self-sustainable.

CEED II is increasingly allowing the association to take more leadership, while CEEDII's role takes the form of providing technical assistance and advice. Members of the association feel confident that they have accomplished so much more than they expected at the beginning. They expect that as other companies see the successful results of the association and the common commercial center, they think other companies will become more active, and will be willing to pay their membership fees. Another respondent described the association as follows, "Thanks to CEED II, the association of furniture producers was created. Thanks to the newly created association members have focused on identifying the main difficulties faced by the industry. Problems were identified and now they are planning solutions".

Information technology (IT)

Under Objective 3, CEEDII implemented 5 activities in the 1st year and 2 activities in the second year targeting IT companies. This included, providing capacity building support to ATIC. However, according to respondents, ATIC has had inconsistent results for IT companies: some feel as if it's representing them, while others question its management and ability to lobby for them with the government. There is a feeling by members who are working for smaller IT firms that ATIC focus much of its attention in supporting larger IT firms.

Another area that CEEDII has supported is QLAB. QLAB is coordinated out of the CEEDII office. This is described by a respondent as " *something like a Moldovan Silicon Valley – but I do not see what they are doing"*. QLAB has recently gotten a new full-time director which CEED II thinks will help remedy some of the management issues, but there is definitely a negative perception about QLAB.

There seem to be a tension between the CEEDII vision for QLAB, and the association's vision. According to the ATIC leadership *"while QLAB is a top priority for CEEDII, for ATIC QLab is not a top priority.*" According to the association, for QLAB to be successful, it will need heavy investment of up to $2,000,000.

Some successes that were highlighted by both focus group participants and respondents to in-depth interviews included the recently submitted "*Agenda for Action*" on next steps for IT Industry to the government. The ATIC leadership described the relationship with the government as good, and the association is being constructive with the talks with the government. There are important legislations that they hope will help the IT industry develop, one of which will be legislation on IPR.

Some respondents indicated thatCEED II has not been all that supportive of the relationship between the industry and the government, pointing as an example, CEED II lukewarm support for tax breaks which the IT industry received from the government. Based on the interviews, it is obvious that the IT sector needs greater engagement with the government.

While CEEDII has a terrific relationship with the Ministry of IT (the vice-minister used to work for CEEDI), this relationship does not seem to include actual IT businesses. Hopefully the recently released "*Agenda for Action"* can help kick start dialogue between ATIC and the government on how best to grow the IT sector, which currently is not very competitive internationally. Stove piping is apparent at the government level too, where the integration of IT and other Ministries is not evident, something CEED II can help facilitate. It's clear that the Ministry of IT and Ministry of Education need to develop a closer relationship, but the IT industry should have relationships with multiple government ministries (tourism, wine, agriculture, economic growth, etc.).

The Government currently is planning a switch to an "e-government" system which will in theory help facilitate citizen-government communication and speed up delivery of government services. This presents opportunities for the private sector, but CEEDII should be cautious about putting too much stock into a government plan as ambitious as this. Right now dialogue seems to be between the government and CEED II, and CEED II and private enterprises,

positioning CEED II as a middle man between private and public actors. This barrier can be broken down with more public dialogues, joint trainings for public and private stakeholders, and other activities that increase transparency between the public and private sectors.

Wine

In-depth interviews and focus groups answers indicate that industry participants consider that CEED II's most relevant contributions to improve the competitiveness of the industry is through efforts to support reforms to the legal and regulatory framework and to improve viticulture policy and regulations, all of which contributes to Objective 3 – Improved public-private dialogue leading to a better business environment for targeted industries

The wine industry was supported through the CEED II project and some of the recommendations from the CEED I evaluation included a focus on industry wide interventions and move away from firm level interventions. Interviewees indicated that the most relevant intervention of CEED II in the sector is the support that the project has given to the new wine and vine Law, "*which has the potential to dramatically transform the sector*." Also important results were accomplished bringing industry participants together to exhibit and participate in promotional events jointly as a Moldovan brand. One interviewee indicated that it is necessary to get together as it is the only way to deal with the government.

After a study trip to the US one respondent indicated that he was impressed with associations in Seattle and DC and how collaboration between small and big firms makes it easier for small firms to participate. Other countries in the region receive support from the government to do promotional campaigns and other activities, so it is harder for Moldovan firms to compete because they get less direct support from their government. By passing the Law, the Moldovan government is setting the right conditions for participants in the wine industry to become more competitive.

CEED II is also supporting small wine producers through the Moldovan Small Wine Producers Association - The association was established in 2009 to support small producers of premium wines. Some of the recent changes for which they are receiving CEED II support include, coaching new potential members through seminars and other activities (about 20-22 new potential members). In terms of sales promotion, CEED II helped produce a promotional brochure for association members. Competitiveness has improved as members are learning from each other and together have a specialized wine shop.

Some respondents who have participated in promotional trade shows in Romania, Kiev as well as seminars, were of the opinion that the quality of member products has improved as a result of support received from CEED II. Three members of the Moldovan Small Wine Producers Association have full equipment and have the necessary license, and other members that don't meet the license requirements under the current regulations (e.g. don't have a full bottling line) use other members facilities to bottle their wine. However, this is not good for quality as the raw material (e.g. grapes) has to be transported. CEED II has contributed to the competitiveness of the association and members, also on the regulatory environment due to the white paper that was done with CEEDII support and their efforts to support the new wine

law, which addresses a lot of the hurdles that make it prohibitive for small processors to participate. The president of the association indicated that "the new wine law will be a revolution on the wine industry and CEED II has contributed significantly to promote this law".

Respondents indicated that the current business environment is very difficult for wine companies because of "excessive regulations and bureaucracy." A respondent indicated that his enterprise employs two full time workers to deal with bureaucratic processes. Among the other administrative hurdles mentioned include the fact that the Minister and Vice Minister have to sign every single export document, documents are in Moldovan and firm owners think documents should also be in English. While the government has taken some positive steps to facilitate the enabling environment in the sector (such as eliminating the requirement for a paper seal on top of each wine bottle), respondents think that it is very difficult for companies to operate in the current business environment, particularly for small firms given the high entry barriers (e.g. difficult to obtain licenses due to onerous, expensive requirements). Several interviewees indicated that all these issues were clearly highlighted in the white paper that CEED II conducted, and are very confident that if the new legislation gets passed and is implemented, it will significantly improve the overall business environment and competitiveness of the wine sector and bring it much closer to European standards and legislation for the sector with a lot of positive changes.

Some of the other benefits frequently mentioned by interviewees is the role that CEED II played in improving the cooperation and dialogue among industry participants, and the lobbying with the Government of Moldova, both of which were instrumental to obtain the Ministerial and Presidential approval of the wine and vine new legislation. The head of the Moldovan Association of Wine Producers indicated that the new Law that CEED II has been supporting has the potential to transform the whole industry, not only association members. The draft Law for wine and vine passed the first reading in parliament on October 4, 2012 and the final reading will likely take place in November, 2012.

In terms of recommendations for the future there is a clear consensus on the need for CEED II to focus on continuing to support lobbying efforts for the new law to be approved and then to support the Government of Moldova and the new wine and vine association (to be created per the new Law) to move forward with the adoption and implementation of the new law. The new Law's most significant changes will be harmonize the Moldovan legal framework to EU and other standards and will separate the regulation of wine from other alcoholic beverages. CEED II and USAID's efforts in this regards include working with high level USG officials (e.g. Mission Director and Ambassador) to influence the political process (e.g. meeting with Congress's Agricultural Commission). Several respondents indicated that their priority was for CEED II to provide training and capacity building to the staff of the new wine and vine association and if possible to do study trips so Moldovans can benefit from experience exchange to be able to adopt a model comparable to EU countries. Other respondent indicated that one of the biggest challenges at this point is to change the mentality (from Soviet style mentality) to a more market oriented framework. A respondent indicated that "*to sell to the European market, they need to have similar regulations and CEED II has helped a lot, and continued support will be critical to continue promoting change in the sector.*"

A side benefit mentioned repeatedly is that the industry analysis conducted by CEED II provided a lot of valuable industry information and a roadmap to industry changes required for wine and vine was great impact and value.

Tourism

There were no activities implemented by the project to address Objective 3 for the tourism sector. However, respondents who had participated in the task force organized by CEED II, which included participants from the government tourism agency, described relationship between the industry and government as follows:

> *"Nobody cares about tourism. After the 2009 revolution the government was involved in politics. Now they realize there is money to be made in tourism. A national agency for tourism was established. The problem with tourism is that it is linked to other ministries, and there is a problem with coordination. There is no one goal. CEED II needs to push the National Tourism Agency to do something."*

Another respondent expressed the public-private relationship as follows:

> *"The government is not interested in what we say. In order to have this partnership, CEED II should come to agreement with the tourism agency. We need support to promote the country correctly and professionally. The National Tourism Agency is made up of members who are not from the tourism industry."*

From these statements, it is obvious that CEED II needs to implement key activities to support Objective 3 within the tourism industry as a key industry it will continue to support.

5.2.4 Sustainability: The Role of Associations

CEED II has been providing support to several industry associations. These include (1) Asociatia Nationala a Agentilor de Turism din Moldova, (2) Asociatia Nationala de Turism Rural, Ecologic si Cultural, (3) Association of Wine Producers and Exporters of Moldova, (4) Association of Light Industry Companies, (5) Association of Sommelier of Moldova, (6) Association of Small Winemakers, (7) Association of Private ICT Companies from Moldova, (8) Moldovan Wine Guild Association, (9) Union of Oenologists of Moldova, and (10) Union of Furniture Producers. Among these associations, CEEDII aided or sponsored the formation of the Moldovan Wine Guild Association, the Union of Furniture Makers, and Association of Private ICT Companies from Moldova. During the data collection process for this evaluation, in-depth interviews were conducted with 11 association chair persons or presidents of the various associations supported by CEED II.

In the last 21 months, CEEDII has worked towards enhancing the institutional capacity of these industry associations, with a goal of making them sustainable to lead the efforts of Moldovan enterprises in the various industries, to be more competitive. CEED II management acknowledges that having strong industry associations is an exit strategy, which will allow for the sustainability of efforts to make the Moldovan industries competitive. This section

highlights selected associations whose members were included in the interviews and focus groups.

APIUS: Apparel and Textile

The Association of Light Industry Companies was described by an interviewee as the only association that is established as "part government, part trade union, and part business", with representatives from the three groups on the board. The association also has a committee that reviews laws that affect the apparel and textile industries, such as salaries and labor. Though the association had been in existence, it was in a dormant state, and as described by a respondent," from 2006 to 2011, the association was not conducting activities, and was and was not a strong voice."

In 2011, CEED II encouraged apparel, textile, and footwear companies to revive APIUS. CEED II helped APIUS develop a strategic plan for the next three years. The plan is described as the "backbone" of the association. The association is being supported by CEED II and has participated in several activities related to the enhancement of the apparel and textile industry competitiveness. The relationship with CEED II was described as one in which, the project has contributed to strengthening the capacity of the association. Also, through CEED II, the association has sought to build the skills of its members.

Among some of the activities that interviewees described as being beneficial to the association, was, access provided by CEED II to a Romanian expert who worked with the association to strengthen it governance structure, by creating an executive board. CEED II also supported the association in a promotional campaign for Moldovan brands, through an event that was launched in March 2012. CEED II has also supported the association members to participate in various trade shows and exhibitions.

Discussions with the leadership of the association were positive on the role of the association within the industry. However, some members of the apparel and textile industry, who participated in Focus Group Discussions and in-depth interviews, had mixed views about the relevancy of the association. Some felt it was useful, others thought it was better to do what has to be done on their own, and some even suggested that CEED II should run the association for it to be more helpful to its members. A respondent indicated that the association is "*going through changes, there was talking about doing a webpage, but no clear results or capacity."*
Overall while CEED II has made a lot of inputs in building the capacity of APIUS, based on the views of some of its members, the association does not seem to be doing an adequate job at advocating on behalf of its members. It is not clear if the activities that CEED II has done to strengthen the association have been effective. If they have been effective, this has not yet been recognized by the some of its members.

Association of Furniture Producers of Moldova (Home Furnishings)

Prior to CEED II there were two associations: Mobila Grup (with 17 members) and The Association of Furniture Producers of Moldova (with 21 members), although they were basically inactive, both of which were described by a respondent as *"functioned only on paper."*

CEED II is credited by respondents as responsible for bringing a fragmented industry together, by reviving the Furniture Manufacturers Association in Moldova, and continues to work towards strengthening the capacity of the association. According to an association member, having the association established, is a great advantage for the furniture industry, particularly for price. Raw materials are much cheaper because they industry members are buying in bulk from the same source. The association members now see themselves as partners, rather than competitors. They now share experience with each other and building a Moldovan brand.

The association has developed a charter, which according to an interview, is flexible and adjusts to the needs of the association. There is also an administrative board of 9 members, who meet every 2-week. The meetings are regularly attended by all members, but the goal of the association is to continue to attract new members. The organization has also institutionalized an action plan that is coordinated by CEED II.

During the period that the association has been in existence, CEED II has organized several trainings in which the association members have participated. There were trainings that included showroom managers, and shop assistants. Areas that CEED II has supported included store and factory management, selling furniture on credit, sales training for the furniture industry, store and factory management, furniture trends, and enterprise fiscal optimization for furniture industry. Members of the association have also been supported by CEED II to attend trade fairs such as the Moscow Furniture Fair, and the Cologne Fair.

Overall, it was felt by respondents that it was a challenge taking the first step towards reviving the association, but now, according to a respondent, "we can see the first results." CEED II's support for the formation of the association is viewed as leading to the establishment of a showroom that will display furniture designed by the association members in one central location, as is the trend in several countries. This showroom is expected to increase sales among the member stores, by increasing access to customers who will be visiting the center to a broad range of furniture, both in style and price that are offered.

Association of Sommeliers

The association is a young association, and was founded according to an interview respondent, *"to get rid of the paradox"*, because Moldova is a "*wine country*", with a long tradition of wine production, the country lacks well-trained sommeliers, who serve as an essential link between winemakers and consumers; and there was no Sommelier association. There are 20 members in the association, most of who work in wine making enterprises. A major achievement of the association working with the CEED II project, is getting the Sommelier profession to be recognized in Moldova, and having the profession included in the national classification of professions in Moldova. A key advantage of this classification is that the profession will benefit from the labor laws and conditions in Moldova. For this, CEED II is accredited to have written the letter to the Ministry making the request for classification.

An event on which the association and CEED II has worked on together, and which association members felt was very valuable, was the exhibition of wine and Moldovan cuisine. This event was seen as a watershed event for the association. According to an interviewee who

participated in the planning and implementation of this event, the following benefits were identified:

- It sent a message to public in recognition of the Sommelier Association
- It increased the interest of participants in the Sommelier profession
- There was tasting for journalists, who later reported on their experience
- Directors of restaurants also participated in the wine tasting exposing them to new brands

There are plans to organize other events with CEED II, such as the Annual Assembly of Sommeliers, which will be an international event to be held in Moldova. The most valuable contribution of CEED II has been acting as a catalyst.

Association of Private ICT Companies from Moldova - ATIC

The association started in 2006, mainly by telecom enterprises. However the vision they had did not work, and, according to an interview respondent, in 2008 with CEED I support, more than 20 companies "realized it was more beneficial to join forces for a greater good.. The organization was reformed, and the "White Book" was developed. Due to the fact the IT industry is facing a labor shortage in Moldova; association leaders perceive CEED II as making valuable contributions to the development and competitiveness of the industry.

The vendor based curriculum is seen as the fastest way that the skills gap in IT can be decreased. The association sees the concept of QLAB as the way to the future, if it isto have greater impact on the IT industry. QLAB is seen as having the potential to be a service provider, and reduce the cost of IT companies, who have to do multiple testing of software applications before they become market ready. Currently, the IT companies have to do the testing themselves and the cost can quickly become expensive. With QLAB,the association think thiswill provide the support to such companies, and result in a reduction in the cost for testing software. This is one way in which the association expects that it can contribute to its future sustainability.

Also, for a sustainable association which will continue the work CEED II is currently doing, was suggested by the leadership the membership of the association will have to double. The challenge of the association achieving this was expressed by a respondent as follows:
"It takes time to attract new members. We will be successful if we demonstrate the benefits if you are a member, e.g.B2B will be free to members and others will pay.

5.2.5 Access to Financing

The initial literature review indicated that CEED II has implemented two activities aimed at contributing directly to achievement of project Objective 2 – Increased trade and investment in targeted industries; and more specifically to Expected Result 2.3- Access to financing and investment by enterprises in targeted industries increased. These two activities are detailed below.

Activity 1: Acceleration of a "credit market" within target industries.
In-depth discussions with more than 35 industry stakeholders as well as focus group discussions with 16 participants confirmed dissatisfaction with the cost of financing (some indicated as high

as 25%) as well as difficulty in securing access to financing (e.g. lack of collateral for start-ups and small businesses), and the challenge to pay back loans due to high interest rates and relatively low profit margins for some firms.

In most industries CEED II is working with medium and large, well established firms that have longstanding credit relations and credit history with financial institutions. The challenge that most of these companies face is not the lack of access to financial services but rather the high interest rate, so several of the firms opt to support their growth by reinvesting their profits (e.g. retained earnings).

CEED II organized two seminars: one on "Enterprise Fiscal Optimization" and one "Smart Funding for IT Projects". Feedback received by one firm for the "Enterprise Fiscal Optimization" (to which he referred to as accounting training) is positive and is provided below: *"they were talking not only about general accounting principles, but they were giving very practical advice. During the training, participants learned better techniques to run the company, costs, profits, ideal ratios of sales per square meter, useful statistics and how these statistics can be useful for them. He helped their company do a breakdown of their financial statements."*

None of the home furnishings companies interviewed indicated that they have received direct support from CEEDII to access loans. Most of the furniture companies interviewed are medium or large and several have longstanding relationships with banking institutions and get loans when necessary and have good credit records and no difficulty obtaining access to financing. Other companies interviewed are not interested in getting loans, and sustain their growth by reinvesting their profits (12-14% rate in euros is too high for them).

Several of the wine firms interviewed indicated that they have longstanding relationships with banking institutions and apply for loans when necessary. One company indicated that they recently had a 60% foreign investment from a US company equivalent to US$ 20 million and these resources have been used to modernize their equipment and facilities. With respect to activity 2: support access to finance through special channels, respondents indicated that CEEDII's main accomplishment during the first two years of implementation was to facilitate wine firms' access to finance through the credit line recently approved by the European Bank for Investment (EBI) for Geographical Indication (GI) investments. Several respondents indicated that CEEDII played a very important role increasing access to financing for the sector as a result of their support to implement a Geographical Indication (GI) system in Moldova. As a result, the European Bank for Investment (EBI) recently approved a credit line for Euro 75 million, targeted to firms that are making the necessary investments to comply with GI. CEEDII is helping develop cost shared business plans so companies can apply for these loans, or putting companies in touch with qualified consultants. In the April-June 2012 Quarterly Report, CEEDII reported that they supported a wine firm to develop a business plan for a large investment project to modernize their factory, expand capacity, reduce production costs and improve efficiency. Interviews indicated that some of the members of the Small Producers Association are considering applying to a loan from this fund as well.

CEEDII has collaborated with the European Bank for Reconstruction and Development's (EBRD/BAS project) to organize a roundtable for large companies that have interest in financing large investment projects to expand its activities such as renovation, reconstruction and energy efficiency.

CEED II is also collaborating with DCA institutions and has organized meetings with current and former DCA partners. There are three active DCAs in Moldova now. The Evaluation Team interviewed a microfinance institution that signed a loan portfolio guarantee agreement (DCA) with USAID in November, 2011. The institution is providing loans to SMEs (35% of portfolio) and mortgage (65%). This is a limited scope guarantee only for the IT sector, which includes commercial and residential loans for IT professionals. The institution indicated that they are finding it challenging to identify clients for this segment, they have participated in CEED II IT events such as Start-Up Weekends and IT fairs to meet with potential clients. But even with the guarantee, start-up businesses haven't met illegibility requirements because they lack the required collateral. Finally last month they disbursed two loans (around US$ 1 million). The DCA guarantee is allowing the microfinance institution to reduce the percentage of own funds that loan applicants need to apply for a mortgage loans (it is regularly 35% of the total amount, but with the DCA loan portfolio guarantee is 20%).

Mortgage rates are for a period of 10 years and the interest rate is 10-12%. Frequently there is early repayment, as most borrowers prefer not to have debt. When the institution got the DCA they received USAID training from staff from Ukraine and Washington on what constitutes an eligible loan, reporting requirements, etc. The respondent also said that working with USAID is good for the institution's image. She also indicated that in financial services there is always lack of qualified staff. Finally, the respondent said that it is a difficult period for the economy, with very few new businesses starting or expanding operations. One of the most relevant issues affecting the financial sector is the collection of non-performing loans, as it is very difficult to recover assets that were used as collateral. Recovering these assest sometimes take between 3-4 years, and they have to go through a lot of bureaucratic hurdles. Interviewee recommendations for the financial sector include the following:

- The GOM has to remove barriers in the sector and improve court procedures. The later should be clear and transparent processes and not subject to interpretation. It is imperative to reduce corruption;
- The GOM has to provide more incentives for SMEs to make it easier and less burdensome for them to operate (less steps and procedures and less controls). An interview mentioned that their institution has clients that go bankrupt because fines and penalties are higher than revenues;
- Start-ups don't have access to financing; it is important to develop tools to help new businesses;
- Programs like CEED II can play an important role helping SMEs find markets, so they are more viable clients for financial institutions; and
- Important to work on a sustainability strategy.

CEED II has implemented a limited number of activities to improve access to financing and in most cases has served as a catalyst or partner working with other donors or stakeholders. In

most industries CEED II is working with medium and large, well established firms that have longstanding credit relations and credit history with financial institutions. However, these are often companies with the best financial situation and do not reflect the financing problems faced by the vast majority of small firms in all industries. For example, the microfinance institution that has a DCA for the IT sector indicated that "*they participated in some IT events (e.g. Start-Up Weekend) to try to meet potential clients, but participants didn't seem interested in financing, and she suggested it is important to be involved in the early planning stages of future events so there is mutual benefit.*"

Start-Up Weekend participants are generally not ready to meet with financing institutions or angel investors. Typically, participants in Start-Up Weekend are at a very early, preliminary stage of development. They are just getting started and forming their teams, and still need to go through a long coaching and mentoring process to be ready to make their pitches. Teams need to be mentored to better structure their business ideas into a business model, validate the market, establish linkages with potential buyers, run their financial statements, etc. to be ready to convince potential investors (and financial institutions) that they investment ready.

As indicated above, the microfinance institution with the DCA for the IT sector indicated that they are having issues finding clients, which suggests that the scope of the DCA is very narrow for the local market conditions. It is likely that the institution will continue to struggle to find potential IT SME clients, and IT start-ups are typically not funded through loans initially as they often don't meet the collateral requirements and don't have credit history nor financial statements. The bulk of loans under this DCA agreement might turn out to be mortgage loans for IT professionals, with less direct impact improving IT sector competitiveness and productivity than commercial loans.

Team interviews revealed very limited knowledge and utilization of equity or mezzanine or participating loan investments in the Moldovan market. The lack of availability to equity as a form of investment possess serious challenges particularly to businesses that need to do capital expenditures or finance major expansions to their plant or production facilities, as these are best financed thru equity investment.

Several of the businesses interviewed are family businesses, several have received loans in the past, but most invest their own personal and family funds. No evidence of availability of "angel investment" to help finance start-ups, which is the most feasible means of financing a start-up if the team has exhausted family funds and need to access financing from external sources. Start-ups are not likely candidates to obtain loans from banks due to the lack of historical financial statements and often, lack of collateral. Developing angel investing is particularly critical to finance new ventures of promising IT entrepreneurs.

CEED II can explore other forms of financial services such as leasing as alternatives for client firms. No gender issues were identified in the financial services sector and one respondent indicated that "t*here are no barriers nor discrimination and women have access to property titles (to be used as collaterals) and have similar possibilities to obtain loans than men*."

5.2.6 Gender

USAID policy states a clear commitment to gender equality as an objective of development programs. In support of this objective, the Agency has defined a process for integration of attention to gender considerations through its programming. The process focuses on two primary questions: *how will gender roles and relations affect program results*; and, *to what extent will men and women be affected differently by the anticipated results*? Gender-based constraints and barriers may affect the actions (and interactions) of women or men in the project context and therefore the outcomes and impact of the project activities. At the same time, differences in the way the benefits of the project accrue to men or women may affect their relative status, and may contribute to greater equality or reinforce existing inequalities. However, according to monitoring data disaggregated by gender 23 out of 37 firms are women owned[6] , which represents 62% of the beneficiaries but the sales increase was lower among women owned enterprises 26% versus 33% increase for non-women owned.

Contract Requirements and Special Considerations- The Special Considerations section of the CEED II contract (page 25) highlights the gender findings from a survey carried out jointly by the National Bureau of Statistics and UNDP which includes the following:

- While the numbers are increasing, only five percent of business managers and owners are women;
- Women entrepreneurs manage and/or own 80% of microenterprises and just two percent of large enterprises;
- Women experience more obstacles in accessing finance at every stage of enterprise development;

The section concludes stating that "it is critical that project planning, implementation, monitoring and evaluation consider the needs of both gender, but particularly women. The contractor shall be proactive in integrating gender considerations into the project. The contractor shall disaggregate data and identify gender issues and measures to be taken to address issues."

Literature Review - Contractor's Documents - Gender

The literature initial review of the Contractors documents (Work Plans for FY 2011 (Year 1) and FY 2012 (Year 2), Annual Report for FY 2011 (Year 1) and Quarterly from April-June 2012) revealed very limited references to gender and the extent to which men and women are

[6] Interviews with the CEEDII team indicated that in the PMP gender disaggregation, family owned companies in which women (e.g. wife, daughter, sister or mother) have an active role in the firm are considered women-owned. Field interviews confirmed that women have active roles in management and decision-making. However, this doesn't constitute women-ownership as traditionally defined by the U.S. Government.

affected differently by CEEDII activities. However, the most recent Annual Report for FY 2012 addresses some of the concerns mentioned below.

With the exception of the PMP, the only mention of gender in the Contractor's documents prior to the FY 2012 Annual Report was found in the Work Plan for FY 2011 (page 50, Cross Cutting Issues and Special Considerations) and indicates the following: "*Gender. In general, based upon our experience on CEED I, there are few gender issues to note within the CEED I targeted industries. Women are well-represented in top management positions within the apparel and wine industries and there is no apparent reason for this to change. One point worth mentioning, however, is that women hold the vast majority of low-level sewing operator jobs within the apparel industry. As such, we will be constantly mindful of assisted enterprises' working conditions and be ready with recommendations for improvement when conditions are poor.*

As for the IT industry, at present it is heavily male-dominated, but women are slowing entering the field. Apart from a lack of women with IT skills, there is no other apparent reason for their underrepresentation. As such, CEED II will place special emphasis on increasing female participation in IT skills trainings and workforce development initiatives. As a rule, we will make sure that gender issues are considered as part of developing each activity, and when possible we will incorporate proactive measures to support increased female participation or counteract any actual or potential disadvantages identified. Our M&E system will also disaggregate many indicators by gender. Finally, when selecting the new CEED II targeted industries, we will carefully screen for gender concerns."

An assessment of the contractors' work plans and reports prior to the FY2012 Annual Report indicated the following:

- No evidence of thorough gender analysis to ensure adequate gender integration in the design and implementation process and to identify factors related to the two gender questions mentioned above;
- No indication that quantitative gender targets have been established (e.g. women trainees or women-owned business owners that they intend to reach)
- No evidence of systematic attention to gender in project planning and implementation documents (e.g. Annual Reports and Work Plans). For example, the only mention in CEEDII's work plans to target women owned enterprises in project implementation was found in the Work Plan for Year 2, page 31 (Fashion Accessories, Activity 6: Assist companies to improve their ability to provide production services) and is copied for convenience: "*Milestone 3. Special support offered to specific types of companies (November 2011 – June 2012). CEED II will suggest special support for Bujor Prim (Chisinau), employing people with disabilities (deaf), and companies managed by women in rural areas as Daxen-com in Oniscani village, Calarasi.*"

- While the PMP is reporting indicators disaggregated by gender, there is no evidence that this information is being systematically analyzed and used as an input to plan activity implementation and adjust activities to ensure an adequate gender balance.
- No evidence of thorough analysis of gender disaggregated indicators **-** Interviews with CEED II staff and a thorough review of the database of the indicators submitted by CEED II indicated that they have all the relevant information to monitor these indicators disaggregated by gender. However, the Contractor's reports prior to the FY2012 Annual Report provided very limited analysis and reporting of this data and there is no evidence that this data is being used for planning purposes. For instance, the Annual Report for FY2011 (Year 1) covering the period from December 2010-11 does not provide details on number of women owned enterprises for the indicators detailed above. The only mention of gender in the PMP results is for Indicator 7.For this indicator, the percentage of women participation in trainings or capacity building programs is only 35%.

Findings

In-depth interviews and focus group discussion with female business owners and trainees didn't reveal any gender issues worth noting with the exception of the recurrent comment of lower pay for women in some instances. One participant said that in Moldova "*All industries are viable because of women*" and another participant indicated that "*when European consultants visited their factory they were surprised to see so many women working in the industry as in Europe most employees in the footwear industry are men. They also get surprised because middle managers are also women, many women at all levels.*" Other participants indicated that "*there is no discrimination in the wine industry given similar qualifications and background*" and the IT sector participant indicated that *"Moldova is a very unique case, women are very entrepreneurial and very active, there are not barriers for women. Wages are equal given similar qualifications. Opportunities are the same*". Finally, another participant indicated that "*her supervisor tries to delegate as much as possible participation in trainings. Their director thinks that women are more responsible and delegates more to women, as he thinks that they are less prone to bad habits, men are typically assigned to more heavy production work".* Interviews with wine and home furnishings industry participants revealed that most employees in sales, marketing and accounting including high level positions are women. Participants also indicated that men in these industries are more involved in the production process.

6. Conclusions

The evaluation set out to answer eight questions that were outlined in the scope of work that was developed by the USAID/Moldova team. Based on the findings derived from the project monitoring data, in-depth interviews with key informants, and focus group discussions,

presented in the previous sections of this report, in concluding we will attempt to provide answers to each of the questions the evaluation set out to answer.

The first question asked the evaluation team to identify the project activities that have most advanced the projects purpose of growing and expanding competitiveness and efficiency in the industries targeted by the project. This is a very broad question, and given the characteristics of the project, there are several elements and activities that the project is addressing. When these activities are taken together they provide the foundation for competitiveness and growth among the participating enterprises in the industries supported by CEED II. In general across almost all of the industries with perhaps the exception of the apparel and tourism, strengthening of industry associations is a project activity that appears to have most advanced the projects purpose. This is very evident in the home furnishings, wine, and IT industries. Each of the industry associations are at different stages of development. These associations hold tremendous potential to stimulate growth and competiveness within their respective industries, as well as, provide an interface with the government, advocating for legislative and policy changes that may impact growth and competiveness. Looking into the future of USAID funding and the sustainability of CEED II legacy, these associations hold tremendous potential of taking up the mantle and building on the foundation that the project would have established.

Another activity that the project has implemented that appears to have advanced its purpose is the formation of the task force for tourism. CEED II also supported the task force through tourism consultant Jack Delf to develop recommendations on positioning tourism in Moldova. Good reviews on the training provided by Jeff Delf training in defining brand and website; which was defined as very participative. The task force worked together to define if Moldova needs a tourism brand, develop a promotional plan and a brand. There is tremendous clearly potential for growth and expansion of sales in this area. While still in its embryonic stage, there is excitement among the members that they are on the right path towards building a Moldovan tourism industry. More work will have to be done, particularly in coordinating its strategy with the National Tourism Agency.

An activity which most respondents highlighted as having immediate demonstrated impact on their sales is the merchandising training and audit. While the impact of some of CEED II activities are more likely to have results in the medium to long term, this activity has had immediate impact among participating enterprises. As a result of merchandising training and audit participating enterprises reported that applying the recommendations of the audit, have resulted in the improvement of sale activity. The evaluation team was not able to ascertain the exact change in sales, resulting from this activity, however, the interviews were consistent in reporting their perception of the change in sales these enterprises are experiencing, and attributed this to the training. Also advertising campaigns such as "Din Inima Branduri de Moldova" are thought by respondents to have contributed in improving the visibility of participating enterprise, a greater flow of client, and contributed to increased sales.

Another activity that is perceived by interviewees and FGD participants, as fulfilling the project purpose of increased competitiveness and increased sales, is promotion of a shift from cut-and-make production schemes (service) to full-package or own-brand or production schemes

(product) in the apparel and textile industry. According to respondents, these changes have allowed enterprises to go from low-value to higher-value production.

Respondents from the wine industry felt that, support provided to the wine industry through the expansion and the viability of the Moldovan Wine Guild (MWG), facilitate investment and financing in Moldovan wineries, potential improvement of the business environment and the reform of the legal and regulatory framework of the wine industry, have all combined to improve sales of wine in their various enterprises, particularly in the domestic market, were sales have been expanding.

In the IT sector, the interview respondents who own programing companies indicated that as a result of the introduction of the AGIL software by CEEDII, they are experiencing improved sales. They felt that this is because the software allows them to interact with the clients in real time. The software also allows for group work and is very effective for sharing ideas and feedback during the development of a product.

Across all sectors, respondents whose enterprises have participated at Expos, are of the opinion that participation in Expos produced opportunities for increasing sales and growth within the participating industries. This is a market exposure activity which is very costly for participation. However, we do not have a complete picture of the extent to which industries have generated sales opportunities through these Expos.

The second question that was addressed by the evaluation dealt with the perceived value-added of the project among the industry stakeholders. Consistent across all sectors, a key value added of project activities that were frequently mentioned is the catalyzing effect of the project. Because of the approach of the cluster strengthening companent, respondents perceived bringing together different enterprise together, is a major value to their respective industries Apparel and Fashion stakeholders repeatedly mentioned the value of outside consultants providing technical assistance for developing new, Moldovan-made brands, which were then promoted by CEED II via the Made in Moldova marketing, and fashion shows. This model of technical assistance directly leading to national promotion was well sequenced and leveraged the technical assistance.

The third question was focused on the extent to which the project can begin to address, USAID Implementation and Procurement Reform (IPR) 2. This objective IPR2, is focused on strengthening local civil society and private sector capacity to improve aid effectiveness. The activity where this can begin to be addressed is through the strengthening of industry associations supported by the project. These organizations are at varying degrees of strength and capacity. As it stands, based on the findings, the data suggests that none so far are in a position to directly receive and manage USAID assistance for enhancing the competiveness of the industries they represent. However, this is the long term goal of CEED II, as well as a sustainability exit strategy. Therefore, there is need to continue providing support towards strengthening these associations with a goal towards graduating them. As associations graduate, they could increasingly begin to receive direct funding from USAID.

The fourth question is directly linked to the third question above, that is, what steps can the project take to ensure the sustainability of its objectives? The industry associations can play a role in building the sustainability of those activities that may be contributing to competitiveness among enterprises in the various industries. However, this will have to be explored in greater detail in a separate study if it is an idea that the Mission would like to pursue further. Associations should be encouraged to start playing more active roles and replacing CEED II in taking the lead for some activities– for example invite specialists, find mechanisms that are acceptable to USAID and negotiate the process of implementing. Facilitating further public-private dialogue, with Associations when possible, is crucial to building relationships that will continue after the CEED II project is finished.

The fifth evaluation question asked about any unintended but important results attributable to the project. There were not any major unintended results that were identified. However, listening to the story of how the wine and vine law got to the current stage, one could be tempted to argue that is an unintended result. The change in political circumstances in the country presented an opportunity to act on the drafting a law based on the White Paper it has developed. So, the political change in the Ministry of Agriculture to a Minister that was more favorable to the change that was being sought was an opportunity that presented itself, but CEED II and the associations were prepared to act.

The sixth question asked about the factors that hinder/assist the project performance. Government relations are very important for the project to achieve its goals. However, there are examples in from the project in which these have also hindered some progress, when the relationship has not been fully nurtured or developed. For example, the success of the wine legislation in making it through the parliament to the point where it is almost a new law, was the result of close collaboration and support between all the players involved as well as the government, particularly the Ministry of Agriculture. On the other hand, as the Ministery of Education was going through a transition, CEED II had to wait for the new Minister to take office to get Ministry of Education's buy-in for its IT Essentials High School course. CEED II, is now working with the new Minister of Education in promoting the adoption of the IT Essentials by high school students.

The seventh questions, asked about the effectiveness of the project in partnering with the private sector, other USG agencies, and donors. CEED II has been successful in partnering with the GoM and the enterprises in the six industries, however, the industries have not had a very strong relationship with the government, this could be because the associations are not mature enough to promote dialogue between the industry and government, so there is a need to strengthen the role of CEED II in brokering the relationship between the industries and the government.

The last question asked how the monitoring and evaluation data can be better used. Overall, the project has an excellent data base that captures data on all of the key performance indicators. This is a marked improvement, from the data that was collected during the CEED I.

However, the data can be used more efficiently as a management tool by working with the various enterprises, particularly those with MOUs, to provide feedback and discuss issues related to things like sales trend on a quarterly basis. As it is, it appears that the data is used primarily for reporting to USAID and not as a management tool to monitor performance and guide activity implementation.

In terms of evaluation, the project can improve its learning from the evidence provided by evaluation. For example, significant recommendations were made at the conclusion of CEED I that don't seem to have been taken. Some key recommendations[7] that should be revisited:

- Alternatively, greater exploration of equity financing could be explored. As the business environment improves, the financial markets mature, and Moldovan businesses integrate into the European marketplace, there may be greater interest on the part of business owners in controlling 60% of a $10 million enterprise rather than 100% of a $2 million enterprise.
- There is a need to attract new enterprises to CEED II. Many of the same enterprises worked with CEED, BAS, CBI, Sepia and the World Bank to gain as many resources as possible. While it is advisable to ensure the success of a few anchor enterprises, the donor-dependent enterprises look to donors for funding instead of traditional sources.
- One of the complaints from the wine and apparel industries was that the international experts, although quite good, were too expensive for the time allotted. Several businesses suggested teaming the international experts with experienced local experts.

CEED II has continued to build on the successes of the CEED I project by providing technical assistance to individual businesses, as well as facilitating sector strengthening activities such as Made in Moldova, the IT Summit, and the new legislation for wine makers. CEED II management has consistently proved itself to be capable of building strong relationships with key stakeholders in the business and government arenas.

CEED II now must begin to use these relationships to build a lasting foundation between the multitudes of beneficiaries receiving CEED II support. Businesses must cooperate with each other in strengthening industry associations, and these associations must advocate on their behalf with government counterparts. A challenge the project faces is that it spreads itself too thin amongst various industries.

It has taken steps to remedy this, cutting the auto parts industry, but should take a closer look at which activities that directly support businesses, such as international trade expos, start-up weekends, and international consultants, are cost-effective interventions when compared to building stronger public-private partnerships.

[7] The following excerpts from the Moldova CEED Final Report can be found on pages 33-34.

7. Recommendations

The evaluation SOW required the Evaluation Team to make recommendations on modifications to the project and any mid-term corrections where applicable. This section of the report presents some of these recommendations that address this requirement. The recommendations are structured along the lines of the project approach, and activities, since these are the basis of the implementation process. Recommendations presented are based on the analysis of findings, as well as discussions between the Evaluation Team members, as they become increasingly familiar with the project. General recommendations will first be presented, followed by recommendations on the project approaches of Value Chain Strengthening, and Cluster Actor Strengthening, and recommendations on cross-cutting issues.

7.1 General Recommendations

- In general, the project is a making significant progress towards the results that it set out to achieve. However, most of the activities and progress are demonstrated among industries that were targeted under CEEDI. Because the project had only completed 21 months of implementation (and only 13 months, 12 months and 6 months for the fashion accessories, home furnishings and tourism industries respectively), at the time of the evaluation, activities among the newer industries that became part of CEEDII, were limited. Going forward, it is recommended that the project put in a place a graduation plan for the older and more established industries that were part of CEEDI. For example, reducing enterprise level interventions for these businesses, while increasing its input in strengthening the industry associations of these enterprises, building capacity to continue supporting the enterprises post CEED II.

- CEEDII should promote the participation of working level employees in trainings and capacity building activities, not just high level executives, managers and owners. One interviewee indicated that "the information is often lost because only owners or high level executives have the exposure to the training." All the participants in the focus groups discussions with trainees for CEEDII trainings were either managers (e.g. Sales Manager, General Manager, and Marketing Manager) or owners, so the Evaluation Team didn't have any contact with working level employees that have participated in trainings.

- During year 1, CEEDII reported sales results for a total of 37 firms, out of which 5% are micro, 11% are small firms, 46% are medium and 38% or large. A total of 84% of the firms supported by CEEDII are considered medium or large, which raises concerns about the project's availability to improve the competitiveness of the industry as a whole versus supporting an "elite" of anchor firms.

7.2 Value Chain Strengthening Recommendations

The value chain strengthening approach of the project supports the project's objectives to increase productivity, and increase trade and investment among participating enterprises. Using this approach, the project assists individual enterprises or groups of enterprises to improve internal competitiveness factors to enhance enterprise growth, boost sales, improvement in

product quality, production processes/technology, and commercial knowhow. Value chain strengthening activities implemented to support enterprises include a) trainings, b) direct and indirect technical assistance, and c) opportunities for market exposure. The following are recommendations for consideration by the project team, in each of these activity areas.

Size of Enterprises

These recommendations suggest focusing on smaller enterprises in some of the industries, as the project moves forward.

Apparel and Textile

- It might be time to start focusing on smaller apparel manufacturers, as the larger companies are doing quite well, with one even describing itself as a monopoly. While even large companies must continue to grow, with CEEDII's limited time and budget, greater impact could be felt on smaller companies in need of technical assistance, particularly when it comes to financing their business.

Home Furnishing

- It is recommended that CEEDII refocus its resources to implement activities that can also improve the productivity and competitiveness of small and medium firms, as opposed to the current approach of working with the relatively larger firms in the industry who already possess some of the skills, resources and know-how. CEEDII can serve as a facilitator and a catalyst supporting larger firms, but should not neglect work with other smaller firms in the industry. CEEDII can for instance try to promote stronger inter-firm linkages by identifying opportunities for smaller firms to supply production to larger firms including the firms that are already exporting to Rumania or other countries in the region as a means to link small manufacturers to global market chains.

Wine

- CEEDI provided extensive firm level support for five years, and CEEDII has continued to support individual firms' participation in trade shows, exhibits, B2B, and B2C events. The wine industry in Moldova is relatively mature and well organized, and a vast majority equivalent to 85% of the firms supported by CEEDII are medium or large wineries that have the know-how and resources to organize and fund their participation in events and training activities. Seventeen out of the twenty firms (85%) supported by CEED II in year 1 (for which sales results were reported) are medium or large firms with annual sales above US$ 1 million (the breakdown of firms by size is 5% micro, 10% small, 40% medium and 45% large). It is recommended that at this point, CEED II consider limiting its support to medium and large wineries to activities that benefit the overall industry and not firm-specific support.

Training

The following are recommendations on how the project can address some of the training it intends to implement over the next two years:

Apparel and Textile

- If activities with the larger apparel companies are to continue, focusing trainings on staff at multiple levels within the company is recommended, as opposed to focusing only on middle to upper management, which seems to have been the trend thus far. Productivity at the factory floor level has not been a priority, according to respondents.

Fashion and Accessories

- CEED II should continue the trainings offered to this industry, focusing a bit more resources on smaller companies who do not seem to be getting the same level of assistance as larger companies.

Home Furnishing

- A weak link in competitiveness and productivity in the home furnishing industry is the mismatch between the skills and knowledge of graduates and industry requirements. It recommended that CEED II support the ongoing dialogue between educational and technical institutions and firms in the industry to better align the curriculum to industry needs. Firms have voiced the need to increase training opportunities for their production staff, particularly abroad, so they get trained in modern manufacturing technologies. CEED II could facilitate information on training programs, but these trainings would ideally be paid by the employers. While supporting this type of training can quickly improve the competitiveness and productivity in the industry, it is critical to improve the vocational and technical training in Moldova as the long-term, sustainable solution

IT

- CEED II needs to decide how best to use its resources in the IT sector, as it's currently spreading itself too thin. Focusing on either workforce development, via higher quality vocational school training, and outreach to high schools, or strengthening current IT companies, via trainings, seminars, and foreign experts, would make CEED II's impact on the sector more substantial. The QLAB, intuitively a smart activity, will not be able to survive without the buy-in of IT companies, which it currently does not have. CEED II will have to either strengthen QLAB to the point where it can gain legitimacy among IT companies, or cancel this intervention. Greater integration is needed between the IT sector and other sectors CEED II works with, as IT is a cross-cutting industry that can help other non-IT businesses grow and modernize. Opportunities for cross-pollination between industries have not yet been taken advantage of by CEED II.

Wine

- To ensure sustainability of CEED II successes beyond the program's lifecycle, CEED II should provide training and capacity building to the staff of the new public private organization so they can continue doing the activities that the Industry Manager is currently doing, such as lobbying for changes in the industry, contacts for B2B and B2C and coordinate participation of wineries in exhibits and trade events as well as domestic events like the Sommeliers training, the wine tasting (vernissage) and other events to promote consumption pattern changes (e.g. wine as a healthier alternative than other alcoholic beverages).

Opportunities for Market Exposure

Apparel and Textile

- It is recommended that larger communal activities such as Made in Moldova, and fashion shows, should continue, but flying large companies to expos that they won't be able to afford when CEED II ends might not be the most cost-effective activity. Focusing instead on building market opportunities in the region, as opposed to Western Europe, will be more cost-effective and have a great opportunity to be sustained past CEED II's lifecycle.

IT

- The IT Summit was a clear success for helping to expand market opportunities for IT companies. A follow-on IT Summit in the final two years of CEED II is recommended, perhaps integrating an element of entrepreneurship into the Summit, so that young entrepreneurs gain exposure to Moldovan IT companies.

Fashion

- Activities such as Made in Moldova and domestic expos absolutely should continue, with all respondents finding this very valuable for promoting their brands and seeing a tangible benefit in higher sales as a result. Shifting the emphasis from foreign expos to developing more local activities might make sense for the short-term, as respondents in general were bearish about their prospects overseas, particularly at the larger international expos in France and Italy. One respondent in a focus group mentioned an expo in Estonia that would make more sense for her company to attend. In other words, expectations for foreign markets in this industry should be kept reasonable, with more emphasis on regional markets and domestic markets as opposed to larger international ones.

Tourism

- CEED II should continue supporting promotional activities such as informational tours to promote Moldova as a tourism destination, while at the same time, building the

capacity of local actors (public and private) to continue organizing this type of events in the future as well as to develop their capacity to do fund-raising to secure funding from private sponsors.

- It is also recommended that CEED II continues to focus on supporting domestic tourism and inbound tourism, as opposed to the outbound tourism market, which appears to be the priority of some industry players such as tour operators and travel agencies.

7.3 Cluster Actor Strengthening Recommendations

In this approach, CEED II support industry interventions to address systemic barriers & policy constraints; assist and work with associations and member based organizations; assist and work with Government counterparts; and bring private and public sectors together (improve dialogue). The following are recommendations based on the evaluation findings, for consideration by the project team.

Apparel and Fashion

- For both Fashion and Apparel, the sustainability of CEED II investments rests on the strength of APIUS, which by all accounts is currently quite weak. It is recommended that, CEED II refocus resources to strengthen APIUS if USAID/Moldova wishes to see CEED II successes sustained past the program's lifecycle. While USAID/Moldova has expressed the desire for APIUS to strengthen naturally from the bottom up (as opposed to a top-down approach), there might not be enough time for this to happen organically, and CEED II may need to adopt a more hands on approach to helping APIUS grow.

Home Furnishing

- It is recommended that CEED II continue to focus its efforts to strengthen and build the capacity of the newly created furniture manufacturers association to serve as a platform to bring together industry participants and to provide continuity to successful initiatives such as the common furniture shopping center, joint promotional and marketing efforts, as well as to support new initiatives such as the common purchase of raw material and inputs to obtain more competitive prices and conditions. CEED II should also improve the association's capacity to carry out policy analysis and market/industry research and its capacity to advocate for the industry. CEED II should also encourage membership of smaller furniture manufacturers in the association as opposed to the larger players in the industry.
-

- In terms of the enabling environment, one of the key issues that was repeatedly mentioned and that CEED II can support by building the association's advocacy capacity, is the need to formalize businesses in the industry (particularly small players) and

enforce intellectual property rights to avoid unfair competition, as well as supporting a law to return/credit the value added tax on equipment.

Wine

- CEED II' should continue focusing its efforts to support the reforms of the legal and regulatory environment, namely the Parliamentary final reading and approval of the new Wine and Vine Law, as well as the adoption of the new regulatory and institutional framework. Focusing resources to strengthen the new public-private institution to manage the wine sector and ensuring the institution has good governance and representation from both the public and private sector will be critical to ensure a more competitive wine industry in Moldova.[8]

Tourism

- It is recommended that CEED II focus resources to strengthen the currently weak dialogue between public and private stakeholders in tourism will be critical to pave the road for successful interventions in the industry. The "national" nature of several of the initiatives currently supported by CEED II (Moldova tourism brand and positioning, development of a web-page) require buy-in and extensive involvement from the Government of Moldova to be sustainable. Discussions with both public and private stakeholders revealed a clear disconnect in current initiatives (e.g. three different logos for the Moldova tourism brand).

- It is recommended that CEED II to focus its efforts to improve public-private dialogue leading to a better business environment for tourism, including ensuring adequate public-private dialogue for the new action plan being developed by the Task Force and the legal framework currently being drafted by the Tourism Authority.

7.4 Cross Cutting Recommendations

Financial Services

- In terms of the enabling environment, two of the challenges that were mentioned include the need to remove barriers and provide more incentives for SMEs to operate (make it easier and less burdensome for SMEs to operate, reducing the number of steps and procedures as well as Government imposed controls) and to improve court procedures to have a clear and transparent process, which would lead to less corruption. These challenges can be better addressed as part of the advocacy efforts of the associations supported by CEEDII.

- All interview participants mentioned the specific need for further financial services trainings, specifically in learning how to access credit and grants. CEED II should conduct a thorough needs assessment of which stakeholders require such training, and program accordingly a thorough financial services training.

[8] Several respondents indicated that CEEDII's most critical contribution during the next two years should be to provide full support to the new public-private institution, as the priority. A strong, efficient institution can provide sustainability and take over a lot of the activities that CEEDII is leading now.

Selection of Enterprises

- It is necessary for CEEDII to continue and expand support activities with firms outside of Chisinau to promote the competitiveness and productivity of firms in rural areas. Increasing the number of entrepreneurs and competitiveness of SMEs in rural areas can significantly boost development by providing off-farm jobs, diversifying local economies, promoting the use of local products and services, and hence raising living standards within communities and reducing incentives for rural Moldovan's to immigrate

IT

- Improved linkages between ICT activities with the other industries supported by CEED II can include for example supply chain management systems, inventory systems, mobile pricing applications, opportunities to utilize technologies to increase sales or increase profits, promotion of industry specific technologies such as Computer Automated Design (CAD) for the apparel industry, and linking firms with IT companies to identify how IT products can benefit firms in each of the six industries. Illustrative ICT interventions for the tourism sector could include building the capacity of operators to improve online marketing and online booking services and taking advantage of specific opportunities to utilize technology to increase sales and the number of inbound tourists.

Gender

- It is recommended that as part of the gender strategy, the contractor should analyze results to gain a better understanding if the growth of women-owned versus other enterprises is different. If necessary, the Contractor can adjust planned activities to support the growth of women-owned enterprises so it is more comparable to the growth of non-women owned enterprises.

- The quarterly reports and annual reports as well as other documents that address implementation and monitoring, should include a section on gender to document positive results and impact or gender-based constraints and barriers that may be affecting the actions (and interactions) of women or men in the project context and therefore the outcomes and impact of the project activities in the six industries. Also, this section should address differences in the way the benefits of the project accrue to men or women and may affect their relative status, and may contribute to greater equality or reinforce existing inequalities. If no issues were identified and no corrective actions were required, this should be noted

- The work plans and other documents that guide project planning and implementation should clearly show that the CEEDII team has considered the needs and potential impact for both genders. While the contractor is collecting and disaggregating gender data, additional emphasis should also be placed on analyzing the data to identify gender issues and measures be taken to address them, if any, for each of the six industries. If no issues are identified and no corrective action taken, this should be noted.

- The contractor should clarify their definition of "women-owned" business, so there is no confusion with the traditional definition.

References

CEED II, Annual Report Year 1 FY2011: December 2010 – September 2011

CEED II, Final-Revised Performance Monitoring Plan, Updated March 21, 2012

CEED II, Project Work Plan Year 1, FY2011: February 2011 – September 2011

CEED II, Quarterly Report, No. 05: April – June 2012

USAID/Ukraine, Award Contract # 12-C-00-11-00702-00

Appendices

Appendix I

Evaluation Scope of Work

SCOPE OF WORK
MID-TERM EVALUATION

Competitiveness Enhancement and Enterprise Development II (CEED II) Project

I. OVERVIEW

The purpose of this Statement of Work (SOW) is to conduct a mid-term performance evaluation of the Competitiveness Enhancement and Enterprise Development II (CEED II) from December 2010 to September 2012. The evaluation will specifically review the performance of the project, including the project outputs, outcomes, impact and lessons learned in project implementation. The findings and recommendations of the assessment team will be used by USAID/Moldova management to work with the contractor to adjust project activities, as needed, to maintain or enhance project performance over its remaining lifespan. The evaluation is also intended to help USAID/Moldova determine whether it should pursue a cost-modification to the CEED II contract and the rationale for such modification. Additionally, the evaluation will provide input into the design of suggested activities during the modification period.

II. BACKGROUND

A. Project Identification Data

Program: Competitiveness Enhancement and Enterprise Development II
Award No: 121-C-00-11-00702-00
Award Dates: December 8, 2010 to December 7, 2014
Funding: $9,149,605
Implementer: Chemonics
COR: Sergiu Botezatu

B. Project Description & Intended Results

The USAID Competitiveness Enhancement and Enterprise Development II (CEED II) project, valued at $9,149,605 with a four year period of performance from December 8, 2010 until December 7, 2014 follows the five year CEED project, which ended on September 30, 2010. CEED II is implemented by Chemonics International, which also implemented CEED.

CEED II's objective is to grow and expand key competitive industries in Moldova. The development theory is that helping Moldovan enterprises to compete successfully at home and abroad will lead to the growth of targeted industries through increased sales and investment. CEED II complements and supports the Government of Moldova's strategy for export- and investment driven growth. The project aims to increase competitiveness in six targeted industries through activities that are expected to produce results in the three following over-arching areas:
• Increased productivity
• Increased trade and investment

• Improved public-private dialogue for a better business environment.

The six targeted industries include five traditional industries—apparel and textile, fashion accessories, home furnishings, information technology (IT), and wine—and one sector defined as emerging industries where project activities have focused on the tourism and auto part manufacturing sectors. The apparel and textile, IT, and wine industries were also supported by the first CEED project.

Additionally, CEED II supports the Economic Growth program objective of the U.S. Foreign Assistance Framework (FAF) and contributes to the Private Sector Competiveness program area and Private Sector Productivity/Capacity program element.

For a complete understanding of the intended results of this project, please refer to the below Results Framework.

Exhibit 1: Results framework

Although CEED II builds on many successful CEED activities, the approach to CEED II focuses more on systemic and sustainable activities. For example, to strengthen industry clusters, CEED II takes a more holistic view of cluster development with an increased focus on non-value chain actors, such as associations and Business Service Providers(BPSs.) Also, CEED II offers an intensified focus on partnerships, public-private dialogue, and industry-wide interventions to encourage systemic and sustainable change. As such, the project has identified and established technical partnerships with several Moldovan institutions in both the public and private sectors.

As the CEED II contract approaches its mid-way point of implementation, USAID/Moldova proposes to conduct an evaluation of the project activities that have been undertaken since December 2010, to determine the extent to which the goals and objectives were achieved, and

identify lessons for programming directions and decisions for the remaining period of implementation to complete the contract.

C. Development Context

Moldova's economy has grown at an average annual rate of 5.5 percent over the past decade, driving poverty rates down from 70 percent in 1999 to 25 percent in 2010. Moldova remains, though, to be one of the poorest countries in Europe, with per capita income of $1,862 in 2008.

The Moldovan economy went through a recession in 2009. Industrial output and exports both dropped by 24% in the first nine months of 2009; and overall real GDP contracted by an estimated nine percent. Low levels of productivity and constrained markets threaten to prolong economic recession in Moldova, although there are indications of improving conditions in 2010.

The structure of the economy is evolving from a traditional agrarian orientation to expanding service and industrial sectors. Over the years, many over-capitalized enterprises with poor labor productivity have downsized, divested, or been replaced by smaller and less capital-intensive enterprises, giving rise to more agile industrial and services sectors. Despite these improvements, productivity remains too low to compete for export opportunities. Moldova's average labor productivity is just 40 percent of firms in Central and Eastern Europe. Similar to productivity gains, access to capital has improved over the years, but growth remains stymied by conservative bank lending, high collateral requirements, and a lack of trade finance.

Moldova is losing competitiveness in its traditional CIS export markets, which have been geared towards low-quality wine, fruits and vegetables, and some industrial products. Russia dominates this market and has disrupted trade with Moldova through politically motivated – though sometimes justifiable – food safety concerns. However, the recent introduction of trade preferences by the EU suggests an opportunity for export-driven growth. Besides low labor costs, Moldova's comparative advantages in this market include its highly educated population, favorable agricultural production factors, facility with languages, and geographic proximity. While these factors facilitate rapid market entry in a number of sectors, they are easily overtaken if Moldova cannot offer the quality and quantity demanded by higher-value markets.

One of last years' leading business climate reformers, Moldova must continue to unshackle business from over-regulation to create the kind of jobs and income needed to compensate for its small market size, and to improve the welfare of the population. In many cases, implementation of enacted reforms remains to be institutionalized. Moldova ranks 161 of 181 in licenses and 135 in trading across borders. Leadership of the Alliance Government appears though to be more open to acceleration of business climate reforms for improved economic competitiveness.

III. EVALUATION RATIONALE

A. Purpose:

This is a mid-term, formative evaluation whose objectives are to help determine what components and project aspects are working well and why, which perhaps are not and why, and to make modifications and mid-course corrections, if necessary, to help guide the CEED II project over its second half. The evaluation should provide pertinent information, statistics, and

judgments that assist Chemonics and its implementing partners, USAID and the GOM to learn what is being accomplished, and what relevant management, financial and cost efficiency findings present themselves. In summary, the evaluation will help all involved to better understand the initial results and contributions of the project, and help re-focus and strengthen it.

B. Audience and Intended Users:

The audience of the evaluation report will be the USAID/Moldova Mission, the Europe & Eurasia Bureau, and the implementing partner, Chemonics. USAID will use the report to make changes to its current strategy of providing support to the target industries and to share lessons learned with other stakeholders; Chemonics and its subcontractors will learn about their strengths and weaknesses and adjust their project accordingly. It is expected that the industry and government partners as well as other stakeholders will have the opportunity to discuss how the CEED II project assisted them and how this project could better assist them in the future to meet their goals.

C. Key Evaluation Questions:

The Evaluation Team will assess the relevance, effectiveness and efficiency[9] of all CEED II activities in Moldova, as well as discuss what activities should be continued or modified to increase the likelihood of sustainability for planned results. The Contractor will also answer the following questions (questions not in priority order):

9) Which of the project activities appear to have most advanced the projects purpose of growing and expanding the competitiveness and efficiency of key strategic industries in Moldova leading to increased sales and investments?
10) What is the perceived value-add of project activities for stakeholders[10] working in target industries?
11) To what extent can the project begin to address USAID Forward objectives[11], specifically Implementation and Procurement Reform 2?
12) What steps can the project take to ensure the sustainability of its objectives?
13) Are there any unintended but important results attributable to the project that should be documented?
14) What are the factors that hinder/assist the project performance?
15) How effective has the project been at partnering with the private sector, other United States Government agencies, and with other donors in order to achieve project objectives?
16) How can project monitoring and evaluation data be better used for management purposes?

The Evaluation Team will visit at least one project site for each representative industry targeted by the project in at least three distinct regions. In answering all the questions, the evaluators should consider gender issues, in particular gender equity in access to services and gender integration challenges and benefits for project implementation. The Evaluation Team will ensure that the conduct of the CEED II evaluation is in accordance with the evaluation procedures in USAID's Evaluation Policy: (http://transition.usaid.gov/evaluation/USAIDEvaluationPolicy.pdf).

[9] Define what each of these definitions actually mean. This will help with consistency throughout the evaluation.
[10] Define/stakeholders or reference stakeholder annex
[11] Hyper link USAID FWD here, and spell out IPR 2

IV. METHODOLOGY

The section below outlines some of USAID's expectations regarding the evaluation design, timeline, and methodology. The Evaluation Team will be expected to use a comprehensive evaluation design and methodology. It is anticipated that the evaluation will have a non-experimental design. The Evaluation Team will disaggregate data by age, gender, ethnicity, type of organization, industry, and geographic region. The methodology will be based on a mixed method approach, comprised of the appropriate tools (outlined below).

The evaluation will be conducted by a 3-person team that includes a Senior Evaluation Specialist from the Office of Learning, Evaluation and Research (LER); and two DLI Foreign Service Officers who have completed one of LER's evaluations courses.

Data Collection Methods:

Desk Review of Literature and Performance Monitoring Data

The evaluation team in collaboration with the Mission team will identify and conduct a desk review of published and unpublished literature and relevant documents on the CEEDII. A review will also be conducted of the performance monitoring data that has been routinely collected by the implementer, on the indicators that measure progress towards project objectives and goals that are contained in the monitoring and evaluation plan. These documents will include the project Award Contract between USAID and Chemonics; annual work plans for FY11, FY12, and FY13 (if possible); annual reports for FY11 and FY12 (if possible); the Performance Monitoring Plan (PMP) as amended in March 2012; and other progress reports, e.g. Quarterly Reports. Quantitative analyses (e.g., cost-benefit or return on investment analysis, as appropriate);

Desk review of documents and monitoring data will be conducted prior to the evaluation team visiting Moldova. Data collected through these documents are expected to provide an overview of the project background, the project implementation process, and progress towards the achievement of the targets for the project performance indicators. It is also expected that the document review will contribute to the development of relevant instruments such as questionnaires, which will be used by the evaluation team to conduct interviews during data collection in the field.

Documents will be divided between each team member who will review them. Support will also be obtained from LER staff, that is familiar with the Moldova context, and who will also assist with synthesizing the findings derived from the documents reviewed. It is expected that this review process will take place over a period of 2 weeks. However, on-going reference will be made to some of the documents as the evaluation process continues.

Key Informant Interviews

Using a structured questionnaire comprising of open ended, and close-ended questions, the assessment team will conduct in-depth interviews with stakeholders who will serve as key

informants, in answering questions that address the performance, managerial, operational, and financial elements of the project (See Appendix A). Respondents will be selected from among, USAID/Moldova staff working closely with the project, staff of the project implementer, staff of industries participating in the project interventions, Government of Moldova officials, and any stakeholder that has been associated directly with activities implemented through the CEEDII Project.

These interviews will be conducted face to face, as far as is feasible. If for logistical reasons, or any other reason that might make it impossible to meet a scheduled respondent face-to-face, interviews will be conducted through the phone call, or the interview will be self-administered by the respondent via email. The evaluation team will work closely with the project COR, in identifying and scheduling interviews, which will take place primarily during the field visit to Moldova.

The in-depth interviews are expected to provide the evaluation team with responses that will provide insights into the extent to which the project activities have been contributing towards the increased productivity, trade and investment among businesses that have been reached so far, as well as the extent to which the project has been creating an enabling environment for businesses, addressing trade and competitiveness constraints, and enhancing the nature and characteristics of public-private dialogue in the process.

Focus Group Discussions

A series of focus group discussions will be conducted with selected stakeholders. The focus group discussion (FGD) will target primarily selected staff of the companies that have been the private sector beneficiaries of the project. This will include 6 – 8 staff members from each category of company supported by the project. Approximately a total of 6 focus group discussions will be conducted staff from apparel and textile, emerging industries, fashion accessories, home furnishings, information technology, and wine companies - (See list in Annex A).

The discussions will be facilitated in English by the team leader, and the DLI team members. However, when FGDs cannot be conducted in English, the mission will identify a translator that will work with the team to help in facilitating the discussion. These FGDs will allow the evaluation team to explore in more detail, and contribute to the responses to questions that address issues related to the technical and managerial elements of the project; and aspects of the project that should remain the same, elements that should change or be modified, and new areas that should be addressed by the project over the next two years.

Mini-Survey

In order to generate quantitative data on the performance of the project to date, a self-administered mini-survey will be conducted using Google Forms. Respondents will be selected from Moldovans who are knowledgeable about the business environment in the country and who work with companies that are being assisted through project activities. Efforts will also be made

to interview staff of companies that are likely to be assisted over the next two years, including women owned businesses.

The list of potential respondents will be generated by the COR. Depending on the number of potential respondents on the list, a decision will be made whether to randomly select a sample of respondents that will receive the survey, or send the send the survey to everyone on the list.

The survey will include questions that will help the evaluation team to determine the extent to which project activities have contributed to improving the production and workforce capacity of assisted companies; contributions towards access of capital; and the effect of advocacy on the enabling environment for business development. Questions to be included in the survey will be developed and finalized during the review of literature, and performance monitoring data.

These evaluation tools will be used to respond to the evaluation purpose and each of the evaluation questions; however, the Mission does not consider these tools comprehensive. Additional, tools can be proposed before the Evaluation Team begins the field work stage.

To answer question 1, the team will need to do a Desk Review of Literature and Performance Monitoring Data, Key Informant Interviews, Focus Group Discussions, and a Mini-Survey.
To answer question 2, the team will need to do a Desk Review of Literature and Performance Monitoring Data, Key Informant Interviews, Focus Group Discussions, and a Mini-Survey.
To answer question 3, the team will need to do a Desk Review of Literature and Performance Monitoring Data, and Key Informant Interviews.
To answer question 4, the team will need to do a Desk Review of Literature and Performance Monitoring Data, Key Informant Interviews, Focus Group Discussions, and a Mini-Survey.
To answer question 5, the team will need to do a Desk Review of Literature and Performance Monitoring Data, Key Informant Interviews, Focus Group Discussions, and a Mini-Survey.
To answer question 6, the team will need to do a Desk Review of Literature and Performance Monitoring Data, Key Informant Interviews, Focus Group Discussions, and a Mini-Survey.
To answer question 7, the team will need to do a Desk Review of Literature and Performance Monitoring Data, and Key Informant Interviews.
To answer question 8, the team will need to do a Desk Review of Literature and Performance Monitoring Data, and Key Informant Interviews.

Data Analysis Plan:

Prior to the start of data collection, the evaluation team will develop and present, for USAID/Moldova to review and approval, a data analysis plan that details how focus group discussion and/or stakeholder interviews will be transcribed and analyzed; what procedures will be used to analyze qualitative data from key informant and other stakeholder interviews; and how the evaluation will weigh and integrate qualitative data from these sources with quantitative data project monitoring records to reach conclusions about the effectiveness and efficiency of the project. Case studies of successful enterprises and successful (or emerging) supply chains, value chains, and clusters will also be produced.

The evaluation team leader will be responsible for coordinating the data analysis at the end of the data collection process. The analysis will focus on answering the key evaluation questions outlined above, as well as any other questions that might come up during the data collection process. Each team member will participate in the analysis and contribute to the interpretation of the data, as their area of specialty allows.

Timeline:

The estimated performance period is 31 days, including a two week effort from Washington D.C. for desk review and performance data analysis, and in-country TDY of 10 business days for interviews. USAID/Moldova will arrange in-country accommodation and travel. The evaluation is anticipated to be completed no later than October 5th, 2012. The evaluation will be completed in three phases, according to the following schedule of timing and deliverables:

Phase I: Desk Review

In the first three days, the evaluation team will complete preparation and planning. A written methodology including evaluation design, data collection and data analysis plan will be prepared and discussed with USAID/Moldova before the evaluation proceeds.

By the end of the first two weeks, the evaluation team will complete a desk review and consult project documents and additional background information, not limited to matters supplied by USAID/Moldova. It is strongly encouraged to meet with or conduct phone interviews with USAID/E3 and the USAID/E&E Bureau before travelling to Moldova.

Phase II: Field Research

The evaluation team will travel to Moldova, hire local partners as necessary, and have discussions with U.S. Government staff to refine approaches and develop schedules. It will meet with donors, ministries, and other organizations concerned with economic development in Moldova.

All necessary data collection and analysis shall be conducted according to the aforementioned approved methodology (see Phase I.) A draft evaluation shall be submitted and an oral briefing provided at least one week prior to the due date for the final report. Feedback on the draft and briefing shall be considered in preparation of the final report. All instruments used and data gathered shall be submitted with the final report, in formats suitable for reanalysis, by flash drive or other suitable medium agreed upon with the USAID/Moldova. The quantitative data must be organized and fully documented for use by those not fully familiar with the project or the evaluation, must be owned by USAID and must not be made available for the public barring rare exceptions.

All modifications to the statement of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology or timeline shall be done in collaboration with the project COR.

Phase III: Report Preparation

Within two weeks following the completion of the field research, the evaluation team will complete and submit their final evaluation report. As the main deliverable, the final evaluation report should:

Comply with USAID branding requirements

Represent a thoughtful, well-researched, and well organized effort to evaluate objectively what worked in the project, what did not and why.

Address all evaluation questions in the statement of work.

Explain the evaluation methodology and all evaluation tools.

Disclose limitations to the evaluation, especially with methodology (i.e. selection bias, etc.)

Present findings as analyzed facts, evidence and data, not anecdotes, hearsay or opinion compilation.

Assess outcomes and impacts disaggregated by males and females where applicable.

Support any recommendations with specific citation of findings.

Include as an annex containing all tools used such as questionnaires, checklists, and discussion guides.

Include the statement of work as an annex.

List all sources of information in an annex.

The format for the evaluation report shall be as follows, modified as necessary with USAID/Moldova approval:

1) Executive Summary: salient findings, conclusions and recommendations
2) Table of Contents
3) Introduction: purpose, audience and task synopsis
4) Background: overview of project strategy and components and of evaluation purpose
5) Methodology: description of methods and limitations
6) Findings, Conclusions and Recommendations: specific responses to data-gathering tasks and key evaluation questions.
7) References and Bibliography
8) Annexes: evaluation methods, schedules, interview lists and tables in succinct, pertinent and readable formats.

Note: The Executive Summary should be 3-5 pages and must include a summary of the purpose, background of the project, main evaluation questions, methods, findings, conclusions, recommendations, and lessons learned (if applicable) of the evaluation.

V. DELIVERABLES

Task/Deliverable	LOE Team Leader	LOE Team Member	Dates
Desk review of Literature and Performance Monitoring data; and draft questionnaires for in-depth interview, focus group, and mini-survey • Develop other data collection tools and instruments as appropriate • Draft results of literature review and performance monitoring data analysis	14 days (in DC)	14 days (in DC)	Aug 27 – Sept 7
Site Visit as team (10 days on site country), during which: • Meet with USAID/Moldova CEEDII team • Finalization of data collection instruments as appropriate • Data collection and analysis • Draft evaluation report in country • Debrief with USAID/Moldova CEEDII team • Initial draft report submitted	10 days	10 days	Sept 10-21
Follow-up: (In DC and by electronic communication): • Finalize draft (initial comments from USAID/Moldova editorial and final comments put into draft) • Submit draft to USAID/Moldova for review, request for return comments within 10 days • Finalize evaluation report incorporating comments and inputs • Submit final report to USAID/Moldova	7 days (in DC)	4 days (in DC)	Sep 24 – Oct 5
Total # days	**31 days**	**27 days**	

VI. TEAM COMPOSITION

The team will be comprised of three non-mission personnel from USAID/W who will work with the project's COR to evaluate the project. One individual will be designated Team Leader. This person will be responsible for producing the final deliverable for acceptance by the Mission.

All attempts should be made for the team to be comprised of an equal number of male and female members.

ANNEX A

SUGGESTED INTERVIEWEE LIST

1. USAID/Moldova
    a. Sergiu Botezatu, COR
    b. Kent Larson, Country Director
    c. Jeff Bryan, Deputy Country Director
    d. Tim Ong, Program Officer
2. U.S. Embassy
    a. Greg Winstead, Chief Pol-Econ Section
    b. Hayward Alto, Pol-Econ Section
3. Government Counterparts
    a. Prime Minister's Office
        i. Advisor(s) on economy and FDI
        ii. Advisor(s) on youth and ICT
    b. Ministry of Economy
    c. Ministry of Information Technology and Communication
        i. WB consultant to MITC, Victor Brunusus
    d. Ministry of Education
    e. Ministry of Agriculture
    f. National Tourism Agency
4. Associations Partners/Beneficiaries
    a. APIUS
    b. ATIC
    c. Wine association(s) – ASW, UEOM, APEV?
    d. APMM
    e. Tourism association(s)?
5. Other international donors
    a. CBI
    b. EBRD
6. Private sector beneficiaries(See Annex B)
    a. Apparel and textile
        i. 5 companies
    b. Emerging industries
        i. 5 companies
    c. Fashion accessories
        i. 5 companies
    d. Home furnishings
        i. 5 companies
    e. Information technology
        i. 5 companies
    f. Wine
        i. 5 companies

Appendix II

List of Contacts

CEED II Mid-Term Evaluation
List of Interviewees
September 9 -22, 2012

	Interviewee	Date and Time	Activity	Team Interviewer
1	USAID/Moldova COR Sergiu Botazatu, Lucia (Program Office, M&E), Mission Director and Timothy Ong, Program Officer	September 10, 2012 (8:30 – 10:00am and 4:00-5pm)	Briefing Meet with the USAID CEEDII Team	Winston, Lee, Leyla,
2	Chemonics CEED II Team including COP, Deputy COP and Industry Leads for Wine, Apparel and IT	September 14, 2012 (10:30am – 4:00pm)	Overview presentation by the CEED II team	Winston, Lee and Leyla
3	Doug Griffith	Tuesday September 11, 2012 (8:00 am – 1:00 pm)	In-depth interview (approx. 45 minutes)	Winston
4	Doina Nistor (Deputy COP)		In-depth interview (approx. 45 minutes)	Winston
5	Larisa Bugaian (Business Climate Report Advisor)		In-depth interview (approx. 45 minutes)	Winston
6	Diana Lazar (Wine Industry Manager)		In-depth interview (approx. 45 minutes)	Leyla
7	Maria Gheorghita (Textile Industry Manager)		In-depth interview (approx. 45 minutes)	Leyla
8	Adrian Covalciuc (Home Furnishings Industry Manager)		In-depth interview (approx. 45 minutes)	Leyla
9	Ionela Ciuhrii (IT Industry Manager)		In-depth interview (approx. 45 minutes)	Lee
10	Angela Frunze (Fashion Accessories Business Manager)		In-depth interview (approx. 45 minutes)	Lee
11	Sergiu Ghetiu (Emerging Industries Manager)		In-depth interview (Approx. 45 minutes each)	Lee
12	Tatiana Durlestean (Finance and Investment Advisor)		In-depth interview (Approx. 45 minutes)	Lee
13	Lurie Chirinciuc (President of the Association of Furniture Producers Association of Furniture Producers)	Tuesday, September 11 (2:00 pm – 5:00 pm)	In-depth interview (Approx. 45 minutes)	Winston
14	Fiodor Lacovlenco President APIUS (light industry association: apparel & footwear companies)		In-depth interview (Approx. 45 minutes)	Winston
15	Tamara Luchian (Director - Ionel JSC)		In-depth interview (Approx. 45 minutes)	Lee
16	Irina Rodenco (Commercial Director Tricon JSC (Cahul))		In-depth interview (Approx. 45 minutes)	Lee
17	Silvia Lazu (Director - Bombonici Ltd)		In-depth interview (Approx. 45 minutes)	Lee
18	Georgeta Mir (Production Director Mobile SRL)		In-depth interview (Approx. 45 minutes)	Lee

	Interviewee	Date and Time	Activity	Team Interviewer
19	Nicole Ciobanu (General Manager – Anturaj)		In-depth interview (Approx. 45 minutes)	Leyla
20	Igor Vatamaniuc (Sales Director –Ambianta)		In-depth interview (Approx. 45 minutes)	Leyla
21	Evgheni Necliudov (General Manager – Polimobil)		In-depth interview (Approx. 45 minutes)	Leyla
22	Veaceslav Sumilin (Director – Ergolemn)		In-depth interview (Approx. 45 minutes)	Leyla
		Wednesday September 12		
23	Eugen Bodarev Director – (Cristina Mold Rom Simpex ltd)	8:00 am – 1:00 pm	In-depth interview (Approx. 45 minutes)	Lee
24	Vasile Boldurescu (Director- Arilux Ltd		In-depth interview (Approx. 45 minutes)	Lee
25	Tatiana Sorochina (Director -Tighina JSC (Transnistria)		In-depth interview (Approx. 45 minutes)	Lee
26	Viorel Benderschi (Development Director - Zorile JSC)		In-depth interview (Approx. 45 minutes)	Lee
27	Ion Luca (Chairman – Winemaker Association of Small Winemakers Small wine producer)		In-depth interview (Approx. 45 minutes)	Leyla
28	Eugen Pislaru (Deputy Chairman - Owner Association of Wine Producers and Exporters Salcuta winery		In-depth interview (Approx. 45 minutes)	Leyla
29	Victor Bostan (Chairman - President, co-owner Moldovan Wine Guild Bostavan wineries		In-depth interview (Approx. 45 minutes)	Leyla
30	Mihai Druta (Chairman - Association of Sommelier of Moldova)		In-depth interview (Approx. 45 minutes)	Winston
31	Ana Chirita (Executive Director Moldovan Association of Private ICT Companies (ATIC)		In-depth interview (Approx. 45 minutes)	Winston
32	Cristina Trofim (Director - AgroVin Bulboaca)	2:00 pm – 5:00 pm	In-depth interview (Approx. 45 minutes)	Leyla
33	Ludmila Gogu (Commercial Director -Chateau Vartely) and Arcadie Fosnea (Production Director & Winemaker – Chateau Vartely)		In-depth interview (Approx. 45 minutes)	Leyla
34	Dona Scola Vice-Minister Ministry of Information and Communication technology		In-depth interview (Approx. 45 minutes)	Lee
35	Tudor Darie (PM adviser for youth & IT - Prime Minister's office)		In-depth interview (Approx. 45 minutes)	Lee
36	Grigore Vasilache (Professor -Financial-Banking College)		In-depth interview (Approx. 45 minutes)	Lee
37	Veaceslav Cunev (President – ATIC) and Ana Chirita (Executive Director ATIC)		In-depth interview (Approx. 45 minutes)	Winston
38	Oleg Macari, Owner & CEO, F-Line Technologies		In-depth interview (Approx. 45 minutes)	Winston
39	Roman Stirbu (Director Internet Department SIMPALS)		In-depth interview (Approx. 45 minutes)	Winston
		Thursday September 13		

	Interviewee	Date and Time	Activity	Team Interviewer
40	Nicolae Godiac (Delivery Unit Manager Endava)	8:00 am – 1:00 pm	In-depth interview (Approx. 45 minutes)	Lee
41	Asbjoern Oblasser (Finance Manager - Draexlmaier Automotive)		In-depth interview (Approx. 45 minutes)	Lee
42	Pavel Topala (Dean Technical Sciences - Balti State University		In-depth interview (Approx. 45 minutes)	Lee
43	Ludmila Dumitras (General Director -National Tourism Agency)		In-depth interview (Approx. 45 minutes)	Leyla
44	Sevastian Botnari (President -National Association of Travel Agencies of Moldova (ANAT))		In-depth interview (Approx. 45 minutes)	Leyla
45	Veronica Raetchi (VIP & Corporate Tourism Manager – Chateau Vartely)		In-depth interview (Approx. 45 minutes)	Leyla
46	Emilian Dzugas (Director – Tatra Bis)		In-depth interview (Approx. 45 minutes)	Winston
47	Ana Moraru (Sales & Marketing Manager - Leogrand Hotel & Convention Centre)		In-depth interview (Approx. 45 minutes)	Winston
48	Veronica Mirzac (Credit Lease Manager of Moldovan Wine Sector Restructuring Program Filiere du Vin)	2:00 – 4:00	In-depth interview (Approx. 45 minutes)	Lee
49	Carmina Vicol (General director - Prime Capital)		In-depth interview (Approx. 45 minutes)	Leyla
50	Minister Vasile Bumacov		In-depth interview (Approx. 45 minutes)	
51	Ion Gangura (President - Rural Finance Corporation)		In-depth interview (Approx. 45 minutes)	Winston
52	Alexandru Radu (Vice-president – Comertbank)		In-depth interview (Approx. 45 minutes)	Winston
53	Svetlana Lazar (President - Moldova National Association of Rural, ecological and Cultural Tourism (ANTREC))		In-depth interview (Approx. 45 minutes)	Leyla
		Friday September 14		
54	Visit to Ampelos winery: tour and discussion with owner & winemaker Alexandru Luchianov who is producing and selling premium wines	8:00 am – 12:00 pm	All day field trip	Evaluation Team, CEEDII COR, Program, and Diana Lazar
55	Purcari winery tour - Purcari winery is a member company of the Bostavan Wineries Group. Bostavan is owned by Horizon Capital (private equity fund) and other minority shareholders, among who is Mr. Victor Bostan.	12:00 – 4:00pm		
		Monday September 17		
	Focus Group Discussion No. 1 - Focus group discussion with select female participants from the six industries who have participated in project supported trainings to improve knowledge and skills (6 participants from all six industries except tourism, the group included two participants from the home furnishings	9:00 am – 12:00 pm	Focus Group Discussion	Leyla and Interpreter Natalia

	Interviewee	Date and Time	Activity	Team Interviewer
	industry). Most of the participants are in high level positions in management, sales or marketing. **Participants:** 1. Liuda, Gobjila (Mobile, Furniture) 2. Ina Lazu (Bomboncini, Apparel) 3. Elena Uporova (Cimislia, Wine) 4. Ruxanda Plesca (Q Lab, IT) 5. Tatiana Stavila (Ergolemn, Furniture) 6. Lilia Dulgherchernei (Tighanca, Wine)			
	Focus Group Discussion No. 2 - Focus Group Discussion with Selected female business owners who are participating in project activities as direct beneficiaries (6 participants from the different industries were represented) **Participants:** 1. Catea Melnic (Natalia Melnic) 2. Ana Popova (Ju Bijoux) 3. Ruxanda Lipcan (F Autor, Wine) 4. Viorelia Lazar (Neomatrix) 5. Olga Nicliudova (Polimobil)	9:00 am – 12:00 pm	Focus Group Discussion	Lee and Interpreter
	Focus Group Discussion No. 3- Focus group discussion with select participants from four industries that have participated in project supported trainings to improve knowledge and skills (IT, Wine, Home Furnishings and Footwear). Most of the participants are in high level positions in management, customer relations, sales or marketing. **Participants:** 1. Andrei Sedelcov (Endava, IT) 2. Nicolae Ciobanu Jr (Anturaj, Furniture) 3. Ludmila Cheikha (Zorile, Footwear) 4. Andre (Migdal, Wine)	2:00 pm – 4:00 pm	Focus Group Discussion	Winston and interpreter Natalia

Appendix III
In-Depth Interview and Focus Group Guides

CEED II Mid-Term Evaluation
In-depth Interview Questionnaire

Consent:

Thank you very much for taking time from your busy schedule to participate in this interview. My name is _____, and I am a member of the evaluation team from USAID, conducting an evaluation of the CEEDII project. This is a mid-term evaluation that will help determine what components of the project is working well, which components are not working well, and which might benefit from mid-course corrections. I will be asking you a few questions about the participation of your enterprise in the CEEDII project, as well as the extent to which the project has contributed to the productivity, trade, investment, and linkages between your enterprise and the public sector. Your answers will be confidential, and your name will not be directly linked to your responses. Your responses will be analyzed along with the responses of other interviewees. Do you want to continue with the interview?

A. Background of Respondent

A1. Name:_____

A2. Enterprise Name:_____

A3: Industry: Wine ☐ IT ☐ Fashion Accessories ☐ Textile ☐ Emerging ☐ Home furnishings ☐

A4: Position/Title: _____

A5: How long have you worked in your current position? _____

A6. How long have you worked for this company?_____

B. Productivity

B1. What are the primary products produced by this enterprise? Please describe any significant changes that have taken place over the last three years that has had a positive or negative effect on the production of these products? Do you think that the CEEDII project contributed to any of these changes? If yes, please explain how?

_____
_____
_____
_____

B2. What is the level of productivity of your enterprise, compared to similar enterprises in the same industry in Moldova? Has there been any change in productivity over the last two years? If yes, how has productivity changed? Do you think that the CEEDII project contributed to this change? If yes, please explain how?

_____
_____
_____

B3. In the past two years, in what CEEDII project activities did your enterprise participate?

_____
_____
_____

B4. What were the tangible benefits that your enterprise got from these activities?

_____
_____
_____

B5. If your enterprise were to participate in the activities again, what changes would you recommend CEED II should make to the activity that will increase the benefit to your enterprise?

_____
_____
_____

B6. Do you think that the CEEDII Project has contributed to the productivity and competitiveness of the enterprise? If the project has not contributed, what do you think prevented it from contributing, and what suggestions do you think the project should do to improve productivity and competitiveness of your enterprise?

_____
_____
_____
_____
_____
_____

B7. Do you think that CEEDII has contributed to the knowledge of workers through the project activities in which they have participated over the last two years? If yes, please describe what kind of knowledge has been gained by workers through CEED II activities, and how your enterprise has used the knowledge to improve the business? Give specific examples. If you think no knowledge has been gained, please explain why, and what prevented the CEED II project from contributing to the knowledge of workers? How can the project improve its contribution to the knowledge of workers?

_____
_____
_____

B8. Do you feel that the skills of workers in the production process have improved in your enterprise over the last two years? If Yes, please describe how the skills of workers have improved? Do you think that CEEDII contributed to the improvement of the production skills of workers? If yes, please explain how; If no, what do you think prevented CEEDII from helping?

_____
_____
_____
_____

B9. In terms of productivity of your enterprise, what do you think is the most valuable contribution that CEED II has made to your enterprise? If you think that CEED II has not made any valuable contribution what do you think has prevented the project from doing so?

_____
_____
_____

C. Trade and Investment

C1. What is the primary market for the products produced by this enterprise, and please describe any expansion in this market that you think has resulted from participation in the CEEDII project?

_____
_____
_____

C2. Please describe how the processing standards or methodologies have changed over the last two years. Do you think that the CEEDII project has contributed to this change? If not, what do you think prevented the project from contributing to the change in standards?

_____
_____
_____

C3. If your enterprise participated in any business-to-business events in the last two years, please describe what they are, and how these events have contributed to trade in your enterprise; if you did not participate in any B2B events, please explain why? If you participated, do you think that he CEEDII project contributed to the decision of your enterprise to participate? If yes, please describe how. If no, please explain why.

_____
_____
_____

C4. If your business was able to acquire new investments or finance over the last two years, please describe what type of financing or investment is this. Do you think that participating in the CEED II project helped the enterprise in getting new finance or investment? If yes, please explain how; if no, explain why not.

_____
_____
_____

D. Public Private Dialogue

D1. Are there any member-based organizations representing your industry? Please describe how your enterprise has benefited from the activities of these organizations? Do you think that the CEED II project has contributed to the relationship between your enterprise and the member organizations? If yes, please explain how; if no, please explain why.

_____
_____
_____

D2. How will you describe the current business environment in Moldova?

_____
_____
_____

D3. Please describe the actions that the government has taken in the last two years to improve the business environment in Moldova? Which of these actions have been the most beneficial for your business? If no action has been taken, please explain why, and what action do you think the government should take that will improve the business environment for your enterprise? Do you think that CEED II can play a role in improving the business environment in Moldova? If yes, describe the role; if no, why?

_____
_____
_____

D4. What additional actions do you hope that the government will take that will improve your business, and how do you think the CEEDII project should work with the government to make this happen?

_____
_____
_____

E. Crosscutting Issues

E.1 Please describe the role women play in your enterprises

_____
_____
_____

E2. Please describe what changes, if any, have taken place in the last two years in the role and position of women in this enterprise? Do you think that the CEED II project made any contributions to these changes, if yes, please explain how; if no, what do you think prevented the project from contributing.

If no changes have taken place for women, please explain why.

_____
_____
_____

E3. Based on your knowledge of the CEED II project, what do you think the project should do over the next two years for it to have a high impact on businesses like yours in Moldova? Explain why; and what do you think the project should do differently, or not do at all, over the next two years. Explain why.

_____
_____
_____

Focus Group Discussions Guide
Impact of CEED II to Grow and Expand Six Key Targeted Industries in Moldova

FOCUS GROUP 1 and 3– IMPACT OF ACTIVITIES (E.G. TRAINING AND TECHNICAL ASSISTANCE) TO INCREASE PRODUCTIVITY OF TARGETED INDUSTRIES (Objective 1)

Description – Focus group discussion with select female participants from the six industries who have participated in project supported trainings to improve knowledge and skills **(8-10 participants from at least two different trainings, includes primarily female staff of project assisted enterprises)**

Proposed Time and Date – Monday September 17, 2012, 9am-12pm

Facilitators – Leyla and interpreter

Link to Results- (Focuses on impact on Expected Result 1.1 – Use of improved technologies and business processes within target industries increased; and Expected Result 1.2 - capacity of workforce in target industries increased)

Introduction – Thank you for taking time from your busy schedule to participate in this focus group activity. My name is _____ and I am a member of the evaluation team from USAID, conducting an evaluation of the CEEDII project. This is a mid-term evaluation that will help determine what components of the project are working well, which components are not working well and which might benefit from adjustments. I will be asking a few questions about your participation in CEED II training and technical assistance activities, as well as the extent to which these training and technical assistance activities have contributed to the productivity and competitiveness of your enterprise. Everything

Section A- Productivity

1. I would like in the first place to ask you to introduce yourself, and to please tell us which company you currently work for, and the main products and services produced by the company. Also, please tell us what your position with the company is and indicate for how long you have held that position. Also please describe briefly your day to day responsibilities in your current position.

2. Have you participated in CEEDII trainings and technical assistance activities? If so, can you please tell me what specific training and technical assistance activities you have participated (e.g. training, consultant working directly with the enterprise to build capacity)? If so, did you find the training useful and which training did you find more useful for you and why?

PROBE:
- How has the training helped you improve your day to day performance? Can you please give some specific examples?
- How has the training helped you contribute to your companies' performance in terms of productivity and local and international competitiveness?
- Has the training helped you or your company produce and sell more goods and services?

DRAFT

3. Please tell me whether the way you use technology and business processes to perform your job has changed since you participated in the training provided by CEEDII?

PROBE:
- Can you please detail some new production processes, methodologies, innovations that you have adopted as a result of CEEDII support?
- What have been the most useful activities implemented by CEEDII to help improve your capacity to use technologies and business processes?

4. Can you please define how was the training delivered and structured? Was it provided by a consultant in a classroom setting, on the job training? Did you find the way the training was structured useful? In terms of training methodology, which do you personally think was the best approach for you to learn (one on one, group work)?

PROBE:
- Which type of trainings did you find more useful to improve your performance at work?

Section B – Other Stakeholders

5. Have you participated in this type of training or have you participate in similar type of trainings sponsored by your employer, industry associations, other donors, the Government of Moldova and other stakeholders outside of CEEDII?

PROBE:
- Do you consider that those trainings were as useful, more useful, or less useful that the trainings provided by CEEDII?
- If more useful, what do you think made those activities more useful?

Section C - General

6. What other skills or knowledge do you feel you need to improve your work performance and to contribute to improve the competiveness and productivity of your company?

PROBE:
- Are there any particular factors or issues that are affecting your company's performance that CEEDII activities could help overcome (e.g. lack of skills and knowledge)?

7. Can you share some ideas on how CEEDII can make training activities sustainable?

PROBE:
- Was the training valuable for your firm? And if so, would your company be willing to pay full price for the training in the future?
-

8. Do you think that women-owned businesses and female employees face additional challenges in Moldova? If yes, can you please describe what are these challenges?

PROBE:
- Do women in general have equal access to jobs, training and similar salaries for comparable jobs?
- If not, what type of assistance activities could help you deal with those challenges?

FOCUS GROUP 2 – IMPACT OF ACTIVITIES TO INCREASE PRODUCTIVITY, TRADE AND INVESTMENT IN TARGETED INDUSTRIES (Objectives 1&2)

Description – Focus group discussion with select **female business owners** in the six industries who are participating in project activities as direct beneficiaries, or as **providers** of business services to the enterprises supported by the project **(8-10 participants, all six industries must be represented)**

Proposed Time and Date – Monday September 17, 2012, 9am-12pm

Facilitator – Lee and Interpreter

Link to Results - Focused on impact on Expected Result 1.3 – Capacity of industry service providers and other value chain actors increased ; Expected Result 2.1 - Quality of products and services produced by enterprises improved; Expected Result 2.2 – Positioning of promotion of products and services from targeted industries improved and Expected Result 2.3 – Access to financing and investments by enterprises increased)

Introduction – Thank you for taking time from your busy schedule to participate in this focus group activity. My name is _____ and I am a member of the evaluation team from USAID, conducting an evaluation of the CEEDII project. This is a mid-term evaluation that will help determine what components of the project are working well, which components are not working well and which might benefit from adjustments. I will be asking a few questions about your participation in CEED II training and technical assistance activities, as well as the extent to which these training and technical assistance activities have contributed to the productivity and competitiveness of your enterprise.

Could you please state your name, the name of your organization, and what products or services your organization makes?

Section A – Quality of Products and Services produced by the Enterprises

1. Are your products competitive in the local and international market in terms of price and quality?

PROBE:
- What type of support have you received from CEED II to improve your product's competitiveness in local and international markets?

Section B - Positioning or Promotion of Products and Services from Targeted Industries Improved

2. What are your company's main sources to identify new clients and new markets?

PROBE:
- What type of support have you received from CEEDII to improve your access to new markets?
- Do you plan on adopting any of CEED II's supports into your business after CEED II has finished? For example, if CEED II has helped you with rebranding, would you consider investing company resources in branding activities in the future?

3. Have you participated in any local or foreign expos? Which ones?

PROBE:

- What if any were the benefits of participating in these expos?
- When CEED II ends in two years, do you envision your organization continuing to participate in expos, without outside financial assistance? Are there any steps CEED II can take now to ensure that you can continue to participate in Expos in the future?

Section C – Member Associations

4. Does your company belong to a member association for your industry?

PROBE:

- How is the member association run? Do all companies have an equal say in decision-making? How is the association managed?
- Did the member association already exist before CEED II, or did CEED II help create the member association?
- Are there any advantages to belonging in your member association? Could you talk specifically about what these advantages are, especially in terms of working with the government, and promoting your industry domestically and internationally?
- Do you think your member association will continue to operate at the same level after CEED II's assistance ends? What steps can CEED II take now to ensure that your member association continues to grow in the future?

Section D – Access to Financing and Investment

5. Does your company rely on financial services to function, for example loans or grants from outside organizations? Where do you get information for these financial services?

PROBE:

- Have CEED II activities (events, trainings, technical assistance) improved your organization's ability to access credit/loan opportunities?
- What specific support does your company need to improve its ability to access credit?

Section E – General

6. Do women-owned business face additional challenges in Moldova?

PROBE:

- If so, what type of assistance could help you deal with those challenges?
- What's your role in the decision making process for the company?
- Are you the sole-owner of the business? If not, how do you divide responsibility between yourself and other owners?

7. Is the public sector aware of the main constraints faced by the private sector in your industry?

PROBE:

- Do you have regular dialogue with the public sector?
- Do you find working with the public sector helpful for your business?
- Has CEEDII helped improve your ability to advocate for change in key areas?

CHEMONICS

April 8, 2013

Mr. Sergiu Botezatu
Contracting Officer's Representative
USAID/Moldova

Reference: Moldova Competitiveness Enhancement and Enterprise Development II (CEED II)
Contract No. 121-C-00-11-00702-00

Subject: Comments on CEED II Mid-Term Performance Evaluation

Dear Mr. Botezatu:

Chemonics would like to thank USAID/Moldova and the Mid-Term Performance Evaluation Team for the considerable time and effort devoted to evaluating the CEED II project. We appreciate receiving outside feedback on the project's performance as we are committed to providing the highest level of service and impact to USAID and our beneficiaries. We have carefully reviewed the evaluation, and while we agree with the general thrust of the report, we are mindful that the evaluation was a first of its kind for USAID and also a learning experience for Development Leadership Initiative Foreign Service Officers. It is worth noting that several observations and recommendations throughout the report are based on partial information, and the evaluation does not reflect the progress and achievements of the project as stated in the Contractor Performance Assessment Reports for the past two years.

Chemonics is grateful for the close collaboration and support we have received from USAID to help us implement CEED I and II in a successful manner. We are proud of the project's accomplishments—as of the end of Year 2, more than 200 enterprises benefited from our assistance and the reported increases in sales and investment of assisted enterprise was more than 19 and 36 percent respectively. We look forward to continuing to implement CEED II with USAID.

Sincerely,

Stephen Farkas
CEED II Project Director | Central & Eastern Europe
Chemonics International Inc.

Cc: Timothy Ong and Lucia Martinenco, USAID/Moldova Program Office