



MOLDOVA
COMPETITIVENESS PROJECT



YEAR FOUR ANNUAL REPORT FY19

MOLDOVA COMPETITIVENESS PROJECT

October 1, 2018 – September 30, 2019



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OCTOBER 1, 2018 – SEPTEMBER 30, 2019

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Prime Contractor:

Chemonics International, Inc.
<http://www.chemonics.com/>

Partners:

J. E. Austin Associates, Inc.
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Bhavana World Project
<http://bhavanaworldproject.com>

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ACRONYMS AND ABBREVIATIONS

AAMT	Advanced Analytical Method Training
AIM	Agency for Investment of Moldova
AmCham	American Chamber of Commerce
AMTAP	Academy of Fine Arts of the Academy of Moldova
ANTRIM	National Association for Inbound Tourism
ANTREC	National Association for Rural, Ecological and Cultural Tourism of Moldova
APIT	Tourism Industry Employers' Association
APIUS	Employers Association of Light Industry
ASE	Association of European Sommeliers
ASW	Association of Small Wineries
ATIC	Moldova Association of ICT Companies
B2B	Business to Business
B&B	Bed & Breakfast
B2C	Business to Consumer
BSP	Business Service Provider
CAGR	Compound Annual Growth Rate
COR	Association of Creative Industries Companies in Moldova
CBI	Ministry of Foreign Affairs of Netherlands' Centre for the Promotion of Imports from Developing Countries
CEO	Chief Executive Officer
C&M	Cut-and-Make
CEED I & II	Competitiveness Enhancement and Enterprise Development I & II
CIS	Commonwealth of Independent States
COP	Chief of Party
DCA	Development Credit Authority
DCFTA	Deep and Comprehensive Free Trade Agreement
DCOP	Deputy Chief of Party
DO	Development Objective
DMO	Destination Management Organization
EIB	European Investment Bank
EU	European Union
FCL	Future Classroom Lab
FPTM	Federation for Tourism Promotion of Moldova
GDP	Gross Domestic Product
FY	Fiscal Year
ICT	Information Communication Technology
IR	Intermediate Result
ICT	Information and Communications Technology
ICTCE	ICT Center of Excellence (Tekwill)
JAA	J.E. Austin Associates
LOP	Life of Project
MARDE	Ministry of Agriculture Rural Development and Ecology
MCCI	Moldovan Chamber of Commerce Industries
MCP	Moldova Competitiveness Project
M&E	Monitoring and Evaluation
MICE	Meetings, Incentives, Conferences, and Events Tourism
MIEPO	Moldova Investment and Export Promotion Organization
MOE	Ministry of Economy

MoEI	Ministry of Economy and Infrastructure
MOU	Memorandum of Understanding
MW	Master of Wine
NGO	Non-Governmental Organization
NTA	National Tourism Agency
ONVV	National Office of Vine and Wine
PDO	Protected Designation of Origin
REFA	Reichsausschuss für Arbeitszeitermittlung- a German system for checking working hours
PGI	Protected Geographical Indication
PIRS	Performance Indicator Reference Sheet
PMP	Performance Monitoring Plan
PMU	Project Management Unit
PPP	Public Private Partnership
PQUP	Product Quality Upgrading Program
PR	Public Relations
RFP	Request for Proposal
SAM	Standard Allowed Minute
SEED	Sector, Engagement, Enhancement, and Development Fund
SME	Small and Medium Enterprise
STEAM	Science, Technology, Engineering, Arts and Mathematics
STTA	Short-Term Technical Assistance
TCB	Tourism Country Brand
TIC	Tourism Information Center
TIFF	Transylvania International Film Festival
TOT	Training of Trainers
ToL	Tree of Life
TMF	Tourism Marketing&Promotion Framework
TUM	Technical University of Moldova
TV	Television
UK	United Kingdom of Great Britain
UN	United Nations
UNWTO	United Nations' World Tourism Organization
UNDP	United Nations Development Program
US/USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
USG	United States Government
USP	Unique Selling Proposition
VAT	Value Added Tax
VET	Vocational Education Training
WoM	Wine of Moldova
WTAP	Wine Tourism Accelerator Program
Y	Year

EXECUTIVE SUMMARY

MOLDOVA COMPETITIVENESS PROJECT YEAR 4 IMPACT

EXECUTIVE SUMMARY

Funded by **USAID, Sweden, and UK aid**, the **Moldova Competitiveness Project (MCP)** supports Moldova's efforts to promote a strong, diverse and export-oriented economy by improving competitiveness and efficiency in key Moldovan industries, thereby creating desirable well-paying jobs, reducing emigration, and improving the economic wellbeing of all Moldovans – the cornerstone for advancing a democratic society.

MCP helps advance the competitiveness of four heritage and emerging economic sectors – winegrowing, tourism, apparel and footwear manufacturing, and information technology clustered with engineering and creative services – that collectively account for 12% of GDP and 35% of national exports and are a source of employment and income for nearly 320,000 Moldovans, playing a critical role in the prosperity of the country.



Photo credit: Pascaru Production

Photo caption: Workshop for lights and camera men under the MILAP Summer school for digital media production industry

A flagship economic growth project, MCP is transformational and results-driven, building on 10 years of support from USAID and now Sweden and UK aid. MCP is changing the development trajectories of assisted industries to increase economic resilience and trading ties to Europe and other higher-value markets; empowering Moldovans with forward-looking skills; and building Moldovans' confidence in a free market economy.

Every \$1 invested in this Project generated around \$19 in new domestic sales and exports, and \$10 in new investments.

MCP has upgraded technology, skills, market linkages and the business enabling environment to increase SME revenues by \$364 million in just four years (\$188 million in FY19)

During FY19, MCP achieved marked success, generating game-changing trade and investment opportunities, and expanding its outreach to another 143 firms. MCP has assisted a total of 760 SMEs during the four years of the project, supporting them to adopt new technologies aligned to Western quality standards, increase marketing and trade domestically and overseas, and make critical investments in equipment and skills. This number surpasses the life-of-project contractual indicator (700 target firms) by 9%,

demonstrating an exceptionally robust Project outreach due to a strong focus on large scale industry-wide interventions, engaging industry organizations from business associations to the National Office of Wine and Vine and Moldova's first virtual IT Park. To enable Moldova to take advantage of EU DCFTA benefits, MCP increased product quality as the key to preparing Moldova's private sector to compete on EU and other high-value markets, including implementation of Protected Geographic Indication (PGI) and traceability in the wine industry, productivity enhancement and social compliance standards for garment and footwear manufacturers, single tax mechanism and IT Parks that are attractive for technology investors, as well as infrastructure upgrades and sustainable tourism products to drive demand in Moldova's rural tourism areas.

New investments generated by MCP-assisted firms add up to \$201 million (\$66M in FY19), which have been used for essential upgrades to production facilities, new equipment, and quality improvements. The Project's SME innovation fund leveraged critical investments in new technologies to improve quality in line with higher-value market requirements. For every \$1 invested by MCP in SME innovation grants, beneficiaries invest another \$3.3, underscoring the commitment of the private sector, and the sustainability of these activities. In the apparel industry, MCP underpinned factory innovations in automation and premium finishes, such as computer-added design and manufacturing, to improve productivity and access upscale European fashion houses. In the wine sector, MCP focused on quality upgrades to improve grape processing, traceability and marketing, which are vital for sustainable and Western oriented businesses formerly geared to the Russia market. MCP's wine tourism and rural guesthouse prototypes generated a quality breakthrough in Moldova's tourism sector, fine-tuned to the tastes of the sought-after Western traveler, and positioning Moldova as a rising sustainable tourism destination.

MCP DEVELOPMENT OUTREACH, cumulative four-year results

- **760 SMEs** assisted to upgrade technology, skills, and market linkages
 - **248** or 33% of the total 760 assisted firms are **women-owned**
 - In **Light industry**, every second MCP-assisted apparel company is **women-owned**
 - **23 SMEs** and **2 schools** from **Gagauzia and Transnistria** are involved in MCP supported activities
- **\$364 million sales** growth of SMEs through direct and indirect assistance (\$188M FY19), targeting EU, Asia Pacific, regional and domestic markets
- **\$201 million new investments** made in assisted SMEs for modern technology, factory upgrades, quality improvements (\$66M FY19), resulting in a **24% productivity increase** in monitored firms (sales per employee) over previous year
 - **147 innovation grants** worth **\$5 million** committed to Business Associations, Industry Excellence Centers, STEM skills programs and SME quality upgrades,
 - **\$3.3 million co-invested by SMEs** for **every \$1** by **MCP** in innovation grants
- **41,000 youth and professionals** improved STEM, digital and job skills
 - 20,084, or **49%** of total participants in **capacity building** programs are **women**
 - 33,892, or **82%** of total participants are **youth**
- **39 Public-private partnerships worth \$41.6 million facilitated for shared development goals**, from flagship organizations like the National Office of Wine and Vine (ONVV) to sectoral centers of excellence like ZIPhouse, FabLab and Artcor, and marketing alliances under country brands DININIMA, Wine of Moldova, and Tree of Life
 - **\$35 million** (84%) is contributed by local and international partners
- **42 legal regulations** streamlined or simplified to generate a pro-business environment, from tourism law reforms and virtual IT parks to EU wine traceability standards
- MCP works with **11 business associations**, that boast **1,000+ members**, to stimulate inter-industry cooperation

As a direct result of MCP-assisted trade initiatives, domestic and export sales increased by \$188 million in FY19 (\$364M four-year cumulative result) in wineries, apparel factories, software firms, tourism agencies and other MCP assisted companies. Most of these exports are to the EU, strengthening Moldova's trade ties with Europe and generating higher value-added. In partnership with industry associations, MCP effectively approached highly competitive markets, such as Romania, Poland and Asia-Pacific (China, Japan and South Korea) for Moldovan wines, EU for apparel and footwear, and Italy, Romania, UK, Poland and Scandinavia for tourism. MCP assistance to the Moldovan Government to institute the virtual IT Park and single 7% tax resulted in a 40% growth of IT, creative and engineering services exports, primarily to the EU and Americas.

This success highlights the effectiveness of MCP's remarkably rigorous and efficient technical approach, as Moldovan firms were not previously able to tackle these markets on their own, lacking the necessary technology, product quality and marketing strategies. MCP masterfully powers **industry brands** - DININIMA (fashion), Wine of Moldova (wine), and Tree of Life (tourism) - as a collective effort between the Moldovan Government and private sector associations, to generate recognition for Moldova on international markets. For instance, MCP assistance under the Tree of Life national tourism brand helped Moldova market itself as an emerging sustainable travel destination, earning impressive ratings from CNN Travel, *The Times*, *The Independent* and other influential international media that included Moldova in the top underrated destinations for 2018-2019. MCP's workforce development initiatives helped **41,003 youth and professionals** improve job skills, contributing to the economic competitiveness and democratic aspirations of the country. MCP successfully focused on digital skills for youth, through its **flagship Educational Robotics and Future Classroom programs and industry excellence centers**, advancing forward-looking skills, technologies and youth entrepreneurship. In FY19, MCP revolutionized the ICT and Creative ecosystems by launching two new state of the art innovations centers, the **Artcor** Creative Center and the National Digital Innovation Center **Future Classroom**.

MCP facilitates 39 Public Private Partnerships worth more than \$41.6 million

MCP facilitates critical partnerships that collectively leverage multi-million-dollar resources to realize shared objectives in regulatory reform, trade promotion, workforce development and economic growth. The Project facilitates 39 PPPs, from flagship industry leaders like the National Office of Vine and Wine, to sectoral centers of excellence like ZIPhouse, FabLab and Artcor, and marketing alliances under country brands (Wine of Moldova, DININIMA (fashion), and Tree of Life (tourism)). The total value of these transformative partnerships exceeds **\$41 million, whereas \$35 million (84%) are contributed by local and international partners**. In FY19, MCP continued to effectively engage the wine industry for joint international marketing, precision viticulture and regulatory reform, leveraging \$1.4 million from the private sector and \$1.5 million from the Government via the National Office for Vine and Wine. Considerable progress was made for putting in place the infrastructure for Artcor Creative Hub, which opened its doors in June 2019, and laying the groundwork for Mediacor Digital Media Hub and Balti Innovation Center in Northern Moldova. The Tree of Life national tourism calendar leveraged a shared investment of \$670,000 in festivals such as DescOpera in Orhei Vechi. Finally, fashion producers co-invested nearly \$500,000 in joint promotional activities and shared retail spaces under the DININIMA umbrella brand.

Inclusive Development

To support the economic empowerment of women, MCP assisted 248 women-owned SMEs, which make up one third of all assisted firms. 134 firms (53%) were in light industry, where women are recognized economic leaders, followed by tourism (55), wine sector (40), and IT (19). Every second apparel company is owned or managed by a woman. MCP's assistance to improve productivity, implement social compliance standards and expand trade for apparel and footwear factories helps preserve jobs for the 27,000 women employed in this industry, increasing wages to meet basic living standards. MCP-assisted firms increased seamstresses' wages by 20-50% (as high as \$520 per month), compared to country average monthly income

of \$310. MCP's innovative initiatives in Science, Technology, Engineering, Arts and Math (STEAM) aim to raise digital skills among Moldovan young women, especially from underserved communities, to pursue education and careers in IT and engineering fields. In an industry traditionally dominated by men, MCP reduces the gender gap and promotes STEAM youth education through two flagship initiatives - Future Classroom and Educational Robotics – that are spearheaded in 140 or 11% of the country's schools. More than 12,000 women (or 40% of all beneficiaries) benefited from these initiatives by accessing transformational technologies such as robotics, coding, virtual reality sets. The tourism sector is also important for women's employment and economic empowerment, especially in the rural areas. To date, 60% of the 33 rural guesthouses assisted by MCP are owned and managed by women, fostering rural employment opportunities and creating a sustainable industry attractive to international tourists. MCP-assisted rural guesthouses, such as Vila Roz and Casa din Lunca in Orhei Vechi, significantly increased their numbers of tourists following essential quality upgrades through MCP grants, reaching 36,000 guests in 2019 (20% more than in 2018).

Gagauzia/Transnistria

USAID assistance is inclusive of Transnistria and Gagauzia, engaging prominent and emerging SMEs and promoting tourism in these regions. The assistance is provided at the firm-level and as part of industry organizations, namely the National Office for Wine and Vine and APIUS fashion business association.

Twenty-three wineries, tourism providers, garment and footwear factories benefited from assistance in production management and productivity enhancement, as well as participation in tradeshows, leading to growing exports in non-traditional markets such as Ukraine, Romania, Germany, and China. This is inclusive of **nine leading garment and footwear factories in Transnistria and Gagauzia (over 2,300 jobs)**. Prominent wineries, like Vinuri de Comrat and Tomai Vinex in Gagauzia, and Kvint in Transnistria, are active members of MCP-supported PGI Associations and the National Office of Vine and Wine, adhering to quality standards, value-chain traceability, and international market requirements. MCP assisted integration of Gagauzia and Transnistria in Moldova's tourism product, building destination resilience through tourism and breaking international stereotypes regarding safety. These regions benefited from media exposure, featuring as part of MCP-assisted media trips, with local and international journalists visiting major cultural and rural sites such as Tiraspol City, Kara Gani winery, and Gagauz Sofrasi guesthouse. Seven clothing factories, wineries and guesthouses in Gagauzia and Transnistria are MCP grant beneficiaries, and two schools in Gagauzia are implementing educational robotics, with over 50 youth benefiting from robotics classes.



Photo credit: Igor Rotari, MCP

Photo caption: Welcoming traditions with bread, salt and wine at rural guesthouse Gagauz Sofrasi in Congaz, Gagauz region

TARGET INDUSTRY HIGHLIGHTS

WINEGROWING INDUSTRY



Photo credit: Colby Gottert
Photo caption: People working in the field at Crama Mircești Winery

2018-2019 was a difficult year for Moldova's wine industry, as a result of record grape yields, Russian transit restrictions, and global stagnation of consumption. MCP continued to focus on increasing wine quality and exports, especially to high-value markets in the EU and Asia Pacific, to strengthen the industry and help it recover from the Russian Embargoes that caused an extensive recession and a three-fold shrinking of exports. MCP now supports 230 winegrowing SMEs, 90% of the total entities registered in the National Vine and Wine Registry. These winemakers made \$20.6 million in new domestic and export sales in FY19, with \$37 million (52% of total exports) heading to EU markets.

- In Y4, Moldovan wines won 780 awards at international wine contests, including 211 by MCP-assisted small winemakers and transitional wineries, demonstrating the leaps forward in wine quality caused by MCP investments in quality upgrades. During 2016-2018, MCP provided 780 days of winemaking consultancy and SEED grants to wine sector SMEs worth \$840,000, leveraging \$4.3 million co-investment from beneficiary wineries. 19 'transition' wineries benefited from the MCP PQUP program, shifting to quality bottled wine production; 1,565 viticulturists and winemakers attended viticulture and winemaking trainings at the Wine of Moldova Academy; and 71 wine growers were certified to produce PGI complying wines, accounting for 15% of Moldova's total bottled wines
- MCP continued to focus on the emergence of small wineries, which are less affected by industry fluctuations, and strengthen the resilience of the sector. Thanks to MCP efforts, the number of small wineries has increased five-fold since 2014, reaching 37 at the end of Y4, and assisted small winemakers increased sales by 35% and grew exports six-fold. MCP continued to support the Association of Small Winemakers, investing in equipment and capacity building to ensure its sustainability.
- MCP supported 83 wineries to attend 14 trade events in target export markets, including Poland, Romania, Germany, and China, and received assistance to explore new markets such as South Korea and Japan. Assisted wineries recorded \$10.3 million in new exports in FY19, underpinned by complex marketing and trade support leveraged by ONVV in partnership with MCP. \$37 million (52% of total exports) reached established and emerging EU markets, while the total number of target markets expanded to 67 in 2018. Meanwhile, domestic wine sales grew 7% in FY18, supported by MCP's Wine Tourism Accelerator Program for 27 new wineries, new tourism signage in key wine regions, flagship wine and food festivals, such as National Wine Day and Wine Vernissage
- Moldova's flagship PPP, ONVV, grew its annual budget to \$4.8 million, funded jointly by the Government and private sector.

TOURISM INDUSTRY



Photo credit: Madem.md

Photo caption: Tourism bloggers discovering soft adventure experiences

MCP is beginning to shift Moldova's tourism sector out of its startup phase. Following years of sustained investment by the project, Moldova has transitioned from being one of the least visited countries in the world, to being called a "surprising country" and "a wine experience out of the ordinary" by leading publications such as Lonely Planet and Forbes. In 2018, expenditure by foreign tourists visiting Moldova was valued at \$500 million, or 4.4% of GDP, creating a spill-over effect on the 23,409 people employed by the industry, mostly women and youth, and acting as a driver of economic growth in rural areas.

- 1.7 million tourists visited Moldova in 2018, 160,000 of whom stayed in registered accommodation (a 10% increase on 2017), and this growth continued with an increase of 10.8% in the first two quarters of 2019. Foreign visitors spent \$500 million USD, 4.4% of Moldova's GDP, demonstrating the importance of tourism to Moldova's economy.
- 14 (including 5 new) MCP-upgraded rural guesthouses hosted over 36,000 visitors in 2019, a 20% increase versus 2018, and increasing rural employment, particularly of women. An additional 19 new rural B&B's were assisted to improve infrastructure and will serve as industry "prototypes" for high quality products geared to western travelers.
- Wine tourism continued to be the main draw for international tourists, and wineries hosted over 240,000 local and foreign visitors in 2019, spending approx. \$8 million. The MCP Wine Tourism Accelerator Program included nine new wineries that are in process of upgrading their tourist facilities. 24 wineries are currently open for tourists, expected to grow to up to 30 in 2020.
- MCP continued to support complex trade promotion activities for the tourism industry, supporting Moldova to present its wine, rural and "soft adventure" opportunities at leading travel expos in key markets such as Poland, Italy, Germany and Romania, and bringing over 40 foreign journalists and bloggers to take part in #DiscoverMoldova press trips. As a result, Moldovan tour operators established over 770 business contacts with an estimated value of more than \$462,900, and Moldova featured in over 70 respected publications including Food and Wine, CNN Travel, Lonely Planet, and Forbes. Meanwhile, the new #VisitMyHome tourism campaign targeted the diaspora and foreign tourists, reaching more than 600,000 potential visitors.
- Following a presentation of the 2018 White Paper on Tourism, MCP supported the Ministry of Economy and Infrastructure to initiate legal reforms and amendments to the fiscal policy that will ease the regulatory burden in the tourism sector. The Moldovan government also set in motion the Tourism 2030-Strategy Development Process, developed with MCP support.
- ANTRIM became the leading business organization for the inbound tourism industry, with 48 members or 80% of the inbound tourism sector.

LIGHT INDUSTRY (CLUSTERED APPAREL, FOOTWEAR AND ACCESSORIES)

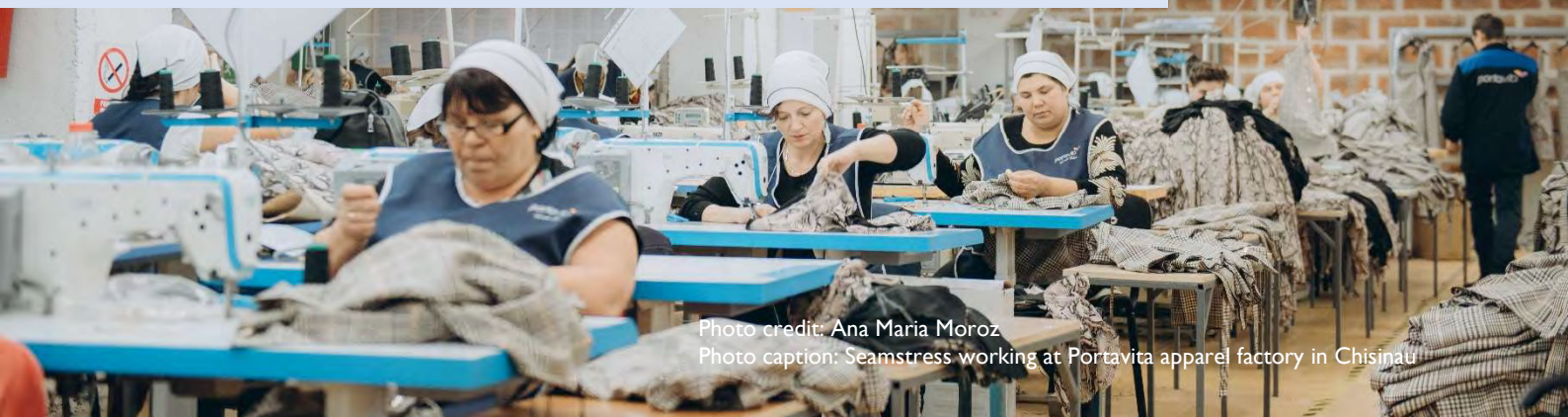


Photo credit: Ana Maria Moroz

Photo caption: Seamstress working at Portavita apparel factory in Chisinau

MCP assisted Moldova's apparel and footwear sector, a vital exporter and employer of women, to focus on upgrading from export of stitching services to higher value-added manufacturing, thus creating quality jobs. Garment and footwear exports hit \$427.6 million in 2018, or 6.5% year-on-year growth, being a front-runner among Moldova's exporting industries. Employment grew to 30,150 (vs. 29,850 in 2017). Industry wages, among the lowest in country, grew by 23% to \$315, allowing women to earn living wages while staying at home with their families.

- ZIPhouse continued to support the apparel industry workforce to gain the skills of tomorrow, facilitating an industry shift to higher-value added. ZIPhouse trained 1,000 people and 130+ factories in pattern making, design, and other critical skills, and accelerated 11 startups, raising the total supported to 40. These startups reported a 25% average increase in export readiness, and 18 startups have begun exporting their products to the EU.
- The SMART factory program assisted 38 factories (including 9 startups) to improve productivity by up to 26% through implementation of Lean Management tools, MODAPTS and other productivity enhancement programs. Meanwhile, SEED Fund grants worth \$151,500 USD enabled 16 Light Industry companies to purchase more than 60 sophisticated machine units, leveraging more than \$200,000 USD in co-investment.
- To date, 11 unique companies have been assisted to implement Integrated Quality Management Systems and gain certification in international Social Compliance and production standards (Business Social Compliance Initiative and AMFORI Social Audit), with a positive impact on 2,570 employees, and resulting in an average salary growth from \$420 to \$515 in comparison to the industry average of \$295.
- Assisted factories made \$33.9 million in export sales in FY19, underpinned by MCP assistance for productivity, design and trade. 31 manufacturers took part in 20 EU and regional tradeshows, generating on-the-spot sales of about \$650,000 USD and over 700 business contacts, mostly for value-added manufacturing concepts, repositioning Moldova as a high-value added manufacturing partner.
- Moldova Fashion Days expanded to showing 45 brands per season, and doubled the number of attendees. Meanwhile, the DININIMA common store PPP opened four new retail spaces, hosting 15 cooperating local brands across 940m2 and making \$235,000 USD in sales in their first four months. 20 DININIMA brands joined together to launch the first DININIMA 3-commerce platform, overcoming significant regulatory challenges.

IT, CREATIVE & ENGINEERING SERVICES

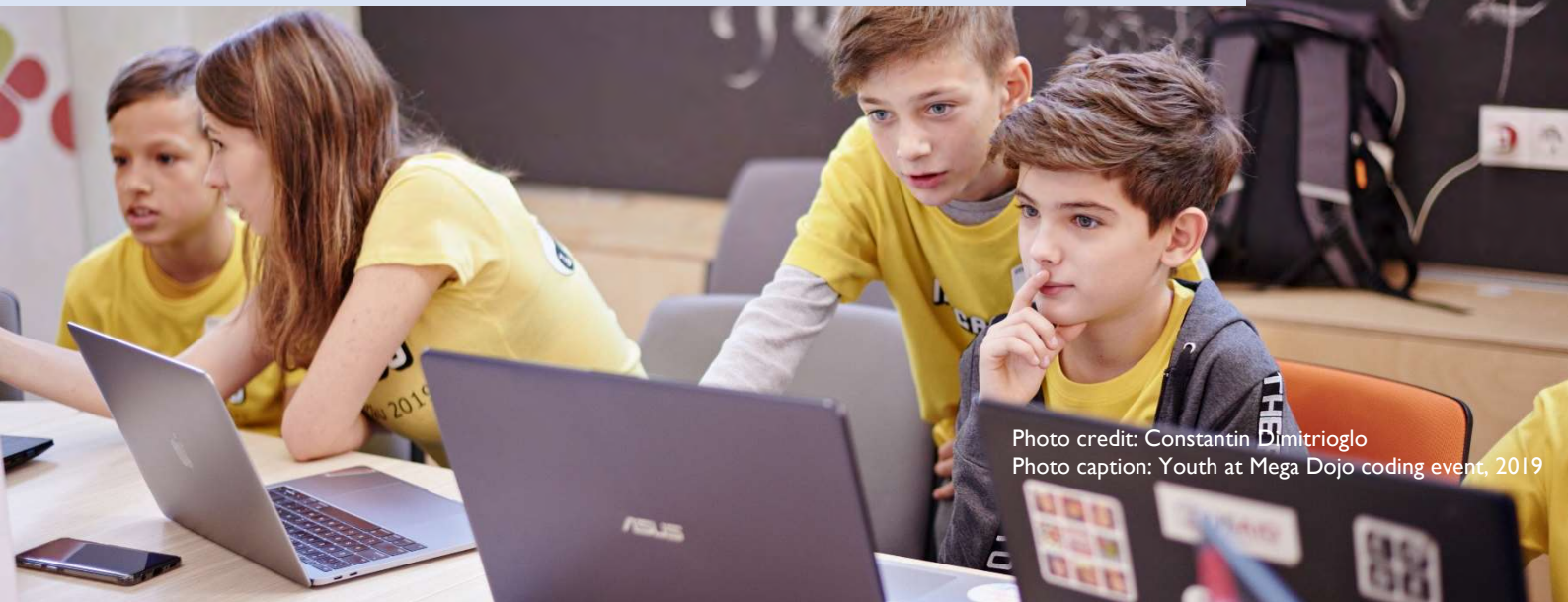


Photo credit: Constantin Dimitrioglo
Photo caption: Youth at Mega Dojo coding event, 2019

Since 2005, when MCP predecessor projects began investing in the industry, Moldova's IT exports have risen 40-fold to \$164 million USD (2018), creating well-paid jobs for more than 23,500 people, mostly youth, with average monthly salaries of \$1,500 (2019), almost four times the country average. Moldova has the potential to be a global hub for creative industries and high-value added IT projects. MCP supports Moldova's IT and Creative Services to realize their unique role in creating quality jobs and addressing brain drain.

- MCP promotes STEAM youth education through its flagship initiatives: Future Classroom Lab (FCL) and Educational Robotics, which benefited over 8,400 Moldovan youth in FY4, taught in 140 or 11% of Moldova's schools. In total, MCP has supported over 30,000 students and professionals to improve their digital and job-related skills in Y1-4.
- The National Center for Digital Innovation in Education "Future Classroom" was launched in partnership between MCP, the Ministry of Education, Culture and Research, and Orange Moldova Foundation. The Center will be implemented by two main pedagogical universities and will act as a change agent for the education system, training 1000+ teachers a year.
- Moldova's first Creative Hub Artcor was launched, providing access to cutting-edge technology, co-working space, training opportunities and building a dynamic ecosystem for Moldova's creative services industries. MCP also developed a feasibility study to develop Moldova's first Digital Media Hub, further strengthening Moldova's film, TV and production industries.
- 17 creative and IT companies received MCP-assistance to improve knowledge, processes, technologies and practices. The Association of Creative Companies (COR) reached 39 members from across the creative industry, and seven creative companies began cooperating with clients from the U.S., e.g. Carnival Cruise Line.
- MCP supported the development of the International Data Corporation (IDC) report "Moldova IT Players Priming for Worldwide Presence", which brands Moldova's thriving IT industry an attractive destination for international investors.
- MCP worked alongside private investor StarNet to develop the financial structure for Moldova's first IT Park, Digital City, which will open in December 2019. With MCP support, StarNet signed the DCA portable guarantee for \$8.9 million US and obtained a EUR 3.5 million bank loan. Meanwhile, more than 480 IT companies became residents of the first Moldovan Virtual IT Park, 25% of which are foreign-owned and 40% are startups, all of which benefit from the innovative 7% single tax designed to improve the ICT business environment.

SECTION I:

**PROJECT OVERVIEW AND
GENERAL APPROACH**

PROJECT BACKGROUND

The Moldova Competitiveness Project (MCP) launched on September 30, 2015 implemented by Chemonics International Inc. and funded by the United States Agency for International Development (USAID). One year into implementation, the Swedish Government committed to co-finance MCP and a cooperation agreement between USAID and Sweden was signed on December 2, 2016. This agreement solidified the \$5 million contribution from Sweden to augment USAID's investment and outlined synergies between the cooperating countries to maximize development objectives of the program. The donor collaboration between USAID and the Embassy of Sweden positioned MCP assistance to the Moldovan economy for continued success.

MCP seeks to improve the competitiveness of key industries in Moldova in the context of the June 2014 signature of the Association Agreement and the Deep and Comprehensive Free Trade Agreement (DCFTA) with the European Union. Moldova stands to benefit from duty-free access to one of the world's most prosperous markets. Moldova's alignment with the EU through DCFTA has the potential to promote increased foreign direct investment and modernization, create a more transparent domestic business climate, and spur innovations through heightened competition and exposure to new technologies.

While these developments will benefit Moldova's economic future in the long-term, entering these trade agreements with the EU brings risk to Moldova. To compete in higher value markets, the Moldovan government and the business community will need to make costly investments to adjust to the new reality. Meanwhile, many Moldovan citizens are still leaving the country to pursue higher-wage jobs elsewhere, which underscores the need for the public and private sectors to come together to prioritize the development of a more highly skilled workforce.

To maximize the benefits of these agreements, MCP focuses on improving the quality of Moldovan products and services as the key to preparing Moldova's private sector to compete on the EU and other higher-value markets. To achieve this objective, the project is:

- Investing in workforce development initiatives developing skills that Moldovan businesses need.
- Promoting the adoption of new technologies, manufacturing processes, and other innovations to increase the quality of Moldovan products and services.
- Building demand for Moldovan products both domestically and internationally by promoting market linkages and supporting Moldovan brands.
- Facilitating collaboration between the public and private sectors to increase investment and improve the business environment.

The project will continue to promote a strong, diverse, and export-oriented economy by improving competitiveness and efficiency in key Moldovan industries, thereby creating jobs, reducing emigration, alienating poverty and improving the economic well-being of all Moldovans.

PROJECT GOAL AND OBJECTIVES

The project's overall objective is to increase sales and investment in targeted industries. MCP will grow and expand targeted competitive industries through increased productivity and quality, expanded market linkages and improved sector-enabling environment. The industries supported by MCP have key economic and social significance, are export oriented, and collectively account for 13 percent of GDP and 40 percent of exports, including:

- wine production
- tourism
- light industry (clustered apparel with footwear manufacturing),

- information and communications technology (ICT), clustered with the creative services and engineering sectors.

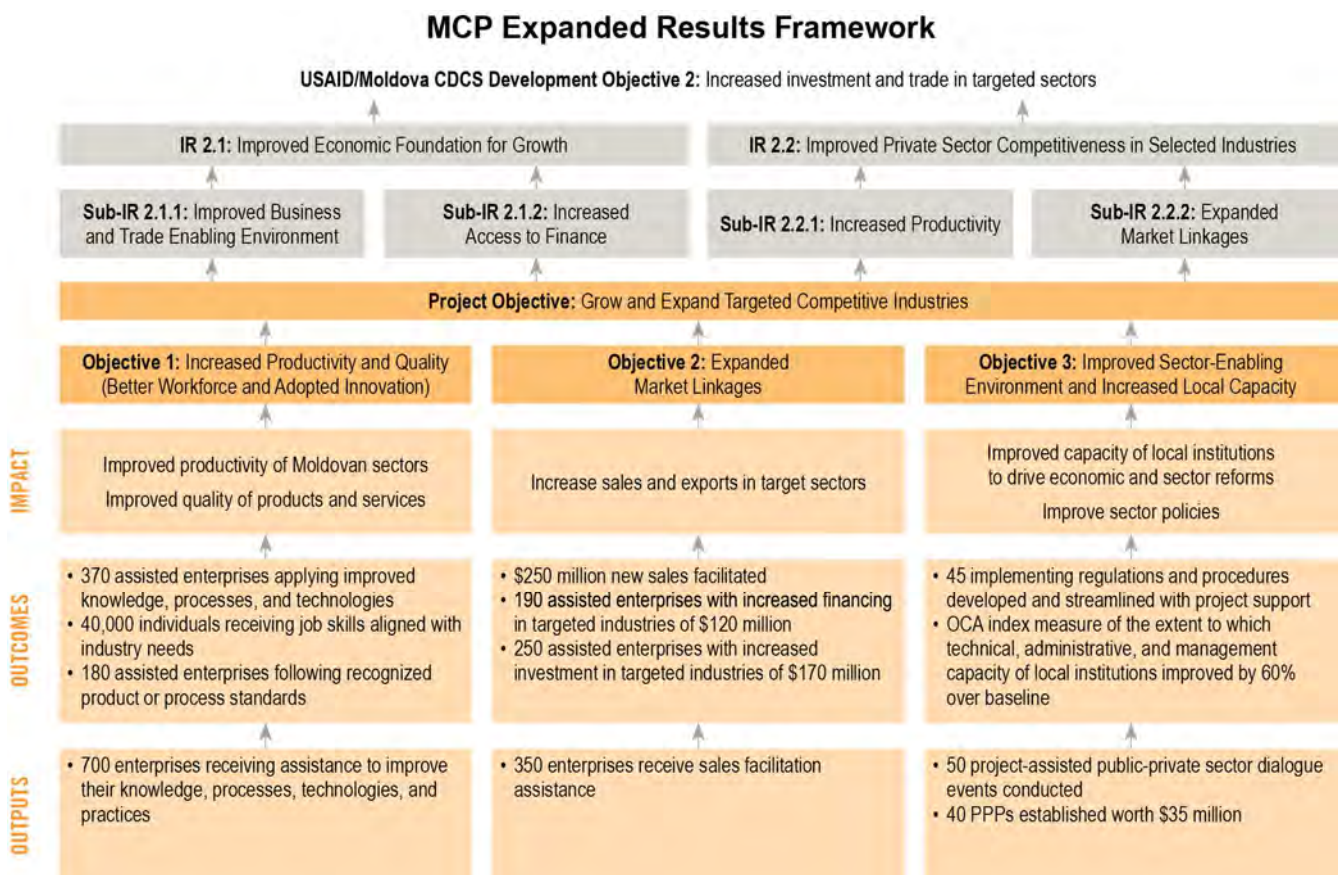
MCP supports these industries to reach a maturity level that promotes sustainable improvements in the sectors' competitiveness and provides well-paying and desirable jobs, thereby increasing incomes, alleviating poverty, and reducing emigration.

In order to grow targeted industries, MCP works to achieve the following objectives:

- Objective 1: Increased productivity and quality (better workforce and adopted innovation)
- Objective 2: Expanded market linkages
- Objective 3: Improved sector-enabling environment and increased capacity

MCP developed a monitoring and evaluation (M&E) plan, based on the results framework (exhibit X below), to measure impact, continuously improve the effectiveness of interventions, allow the project to test hypotheses, receive early warnings to adapt interventions, ensure timely decision-making on resource allocation and activity implementation, and support USAID's internal reporting needs. MCP's performance indicators are aligned with USAID/Moldova's priorities and vision, including units of measure, disaggregation, data sources, collection methods, baseline and targets, and data collection frequency and schedules.

Exhibit. Project Results Framework



PROJECT IMPLEMENTING PRINCIPLES

MCP supports industry clusters to drive competitiveness and growth in targeted industries. The cluster approach focuses on the linkages and interdependence between entities in the network of production and innovation and the development of supporting institutions that are responsive to the specialized needs of existing and emerging clusters and member entities. The aim is to develop "collaborative advantage" (i.e., a successful market - buyers and suppliers working with each other and using proximity and economies of scale to improve innovation and access to markets). The role of the Government of Moldova in this approach is one of indirect inducement. MCP supports constructive dialogue and knowledge exchange for government action in creating and sustaining a business-friendly investment environment.

Guiding principles for engaging private entities that are critical for MCP's success include the following:

- **Balance competition and cooperation.** As industries begin to grow, promoting a balance between competition and cooperation throughout the value chain enhances the performance, resiliency, and competitiveness of the industry. Stimulating competition requires working with multiple firms and encouraging a level playing field. Evidence indicates that firms that learn how to effectively collaborate to address joint constraints are more likely to remain competitive and foster a more competitive industry. Cooperation should be fostered, but not forced, as effective cooperation requires strong commitment by participants to resolve identified constraints.
- **Implement commercially viable solutions.** The project facilitates access to commercially viable solutions to market inefficiencies. In addition, the use of multi-stakeholder partnerships is an effective way to develop local commitment and sustainability of the development solutions.
- **Integrate local context and priorities.** All developing countries are faced with a wide range of issues that must be considered as part of any private sector project, including environmental degradation, effects of population health, and disadvantaged populations such as women and rural isolated communities. Proper consideration of these issues within the context of a viable private sector development strategy is critical to enhancing the longer-term impacts of the project.
- **Due diligence.** The Project ascertains the reputation and legal legitimacy of all entities prior to any significant beneficiary support. The implementing contractor/grantee is required to have clearly documented procedures and qualifying criteria, and to be entirely transparent in selecting benefiting businesses and industries.
- **Exit strategy.** To ensure sustainability, all project actions shall include an up-front exit strategy that clarifies how the investment will end, leaving behind sustainable impact. In doing so, MCP focuses on building industry ecosystems and supporting organizations, ranging from industry excellence centers and governance bodies to business associations.

PROJECT ORGANIZATION

Chemonics has an exceptional team of Moldovan nationals known for their skills in leading workforce development and value-chain competitiveness programs. The team is primarily composed of local experts and managers, which is cost effective and consistent with the goal of creating sustainable solutions and engaging local leaders who can continue their work after MCP ends.

MCP is managed by Chief of Party Doina Nistor and Deputy Chief of Party Diana Lazar. MCP's long-term professionals were selected based on their technical experience, knowledge of MCPs sectors of focus, and commitment to innovation, capacity building, and MCP's overarching vision.

To support the program, Chemonics has partnered with J.E. Austin Associates Inc. (JAA) and Bhavana World Project. JAA provides technical assistance in wine and tourism product development, marketing strategy development, and defining economic and industry competitiveness frameworks. Bhavana World Project leverages its network of global buyers including Eileen Fisher Inc. and Anthropologie, to assist fashion industry producers in the development of their brands and linking them to target markets.

Exhibit. Project Organizational Chart

SECTION II:

TECHNICAL SUMMARY INTERVENTIONS

WINEGROWING INDUSTRY



Photo credit: Colby Gottert
Photo caption: Crama Mircesti Winery

MCP provides critical support to strengthen Moldova’s heritage wine industry, which is the backbone of Moldova’s economy, a source of income for thousands of farmers, and a leading sector of Moldova’s agri-food industry, contributing to rural development and an improved image of Moldova internationally.

MCP invests in sustainable grape growing and quality wine production, repositions Moldova on high value markets, and facilitates improved public-private industry governance and a business enabling environment to create a resilient and sustainable industry, protecting rural incomes and jobs.

According to the American Association of Wine Economists, Moldova is ranked number one worldwide by the hectares of vineyard per person¹, as well as boasting the highest density of vineyards in the world. Wine is a key pillar of the country’s cultural heritage (with winemaking history tracing back 5,000 years), tourism and the national economy. The wine industry accounts for five percent of all exports, providing an important source of foreign currency income with over 80% of winegrowing products being exported, serving as a source of revenue for over 50,000 farmers. The wine industry spans the entire value chain in Moldova, thus providing economic benefit to everyone from wine traders and wineries to grape growers, and it also spurs growth in connected industries, serving as the key driver of rural-based tourism, suppliers of stainless-steel tanks and other winemaking equipment, and glass factories, marketing and branding agencies.

USAID and Sweden support Moldova’s wine-growers to counter an extensive industry recession and the-fold shrinking of exports resulting from two Russian trade embargoes. **MCP invests in every stage of the wine production process, from quality upgrades in viticulture and winemaking, to deploying complex**

¹ AAWE: <https://www.facebook.com/wineecon/posts/3000748576618595>

marketing to increase revenues in EU and other high-value markets and supporting industry governance via game-changing public-private partnerships (PPP).

Combined, this improves the resilience of Moldova's historic wine industry against future shocks, and protects and creates employment opportunities in rural areas.

As a result of the complex approach and transformational assistance from MCP and its predecessor projects, the Moldovan winegrowing industry is showing its first signs of sustainable recovery from the Russian embargoes. Recent structural reforms, including the establishment of the National Office for Vine and Wine (ONVV) and its one of a kind PPP governance model; the liberalization of the business environment; and effective

Wine of Moldova promotion that has contributed to reorientation of exports from traditional high-risk to new stable high-value added markets have all led to an increased sense of optimism in the sector and trust in its sustainable future development. Still, these achievements need to be enforced and multiplied as exposure to political, structural and environmental risks persists.

Keys to competitiveness: Winegrowing industry

- Enhanced product quality through technological upgrades and better workforce
- Sustained emergence of small wine producers and shift in transition wineries' business paradigm towards high quality production
- Adoption of modern business practices, technological and digital solutions to streamline processes and increase transparency
- Build Wine of Moldova brand equity and raise international awareness as a wine producing country and tourism destination
- Develop a quality wines portfolio with 'export champions' in current target export markets, and nurture penetration of export markets by 'new generation' wineries and small winemakers
- Develop the domestic wine market and enhance wine culture
- Strengthen the role of ONVV and enforce the public-private ownership model
- Continue wine regulatory reform and ease the wine industry business environment

Wine Industry Key Facts

- **\$160 million or 2% of GDP** (2017)
- 80% of total wine production is exported, worth **\$129 million or 5% of country's exports** (2017)
- **73%** of bottled wine exports, worth **\$54 million** (2017), go to non-CIS markets, mostly in the EU (up from 30% in 2013)
- Key markets for bottled wines include China Romania, Poland, with **40%, 54%** and **10%** year-on-year growth in value in 2017
- Nearly **200,000 people** are directly & indirectly engaged in winegrowing sector, mostly in rural areas
- Moldova has **100,000 hectares of vineyards**, one of the highest densities of vineyards in the world as a proportion of its agricultural land
- **\$200 million** total estimated direct losses from Russian embargoes (2006 and 2013)
- National Office for Vine and Wine **doubled its budget for reforms, quality upgrades and trade promotion** to \$3.5 million for 2018 vs previous years.
- In 2016, Moldova released its first wines branded with **Protected Geographical Indication**. 13% of Moldovan bottled wines are today PGI certified
- Since 2016, Moldovan wines won over **1,000 awards** at international contests, demonstrating progress in quality
- **Export growth in value (24%) exceeds four times the growth in volume (6%) in 2017**, as a result of growing quality and international awareness of Moldovan wines, leading to higher export prices and more bottled wine exports

Winegrowing Industry Year 4 Impact Highlights

As a result of MCP investments in production, export promotion and sustainable governance, the Moldovan wine industry stands on the path to recovery regards its future development with optimism.

The Moldovan vine and wine industry is still in the midst of a historic turning point. Sectoral sustainability, product standards, workforce quality, international awareness, targeted marketing, and a strong business enabling environment are all critical drivers of continued growth for the industry, and enable penetration into competitive international markets.

MCP support for Moldova's wine industry is complex and transformational, and builds on sustained financial and technical assistance over the past decade. USAID and Sweden are Moldova's strategic development partners for the wine sector, ensuring the avoidance of collapse and bankruptcy after the Russia embargoes, and providing a new vision for sustainable industry development, with a spillover effect on rural resilience. It is mostly thanks to this assistance that Moldovan wines are now breaking through into international markets and are listed in highly competitive supermarkets and restaurants. This success is founded on serious groundwork on wine quality, from growing and harvesting better grapes to introducing wine traceability and modern winemaking technologies, combined with conscious and effective marketing, and adapting wine styles formerly geared to cheap Russian markets to target a more sophisticated and quality-conscious consumer in the West. MCP and its predecessor projects have supported the winegrowing sector since 2005, providing assistance to develop and implement a new vision, undergo many structural reforms, and reposition its market focus away from Russian and Commonwealth of Independent States (CIS) markets toward high-value EU and other emerging markets, resulting in 56% of overall wine production, and a record of 77% of high-value added bottled wines now going to these markets. Deep legislative reforms were implemented, liberalizing the wine business environment and harmonizing quality requirements with EU and international standards. The Wine of Moldova (WoM) country brand was developed, and the industry governing body – the National Office for Vine and Wine (ONVV) - organized, which plays a leading role in positioning Moldova as a quality wine producer on the international marketplace.



Photo credit: Agrobizness
Photo caption: Vinia Traian Winery

ENHANCING GRAPE- AND WINE-GROWING QUALITY TO MEET GLOBAL STANDARDS



Photo credit: Max Ciumas
Photo caption: grape variety

Generating sustainable product quality improvements across the value chain

Product quality is the key for the wine sector's long term development and sustainability. The volume of wine compatible with Western quality standards is continually growing. To date, only about 30% of Moldovan wines correspond to WoM and PGI quality standards, due the widespread use of obsolete production equipment and methods. MCP supports winegrowers to meet international quality standards such as Protected Geographic Indication (PGI) and Wine of Moldova brand benchmarks, by adopting precision viticulture, modern equipment, up-to-date technology and winemaking practices. Wines labelled with recognized quality standards allow wine businesses to access high-value EU markets and link wine to its region of origin, contributing to wine tourism. To drive growth of quality wine exports, specifically of high quality and greater added value wines, MCP has designed and is implementing a two-pillar program to support quality improvements in two very prevalent tiers of the Moldovan wine sector: small and micro winemaking, and mid to large enterprises graduating to added-value products (called 'transition wineries').

MCP's quality improvement and assurance programs engage and benefit 230 wineries, or 90% of the entities listed in the Vine and Wine Registry, triggering a spillover effect on the wine quality of the entire industry. From agricultural intelligence projects to modern wine production techniques, these MCP-driven improvement mechanisms are incentivizing all Moldovan wine producers to prioritize quality over quantity. During 2016-2019, MCP grants worth \$840,000 USD were awarded to wine sector SMEs, triggering commitments of over \$4.3 million USD in game-changing co-investments by beneficiary wineries in new-generation stainless steel tanks, wood barrels, temperature control units and other equipment that has a critical influence on final quality of the bottled wine. The total return on investment is \$5.1 USD for every \$1 USD spent by MCP.

Following the release of Moldova's first wines with Protected Geographic Indication (PGI) in 2016, 71 winegrowers have been certified to produce PGI compliant wines, accounting for 15% of Moldova's total bottled wines. PGI helps guarantee quality, enables higher prices and enhances tourism cache for regions. MCP provides ongoing assistance to ONVV and PGI Associations for institutional capacity building, development of technical regulations and standards, regional branding, and PGI concept promotion.



Photo credit: Colby Gottert

More small winemakers emerge, proving their feasibility and flexibility; breaking through in domestic and export markets; and supporting sustainable tourism.

The number of institutionalized small wine producers in Moldova has registered a 5-fold increase since 2014. Small wine producers drive innovation and contribute to a revival of heritage and tradition. The MCP Small Winemakers Mentorship Program supports enthusiastic farmers to pursue value-added bottled wine production. As a result, the number of small wine producers in Moldova has increased five times since 2014, underpinned by wine reform that removed licensing and other major barriers to entry. From Y1 to Y4, MCP assisted 37 small wine producers to emerge and develop, each operating an average of five hectares of vineyards. This group of small wine producers includes top performers on the local market, such as Gogu Winery, Kara Gani, and Atu Winery. In Y4, MCP identified nine new start-up winegrowers. The Project's support is multifaceted and provides mentorship on viticulture and winemaking operations, and assistance for sustainable winery management, marketing, and sales.

Small winemakers strengthened and positioned as an important sector stakeholder, breaking into domestic and export markets, and supporting interactive tourism. The MCP Small Winemakers Mentorship Program supports farmers to pursue value-added options for their vine plantations. As a result, the number of small wine producers in Moldova has registered a 5-fold increase since 2014, underpinned by wine reform that removed licensing and other major barriers to entry. From Y1 to Y4, MCP assisted 37 small wine producers to emerge and develop, each operating an average of five hectares of vineyards. The group of small wine producers includes top performers in the local market, including Gogu Winery, Kara Gani, Crama Tudor, and Atu winery. In Y4, MCP continued to assist nine start-up winegrowers. MCP support is multifaceted, and includes mentoring of viticulture and winemaking operations, and providing assistance for sustainable winery management, marketing, and sales. Participating small winemakers increased sales on average by 35% in Y4 and exports grew six-fold in comparison to the previous year. MCP-assisted small winemakers won 52 awards at international wine competitions in 2019, 70% more than in Y3, demonstrating quality improvements. The Association of Small Wine Producers also promotes cooperation, equipment-sharing and joint marketing. MCP supported the Association's institutional development, endowing it with winemaking equipment that is jointly used by its members, e.g. bottling and labeling equipment that would otherwise be unaffordable for each individual winemaker.

Startup Tourism program fosters tourism development in small wineries. International best practices show that on average 50% of the sales of small winemakers are done ‘at the cellar door’. Therefore, MCP supported 18 ASW members to increase their capacities in ‘cellar door’ wine tourism through consultancy for interior and architectural design and endowments with furniture, utensils, kitchenware and other hospitality equipment. These facilities are all expected to be open for tourists by the end of the project. This number of destinations represents an important source of growth for Moldova’s general tourism offer and the Moldova wine route, which will reach over 60 points of interest by 2021.



Former large-scale wineries implement technological advancements for radically improved quality, and switch from cheap bulk to bottled wines with higher value added, hitting exports in EU markets.

MCP’s flagship ‘Product Quality Upgrading Program’ (called ‘PQUP’) aims to achieve a transformational impact on ‘transition wineries’ [i.e. large-scale Soviet inheritance wineries], supporting them to switch to the ‘quality over quantity’ paradigm. Russia previously invoked quality issues as the reason for trade embargoes with Moldova. This shift enables beneficiaries to convert their business models from low-quality, cheap, bulk wine to production of bottled wines with higher added value, creating a multiplier effect for industry resilience.

In Y4, PQUP benefited 19 transition wineries, collectively responsible for processing of almost 30% percent of the total grapes harvested in 2018 (highest harvest year of last decade). Quality improvements have a transformational impact for the entire wine sector – serving as a role model for ‘resilient’ wineries. Within the lifetime of the MCP project, PQUP wineries have invested more than \$2.9 million USD in technological upgrades to improve primary processing, fermentation and wine treatment practices (using modern pneumatic presses, stainless-steel tanks for fermentation at controlled temperature, filters and pumps with closed circuits that reduce oxidation risks). MCP has delivered almost 400 consultancy days of essential expertise to support the implementation of modern technologies and practices, and build marketing capacities.

PQUP wineries receive 159 awards at international wine competitions. International awards serve as indisputable proof of the leaps forward in quality achieved due to MCP support for Moldovan wineries, and demonstrates to the sector that significant increases in quality can be achieved even with moderate investments. During the reporting year, PQUP wineries won 72 gold, 46 silver, 18 bronze and 23 “Commended” special mentions at 18 international wine competitions. Prizes like this also enhance the confidence of participating companies and spur them on the path to developing international exports.

Eight MCP-supported ‘transition wineries’ expand into wine tourism to diversify income stream. With MCP support, eight program beneficiaries - Tomai Vinex, Vinia Traian, Novak Winery, Podgoria Vin, Migdal-P, Doina Vin and Agrici Winery - started developing or modernizing their tourism infrastructure under the MCP “Wine-up” program, significantly enlarging Moldova’s wine tourism offer. Wine tourism, alongside gastronomy, was shown to be the key driver of tourists to Moldova in the MCP-funded 2018 tourism survey, and is a proven way for wineries to diversify their income streams and expand their businesses in rural areas, while attracting tourist dollars to rural areas.

Wine of Moldova demonstrates significant quality improvements, receiving 780 awards (and counting) at international wine competitions in 2019, or 1,887 since MCP assistance kicked off in 2016. Of these, 27% or 211 awards were won by ‘transition’ wineries and small vintners.

Wine of Moldova Academy: building knowledge for future growth

The Moldovan wine sector has a shortage of the type of qualified workforce needed to increase its competitiveness and respond to new demands from highly competitive markets, both in the EU and globally. MCP supported ONVV to institutionalize the ‘Wine of Moldova Academy’, a permanent continuous education vehicle. During FY19, key workforce development programs were delivered to support the industry’s high-quality values, as well as climate change resilience in vineyards. **Over 1,500 professionals participated in 34 trainings and practical ‘field days’, addressing vineyard-growing innovations** (soil management, vineyard mechanization, sustainable treatment of against phytoplasma diseases) **and modern winemaking technology** (best practices in sparkling wine production, management of malolactic fermentation, treatment and stabilization of wines, etc.).

Precision viticulture technology helps wine quality upgrades and increases climate change resilience

In order to increase the international competitiveness of Wine of Moldova, the Moldovan wine sector needs to update its viticulture practices to provide high quality raw materials (grapes) for wine production. Under the MCP supported “Best Grapes” project, ONVV seeks to create best practices in vine growing by implementing and observing different plantation schemes, rootstocks, and bush loads, as well as various vine caring practices on four experimental plots, and implements cutting-edge technology: autonomous weather stations and pest sensors that allow farmers to predict meteorological and disease infection risk, and allow farmers to optimize spraying and other vine caring operations in the circumstances of climate change.

Best Grapes pilot brings insights on quality to the grape growing industry. In FY 19, ONVV identified seven new demo plots to test grape-growing conditions within the Best Grapes pilot, bringing the total number of monitored vineyard parcels to 23. With MCP support, two of the new plots were equipped with cutting edge meteorological stations, pest sensors and pathogen traps, and the resulting data was recorded in an electronic database developed with MCP support. ONVV issued 12 newsletters to a subscription list of grape growers containing an overview of weather conditions, recommended vineyard care operations and disease risks. As part of the information dissemination component of the pilot, ONVV also reported on the “Best Grapes” project results during two national conferences, highlighting the key conclusions from the post-harvest and pre harvest observation seasons, and providing viticulturists with much needed insights on measures to be taken in vineyard protection in the upcoming periods.

BUILDING WINE OF MOLDOVA BRAND EQUITY AND TRADE IN HIGH VALUE MARKETS



Photo credit: Maxim Ciomas
Photo caption: Vineyard landscape

The Moldovan wine industry is slowly recovering from Russia embargoes, building trade on higher-value and more stable markets in the EU and Asia Pacific

With MCP support Moldovan wine exports continue to grow in value despite tough worldwide conditions. Wine of Moldova is still recovering from the two consecutive Russian embargoes (in 2006 and 2013) that shrunk the value of Moldova's wine industry exports three times, from \$360 million in 2005 to \$102 million in 2014. Despite a 'sprint' start since the launch of MCP, and a Compound Annual Growth Rate (CAGR) of almost 37% during the 2015-2017 period, two consecutive high harvest years in most winemaking regions and a corresponding drop in prices due to stagnant demand has led to a decrease in the rate of industry growth. In calendar year 2018, exports grew by 7% in value reaching \$138 million and decreased by 2% in volume. MCP facilitates tapping into regional and EU markets that are critical for sustaining Moldova's wine industry. The value of Moldovan wine exports to CIS markets dropped with an aggregated rate of 64% from 2014 to 2018 in light of Russia's wine transit restrictions, Ukrainian wine market setbacks, and national currency depreciation in the region. The resulting change in export structure shifted sale volumes from bulk to bottled wine, which by the end of 2018 accounted for 47% of the total value of earnings from wine exports.

MCP efforts to reorient wine production to meet higher EU quality standards have more than doubled bottled wine exports to EU and other non-traditional markets since 2015, reaching \$56 million in 2018, including \$37 million (52%) to Europe. The most dramatic increases in export volumes to European markets between 2014 (when DCFTA came into effect) and 2018, were to the Netherlands (136-fold increase), Spain (133-fold increase), Romania (300%), UK (291%) and Portugal (175%). Wine exports to "non-traditional" markets including the Asia-Pacific and North America also experienced notable increases specifically Canada (64-fold growth), Japan (718%), South Korea (434%), China (225%) and the U.S. (45%). The geography of exports expanded from 50 countries in 2014 to 67 in 2018, with consistent export operations launched in Finland, France Congo, Luxembourg, Gabon, Guinea, Cote d'Ivoire, Burkina Faso Vietnam and Mexico. Trial orders of Moldovan wine were shipped to Denmark, Iceland, Ireland, the Philippines, Cameroon, Singapore and UAE. 77% of total exports of Moldova's bottled wine are to non-traditional markets, with a total value of \$56 million USD.

MCP supported increased exports by aligning winery marketing strategies to an improved generic promotion program under the Wine of Moldova country brand, facilitating participation in complex trade events and communication campaigns – all implemented in conjunction with ONVV and participating wineries. MCP placed special emphasis on consolidating ONVV governance and its role as a national marketing board. ONVV, through continuous MCP support, has become the leading organization triggering business development and enriching the Moldovan wine offering in target markets. ONVV also gained the sector's trust, underpinned by increased contributions to the Vine and Wine Fund, reaching \$4.8 million USD (an increase of 37% in comparison to 2018).

To date, 83 wineries have been supported directly or indirectly to participate in specialized trade events in target export markets, including Romania, Poland, and China. Assisted wineries recorded \$10.3 million new exports in FY19, underpinned by complex marketing and trade support leveraged by ONVV in partnership with MCP. In addition to Prowein (Germany) and other trade events already 'familiar' for the industry, MCP focused on assisting diversification, targeting trade events in new and/or niche markets, e.g. Japan and South Korea.

With MCP support, Moldova continued to grow its positive international reputation as a wine producing country being highlighted in reputed publications like Forbes, CNN, Fortune, The Independent, Telegraph, Times, Euronews, Deutsche Welle, Vice, Wine Spectator, Decanter, The Drink Business and VinePair. MCP builds on the success of the Wine of Moldova national brand to enhance the industry's international credibility. During FY19, Wine of Moldova was highlighted in 308 publications by influential media and specialized wine press, ensuring an exposure to a potential audience that exceeds 1.5 billion people.

Wine of Moldova deploys its first country-wide communication campaigns, targeting Romania. In Y4, MCP supported ONVV to focus on Romania to deliver a systemic and cohesive approach for annual marketing communication. As such, ONVV entered into an annual service contract with a local PR firm that developed and successfully implemented an annual campaign, which included constant and daily PR support and press relationships, Social Media management, and reputation management and press monitoring. ONVV also organized a series of business-to-consumer events and a supportive communication campaign, with the aim of increasing general awareness about Wine of Moldova in Romania. Since the Russian embargo in 2013, exports to Romania have increased six times to reach \$11.2 million in 2018, providing vital cashflow to cover the losses arising from the export bans. Many small and medium sized wineries use Romania as an export hub to facilitate access to the EU's free trade area.

MCP supports Wine of Moldova to explore distant markets in EU (Benelux and Nordics), Asia Pacific, and North America. "Second tier markets" such as Benelux in Europe, Asian Tigers and North America are considered as potential source of growth for Moldovan wines, according to the WoM Marketing Framework. In 2018, these collectively represent less than 3% of the total volume of exported Moldovan wine, despite the fact that the US, Japan, Netherlands, Belgium and Denmark are ranked within top 20 global wine importers. To harness these opportunities, ONVV and MCP organized targeted activities to establish initial footholds on this market and build awareness among wine professionals. ONVV supported exposure for Moldovan wineries at trade fairs in Sweden, Korea and Japan, including a Presentation of Wine of Moldova and Moldova as a touristic destination in Tokyo to a public formed by wine trade professionals, sommeliers, journalists and representatives of Japanese Government. In order to ensure a holistic approach, MCP and ONVV organized press trips for Japanese and South Korean journalists in conjunction with the latter two trade activities.

DEVELOPING DOMESTIC WINE CULTURE AND WINE TOURISM



Photo credit: ONVV

Photo caption: multispectral drone flying over vineyard to detect vine disease

Reinvigorated wine industry reinforces wine culture and tourism in Moldova. A stable and developed domestic wine market is critically important for any wine producing country, and has been listed among the five key success factors to compete favorably in the global wine market. Moldova's domestic market is a foothold for small vintners, serving as platform to launch and test wine products, vintages, and winemaking innovations. A mature domestic market also represents an important contributing element to the development of tourism, since according to international benchmarks "one third of the traveler's dollars goes to food" and food related experiences. MCP is committed to developing local wine excellency in conjunction with gastronomic experiences and other key components of the Moldovan tourism product. The domestic market of bottled wine in Moldova accounts for approximately 20% of industry sales. During the last five years, the Moldovan bottled wine market has experienced exponential growth in sales of high-quality bottled wine, growing by a CAGR of 63% in last two years and reaching a volume of approximately \$34.5 million. Therefore, efforts to refine wine culture, support acquisition of wine knowledge in hospitality sites, and connect emerging winemakers to consumers are key for a stronger domestic market, and achieving synergies and spillover effect on tourism development.

MCP strengthens the sommelier community promoting excellence in wine service. MCP is committed to developing excellence in wine service in on-trade outlets (HoReCa segment), and enhancing knowledge in the gastronomy sector, which is one of Moldova's key tourism products. MCP works to increase the number of qualified sommeliers in Moldova and continues to support the Wine School initiative aimed at consolidating the sommelier and wine connoisseur communities. In FY19, MCP and ONVV supported eight trainings, courses and seminars for operating sommeliers. Moldova now has over 90 sommeliers with internationally recognized qualifications, with some members of the community achieving important successes in regional contests, further contributing to increased visibility of Wine of Moldova. This also spurred the number of wine culture events. At present, there are between two and four wine related events organized each week across Moldova, an achievement that seemed unrealistic in 2015, when MCP began.

National Wine Day positioned as the biggest and most important wine festival in South East Europe. National Wine Day is an official holiday recognized by Moldovan law, celebrated annually in the first full weekend of October. The festival showcases the achievements of the wine sector and harnesses Moldova's traditions and craftsmanship. National Wine day has been organized under an improved concept focused on enhancing domestic wine culture since 2013, supported by MCP and predecessor projects. Key components of this concept include, "Wine School," and, "Wine Road," and, "Traditional Crafts and Gastronomy." The 2019 edition was organized with a fine-tuned concept, that enlarged the festival over a greater area, creating a more comfortable atmosphere during the day, and was preceded and succeeded by a series of connected events: Chisinau International Marathon, Ravac Film Festival. Fashion Shows etc. which collectively attracted a great number of visitors from Moldova and abroad, and filling Chisinau's

hotels to full capacity for the third year running. A record breaking 70 wineries showcased at in the event. MCP and ONVV organized press trips for more than 80 journalists from 14 countries including the U.S., China, France, Italy, Japan, Korea, and Sweden, who attended the event and explored Moldovan wines and local traditions. MCP estimates that National Wine Day brings more than \$5 million USD of foreign tourist spend to the local economy.

POLICY UPGRADING, LEGAL REGULATORY REFORMS, AND STRENGTHENING THE NATIONAL OFFICE OF VINE AND WINE



WINE OF
MOLDOVA
A LEGEND ALIVE



Photo credit: ONVV

Photo caption: Wine of Moldova stand at the Pro Wein Exhibition in Germany

MCP safeguards ONVV, strengthening Moldova's leading public-private partnership and ensuring continuity of reforms. A thriving industry needs a strong sectoral leader. ONVV, trading as Wine of Moldova, is MCP's largest PPP and a legacy institution for wine industry development. Built on international best practice in 2014 by MCP technical team leaders, ONVV plays a leading role in wine industry development as a PPP and is an example of corruption-free public institution and good governance. MCP has continued to focus on strengthening ONVV's institutional capacity, positioning it as the leading expert in the wine industry and the Project's main partner in implementing wine sector reforms and industry trade support.

ONVV grows annual budget contributions from private sector, signaling commitment and trust. MCP wine industry assistance was leveraged by ONVV as its annual budget grew to about \$4.8 million, funded jointly by the Government and private sector, and co-invested in reforms, quality improvements and trade promotion. MCP contributes to increased trust in ONVV as the premier PPP in Moldova, ensuring ONVV meets budget leverage requirements, and including this as assistance conditionality. In the reporting year, ONVV won a historic lawsuit questioning compulsory nature of levies to the National Wine and Vine Fund. The Supreme Court of Justice denied an appeal by two wine producers, Moldavskii Standart and Zolotoi Aist, questioning the requirement to pay levies to the National Wine and Vine fund. This lawsuit was originally raised over two years ago, and the result has created a favorable precedent for all wine producers to obey to current legislation and honor their obligations.

With MCP support, ONVV continues to reform the legal and regulatory framework.

Reforming the sector is an ongoing process, aiming to fully reorganize the existing model of industry regulation, management, and control. MCP supports ONVV and MARDE to initiate changes in technical regulations, assessment of quality controls, and a traceability system subordinated to normative acts. In Y4, ONVV has contributed to package amendments to the sector governing law "On Vine and Wine" and "On production and circulation of ethylic alcohol and alcohol-based produce" and has introduced modifications to four more governing documents and normative acts.

MCP secured USAID investment and contributes to technical updates and continuous maintenance of the Vine and Wine Register.

Following the transfer of the Wine Register to ONVV, the obligation of maintenance and updates of the previous owners had expired. However, like any other software, the Register needs periodic updates and maintenance in order to better respond to the needs of the sector. As a result, MCP offered technical assistance and consultancy to develop the Terms of Reference for an update to the software and its annual maintenance. The Terms of Reference are published on a public acquisitions' portal awaiting finalization of the tender procedure.

MCP ensures a consistent approach to the sustainable development of Moldova's wine sector by contributing to the national strategy Wine of Moldova 2030.

To secure and streamline the industry's sustainable development, the wine sector needs to create a comprehensive wine industry development strategy for the next 10 years. Over the last two years, MCP infused ONVV and the industry stakeholders with the global trending strategies of the wine market via international expertise, and organized study trips to Napa Valley (California), Alsace (France) and Rioja (Spain) to learn wine industry trends, with a special focus on sustainability principles. In Y4, ONVV relaunched the process of developing the national strategy for Moldova's wine sector. MCP ensured and secured its role in this process, vetting MCP consultants for each technical team. Given the political changes as a result of the Parliamentary elections, the industry strategy development process was kicked off in September 2019 and is expected to be validated by the Government by June 2020.



Photo credit: Max Ciumas
Photo caption: vineyard

Winegrowing Industry assistance highlights FY19:

- **230 winegrowing SMEs assisted**, accounting for 90% of the total entities registered in the National Vine and Wine Registry, and over 90% of Moldovan bottled wine exports
- **\$20.6 million in new domestic and export sales** in FY19 by assisted wineries, underpinned by MCP quality and trade support

Enhanced product quality and EU standards

- **22% expansion of vineyards under PGI wines** (vs 2018), reaching 9,200 hectares, and contributing to adoption of EU quality frameworks
- **71 wine growers certified** to produce PGI complying wines, accounting for 15% of Moldova's total bottled wines
- **\$4.3 million co-invested by wineries** since 2016 for technological upgrades and equipment, leveraged by MCP's SEED funds and 780 days of wine technology expertise. During 2016-2018, MCP grants were awarded to wine sector SMEs worth \$840,000.
- With MCP support, the number of small vintners in Moldova registered a 5-fold increase since 2014, reaching **37 wineries** and enabling farmers to transition from selling low-earning grapes to producing boutique wines and tourism services, earning **7 times higher value-added**
- Assisted small vintners **increased sales by 35% and exports grew 6-fold**
- **19 'transition' (soviet-inherited) wineries benefited from the MCP PQUP program**, to upgrade quality and switch from cheap bulk to high quality bottled products
- **1,565 viticulturists and winemakers trained** under Wine of Moldova Academy to improved viticulture and winemaking skills, climate change resilience, and vineyard innovations

Building trade in high-value markets

- **83 wineries** were supported to participate in **14 trade events in target export markets**, including Poland, Romania, Germany, and China, and received assistance to explore new markets such as South Korea and Japan
- Assisted wineries recorded **\$10.3 million in new exports** in FY19, underpinned by complex marketing and trade support leveraged by ONWV in partnership with MCP
- Wine of Moldova featured in **308 articles and press appearances** in key export markets and international publications, growing awareness and credibility
- **780 awards** won at **international wine contests**, including 211 by MCP-assisted small winemakers and transitional wineries
- **Domestic wine sales** grew **7%** in FY18, supported by MCP's Wine Tourism Accelerator Program for 27 new wineries, new tourism signage in key wine regions, flagship wine and food festivals, such as National Wine Day and Wine Vernissage

Strengthening industry governance and reforms

- The development of the **National Winegrowing Sector Strategy** was relaunched, with MCP regarded as a key stockholder to ensure its relevance and feasibility
- **ONVV grew its annual budget to \$4.8 million**, funded jointly by the Government and private sector

SUCCESS STORY

YOUNG MOLDOVANS GAIN CONFIDENCE TO OPEN FIRST URBAN WINERY



Photo caption: Vlađ Vutcarau, owner of ATU winery, Chisinau, Moldova
Photo credit: Anatol Tomsa, MCP

Winemaking is the backbone of Moldova's rural economy, but rural life is unattractive for young people. With support from USAID and Sweden, Victor Vutcarau and Vlada Balica have created Moldova's first urban winery, ATU, proving that small winemakers can thrive in the city too.

"I'm from a family of winemakers, we've always made wine" says Victor Vutcarau, co-founder of new wine startup ATU. "This meant we had access to really good quality grapes. So, with this access we decided to open a winery".

Moldova's heritage wine industry provides income for over 50,000 people, mostly in rural areas. Until 2006, Moldova successfully exported large volumes of bulk produced, low-quality wine to former CIS countries. However, two Russian import embargoes in 2006 and 2013 hit hard, causing an industry-wide recession, and \$200 million total estimated direct losses with a catastrophic impact on grape growers and winemakers across the country. In response to the crisis, USAID, and later Sweden, began to support this crucial, heritage industry, helping it pivot towards the production of high-quality bottled wine suitable for export to high-value European and Asian markets.



Arcadie Fosnea
credit: Anatol
Tomsa, MCP

Small wineries like ATU are a key component of this strategy, as they provide fresh, new products that keep international consumers interested in Moldovan wine and support the growth of the industry as a whole. "There is a big difference between wine made by a large winery, and wine produced by a small winemaker" says Arcadie Fosnea, President of the Moldovan Association of Small Winemakers. "With small winemakers, it is important to see the person behind the wine, to get to know them personally".

USAID and Sweden's strategic approach first advocated for changes to the law which enabled small winemakers like ATU to emerge, and then provided investment and consultancy to these small winemakers to turn them into successful businesses. This strategy has resulted in a strong wine industry with confidence in its future. "In addition to the financial support we received from USAID and Sweden, we have taken strength from their sustained investment in the wine industry. This support shows us that the sector has a future" says Vlada Balica, marketing specialist and co-founder of the family winery ATU.

"We applied to the Moldova Competitiveness Project grant program because we needed to buy first class equipment to make quality wine. Now we can make our wine under perfect winemaking conditions. The final product comes out much better than the wine we previously made at home".

Potential customers don't have to take Vlada's word for it: international wine experts agree. "We only produce high quality 'author wines'" Vlada explains. "With support from the National Office of Vine and Wine and MCP, we sent our wine to the AWC Vienna international wine competition in Austria. From four wines in the contest, we won three medals: one silver and two bronze".

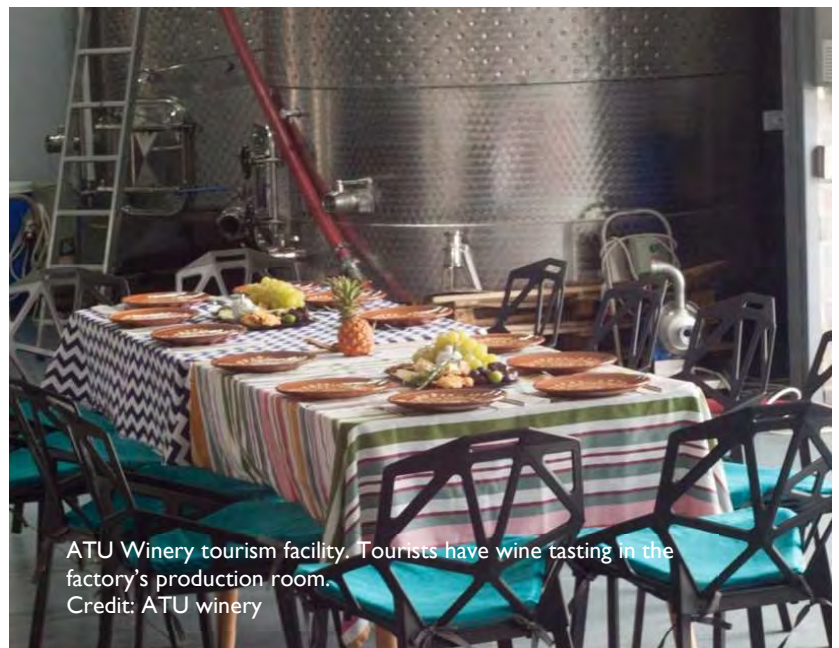


ATU winery is still emerging from its startup phase, but it already has strong sales on the domestic market, and now exports to Austria, Romania, France and Switzerland. However, the business is not resting on its laurels. In 2018, ATU diversified into Wine Tourism with support from USAID and Sweden's Wine Tourism Accelerator Program, providing an additional income stream to ensure the success of this thriving young wine business. ATU has proved that young people can create success in this heritage industry, and do it their way, bringing thousands of years of history into the 21st century.

The Moldova Competitiveness Project (MCP) is supported by USAID and Sweden and supports Moldova's wine industry to pivot towards producing high value-added bottled wines suitable for export to markets in the EU and Asia. Thanks to the project's work in partnership with the Association of Small Winemakers, the number of small winemakers like ATU has quadrupled since 2014. These assisted winemakers saw a 71% increase in sales and a 173% increase in exports in 2018, protecting the livelihoods of the 50,000 people employed in the sector, and reducing the drivers of migration.



Tourists on bike at the ATU Winery road sign
Photo credit: ATU winery



ATU Winery tourism facility. Tourists have wine tasting in the factory's production room.
Credit: ATU winery



TOURISM INDUSTRY



Photo credit: Igor Rotari, MCP
Photo caption: Casa Veche rural guesthouse in Palanca village, renovated with MCP support

MCP’s groundbreaking innovations are developing Moldova’s tourism products, international marketing and business enabling environment to create a driver for regional growth, particularly in rural areas, contributing to poverty and migration reduction at the same time as improving Moldova’s international image.

MCP develops Moldova’s tourism infrastructure, diversifies products, leverages international awareness, and fosters a business enabling environment to spur regional growth. MCP focuses on leveraging Moldova’s prime tourism assets – wine, gastronomy and rural life – into an engine of economic growth in even the most remote rural regions.

Tourism is a crucial market for emerging economies, representing the first or second source of export earnings for 20 of the 48 least developed countries in the world. Moldova, which has undeniable potential as a tourism destination, is in the “start-up” phase for offering international tourism. Moldova is one of the least visited destinations in Europe, according to the UNWTO ², and ranks 103 out of 140 in the 2019 Travel & Tourism Competitiveness Index³, up 14 points since 2017, due to a slight improvement of the business enabling environment. To reverse this trend, USAID has been supporting the development of sustainable tourism in Moldova since 2012, joined by Sweden in 2017 and UK aid in 2019 as part of the Moldova Competitiveness Project. Together, the project’s strategic investments in Moldova’s international awareness, innovative tourism products and a business enabling environment have resulted in key developments across the industry. Moldova is now listed as a ‘top-10 travel destination worth discovering’ by prestigious international media such as the New York Post.

Moldova’s distinctive culture, rich heritage and reputation for warm hospitality, are sound footing for developing a thriving tourism economy. The joint vision is to position Moldova as an experiential and sustainable travel destination in the heart of Europe. Targeted and innovative interventions pressed forward

¹ With the exception of San Marino and Liechtenstein. UNWTO Barometer, Statistical Annex. March/April 2018

² [World Economic Forum](#), 2019

by the MCP are changing Moldova's game in tourism. After a consistent drop in inbound tourism in recent decades, the number of foreign visitors to Moldova has finally seen quality growth since 2015, increasing by 74% until 2018⁴ to 164,000 foreign tourists. Largely underestimated, international tourism expenditures in Moldova are valued at \$500 million or 4.4% of GDP (2018). Properly organized and supported, Moldova's tourism sector has the potential to double within the next 10 years, contributing up to 7% in GDP growth, and benefiting rural regions in particular.

Keys to Competitiveness: Tourism Industry

- Position Moldova as an experiential and sustainable travel destination in the heart of Europe
- Diversify tourism products, upgrade tourism services, and improve visitor experience
- Target more discerning and higher spending travellers through innovation and creativity, authenticity and 'discovery'
- Capitalize on distinctive wine, rural and cultural heritage
- Enhance destination image among domestic and international travelers
- Increase demand through multi-faceted marketing strategies
- Reform tourism regulatory framework to lower doing business barriers and consolidate private sector voice

Thanks to the leadership provided by MCP, Moldova has embarked on a strategic rethink of its tourism industry to realize the huge opportunity for national and regional development. MCP supports the symbiotic development of both the tourism and wine industries, as wine tourism drives the development and promotion of Moldovan wines, and vice versa. Inbound tourism is positioned as an experiential tourism product, focusing on wine, gastronomy, rural and "soft adventure" tourism.

Tourism Industry Key Facts

- Key **driver for socio-economic progress**, particularly in rural areas. Tourism is the fastest growing industry worldwide
- Inbound tourism expenditures estimated **\$500 million** or **4.4 % of GDP in 2018**.
- **79,000 foreign tourists** were accommodated in Moldova in Jan-Jun 2019. 160,000 foreigners stayed in registered accommodation in 2018, a **10% increase** vs. 2017.
- **1.7 million foreigners** crossed Moldova's borders in 2018 and stayed in country 1-30 days.
- International tourism in Moldova is in a "**start-up**" development phase.
- **Moldova is one of the least visited destinations in Europe**, according to UNWTO figures, and scores 103 out of 140 in the Travel & Tourism Competitiveness Index, 2019 i.e. the 4th last in Europe
- In 2014, Moldova developed a new country tourism image '**Tree of Life**'.
- Moldova was featured in top travel international media, such as CNN Travel, Food and Wine, Lonely Planet and Forbes as a '**surprising country**' (2018-2019).
- The **first Tourist Information Center** recorded 8,000 visitors in its first year of activity, and over 7,500 in the 9 months of 2019.
- Western Europe is a key tourism source market, including **Romania, Poland and Italy**, but also new second tier markets such as **UK and Scandinavia**
- **24 wineries** offer tourism services within the **Wine of Moldova Route**, triple that in 2014. It will include up to 30 wine tourism units by 2021.
- The **14 rural Bed and Breakfasts** assisted by MCP recorded a 20% increase in the number of visitors, reaching over 36,000 in 2019.
- **National Wine Day** is the main tourism festival, attracting over **100,000 visitors in country**.

³ In number of tourists accommodated in registered accommodation units. UNWTO statistics.

Tourism Industry Year 4 Impact Highlights

Thanks to MCP investments to increase product quality, diversify the tourism offer, develop targeted international marketing campaigns, and create a business enabling environment, Moldova is seeing the first vestiges of success in its budding tourism sector.

Moldova's overlooked tourism industry is seeing vital signs of growth. In 2018, expenditure by foreign tourists visiting Moldova was valued at \$500 million, or 4.4% of GDP⁵. Largely underestimated, the Moldovan tourism industry employs 23,409 people, mostly women and young people. In 2018, 160,000 foreign tourists stayed in registered accommodation across the country, a 10% increase on 2017 and 74% more than 2015. Of the 4.3 million foreigners entering Moldova, **1.7 million were tourists**, staying at least one to thirty days in the country⁶. This boost in tourist numbers and expenditure was particularly noticeable in 2017 and 2018, driven by the DCFTA and 'visa-free' regime entered into force in 2014, and by targeted marketing campaigns mainly driven by MCP activities. This growth was maintained at 10% during the first two quarters of 2019, with 79,000 foreign visitors staying overnight in registered tourist accommodation.

As a result, Moldova has transitioned from being one of the least visited countries in the world, to being **acclaimed a "surprising country" and "a wine experience out of the ordinary" by leading publications Lonely Planet and Forbes in 2019**. MCP tourism assistance helped Moldova market itself as an emerging sustainable travel destination, earning great ratings from influential international media. Moldova continues to find prominent success in regional source markets, such as Romania, Poland, Italy, underpinned by MCP-supported tradeshows and marketing campaigns under the 'Tree of Life' national tourism brand which reach millions of potential travelers.

MCP generates and promotes world class wine, culture and soft-adventure tourism products, assisting tour operators and rural B&Bs to increase sales and attract new tourists. In Year 4, monitored companies reported \$8,934,562 USD in sales, of which \$2,830,728 USD are new (increased) sales. MCP-implemented activities in tourism generate a spillover effect on the entire tourism sector, which increased sales by 21% (\$378 million USD in 2018 versus \$312 million USD in 2017). Over 170 tourism agencies, accommodation units, tourism facilities and associations benefit from MCP assistance. MCP guides the authentic upgrading of these tourism facilities' and aims to preserve them as industry "prototypes" for high quality products geared to Western travelers. To diversify Moldova's experiential travel products, MCP supported the development of two new soft adventure tourism itineraries, offering biking, birdwatching and gastronomic experiences.

These strides require a secure and balanced business and SME enabling environment, which can only be guaranteed by reforms at the national level, and institutionalizing and strengthening public-private partnerships for long-term sustainability. MCP supports the Moldovan Government to develop the new Tourism 2030-strategy, expected to be approved by the Government in Spring 2020.

⁵ National Bank of Moldova data. MCP Tourism Strategy Experts calculations, as part of the Ministry of Economy and Infrastructure Program for Strategic Tourism Development – 2030, October 17, 2019.

⁶ As per UNWTO definition, tourist '*is a traveler taking a trip to a main destination outside his/her usual environment, for less than a year, and at least 24 hours, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited.*'

ENHANCING TOURISM PRODUCTS AND ACCOMODATION QUALITY TO MEET INTERNATIONAL STANDARDS



Photo caption: Masterclass on preparing traditional cookies at “Casa Veche” rural guesthouse
Photo credit: MCP

MCP supports the development of innovative tourism products and services to attract more tourists to rural tourism destinations

MCP assistance focuses on developing Western-standard tourism products and accommodation with the potential to attract high-spending tourists for long periods of time.

MCP delivers a suite of programs to prototype rural and wine tourism products, fostering quality growth, innovation, diversification and expansion of services, including rural guesthouses, craft centers, wineries and festivals. Soft adventure activities, such as biking and hiking tours, sporting events, and interactive experiences are being developed around the main wine hubs, enriching Moldova’s tourism offer.

Fourteen MCP-upgraded rural guesthouses hosted more than 36,000 visitors in 2019, a 20% increase from 2018, allowing them to expand employment opportunities, especially for women. Five new start-up rural guesthouses (Palanca, Valeni, Congaz and Trebujeni villages) emerged in key tourism destinations, offering overnight stay, authentic set-ups, experiential tourism activities and quality services that align with sustainability goals and the preservation of traditions. Nineteen more new guesthouses entered the MCP tourism start-up program and are expected to open in 2020. As such, by 2021 a total of 33 rural guesthouses will be fundamentally upgraded with MCP assistance. Moldova’s key bottleneck is extremely few rural guesthouses, 27 registered, of which only 40 percent have accommodation and even less offer authentic experiences to their guests

MCP assisted 23 Moldovan tour guides to gain international accreditation, partnering with the Moldovan Tour Guides Association and the World Federation of Tourist Guide Associations. Capacity building for the Moldovan tour guide profession is a key step towards the professionalization of Moldova’s tourism industry and will strengthen the tourism service.



Photo caption: Masterclass on preparing traditional cookies at “Casa Veche” rural guesthouse
Photo credit: MCP

Wine Tourism continues to be a key driver for Moldova’s tourism sector

Wineries hosted over 240,000 local and foreign visitors in 2018, who spent an estimated over \$8 million in rural areas. Wine tourism is the key driver of foreign leisure visitors to the country. MCP’s strategy focuses on the synergistic development of wine tourism, gastronomy, rural and ‘soft adventure’, leveraging the Project’s existing investments in the wine sector. This repositioning of Moldova’s tourism industry is bolstered by continued development of quality wines and international recognition of Wines of Moldova, reinforced by PGI quality standards and synergistic investments by MCP.

Nine new tourist-friendly wineries opened in 2019 following MCP assistance. These wine companies from Stefan Voda, Valul lui Traian and Codru (three regions outside the capital) were assisted to upgrade and/or develop new tourism facilities and services as part of the Wine Tourism Accelerator Program. The support offered ranges from developing the ability to host basic wine tastings to showcasing wine production facilities and vineyards, and at the most advanced level, organizing wine festivals, shows, and gastronomic experiences. Twenty-four wineries with tourism services are currently open for tourists, three times the number in 2014.

MCP continues to roll out the Wine of Moldova Route the signposts of which connect over 40 wineries alongside 80 monasteries, guesthouses, museums, national parks and other sites in an attractive tourism circuit. Easy access to information is essential for tourists and enhances their ability to explore a country. The first 156 informative road signs across Moldova were installed in partnership with the Ministry of Economy and Infrastructure, facilitating foreign visitors and domestic tourists’ access to 38 key sites. MCP has started phase two of the National Wine Route in partnership with ONVV by establishing the list of new wineries with tourism facilities that will open to the public in the next year, with an additional 150 tourism road signage to be installed by spring 2020.

Promoting Moldova's tourism experiences through cultural events

World-class Moldovan musicians attracted 5,500 tourists to rural classic music festival

“DescOPERA”. By showcasing global artists from the Moldovan diaspora, the increasingly well-known DescOpera festival introduced Moldova to a new audience and brought high-spending cultural tourists to Orhei Vechi cultural heritage site. The region's eight MCP-supported guesthouses were fully booked over the festival weekend, and the project also brought 20 Polish, Romanian and Italian journalists to Moldova during the festival period. MCP has supported the festival since its inception in 2015 and plays a key role in institutionalizing and strengthening the PPP to ensure the festival's long-term sustainability.

The 2019 ‘Tree of Life’ calendar showcased 29 events and attracted over 238 thousand visitors, mainly outside capital.

The calendar, which is published each year under the country tourism brand, allowed visitors to plan their trips around different festivals showcasing Moldovan wine, local traditions, culture, crafts, products, and tourism attractions. These events drew visitors towards rural areas (60% of the events took place outside the capital), where they spent valuable tourism dollars and stimulated the local economy.

Photo caption: World-class Moldovan musicians performing at the DescOpera flagship cultural event, June 2019.

Photo credit: DescOPERA



SHOWCASING MOLDOVA INTERNATIONALLY AS AN AUTHENTIC TOURISM DESTINATION



Photo caption: Scott Hoeklander, USAID Mission Director, Gary Davies, Deputy Head of Mission, British Embassy, Adam Amberg, Head of Development Cooperation, Sweden Embassy and Anna Lyberg, Ambassador of Sweden on a biking tour in Palanca village
Photo credit: Izor Rotari

MCP helps Moldova to be promoted by high level international journalists and showcased in over 30 publications. The project continues to support the tourism industry to expand international awareness about Moldova as a tourism destination, especially in target markets as Poland, Italy, and Romania. The MCP-facilitated press trips brought more than 40 journalists to Moldova to discover emerging tourism attractions during key celebrations in the tourism calendar, including National Wine Day and DescOpera Festival. As a result, Moldova was featured in influential international media such as Lonely Planet, National Geographic, CNN, Euronews, as well as key publications in target export markets.

New digital campaign, “Visit My Home” targeting diaspora and foreign tourists reached over 400,000 people on social media. With MCP support, ANTRIM launched the new tourism campaign “Visit my Home” with the aim of encouraging the Moldovan diaspora to explore national tourist attractions and become ambassadors of their country by welcoming international guests to Moldova. The strategy builds on the unprecedented success of the 2017-2018 “Be Our Guest” campaign.

Results of the 2018 Tourism Exit Survey confirm MCP’s strategic focus on wine and rural tourism. The survey interviewed 1,025 foreign visitors during the 2018 tourism season, and revealed that 48% of foreign visitors were motivated to visit Moldova to taste local wines, while 37% of all tourists wanted to visit the country’s famous cellars. 25% of respondents were motivated to visit Moldova because it is an unknown destination. Aligned with UNWTO methodology, the survey provided key insights into the preferences of target nationalities, including reasons for visiting, and preferred tourism activities.

Participation in international tourism trade events helps Moldovan tour operators sign new contracts and increase the number of foreign tourists.

Dynamic participation at key international tourism tradeshows under the national brand ‘Tree of Life’ reinforces Moldova’s image as an authentic, experiential wine tourism destination and secures new partnerships leading to increased revenue. MCP has consistently supported international tradeshow participation since 2016, in addition to targeted marketing activities including press conferences, B2B presentations, road shows, informational tours for potential partners, and customized B2C events. In FY19, MCP supported the participation of Moldovan tourism operators and tourism service providers at six key trade fairs in Romania, Germany, Poland and Italy. The focused strategic marketing activities on these target markets impacted the growth in tourists: Romania – 54%, Italy – 20% and Poland – 65 % in 2018 compared with 2016⁷. The tourism businesses attended the trade fairs under a shared national country booth,

⁷ The foreign tourists registered in the official accommodation units in Moldova. Source: National Bureau of Statistics of Moldova.

organized through cost-sharing with the Moldovan Investment Agency. As a result of MCP support, participating companies established **770 new business contacts, 40% more than 2018, with a total value of \$462,900**. In 2019, 19,300 foreign tourists visited Moldova through tourism agencies, representing a 10% increase compared to 2018.

POLICY UPGRADING, LEGAL REGULATORY REFORMS, AND STRENGTHENING THE NATIONAL ASSOCIATION FOR INBOUND TOURISM



Photo caption: Moldova's authentic rural and wine tourism
Photo credit: Madein.md

Reforming Moldova's outdated tourism sector policies and regulations is a lengthy, complex, but much needed process. **MCP continued to push for tourism law reforms, strengthening the public-private dialogue, defining broad strategies and proposing practical policy recommendations.** During Year 4, MCP worked on supporting industry-level reforms that can create a pro-entrepreneurship business climate, and enable SMEs to emerge and flourish, acting as an engine of economic growth.

With MCP assistance, ANTRIM is continuing to strengthen its role as the leading inbound tourism business association. Representing more than 85% of Moldova's active inbound tourism operators, the association has entirely lead the participation of Moldova at six key international travel fairs, after being chosen by the Moldovan Investment Agency as its key implementation partner.

MCP supports the Moldovan Ministry of Economy and Infrastructure to develop business enabling regulatory changes into tourism legal framework and the public policy amendments. Following the 2018 White Paper for tourism legal reforms, MCP assisted the Ministry of Economy and Infrastructure to develop and promote a draft legal act to ease the regulatory burden on the tourism industry, along with a regulatory impact assessment and amendments to the fiscal policy. These need to be approved by the Government and later voted on by the Moldovan Parliament, to continue on the path towards tourism legislation reform.

Moldovan Government sets in motion the strategic Tourism 2030 National Program development process. The national working group responsible for elaborating the Tourism 2030-National Program initiated the development process, under the leadership of the Ministry of Economy and Infrastructure (MoEI). MCP is providing technical and legal assistance during this process, which is using a proactive and highly participatory approach with the private sector to replace the obsolete Tourism 2020-Strategy.

Tourism Industry assistance highlights for FY19:

- **\$500 million** of foreign expenditures, representing **4.4% of Moldova's GDP** reveal the important contribution of tourism industry to national economy.
- **1.7 million** tourists visited Moldova in 2018, out of which **160,000** foreign tourists visited stayed in accommodation units (**10% increase vs. 2017 and 74% vs 2015**). Growth continued in 2019, with an increase of 10.8% in the first two quarters of the year.
- **170** tourism agencies, wineries, rural B&Bs across the tourism value-chain benefited of MCP support
- **238,000** visitors participated in 29 festivals as part of the "Tree of Life Agenda"

Enhancing tourism infrastructure and creating world-class sustainable tourism experiences

- **14 (including 5 new) MCP-upgraded rural guesthouses** hosted over **36,000** visitors in 2019, a 20% increase versus 2018, **allowing to expand employment particularly of women**. An additional 19 new rural B&B's are assisted to improve infrastructure and will serve as industry "prototypes" for high quality products geared to western travelers.
- The **Wine Tourism Accelerator Program** included 9 new wineries that are in process of upgrading their **tourist facilities**. 24 wineries currently are opened for tourists, expected to grow up to 30 in 2020.
- Wineries hosted over **240,000 local and foreign visitors** in 2019, spending approx. \$8 million.
- Assisted tour operators recorded a **\$8.9 million** in sales for inbound and domestic tourism in FY19.
- **Moldova's first Tourist Information Center (TIC)** served 8,000 tourists from more than 90 countries in its first year of activity, and over **7,500** in 9 months of 2019. First Gagauzian Tourism Info Center opened within the network of ANTRIM TIC.

Promoting Moldova as authentic tourism destination

- Moldova's wine, rural and "soft adventure" tourism showcased at leading travel expos in key markets such as Poland, Italy, Germany and Romania. As a result, **Moldovan tour operators established over 770 business contacts of an estimated value of more than \$462,900**.
- Forbes named Moldova "**a wine experience out of the ordinary**", while Lonely Planet continues to recommend it as an undiscovered destination this year with the title of a "**surprising country**".
- Over **70 foreign journalists and bloggers** participated in #DiscoverMoldova press trips, leading to over 70 publications including Food and Wine, CNN Travel, Lonely Planet, and Forbes, among others.
- The award-winning **#BeOurGuest** tourism campaign won the public vote for Best Campaign at the Moldovan ADOR conference for the creative industry in 2019.
- The three waves of the **'Visit My Home'** tourism campaign targeting diaspora and foreign tourists reached **over 600,000 people**, mostly diaspora and domestic market. This enhanced the #BeOurGuest international campaign and incentivized local opinion formers to support Moldova promotion.

Strengthening industry governance and reforms

- Tourism industry enabling **legal enactments were initiated by MoEI with MCP support**, as result of the 2018 White Paper for tourism regulatory reforms, as well as **amendments to the new fiscal policy**, easing regulatory burden on small businesses, **excluding mandatory trainings and settling simple taxation for guides and rural guesthouses**.
- The government sets in Motion the **Tourism 2030-Strategy Development Process with MCP support**, using the market-driven approach and focus on value-added travelers and tourism products, to achieve sustainable tourism development as per the UNWTO standards.
- **ANTRIM** became the leading business organization of the inbound tourism industry, with **48 members or 80% of the inbound tourism sector**, recognized by leading the Moldova Investment Agency as key counterpart for destination marketing activities, mainly at key international travel fairs.

SUCCESS STORY

REVIVING ANCIENT TRADITIONS ATTRACTS TOURISTS AND CREATES RURAL JOBS



Ecaterina Popescu, the founder of Rustic Art
Credit: MCP

A center to preserve the ancient art of Moldovan carpet-weaving has become a thriving soft-adventure tourism destination, resulting in employment and skills development for more than 30 local people.

Ecaterina Popescu has been in love with Moldova’s stunning traditional woven carpets since her childhood, when she learned the art from her grandmother and aunt. She made sure that she passed on her skills to her children, but Ecaterina dreamed of raising awareness of this traditional art at the national and international scale.

To do this, and to preserve local carpet-weaving knowledge and traditional equipment, Ecaterina founded the “Rustic Art” crafts center in the village of Clisova Noua, 22km away from the city of Orhei. The center contains a museum, a craft center, and a training center, all dedicated to the production of handmade, traditional apparel and carpets.

An unbroken thread of cultural preservation

When it began, Rustic Art created jobs for just five local employees, but soon Ecaterina and her colleague began training others interested in traditional carpet-weaving techniques, transforming what was once considered a lost craft into a flourishing small business. “We put a huge emphasis on training the next generation in these traditional weaving skills. 15 kids and teenagers come to the center on a regular basis to work on the loom and master the craft and the techniques of our traditional designs on carpets and other textiles” she explains, setting out her vision for the future.

Attracting tourists with unique activities

Soft adventure tourism – tourism that offers unique, immersive rural activities like hiking, canoeing, cooking and craft workshops – is one of the fastest growing sectors of the global tourism industry, which is worth more than \$8,272 billion USD each year. Moldova has a distinctive culture, rich heritage and warm hospitality, the basis of a thriving tourism economy, and its prime assets of wine, gastronomy and traditional rural life are ripe for development into innovative soft adventure tourism products.

The ancient tradition of carpet-weaving no longer exists in Western Europe, and Moldovan carpets are registered on the UNESCO List of Intangible Cultural Heritage. No wonder that foreign tourists are keen to visit Rustic Art, which offers the only opportunity to see and work with heritage weaving equipment in the whole country.

“Weaving is an art, so together with other colleagues we re-educated our potential consumer. Now, instead of asking where we imported our product from, they ask about the meaning behind our cherished art,” says Ecaterina Popescu.

The Moldova Competitiveness Project has supported Rustic Art to respond to the increased demand from foreign tourists, offering trainings and workshops where visitors can experience the art of carpet weaving themselves. After touring the extensive museum, workshops offer the opportunity for participants to return home with their own, handmade miniature carpet.

“Weaving is an art, so together with our colleagues we re-educated our potential consumer”, says Ecaterina. “Now, instead of asking where we imported our product from, they ask about the meaning behind our cherished art”.

Creating jobs with heritage crafts

Ecaterina now joins forces with the Rural Women’s Association, Orhei Cultural Section, the Moldova Competitiveness Project and other partners to organize the two-day Bessarabian Carpet Festival, which takes place in Clisova Noua each June. The festival includes exhibitions of traditional carpets, workshops in traditional techniques, performances of folk music and dance, and stalls from numerous Moldovan craftspeople. In 2018, The festival attracted 700 visitors from Moldova and abroad, attracting hundreds of tourism dollars to the deprived rural region, and stimulating economic growth.

Meanwhile, Rustic Art has now trained more than 30 local people in traditional carpet weaving techniques and will create more and more jobs as the tourist demand for both carpets and weaving workshops grows.

The Moldova Competitiveness Project has been supporting the development of sustainable tourism opportunities in Moldova since 2012, from investments in family-run accommodation to cultural attractions like the Rustic Art craft center. According to the Adventure Travel Trade Association (ATTA), cultural tourism is the second most popular type of soft adventure tourism in Europe. MCP encourages tour operators and tourism service providers to develop soft adventure products



Museum of traditional carpets in Clisova Noua village, renovated with MCP support. Credit: MCP
Credit: MCP

like the carpet-weaving workshops at Rustic Art to meet growing demand, and create rural jobs, which offers rural Moldovans a viable alternative to migration.

LIGHT INDUSTRY

[APPAREL, FOOTWEAR AND ACCESSORIES]



Photo credit: Ana Maria Moroz

Photo Caption: Sewing womenswear at Portavita apparel factory

Moldova's apparel, footwear and fashion accessories sector, or Light Industry, drives exports, employs women and is positively changing the perception of quality Moldovan products in international markets. The sector is one of the largest exporters in the Moldovan economy. Job creation in the industry provides key alternatives to migration for Moldovan women, allowing them to earn money while staying at home with their families.

MCP invests in technology and skills upgrades to create businesses with greater value added, improve social standards and deliver more jobs with fair wages and safe working conditions, creating desirable employment opportunities at all levels in Moldova's largest employer of women.

Light industry (manufacture of apparel and footwear) is among the most important, largest, and best-performing sectors of the Moldovan economy. It is the core of Moldova's manufacturing industry (12 percent) and the main exporter accounting for \$427,6 million or roughly 16 percent of exports (2018) to more than 10 European and other international markets, primarily Germany, Italy, UK, France and Belgium. This mature and women-centric industry accounts for about 30,000 jobs as of 2017. Over 90 percent are held by women. This makes light industry an important employment generator, especially for unqualified women with few employment options in rural areas.

The main competitive advantages of Moldova's light industry are labor cost and proximity to Europe with relatively quick turnaround for smaller volume orders. Most of the industry remains based on low-value production schemes, providing cutting and stitching services to EU brands, hence it struggles with wages as low as \$270 USD per month. Moldova's long-term competitiveness is in higher value-added manufacturing, which will respond to the growing service needs and value chain accountability and transparency requirements of Western customers, promote local design talent, and most importantly, ensure fair wages

for factory workers. Moldova must move from stitching services to full product, and develop high value-added services as raw material sourcing, design and pattern making skills.

Since 2005 USAID and more recently Sweden assist Moldova's Light Industry to make the shift from low- to high-level manufacturing, creating value added, preserving jobs, ensuring fair wages and enhancing long-term sectoral competitiveness. Through steady support, the share of low-value cut-and-make stitching services of total industry output decreased from 95 percent in 2005, to an estimated 78 percent in 2019, marking a shift for Moldova's fashion

manufacturing industry towards high value-added production. More than 85 Moldovan fashion brands emerged. These new brands engage the full cycle of product design, branding, and manufacturing, thus marking a new stage of development for this sector. Own-brand products generate from 6,8 up to 10 times more revenue than the traditional stitching and assembly services traditionally provided by Moldova's light industry, which in turn improves salaries across the whole company.

Keys to competitiveness: Light Industry

- Raise seamstress skills and trigger excellence in design and pattern design
- Grow labor productivity and raise quality to meet international standards
- Increase resource efficiency
- Introduce factory innovations, such as new product lines, information management systems, inventory control methods
- Upgrade to more value adding manufacturing concepts in exports to EU and other markets
- Develop Moldova's emergent fashion brands to expand into regional and global markets
- Increase the share of own brands in the domestic market
- Build APIUS' capacity

Light Industry Key Facts

- Moldova's leading export industry, with **\$427 million** or **16,6%** of total national exports (2018)
- Protects about **30,000 jobs**, 85% of which are occupied by women (2018)
- Over **95% of industry's production is exported**, primarily to UK, Romania, Italy, France, Germany, Belgium and other international markets
- Average monthly salary is **\$318** (2018), **\$263** (2017), **\$225** (2016)
- Moldova is a manufacturing resource, primarily for apparel
- Moldova's light industry has begun to **transition to higher value-added manufacturing** over the past **10** years, providing services in logistics, sourcing, and design
- Low-value stitching services decreased from **95%** in 2005 to an estimated **80%** in 2016
- Over **100 local fashion brands** have emerged, and are beginning to export to regional markets, such as Romania, Kazakhstan, Ukraine
- **DININIMA** ('From the heart') umbrella fashion brand underpins domestic sales growth
- Domestic sales of MCP-assisted companies grew by **6%** in 2018 vs. 2017
- **ZIPhouse** excellence center was launched in 2015, with assistance from MCP. Managed jointly by the Technical University and APIUS light industry association, it trains **1000+ professionals** each year and accelerates fashion startups

Light Industry Year 4 Impact Highlights

Moldovan light industry is positively shifting away from low-value stitching services, leveraging productivity, design and creativity to grow seamstress wages

MCP assisted Moldova's apparel and footwear sector, a vital exporter and employer of women, to focus on upgrading from export of stitching services to higher value-added manufacturing, thus creating quality jobs. Garment and footwear exports hit \$427,6 million in 2018, or 6,5% year-on-year growth, being a front-runner among Moldova's exporting industries. Employment grew to 30,150 (vs. 29,850 in 2017). Industry wages, among the lowest in country, grew by 23% to \$315, allowing women to earn living wages while staying at home with their families.

UPGRADING PRODUCTIVITY AND EFFICIENCY TO CREATE JOBS



Photo credit: USAID Moldova
Photo Caption: Seamstresses at Maicom apparel factory in Chisinau

Non-wage factors such as product quality, capacity, workforce competency, production efficiency and labor compliance increasingly drive purchasing and sourcing decisions among EU and US apparel companies. MCP implements the **Streamline Manufacturing, Accountability, Resource Efficiency and Transparency (SMART) factory program** to support Moldovan factories to improve their operational efficiency, product quality and labor compliance, which in turn impact other key areas from social standards, productivity and resource efficiency to new technological innovations, design and sourcing. During Y1-Y4, the MCP SMART Factory program supported **75 apparel and footwear firms**, including **9 startups**. In Y4, MCP deepened assistance for existing beneficiaries with intensive consultancy paired with targeted co-investment and welcomed new firms to achieve a critical mass of innovation and improvements across the industry. The **38** assisted light industry firms reduced time loss by **12%**, reduced excessive raw material inputs and preventable defects by **5%**, reduced lead and cycle times by **15%**, reduced inventory levels at every stage of production, improved workforce productivity by more than **25%**, and optimized the use of equipment and space.

MCP SMART investments lead to productivity increases of up to 26%. In Y4, MCP supported **in-house productivity enhancement** consultancy for six companies, focusing on production engineering payment and incentive systems, and quality control. Targeted implementation of **Lean Management tools, MODAPTS** and other productivity enhancement programs enabled assisted apparel companies to **improve productivity by up to 26%**.

Investments in accountability and transparency lead to higher wages. Assisted companies provide high-quality jobs for over **4,650** workers, **90%** of which are women. MCP focuses on implementing accountability and transparency processes in beneficiary manufacturers that can improve work conditions and increase payments to employees, resulting in an average salary growth in assisted companies from **\$420** to **\$515** in comparison to the industry average of **\$295** (in 2018, using an exchange rate of 17.5). As a result of implementing an incentives system recommended by the SMART program international consultant, Maicom apparel factory has increased productivity from **70%** to **95%**, reduced fluctuations in personnel, and increased wages up to an average of **\$380 USD/month** **1.3** times higher than the industry average. Maicom now provides jobs for more than **160** women with good working conditions and living wages, which contributes to a reduction in poverty and the drivers of migration.

MCP SEED fund leverages private sector investments worth \$200,000 in technological innovation. Low profit margins and high interest rates for credit mean that light industry companies invest modestly in new equipment, but technological innovation is vital to increase the competitiveness of Moldova's light industry value chain, and to allow Moldovan companies access to international markets. In Y4, MCP launched a new tranche of SEED Fund grants to **16** Light Industry companies, assisting them to purchase more than **60 sophisticated machine units**, ranging from automation of design and cutting departments to embroidery, printing and other special machines. MCP total investment in Y4-5 will total **\$151,500 USD**, leveraging more than **\$200,000 USD** in co-investment from the private sector, demonstrating increased confidence in the future of the industry.

Social Compliance Certifications qualify manufacturers for high-value contracts.

Responsible business practices, including accountability and transparency, are vital for the sustainable future of Moldova's apparel manufacturing sector, necessary to create good and fair working conditions for workers and increasingly demanded by European manufacturing clients. During Y1-4 MCP assisted **11** unique companies to implement **Integrated Quality Management Systems** and gain certification in international **Social Compliance** and production standards, with a positive impact on **2,570** employees. As a result of obtaining social compliance certification, Portavita apparel manufacturer won a contract with an EU clothing manufacturer worth **\$1.7 million USD**.

Developing on-trend brands and products for global and local markets

Quality design is critical for the success of apparel companies competing in a world of fast-changing fashion trends. In partnership with Bhavana World Project and Senior Expert Service Germany, MCP brings international experts to work closely with Moldovan fashion companies to improve design and patternmaking skills, increasing the competitiveness of final products on the global fashion market.

Improved designs resulting from Flying Designers program helps clothing brand double sales. The program brings international designers to Moldova to provide multiple, intermittent consultancies with Moldovan factories to improve designers' skills and help firms to improve their collections. Support ranges from identification of key design themes to proposals to increase the value-added of existing collections within the existing capacities of the company. MCP assisted **15 SMEs** to create capsule collections for the FW 2019 season. As a result of this ongoing, targeted design consultancy, children's startup clothing brand Milly Mia increased sales by about 2.5 times in Y4.

20+ patternmakers improve their skills, increasing potential for exports and full-service manufacturing. Pattern making is key to ensuring that designers' ideas are correctly translated into the final product. Due to increasing demand for pattern development from local and international companies, MCP supported a pattern making specialist from Senior Expert Service (SES), Germany, to train 20+ patternmaking specialists at Ziphouse in Y1-3. In Y4, five specialists from three companies upgraded their patternmaking skills, and Gratia Stil patternmaking company was assisted by the SES expert to provide services to local apparel SMEs. Gratia Stil also delivered patternmaking services for a client in Bosnia for the first time, demonstrating the export potential of this niche.

MCP supports fashion industry companies to add value with improved sourcing skills.

Access to good quality fabrics, findings, accessories and other raw materials is vital for all fashion companies to create value-added products, whether they are offering full-service manufacturing for EU clients, or designing and developing own-brand and private label apparel. In Y4, MCP supported sourcing visits to **critical raw materials and accessories hubs** for **18** Moldovan beneficiaries, including manufacturers and emerging and start-up designers. Destinations included the **largest EU textiles and leather tradeshows**, Premier Vision, Texworld, and Interfilierie in France, and exploration of silk and other textile sources in Dubai. The Moldovan designers and acquisition specialists built new supply channels for high-quality affordable raw materials and accessories and bought over **\$3.8 million USD** worth of textiles (**seven times** more than **\$560,000 USD** purchased in 2018), evidence of Moldova's transition to 'full package' manufacturing services, and mitigating the limited access to quality textiles in Moldova.

UNLOCKING SKILLS IN CREATIVITY, DESIGN, MARKETING AND BUSINESS



Photo credit: ZIPhouse
Photo Caption: ZIP Hackathon for young designers, 2019

Investing in ZIPhouse to expand and deepen opportunities for market-driven skills development

ZIPhouse is Moldova's flagship institution in workforce development and fashion startup acceleration, providing skills upgrades, opportunities for collaboration and startup acceleration across the fashion industry to empower young Moldovans to develop creative careers at home.

In Y4, MCP supported ZIPhouse to strengthen its position as Moldova's fashion community platform, **enlarging its 4,000+ followers to 5,600+** (40% increase); **increasing the number of unique beneficiaries to 1,200** industry professionals (20% increase); providing **knowledge and collaborative support to 130+ unique private companies** (or over 1/3 of light industry SMEs); and elevating the quality of the educational system by **training 50+ university and college teachers**. In Y4, the center **accelerated 11 startups**, raising its community of supported startups to 40. These startups have reported a **25% average increase in export readiness**, and 18 startups have begun exporting their products to the EU.

MCP strengthens ZIPhouse's institutional capacity...

In Y4, MCP continued to play an active role in ZIPhouse's long-term strategic development. The project participated in the selection of **a new ZIPhouse executive team, and the recruitment of a new Executive Director**, Carolina Tulgara, a member of the returned Moldovan Diaspora who previous had a successful fashion career in Paris. This new team shares the same vision, goals and values for the future of ZIPhouse and Moldova's fashion industry, contributing to the Center's institutional sustainability.

The project ensured that ZIPhouse continued to strengthen its **key programmatic pillars: Community building, Fashion Acceleration, Fashion Leadership, and Fashion Academy**, and worked on developing a fourth new pillar – **Market Icebreaker**, which now positions ZIPhouse as a platform to identify new brands and talents, supporting their emergence on the local and international market.

To increase ZIPhouse's value to its members and the fashion community, MCP supported the development of an **extended Activity Plan of 50 events** aligned with industry needs, prioritizing advanced technical education opportunities including training courses in-house and abroad; introducing challenge-based competitions and acceleration for fashion start-ups; and market penetration activities such as fashion catwalks and pop-up shops.

...and drives its strategic sustainable development

To implement these activities, and ensure their industry relevance, MCP supported ZIPhouse to draw on its **existing partnership with APIUS** light industry association, and **developed new partnerships, relationships and connections with donors, creative hubs, and academic institutions**.

ZIPhouse joined forces with the International Trade Center in Chisinau for targeted workforce development trainings, and **leveraged donor funds by independently implementing a new \$65,088 USD grant from UK aid** to deliver enriched opportunities for women and youth in the fashion sector.

ZIPhouse also became an associate member of the **European Creative Hubs Network**, putting Moldova on the European and International map of the creative world, and connecting the hub to a global network of 215 hubs, accelerators and centers of excellence in 38 countries, and **built sustainable relationships with leading fashion institutions** in Italy (Polimoda University, Academia di Belle Arti "Aldo Galli", IED Istituto Europeo di Design, COMO, Fashion Technology Accelerator Milan.), France (Alovera Consultancy Fashion Accelerator, Paris), Ukraine (the Kiev Fashion Institute) and Russia (the Merchandising & Windows School, Moscow).

ZIPhouse

Demonstrating a shift towards financial sustainability, ZIPhouse continued to **generate income from membership fees, space rental, consultancy, educational activities, and training fees**, and diversified its income by providing additional services with the specialized equipment available at the Center.

Boosting fashion creativity, accelerating startups and building a Moldovan fashion community

MCP has supported ZIPhouse to form a vibrant fashion community of young designers, students, emerging brands, and professionals, with more than 1,200 unique beneficiaries and 5,600 followers on social media, inspiring new young fashion enthusiasts to support and join this thriving industry. More than 25 members of the private sector worked pro-bono to support ZIPhouse activities through mentoring, coaching, workshops and other activities, demonstrating the belief of the private sector in the importance of the Center.



Photo credit: MCP
Photo Caption: ZIP Acceleration Pitch Day, 2019

ZIPhouse identifies and strengthens emerging young fashion designers...

Stimulating own-brand fashion labels results in high value-added per dollar of MCP investment, and results in a strong fashion industry providing jobs for thousands of Moldovans, specifically women. However, Moldovan fashion startups are limited by a lack of education and training in key elements of the fashion industry. To enable local fashion start-ups and emerging designers to overcome these barriers to entry and to grow domestically and internationally, ZIPhouse developed the 6-month **Fashion Acceleration Program (FAP)**, a launchpad for promising own-brand start-ups delivered in collaboration with Fashion Technology Accelerator Milan and APIUS, with support from MCP. To date, **40 startups** have graduated from the program, creating **45 new jobs, exporting to EU markets**, and showcasing at events at **London and Paris Fashion Weeks**, and in Georgia, Germany and New York. In Y4, **11 new fashion entrepreneurs** graduated from the program, with the two winning startups going on to further training in Kiev, Ukraine.

...supports new entrepreneurs to make their first sales...

For emerging designers, pop-up shops offer a unique opportunity to showcase their products in public, to test the product with potential customers and to make their first sales. In Y4, ZIPhouse organized six pop-up shops with a total of **84 participating designers**, strategically connected to large events like Moldova Fashion Days and Fashion Expo to ensure a greater flow of customers, or organized within hotels, to extend the outreach to tourists. The events resulted in a combined **\$15,700 USD** in total on-the-spot sales and individual orders, generating income, providing market insights and generating market confidence for the next wave of Moldova's fashion entrepreneurs.

Developing the skills of tomorrow through advanced technical training and education

ZIPhouse provides advanced education aligned with fashion industry needs.

ZIPhouse addresses the current skills gap in the fashion industry, and organizes trainings and workshops, aligned to industry needs, to support the transition to producing higher value-added products.

The **ZIPhouse Fashion Academy** provides the fashion industry with advanced technical trainings based on practical knowledge, led by local and international experts, to enhance the skills and abilities of local specialists. In Y4, Ziphouse brought **15 fashion leaders and experts** from Italy, the UK, France, Ukraine, Dubai, Russia, and Romania to deliver **25 professional trainings** for **430+ local professionals** from local companies, TUM, and other educational institutions. The topics ranged from technical subjects, such as factory productivity and layout and pattern making, to fashion design fields such as sustainable fashion, photography, and fashion management and fashion marketing with focus on merchandising and online sales.

A second flagship ZIPhouse program, the **Fashion Leadership Program**, acts as a rapid intervention to bridge the skills gap in mid- and senior-level company management and academia, who can influence the workforce, and support the industry to transition to higher value-added concepts like own-brand production. In Y4, the program provided **30 Moldovan fashion professionals**, including 65% of the TUM Faculty of Textiles, Design and Printing teaching staff, with **40 hours of training in Fashion Design and Fashion Marketing** at **Instituto Europeo di Design in Como, Italy**, one of the top fashion institutions in the world. The program also brought English and Russian-speaking expert trainers from the UK to Moldova, for industry leaders unable to take up international travel opportunities.

POSITIONING MOLDOVA AS A SOURCE OF FASHION BRANDS AND QUALITY MANUFACTURING



Photo credit: Olesea Galusca, MCP
Photo Caption: Julia Allert collection at Moldova Fashion Expo

Moldovan companies enhanced exports to the EU and regional markets, focusing on higher value added manufacturing and branded products

Increasing global exports through strategic tradeshow participation. In Y4, MCP continued to support Moldova's light industry to jump from low-value cut-and-make (C&M) services, to high value-added manufacturing services and own-brand products oriented for export, resulting in more stable and better paying jobs, especially for women. With APIUS, the Moldova Investments Agency and other partners, MCP supported trade activities to reposition Moldova as a full product manufacturing partner for European and regional clients, and as a source of high-value, ready-to-wear fashion brands.

Repeat participation in EU trade shows generates more than \$650,000 in sales. MCP supported **31** apparel and footwear manufacturers to participate in 20 distinct EU and regional tradeshows, generating

on-the-spot sales of about \$650,000 USD and over 700 business contacts, with more orders following the events. The largest share of these new export contracts is for more value-added manufacturing concepts, including sourcing, pattern making and design, which support the industry's competitiveness. Participating in at least three consecutive tradeshows is necessary to transform business interest into real sales. Repeat participation in Fall and Spring editions positioned Moldova as a reliable and lasting partner for attending customers.

Moldovan companies secure export contracts worth \$298,000 and open showroom on the Romanian market. Romania presents great potential for market expansion due to cultural affinities, customer preferences, and existing economic and political relationships. To increase penetration into this valuable EU export market, MCP supported more than **20** Moldovan light industry companies with high-value own-brands to showcase at **major B2B and B2C apparel exhibitions and trade fairs** in Romanian cities Bucharest and Iasi, and consolidated the bridalwear and eveningwear segment, assisting seven brands to attend Romania's leading wedding fairs: Ghid Mariaj and Mariaj Fest. As a result, Moldovan light industry companies **signed contracts worth \$298,000**, and Romanian customers now travel to Chisinau to buy high-value wedding dresses. In Y4 two companies joined together to open a DININIMA showroom in Brasov, the touristic capital of Romania.

Targeting regional and market segment sales niches yields results. MCP works to closely match light industry companies with specific sales regions and market niches for maximum results. Five fashion brands, including leading designer Julia Allert, signed created **88 new contacts** and signed orders worth **\$121,000 USD** at the most powerful fashion exhibition in central Asia, Central Asia Fashion in Kazakhstan, and five Moldovan shoe manufacturers, including two based in Transnistria, signed contract for trial orders worth **\$125,000** following participation at **Ukraine's leading footwear tradeshows**, reflecting Moldova's resonance with these regional markets. Meanwhile, designers in the **accessories, lingerie, and bridal niches** all signed significant contracts at targeted trade shows in the **UK, France, Germany and Italy**, with jewelry being sought out by buyers from **Japan, Korea and South Africa**.

Trade show participation stimulated by a \$283,000 PPP. To realize joint goals in trade promotion, and support the sales objectives of individual firms, MCP joined forces with the Moldovan Investments Agency and APIUS to co-share participation at a pre-agreed list of exhibitions, resulting in more impactful market support. To date, the PPP has invested \$619,000 USD in trade and promotion activities, with a value of **\$283,000 USD in Y4**. MCP was the driving force of this partnership, contributing \$133,000 or 47% of the total PPP value, leveraging 40% from the private sector (APIUS) and 13% from the public sector (Moldovan Investment Agency).



Photo credit: APIUS
Photo Caption: Marriage fest Bucharest wedding fair

STIMULATING DOMESTIC MARKET



Boosting the domestic fashion market to stimulate the emergence of new brands

DININIMA common store PPP opens four new retail spaces, hosting 15 cooperating local brands. The MCP-supported PPP raised \$74,000 USD, 83% of which from the private sector (APIUS), to open **four new DININIMA branded retail stores in Chisinau, totaling 940m²** of products from **15 local brands**. This brings the total number of joint stores selling multiple DININIMA brands to seven, operating under a 'cooperation not competition' model. These stores recorded **sales worth \$235,000 USD in their first four months**, demonstrating the popularity of Moldovan brands on the domestic market. There are now more than **3,000m² of retail space** selling Moldovan products under the DININIMA umbrella identity. These new stores demonstrate the increasing maturity of the DININIMA brand and the efficiency of joint retail areas.

20 MCP-supported fashion brands launch first DININIMA e-commerce platform. With MCP support, **20 DININIMA apparel brands** joined forces to launch the **first multi-brand DININIMA e-commerce site**, fromtheheart.shop. This private initiative, which capitalizes on the strength of the DININIMA platform, was developed despite significant regulatory challenges, and represents a big step forward for the sector.

Moldova Fashion Days expands to 45 brands and doubles attendees, leveraging visibility on domestic market. With MCP support, Moldova Fashion Days (MFD) has become the leading industry event, showcasing original designs and brands from Moldova to domestic and international fashion consumers and buyers. In Y4 MCP assisted the successful and professional bi-annual organization of MFD and its satellite events, and made improvements to the event structure, expanding the number of brands shown to **45 per edition**, including new names and young designers, and **doubling the number of visitors** to facilitate greater outreach and spur sales. MFD is a flagship PPP, leveraging private sector support to ensure the sustainability of the event and increase the industry's responsibility for its own success.

Private Sector increases cooperation and takes lead on DININIMA promotion campaigns, sustainably raising industry profile. MCP provided strong financial support and acted as a facilitator and coach to support producers to realize the benefits of transitioning to **joint marketing campaigns**, guiding the consolidation of DININIMA ownership by APIUS and its members to encourage an **industry-wide shift to joint, sales-driven promotion**. DININIMA campaigns on the local market as a PPP, with an average of 40 brands benefiting and contributing to about **15 different events and digital campaigns**

throughout the year. During Y4 the PPP raised \$35,839 USD, with MCP contributing 44% of this value, and the majority of resources being supplied from the private sector (APIUS and sponsors). This funding share confirms the enhanced capacity of APIUS to lead innovative marketing initiatives, and the effectiveness of joint actions.

STRENGTHENING APIUS ASSOCIATION



Photo credit: MCP

Photo Caption: U.S. Ambassador Derek J. Hogan visits RiDiager apparel factory in Comrat

APIUS Light Industry association is becoming the industry's lead partner on trade promotion, driving domestic sales and exports with MCP strategic assistance. MCP 'channeled' trade assistance to light industry through the association (utilizing an ongoing grant between APIUS and MCP), a strategy that enhances long-term local capacity and sustainability.

APIUS membership grows to 116, representing 25% of Light Industry enterprises. In Y4, the association added eight new members, making APIUS a large and representative industry association representing more than 25% of Moldova's active Light Industry enterprises. MCP provided assistance for institutional strengthening, intervening in critical areas, including APIUS' lobbying and advocacy capacity, increased transparency and member engagement, and improving member communication (instituting mailing groups and regular newsletters).

MCP supports development of industry database to attract manufacturing clients and spur exports of services and products. With the support of MCP, APIUS started to create a database to promote local suppliers, services and products to European clients and customers. It will be the first comprehensive Moldovan database of light industry manufacturers and will include more than 120+ producers, most of which are APIS members. The database will support APIUS to promote Moldova as a full-product manufacturing partner and spur exports of services and products and allow the association to strengthen its position as the core organization representing the interests of the light industry to the Moldovan Government and state institutions.

Light Industry assistance highlights FY19:

- **241 firms** have benefited to date from MCP assistance or **51.3%** of the **470** total industry SMEs in in **2018**
- **Output from Moldova's light industry in 2018 totaled \$338.6 million USD, 7% more than in 2017.**
- Assisted factories made **\$33.9 million in export sales** in FY19, underpinned by MCP assistance for productivity, design and trade.

Upgraded factory productivity and efficiency to create better paying jobs

- **MCP's SMART factory program assisted 75 apparel and footwear firms (Y1-4)**
 - **38 factories** (including 9 startups) **improved productivity by up to 26%** through implementation of Lean Management tools, MODAPTS and other productivity enhancement programs such as workplace engineering, and cost-cutting measures (waste reduction, time saving, energy efficiency), with a spillover effect on their **6,700 employees.**
 - **11 unique** companies were assisted by MCP during Y1-4 to implement Integrated Quality Management Systems and gain certification in international Social Compliance and production standards (Business Social Compliance Initiative and AMFORI Social Audit), with a positive impact on **2,570 employees.** As a result of obtaining social compliance certifications, Portavita apparel manufacturer won a contract with an EU clothing manufacturer worth **\$1.7 million USD.**
 - MCP-assisted firms were able to **increase seamstress wages from \$420 to \$515** in comparison to the industry average of \$295 (in 2018, using an exchange rate of 17.5). This helps to ensure fair living wages for women.
 - **16 light industry factories** leveraged more than \$200,000 with \$151,500 MCP SEED Fund and **invested in new manufacturing technologies**, including over 60 units of sophisticated high precision equipment, computer-aided design and printing machines, which increase the quality and speed of production.
- Moldovan designers built new supply channels of high-quality affordable raw materials and bought over **\$3,849,180 USD of textiles** (seven times more than 2018), evidence of Moldova's transition to 'full package' manufacturing services and mitigating the limited access to quality textiles in Moldova.
- **12 Moldovan brands**, including four start-ups, assisted through **'Flying designers' program** developed **capsule collections** for the SS and FW 2019 seasons, resulting in more than **280 styles**, all oriented toward western market expansion. As a result, children's clothing brand Milly Mia increased sales by about **2.5 times** in Y4.
- **20+** patternmakers improved their skills, increasing potential for exports and full-service manufacturing. In Y4, **five** specialists from three companies upgraded their patternmaking skills, and Gratia Stil patternmaking company was assisted provide services to local apparel SME, and export services to Bosnia for the first time.
- ZIPhouse strengthened its position as Moldova's fashion community platform, supporting **1,200** industry professionals (**20% increase**), **130+** private companies (over **1/3** of light industry SMEs) and **50+** university and college teachers. Social media followers jumped to **5,600+ (40% increase).**
- ZIPhouse accelerated **11** startups, raising its community of supported startups **to 40**. These startups have reported a **25% average increase** in export readiness, and **18 startups** have begun exporting their products to the EU.

Positioning Moldova as source of fashion brands and quality manufacturing

- **102 companies** were supported to participate in **45 sales facilitation activities** on at **33 international trade shows and B2B events** on local and international markets, generating over **\$750,000 in new export contracts** and **1,660 market linkages**, mostly for Full Product manufacturing and other high value-added products.
- More than **940 m2** of Moldovan products from **15 local brands** went on sale in **four** new **DININIMA joint stores**, consolidating the domestic market. There are now **7** joint stores selling multiple DININIMA brands operating under a 'cooperation not competition' model.
- **20 MCP-supported fashion brands** joined forces to launch the first multi-brand DININIMA e-commerce site, fromtheheart.shop.
- Joint DININIMA sales areas at ZORILE commercial center made \$3.2 million in sales, **16,7% more than Y3**. Sales at flagship boutique Moda increased by more than 40%, securing \$741,000 for six local brands.
- **Moldova Fashion Days** is now the leading professional industry event, showcasing **100 new** collections by **45+** established brands and **15 new entries** and young designers. 80% of the event is financed by sponsors and participants, demonstrating sustainability.
- In FY18, **8 new producers** became APIUS members, raising the total to **116**, representing more than **25% of Moldova's active Light Industry enterprises.**

SUCCESS STORY

FROM SMALL FAMILY WORKSHOP TO LEADING APPAREL EXPORTER



Angela Maican, co-owner of Maicom apparel factory in Chisinau, demonstrating the finishing quality for the pajamas

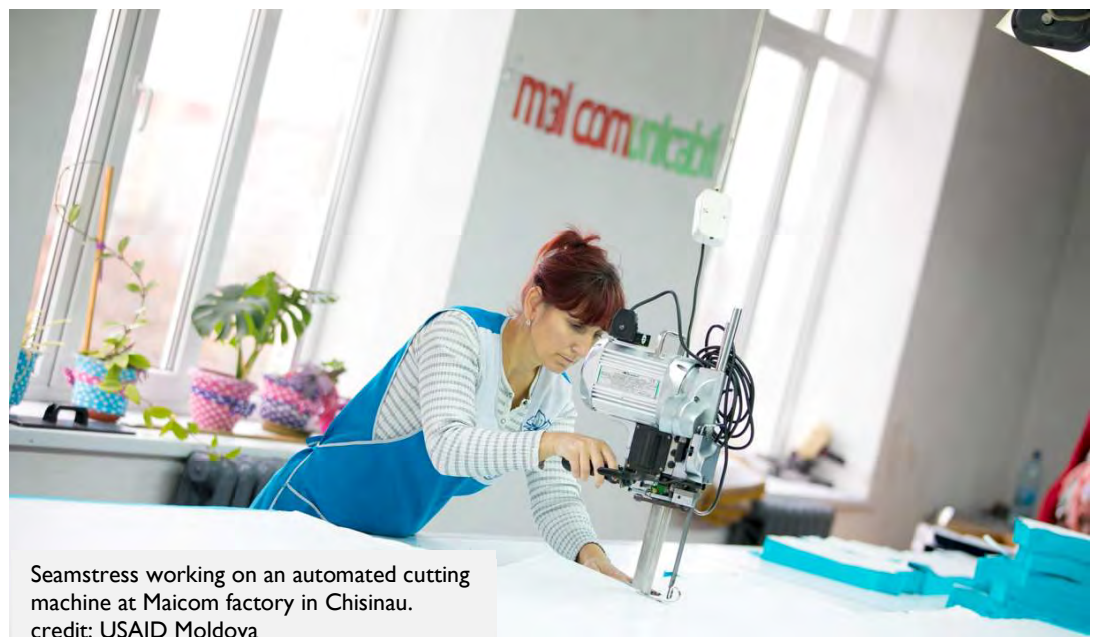
Apparel manufacturing is a valuable source of employment for Moldovan workers, especially those with low skills and or in rural areas. MCP provides complex support to apparel firms to increase productivity, stimulate exports and improve working conditions, creating quality jobs that provide a genuine alternative to migration.

“Nine years ago, we started from a small workshop with just one sewing machine. Now we employ 163 people, have more than 50 stores, and export our products to the European Union”.

Angela and Victor Maican are looking through the construction plans for their new two-story apparel factory, developed with support from a Moldova Competitiveness Project (MCP) productivity consultant. Soon, they will begin to move their company into the new facility, with room for continued, sustainable growth within the business.

It all seems a long way from his first steps in Moldova’s thriving apparel sector. In 2010, Victor and his wife Angela saw an opportunity to begin manufacturing high-quality clothing made from stretch jersey fabrics – t-shirts and pajamas – before expanding into other products like leisure wear. They began their company, Maicom, out of a small workshop with a single sewing machine, but the couple dreamed of bigger things.

“The most important thing for an entrepreneur is to find support throughout the business cycle” explains Victor. “Nine years ago, we started from a small workshop. Ideas like merchandising, rebranding, and high productivity technologies were absolutely new. We



Seamstress working on an automated cutting machine at Maicom factory in Chisinau.
credit: USAID Moldova

approached the Moldova Competitiveness Project, and they provided us with specific support wherever we needed it, from access to information and mentoring to grants for specific equipment”.

Wrap-around support yields transformational results

Maicom’s success shows how strategic support from the MCP Streamline Manufacturing, Accountability, Resource Efficiency and Transparency (SMART) program translates into concrete improvements within Moldova’s apparel industry.

Following recommendations from an MCP productivity consultant, visits to international trade fairs to learn about new production technologies and MCP co-investment in equipment upgrades, the company achieved a **40 percent increase in productivity and efficiency** resulting in increased competitiveness and higher revenues.

Maicom also followed recommendations to implement a new, incentive-based payment scheme to ensure fair remuneration for its hardworking seamstresses. This resulted in a 90 percent increase in operator productivity, 5 percent reduction in absenteeism and a **22 percent increase in wages** for the company’s employees.

Targeted coaching to upgrade design skills and investments in specific machinery have resulted in **improved manufacturing quality**.



Maicom store in downtown Chisinau on its opening day, July 2019. Photo credit: Maicom

“After we received a grant for the knitting machine, we improved the quality of our products” explains Victor. “This change was noticed by our local and European consumers, allowing us to **expand to 50 stores and export to**



Visitors admiring leisure wear at the Maicom store in downtown Chisinau. Photo credit: Maicom

European markets”. The company has also begun to create its own designs, which it has shown at Moldova Fashion Days, and has joined the MCP-supported DININIMA fashion platform, benefiting from cross marketing support on the Moldovan market.

MCP support increases confidence in addition to equipment and skills

MCP interventions also increase the confidence of business owners, resulting in increased sustainability. ase “We became more confident after MCP assisted us to go to the TechProcess exhibition in Frankfurt, Germany” says Victor. “The trip gave us the opportunity to choose our own machines to increase and improve our productivity”.

SMART program consultants also respond to the direct concerns of business owners, increasing ownership of the resulting transformations. MCP consultant Martin Bucher explains: “Victor knew that Maicom’s current premises had become too small for the business, but he was concerned about how the move a new facility would impact his productivity and predicted growth. Following my consultancy, Victor says that his concerns have been solved, and he looks at the future of his company’s growth with confidence”.

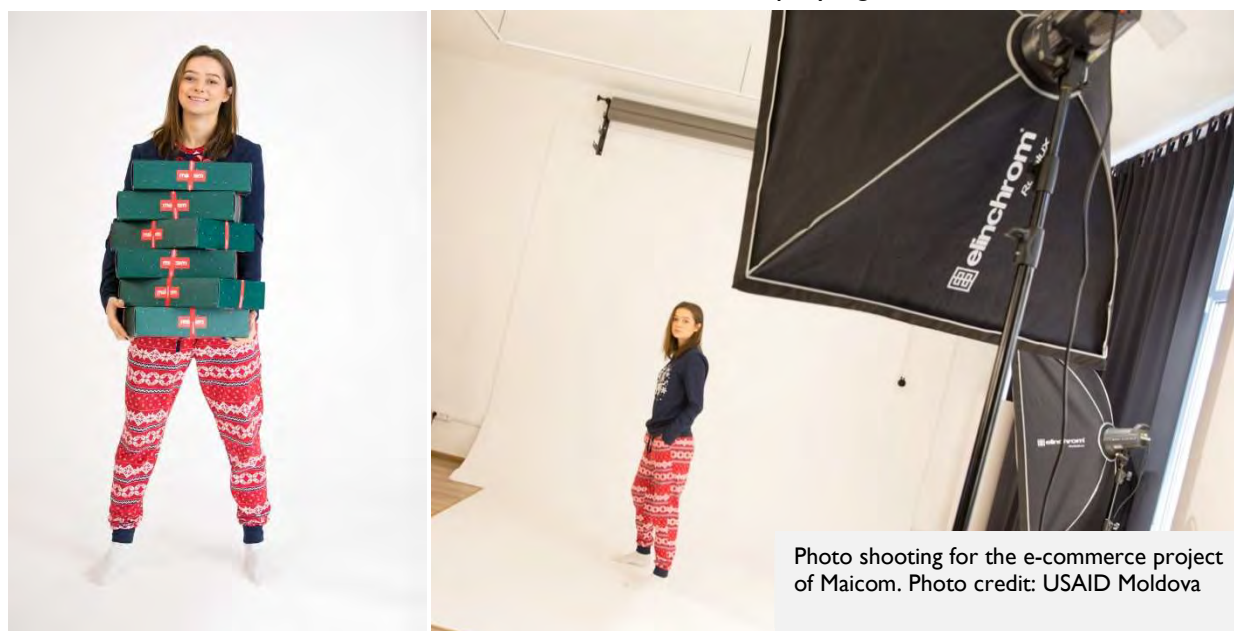


Photo shooting for the e-commerce project of Maicom. Photo credit: USAID Moldova

About the SMART Program and MCP support for the Moldovan Apparel Manufacturing

Apparel manufacturing is a valuable source of employment for Moldovan workers, especially those with low skills and few employment options in rural areas. More than 27,800 people work in the sector, from machinists to business owners, over 90% of whom are women.

MCP supports Moldovan factories like Maicom to improve operational efficiency and product quality with its SMART factory program. The initiative invests in productivity, resource efficiency, social compliance,

innovation, design and sourcing improvements to catalyze Moldovan light industry companies to become high-value manufacturers of quality and value-led products, resulting in a skilled workforce with higher salaries and a higher quality of living.

To date, 70 factories like Maicom have benefitted from the program, with spillover effect on their 6,350 Employees, or 20 percent of the industry workforce. SMART has triggered co-investments in technology upgrades worth \$630,000, including over 180 units of complex and high precision equipment, and productivity in these factories has increased by an average of 15-20 percent. As a result of these interventions, the median monthly wage for seamstresses in these factories has reached 7,000 MDL, 46 percent higher than the industry average, providing a living wage and valid alternative to migration for the

low-skilled women working in the sector.

INFORMATION TECHNOLOGY, CREATIVE & ENGINEERING SERVICES (ICT CLUSTER)



Photo credit: MCP
Photo Caption: Launch of Artcor

ICT is one of the major drivers for Moldova's future economic growth, and a strategic resource for further development. The development of ICT is a national priority, and the Moldova Competitiveness Project (MCP), funded by USAID, Sweden, and UK Aid, provides assistance to the sector to increase Moldova's economic competitiveness, strengthen its human capital, and enhance its business environment.

Investing in Moldova's Information and Communications Technology (ICT) sector leverages the fastest growing export industry in Moldova and the largest employer of youth. MCP works to create a sustainable talent pool to match industry requirements by raising the profile of STEAM subjects, creating public-private Centers of Excellence, positioning Moldova as a leading exporter of high-value services while crafting an enabling business and entrepreneurial environment.

As the fastest growing sector of the economy by far, **ICT plays a special role in building quality jobs in Moldova, offering the highest salaries and employing the largest number of youths.** Vibrant ICT growth is underpinned by the remarkable partnership forged between the Government of Moldova

and the private sector, who have joined forces to prioritize ICT modernization and promote game-changing initiatives.

To reach maximum potential, MCP supports IT, engineering and creative services as a cluster, creating development synergies allowing for compounded results.

These synergies will lead to economic, social, political, and cultural benefits for Moldova that could not be achieved as standalone industries. Moldova's ICT cluster presents great potential for quick growth, high earning potential, and modernizes the country's economy, governance and society. This is exemplified by the fact that information technology (IT) sub-sector recorded exponential development, with software exports having grown 40-fold since 2005, striking \$164 million in 2018 (40% growth vs. 2017).

Keys to Competitiveness: IT, Engineering and Creative Services

- Increase the share of high value tech, engineering and creative services originating from Moldova.
- Create a sustainable talent pool to match evolving market requirements.
- Create a favorable investment climate to attract investments in IT, R&D and technology startups.
- Promote and position Moldova as an investment destination for R&D, Innovation and Disruptive Technologies.
- Develop modern and affordable infrastructure for businesses such as innovation centers and IT Parks.
- Link to regional funders and "angel" investors
- Promote STEAM fields to students, including girls, during primary and secondary education.
- Engage private sector in education, including global vendors.

The interventions to support the ICT cluster's continued development, increase exports and competitiveness in foreign markets, need to be designed to achieve non-linear growth, requiring **human and capital resources**. MCP works to create a sustainable talent pool to meet the demands of the sector by raising the profile of Science, Technology, Engineering, Arts and Math (STEAM) subjects and introduce digital innovations in education to prepare youth for 21st century careers. MCP engages industry leaders, such as Orange Telecom and LEGO Education, in game-changing educational partnerships, bringing market-driven technologies to schools, such as coding, robotics and 3D printing. Nurturing a **business enabling and entrepreneurial ecosystem**, MCP supports industry-specific **public-private Centers of Excellence** in the capital such as Artcor Creative Center, FabLab and in the North of Moldova Regional Innovation Center, that are housed at local Universities to secure sustainability of investments. Furthermore, MCP works to increase the share of high-value tech, engineering and creative services originating from Moldova by **promoting its export capabilities on EU and other high-value international markets**.

MCP provides assistance to the Moldovan Government to develop an **enabling environment that is conducive to technology-driven entrepreneurship**, through policies that facilitate digital opportunities such as the innovative 7% single tax on firm sales, develop human capital, and positively impact the investment climate. MCP strengthens the ICT business association (ATIC) and the emerging Creative Business Association (COR), enabling these to work closely with the Moldovan Government to streamline the business environment, promote sound policy making, and maintain the private sector as the development engine for these industries.

Light Industry Key Facts

- IT is the **fastest growing industry** in Moldova, with **IT service exports** recording **\$164 million** (2018), a **40% increase** vs. 2017 and 40-fold growth vs. 2005 (when USAID started its assistance).
- Over **60%** of IT service exports go to Europe and **20%** to the Americas in **fintech automotive, telecom**, and other verticals, employing 3rd platform technologies such as big data, cloud and the Internet of Things.
- Moldova is an **attractive near-shoring location in south eastern Europe** (SEE), providing cost and quality advantages.
- ICT employs more than **23,000 people**, mostly youth.
- Average monthly salary is **\$1,630** (2019) or almost **four times the country average**.
- In 2017 the Moldovan Government introduced innovative new policies conducive to technology-based businesses and investors: the **Law on IT Parks, 7% single tax on firm turnover, and IT Visas**.
- To enjoy these tax and business incentives, the Government partnered with the ICT Business Association to open the **first virtual Moldova IT park** in 2018. The park now has 480 residents, 25% of which are foreign-owned and 40% are newly established companies.
- Moldova's first **technology park Digital City** is being built by domestic private investor Starnet. **\$8.9 million** in investments are facilitated by a US Treasury loan guarantee. The Park will host **2,000 jobs**.
- **Human capital and skills** are the biggest challenge, limiting industry growth.
- **MCP** strategically partners with global corporations such as Microsoft and IBM, domestic private sector, Government and other donors to jointly invest over **\$10 million** in game-changing innovation centers – **Tekwill, Artcor, Future Classroom, Balti Innovation Center and Mediacor** - housed at Moldova's key universities.
- Since 2015, over **40,000 youth** developed coding, design, robotics, engineering, entrepreneurial and other cutting-edge skills.
- The ICT cluster includes **engineering, media and creative services** as high potential industries. quality advantages.

ICT industry Year 4 Impact Highlights

Thanks to MCP investments in the ICT workforce pipeline and trade promotion, and work to develop a business-enabling ecosystem and infrastructure, Moldova's thriving ICT industry continues to demonstrate exponential growth.

The Moldovan wine and vine industry is still in the midst of a historic turning point. Sectoral sustainability, product standards, workforce quality, international awareness, targeted marketing, and a strong business enabling environment are all critical drivers of continued growth for the industry, and enable penetration into competitive international markets.

Moldova has the potential to be a global hub for high-value added IT projects, in verticals such as fintech, automotive, e-government and telecommunications, employing third-platform technologies such as big data, cloud and the Internet of Things. It has a huge potential for growth in the creative industries, innovation-driven projects, R&D and engineering services, following Moldova's shift from a low-cost time-and-materials outsourcing location to a high-value added destination able to tackle complex, full-cycle, multimillion-dollar projects. Moldova's thriving IT services market is estimated to achieve a total value of \$182 million USD in 2019, exporting an incredible 78.3% of total IT services, and the sector should meet its projected annual composite growth rate (CAGR) of 7.86% for 2019-2024, creating new jobs and economic opportunities across the whole country.

The spectacular growth of Moldova's IT industry is underpinned by a long-term partnership between the Moldovan Government, private sector players and MCP. Since 2005, when MCP predecessor projects began investing in the industry, Moldova's IT exports have risen 40-fold to \$164 million USD (2018), creating well-paid jobs for more than 23,500 people, mostly youth. The Moldovan Government acknowledges the potential of this ecosystem, and is focusing on accelerating industry growth by streamlining tax legislation in the form of the IT Virtual Park, simplifying the process of obtaining visas for foreigners who come to Moldova to work in ICT, and supporting the development of world-class IT infrastructure and business facilities such as the Virtual Park and Digital City – all made possible due to sustained support from MCP.



Photo credit: MCP
Photo Caption: MegaDojo event 2019



Photo credit: MCP
Photo Caption: MegaDojo event 2019

Digital education is a priority for USAID, Sweden and UK aid., promoting Science, Technology, Engineering, Arts and Math (STEAM) youth education through two flagship initiatives - Future Classroom and Educational Robotics - that equip youth with the digital skills they need to access 21st century jobs. Since 2015, over 140 schools and 18,000 youth benefited from educational robotics and Future Classroom initiatives. Another 8,000 youth are expected to benefit in 2020. Over 600 teachers were trained in using transformative learning technologies in the classroom. MCP's ongoing and future investments are estimated at US \$1.15 million including Future Classroom (US \$350,000) and Educational Robotics (US \$800,000). The project's work to develop innovative educational partnerships and bring market-driven technologies to schools, including coding, robotics and 3D printing, enhances learning outcomes and develops practical skills in students, both in urban centers and in rural regions.

New Future Classroom Center for Digital Innovation in Education launched at Pedagogical University to train 1,000 teachers a year, transforming the educational landscape. To ensure sustainable implementation of innovative practices and technologies across the Moldovan education system,

and to instill modern approaches in teacher training, MCP, the Government of Moldova and Orange Moldova Foundation came together to create a long-term public-private partnership, the National Center for Digital Innovation in Education, or “Future Classroom”. The Center was launched in April 2019 at the State Pedagogical University Ion Creangă, and immediately began promoting digital transformation and new pedagogical approaches within the educational community and its stakeholders. Since its launch, the Future Classroom center has hosted 67 educational events, conferences, forums, rainings, workshops, and presentations, attended by over 7,300 (non-unique) active teachers and students, and plans to train more than 1000 teachers each year.



Photo credit: Orange

Photo Caption: Technology demo at the launch of the National Center for Digital Innovation in Education

Future Classroom Lab partnership expands to include 20 new schools and Liechtenstein Development Foundation. At the end of Y4, 20 more schools were selected to join the FCL pilot by MCP and Orange Moldova Foundation, bringing the total number of supported schools to 31. The new schools are spread across the country, with only two located in the capital, Chisinau, and serve a total of over 16,000 students, with a total leveraged funding estimated at \$350,000 USD to be implemented in the academic year 2019-2020. LED approved funding for capacity building the National Center for Innovation in Education worth approx. \$550,000 USD, and is in the pre-launch phase of a new three-year project.

MCP-supported Robotics classes increase teamwork and creativity, and inspire 70% of participants to pursue STEAM careers. MCP continued to work with ATIC to consolidate the educational robotics program in schools, implemented under the patronage of the Ministry of Education, Culture and Research as an elective or extra-curricular course for all school grades. Robotics teachers delivered 12,094 hours of training to 5,067 students involved in robotics classes, 6% of the student body in participating schools. To date, the MCP Educational Robotics program is implemented in 140 schools and has helped approximately 15,000 Moldovan youth, or 5% of Moldovan general education students, gain the technical and soft skills needed to access 21st century jobs. Self-evaluation of participating students showed

that 61% improved their teamwork skills, 51% improved their creativity, 36% improved their communication skills and relationships with colleagues, and 35% improved their problem-solving skills. Over 70% of respondents declared they are planning to pursue careers in tech fields, e.g. engineering, robotics, or programming.

Educational Robotics adds 17 new schools and leverages \$80,000 in co-investment from participating institutions. To incentivize the organic growth of the school network implementing the educational robotics program, MCP and the Ministry of Education, Culture and Research launched a special promotion campaign in summer 2018: “buy THREE get ONE free”, to encourage school principals to purchase robotics sets with public funds. MCP, together with ATIC, provided robotics training for interested teachers and offered one additional free robotics set for every three bought by participating schools. 89 elementary school teachers, many of them from schools that were still hesitant to implement robotics classes, attended an introductory course by a LEGO Education Academy trainer. 17 new schools were added to the program, and more than 40 schools have invested approx. \$80,000 of their own resources in procurement of robotics sets, matched in kind by MCP. The success of this training and incentive program demonstrates the sustainability and the scalability of the scheme.

Record numbers of youth take part in Robotics competitions. The fifth FIRST Lego League (FLL) semi-final attracted 550 participants from across Moldova, making it the largest robotics competition in Moldova to date. FLL is the largest technology and robotics competition for youth in the world, encouraging them to design and program robots and develop engineering projects. The Moldovan FLL is under the umbrella of the global FLL network and is led by the National Association of ICT Companies (ATIC) with support from MCP to strengthen STEAM skills in Moldovan youth, and prepare them for jobs in the 21st century digital economy. The 2019 FLL final was won by two robotics teams – one from Chisinau and one from Balti, who went on to represent Moldova at the FLL European Open Championship in Turkey, competing against more than 100 teams from across the continent.



Photo credit: MCP
Photo Caption: FIRST Lego League 2018

BUILDING THE ECOSYSTEM FOR WORKFORCE AND ENTREPRENEURSHIP DEVELOPMENT

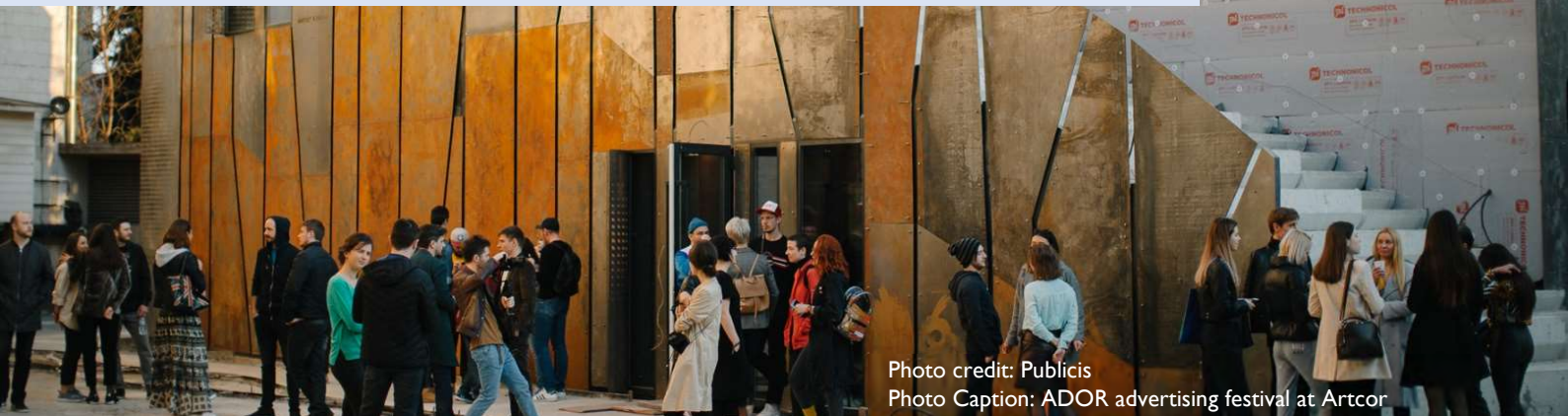


Photo credit: Publicis

Photo Caption: ADOR advertising festival at Artcor

The sustainable growth of the IT industry requires a multidimensional enabling ecosystem, with strong infrastructure for workforce, entrepreneurship and new market development as the key ingredient. During Y4, the project worked in partnership with the private sector, Government and leading Moldovan universities to develop the institutional capacity, infrastructure and content development of key IT, Creative and Engineering innovation centers. These centers focus on technical skills and entrepreneurship development, abilities in high demand by local and international markets.

Artcor Creative Hub launches in Chisinau, providing 1000 m² of resources to stimulate Moldova's creative industries. Artcor Creative Industries Center, a \$740,000 USD public private partnership between COR Creative Industries Business Association, the Ministry of Culture, Education and Research and the Academy of Fine Arts, and was developed over the course of two years with strategic support from MCP. The Center was officially launched in June 2019. With an innovative structural design, Artcor provides access to cutting-edge technology, a co-working space, training opportunities, and a dynamic ecosystem for Moldova's creative services industries. More than 1,000 companies, freelancers, students, and other sector professionals are now able to access new technologies and cutting-edge software, and work in the multifunctional collaborative space, which is also equipped to host events from exhibitions to product launches.

Artcor joins the European Creative Hubs Network and begins work on activity plan to build skills in the Creative sector. Artcor was officially accepted as an associate member of the 2019-2020 European Creative Hubs Network, placing Moldova on the European and international map of the creative world. This success opened a new range of regional and international opportunities for learning and collaboration, since the network is an umbrella organization that gathers critical mass and channels a coherent voice to the sector, supports policy advocacy efforts, and helps raise the creative sector profile in Moldova. Following a skills gap analysis in the industry, Artcor is focusing on building technical skills in the creative sector, from graphic design, video and audio production to Virtual Reality, Augmented Reality, VFX and other cutting-edge technologies. MCP awarded COR Association with a 20 month grant to support content development and increase the capacity of the center. More than 1,000 creative companies, freelancers, students, and other sector professionals are expected to access the Center each year, benefiting from co-working spaces, trainings, and conferences, and participating in startup acceleration programs designed to increase international exports.

Public procurement worth \$650,000 launched for construction of the Balti Innovation Center. MCP continued to work closely with the Regional Development Agency 'North' and Balti State University to define the infrastructure, functionalities, and operational model for the new Balti Innovation Center, a future public-private partnership to stimulate high-tech innovation in the north of Moldova. MCP finalized the architectural and engineering blueprints of the Center, and the Regional Development Agency "North" initiated a public procurement process for the development of the center, worth \$650,000. MCP also established cooperation between Balti University and 10 private ICT companies, which began to provide

skills and business development activities for more than 500 students and pupils under the umbrella of the Innovation Center, including trainings, conferences, and workshops. To develop the institutional framework and capacity of the Center, MCP also developed the Charter of the Balti Innovation Center, the Charter of the Administration Council, and a Management agreement. It is expected that the physical infrastructure of the Center will be finalized by the end of December 2020.

FabLabs in the capital and the regions continue to emerge and consolidate. FabLabs – open spaces equipped with technical equipment for making and prototyping new products – are key for the emergence of new precision engineering expertise. MCP focused on consolidating and strengthening the capacity of the three regional FabLabs launched with MCP support in Y3, and on establishing sustainable connections between these regional FabLabs and FabLab Chisinau, owned by the Technical University of Moldova. The regional FabLabs now constantly communicate and share their experiences with FabLab Chisinau, and collaborate on cooperative services to leverage the high-performance equipment found only in the capital.



Photo credit: Microlab NGO

Photo Caption: Programming self-driving cars during the Autonomous Bootcamp at FabLab Chisinau

POSITIONING MOLDOVA AS A REGIONAL DESTINATION FOR HIGH-VALUE SERVICES



Photo credit: MCP

Photo Caption: Launch of the IDC Study on Moldova IT market at the Investment Agency with former Moldovan Minister of Economy and Infrastructure, Chiril Gaburici

International Data Corporation (IDC) report “Moldova IT Players Priming for Worldwide Presence” brands Moldova’s IT industry an attractive destination for international investors.

The report, published with support from MCP, provides an independent overview of the current strength and potential of Moldova’s IT industry, and acts as a calling card for the Moldovan Government and Moldova’s IT private sector when pitching opportunities to local and international investors, foreign clients and existing IT businesses willing to expand or diversify their IT services. IDC recommends Moldova as a global hub for high-value added IT projects, in verticals such as fintech, automotive, e-government and telecommunications, employing third-platform technologies such as big data, cloud and the Internet of Things. The report also highlights the high potential for growth in the creative industries, innovation-driven projects, R&D and engineering services, following Moldova’s shift from a low-cost time-and-materials outsourcing location to a high-value added destination.

Moldova’s first Virtual IT Park reaches 470 residents after first year of activity. As a result of the cooperative efforts between MCP, the Moldova Investment Agency and the Ministry of Economy and Infrastructure, there were more than 470 residents in Moldova IT Park by the end of Y4, 402 of which have foreign capital and 140 are newly created companies. 8,501 IT specialists work for companies residing in the IT park, with a growth rate of 12% per year. IT specialists from Russia, France, India, Italy, Ukraine and Sweden have also taken advantage of the simplified IT Visa program to come and work for Moldovan IT companies.

MCP provides technical and strategic support to ensure success of Moldova’s first physical IT Park. The development of Digital Park requires a \$17 million USD (EUR 15 million) investment. During Y4, MCP facilitated and streamlined the signing of the USAID DCA Loan Guarantee Agreement between USAID and local commercial bank Moldova-Agroindbank SA, providing financing to Starnet to develop the Digital Park. The loan guarantee agreement sets up disbursements of \$8.9 million USD with a guarantee of 30%, and is intended to strengthen the bank’s ability to provide loans to Starnet to develop the Digital City IT Park.

STRENGTHENING A REGULATORY ENVIRONMENT CONDUCTIVE TO TECHNOLOGY-DRIVEN BUSINESS



IT Industry & Digital Innovation Development Strategy 2019-2023 published and launched.

The IT Industry & Digital Innovation Development Strategy (2019-2023), also known as IT Industry Competitiveness Strategy V2, was published on November 9, 2018. The strategy was developed with the support of MCP and focuses on four strategic pillars: Competitive Human Capital, Competitive IT Business Environment, ICT Based Innovations, and IT Investment and Export Support Programs. The government approved the document in September 2018, and it became effective in November 2018 following publication.

ATIC and COR industry associations strengthen capacity to advocate for and provide services to the ICT and Creative Services private sector.

The Association of Private IT Companies (ATIC) is an important player in implementing activities for developing the IT industry in the areas of advocacy and policy making, development of the IT ecosystem, IT export promotion and IT education. In Y4, MCP provided strategic guidance and capacity building for the association's new management team, assisted the implementation of the grant agreement behind the Educational Robotics program, and defined activities for the regional development of the IT sector and cooperation on the development of export promotion programs. MCP also assisted COR Association of Creative Industries to build its capacity to manage the newly launched Artcor, and consulted and trained executive teams from both COR and ARTCOR during the process of developing their internal procedures for procurement, accounting, hiring and contracting.

ICT Industry assistance highlights for FY19:

- Moldova's IT exports recorded **\$164 million**, a 40% increase in 2018 vs. 2017, and 40-fold growth vs. 2005 (when USAID started its assistance). Exports grew underpinned by MCP-assisted conducive Government policies (virtual IT Parks, 7% single tax), investments in human capital and promotion of Moldova as tech destination
- Software developers had the **highest wage** in country, **28,600 MDL (\$1,630 per month)**, or triple the country average of 6,975 MDL, and a remarkable growth rate of 40% in 2019 vs 201

Building human capital to ensure future marketable skills development

- **Over 30,000 students and professionals** (non-unique, cumulative in Y1-4) improved digital and job-related skills with MCP support.
- MCP promotes STEAM youth education through its flagship initiatives: **Future Classroom Lab (FCL)** and **Educational Robotics**, which are both effective and scalable, and have benefited over **8,400 Moldovan** youth during FY, being taught in 140 or 11% of country's schools.
- The **National Center for Digital Innovation in Education "Future Classroom"** was launched in partnership between MCP, the Ministry of Education, Culture and Research, and Orange Moldova Foundation, to be implemented by two main pedagogical universities and serve as change agent for the education system.
- **Moldova's first Creative Hub Artcor** was launched on the premises of the Academy of Theatre, Music and Fine Arts, providing access to cutting-edge technology, co-working space, training opportunities and building a dynamic ecosystem for Moldova's creative services industries.
- **MCP developed a feasibility study to develop Moldova's first Digital Media Production Hub** on the premises of the State University of Moldova.
- During Y4, the network of regional FabLabs from Drochia, Ungheni, and Cahul, organized more than 300 activities with a total of over 1000 hours of interaction with more than 6000 participants.
- FabLab Chisinau located on the campus of the Technical University of Moldova implemented various technical R&D projects in partnership with more than 800 students and 60 companies from the private sector.
- 240 engineers in the area of electronics, IoT, embedded systems, robotics, and precision kinematics were trained in FabLab Chisinau in partnership with TUM and private companies

Building industry ecosystem and expanding trade in high-value markets

- **17 creative and IT companies** received MCP-assistance to improve knowledge, processes, technologies and practices.
- **Seven local creative companies** started the cooperation with creative companies from US
- MCP worked alongside private investor StarNet to develop financial structure for Moldova's first IT Park, **Digital City**. With MCP support, StarNet signed the DCA portable guarantee for **\$8.9 million US** and obtained a **EUR 3.5 million** bank loan. The first tower will open doors in December 2019.

Strengthening industry governance

- MCP supported the development of the **International Data Corporation (IDC) report** "Moldova IT Players Priming for Worldwide Presence" brands Moldova's thriving IT industry an attractive destination for international investors.
- More than **480 IT companies became residents** of the first Moldovan **Virtual IT Park**, 25% of which are foreign-owned and 40% are newly created companies. Residents benefit of innovative **7% single tax**.
- The **Association of Creative Companies (COR)** reached **39 members** from video, movies, sound, graphics, animation and video game development subsectors.

SUCCESS STORY

YOUNG VOLUNTEER INSPIRES NEXT GENERATION OF MOLDOVAN CODERS



Photo caption: Ion Prida at STEM promoting event
Photo credit: MCP

Coding skills are the key for young Moldovans to access opportunities in the lucrative ICT sector. Volunteers like Ion Prida are bridging gaps in Moldova's traditional education system by setting up free coding clubs for young people, where more than 160 youth are learning skills to prepare them for 21st century jobs.

“I never touch the mouse or the keyboard: it has to be the kids who deliver the projects, not me. I give them fish, I give them the fishing rod, and I challenge them to think.”

It's been a busy week at work for Ion Prida, but Saturday morning is not the time to sleep in. After checking on his wife and children, he heads back to his office at leading tech company Pentalog and starts setting up a room with computer terminals and innovative learning robots. Soon the doors will open to one of the most innovative learning platforms in Moldova: CoderDojo.

CoderDojo is a global volunteer-led community of free programming clubs for young people, where they can learn to code, build websites, and create apps and games, exploring technology in an informal and creative environment. The Moldova Competitiveness Project (MCP) supports seven CoderDojo clubs across Chisinau, the Moldovan capital, as part of its investment in the ICT workforce pipeline. More than 160 youth, from 8 to 16, attend regular weekend coding classes at these CoderDojos, assisted by 24 volunteers like Ion.

Providing alternatives to migration

For Ion, being a CoderDojo volunteer is more than a hobby or a way to 'give back', it is a mission. Moldova is in the grips of an economic migration crisis, and thousands of youth emigrate each year to find work in the EU and Russia, despite the availability of well-paying, quality jobs in the country's IT industry.

Ion himself began along this path to migration, studying IT in next-door Romania, but he felt the call to return to his home country where he found work first at the Technical University of Moldova, and later as a programmer. His experience in both education and the private sector showed him how students were graduating from college without the technical and critical thinking skills needed to access Moldova's IT sector, and he decided to do something about it. Enter CoderDojo, and the start of Ion's journey as a volunteer.

Expanding opportunities for Moldovan youth

Ion started mentoring at one of the Dojos in the capital, Chisinau, and soon had a stable group of 20 students working on complex, technical projects, like a website to support people with memory loss.

“One of my principles is that I never touch the mouse or the keyboard: it has to be the kids who deliver the projects, not me” says Ion. “I give them fish, I give them the fishing rod, and I challenge them to think. If they ask me something, I will guide them with questions and answers until they find the right response and the solution themselves”.

It soon became clear that there were not enough Dojos or volunteers in Chisinau to meet demand, so he convinced his employer, Pentalog, to open a new Dojo, and won over several of his colleagues to become volunteer mentors. Now, 30 young people aged 8-16 come to Pentalog every Saturday morning to learn how to code. Ion says that his biggest challenge is to create a stable Dojo, as when an activity is free, some students can be less motivated. “But when something clicks, and they come week after week, that is the greatest reward” he says, smiling.

Investing in the future

With the skills they learn at Coder Dojo, Moldovan youth don't have to wait until they graduate to start using their skills. Participants and mentors from Chisinau CoderDojos have also taken part in international events like the Coolest Projects contest (in May 2018, in Dublin, Ireland) and EU Dojo 2018, held in the European Parliament where young coders taught members of the European Parliament how to write their first lines of code. These initiatives make programming more visible, and show young Moldovans how to bring ideas to life with code, demystifying tech skills and bringing motivated people together to learn.

Developing an ICT Workforce Pipeline

Moldova's ICT industry currently employs 23,000 people, mostly youth, with an average monthly salary of \$1,630 (2018), three times the national average. To enable young people to access jobs in this sector, and to develop a workforce pipeline capable of maintaining current industry growth, MCP invests in alternative technology education programs including CoderDojo, Academy+ Moldova, GirlsGoIT and Drupal Open Source. To date, volunteers like Ion have donated more than 1,300 hours of their time to Coder Dojos in Moldova. The expansion of the CoderDojo program is dependent on volunteer mentors, and MCP focuses its efforts on promoting mentorship opportunities to IT professionals to attract more volunteers to the program.



Photo caption: Ion Prida mentoring at MegaDojo event.
Photo credit: MCP

SECTION III:

PROJECT TECHNICAL INTERVENTIONS

WINE INDUSTRY

WINEGROWING INDUSTRY



Photo credit: Andrei Cibotaru

Photo caption: Workers collecting grapes during the 2019 grape harvest

OBJECTIVE 1: INCREASED PRODUCTIVITY AND QUALITY (BETTER WORKFORCE AND ADOPTED INNOVATION)



Photo credit: Maxim Ciumas

Photo caption: New stainless-steel tanks at ATU Winery

PROGRAM I. UPGRADING QUALITY AND DRIVING INNOVATION IN VITICULTURE AND WINEMAKING

Achieved Outputs:

- **9** new small winemakers launched their first bottled wines on the market
- **31** small wine producers received MCP assistance as members of ASW
- **5** new 'transition wineries' entered the PQUP program, with a total of **19** beneficiaries
- Portfolio of assisted wineries expanded, with **76** quality wine SKUs
- Attracted **\$903,000 USD** of direct private investments in technological upgrades

Achieved Outcomes:

- Strengthened ASW and small wine producers in Moldova
- Increased awareness of the Association of Small Winemakers (ASW) and 'author' wines among consumers and potential new small wine producers
- Increased number of international wine competition awards won by assisted wineries
- Increased share of bottled wine by value and volume in exports produced by assisted enterprises

- Increased sales on domestic and export markets of assisted wineries
- Improved workforce and new technologies implemented by transition wineries
- Improved quality of Moldovan wine products and enhanced image of Moldova as a quality wine producer

The last two years (2018 and by forecast 2019) have been characterized by global over-production of grapes and wine. This overproduction, combined with decreasing consumption of wine by younger populations, has led to an increased competitiveness in the wine sector, as global consumption shifts to less, but higher quality wines. Moldova remains highly reliant on wine exports, as the domestic market accounts for less than 20% of total wine sector turnover. In these circumstances, MCP interventions focusing on quality upgrades, workforce development, and embedding innovations and modern know-how are crucial to keep the industry afloat in the short term, and to ensure its sustainable development in the long-run. In addition, the structure of Moldova's wine exports is still highly concentrated, with the first 10 exporters by volume accounting for over 68% (down from almost 90%) of total exported bottled wines. Moldova needs to move to a stronger country offer with a 'critical mass' of more wineries being able to compete on the global wine marketplace.

MCP's quality improvement programs engaged with and brought benefits to 219 companies across the wine sector, or 87% of number of companies included in the Wine and Vine Register, causing a spillover effect on wine quality across the industry. From using drones to diagnose vine pathogens to fermenting grapes at controlled temperatures, these MCP-driven improvement mechanisms incentivize all Moldovan wine producers to prioritize quality over quantity.

To date, MCP grants worth USD \$840,000 awarded to wine sector SMEs have triggered over \$4.3 million USD in private investments by wineries, in new-generation technologies including stainless steel tanks, wood barrels, temperature control units and other equipment that has a critical influence on final quality of the bottled wine. In total every \$1 USD spent by MCP generates \$5.1 USD in private-owned direct investment.

To drive the growth of quality wine exports, MCP implements a two-pillar program to support quality improvements in critical chain links of the Moldovan wine sector: a **Small wine producers mentorship program** to incentivize excellency in micro winemaking and terroir expression, and a **Product Quality Upgrading Program (PQUP)** to incentivize uncompetitive mid- to large enterprises (known as 'transition wineries')⁸ to evolve towards new business models with a focus on added-value products and markets.

Small winemakers strengthened and positioned as an important sector stakeholder, breaking into domestic and export markets, and supporting interactive tourism. The MCP Small Winemakers Mentorship Program supports farmers who want to add value to their vine plantations. As a result, the number of small wine producers in Moldova has increased five-fold since 2014, underpinned by wine reforms that removed licensing and other major barriers to entry. From Y1 to Y4, MCP assisted 37 small wine producers to emerge and develop, each operating an average of 5 hectares of vineyards. This group of small wine producers includes top performers on the local market, including Gogu Winery, Kara Gani, Crama Tudor, and Atu winery. In Y4, MCP continued to assist nine start-up winegrowers. The project's support is multifaceted and comprises mentoring the viticulture and winemaking operations, and providing assistance for sustainable winery management, marketing, and sales. Participating small winemakers increased sales by an average of 35% in Y4, and exports grew 6-fold in comparison to the

⁸ A 'Transition Winery' is a wine producer that owns older-generation vineyards and wine production facilities that produce a majority of bulk wines or low-quality and low-priced wines, primarily focused on selling to CIS markets in the low-segment range, with an older-generation workforce and, usually, owners with an older mindset or pessimistic approach towards the strategic objectives of the wine industry (high quality, value-added markets and wine with protected geographical indication).

previous year. MCP-assisted small winemakers won 52 awards at international wine competitions in 2019, 70% more than in Y3, demonstrating quality improvements. The Association of Small Wine Producers also promotes cooperation, equipment-sharing and joint marketing. MCP supported the association's institutional development, endowing it with winemaking equipment that is jointly used by its members, for instance for bottling and labeling equipment that would otherwise be unaffordable to each individual winemaker.

Transition wineries complement the Wine of Moldova offer with top-quality bottled wines and receive increased income from sales. The MCP 'Product Quality Upgrading Program' (called 'PQUP') aims to achieve a transformational impact on 'transition wineries' to shift their production to a 'quality over quantity' paradigm. This transition enables beneficiaries to convert their business models from cheap, bulk wine to production of bottled wines with higher added value. In Y4, PQUP benefited 19 transition wineries, collectively processing almost 30% of the total grapes harvested in 2018 (the largest-producing harvest year of the last decade). Quality improvements have a transformational impact for the entire wine sector – serving as a role model for 'resilient' wineries. Within MCP's lifetime, PQUP wineries have invested more than \$2.9 million USD in technological upgrades to improve primary processing, fermentation and wine treatment practices (using modern pneumatic presses, stainless-steel tanks for fermentation at controlled temperatures, and filters and pumps with closed circuits that reduce oxidation risks). The 2018-2019 winemaking year has been tough on middle sized wineries, as these are less flexible than small wine producers and less strong in their bargaining power than Export Champion wineries. Due to global over-production and dumping prices from other European countries, the majority of wine producers have experienced decreases in sales, especially fragile PQUP wineries that are still reliant on bulk wine sales.

Wine of Moldova Academy became a permanent, continued education vehicle. **During Y4, over 1,500 industry professionals participated in 38 trainings and workshops**, including field days that showcased various vineyard-growing innovations (i.e. vineyard mechanization, sustainable treatment of endemic diseases and prevention practices), and winemaking practices (i.e. best practices in Malolactic fermentation).

MCP supported ONVV and Protected Geographic Indication producers' associations to extend access to cutting-edge precision viticulture technology. MCP is committed to pursuing innovations and precision viticulture technologies to enhance the industry's resilience in the face of global climate change, and to ensure high quality raw materials for winemaking. In partnership with ONVV, MCP implements the 'Best Grapes' project, and supported the initiative to scale up to the national level by expanding the number of demo plots, and equipping them with modern agricultural intelligence equipment (meteorological stations, pests sensors and traps).



Photo credit: Maxim Ciumas

Photo caption: Small Winemaker and MCP Grantee Vladimir Miron, unloading grapes that are about to enter a modern pneumatic press during the 2019

ACTIVITY I. ASW (ASSOCIATION OF SMALL WINEMAKERS) MENTORSHIP PROGRAM - SUPPORT IN EMERGENCE AND DEVELOPMENT OF SMALL WINE PRODUCERS

Sub Activity I. Strengthen ASW management for sustainability.

To facilitate continued growth of ASW (the Association of Small Winemakers), a key pillar of the small-winemaker ecosystem, MCP continued to support the organization to implement modern management standards. In Y4, ASW continued to autonomously organize board meetings and the Association's General Assembly, at which new members approved activity reports and the organization's activity plans were vetted. ASW still has to be supported to document all internal procedures and institutionalize processes, especially financial management and administration. The general OCA score for 2019 was 2.65 registering a slight increase in comparison to the previous year. Moreover, MCP has completed the programming part of the new and long-



awaited ASW website, that will be updated with text and content and launched early in fiscal year 2020.

MCP also continued supporting the technological endowments of ASW by providing members with access to in-demand equipment. Based on ASW needs, MCP completed the procurement of filters, barrel washing equipment, racks and labeling machines, and decided to implement a grant that will include outdoor sales equipment (to enable participation of small number of wineries at local fairs and festivals) and bottling equipment (as the current equipment is over solicited by the growing number of ASW members). The equipment is available to ASW members for 'conventional' rent prices, serving as an income source for the association, thereby fostering self-sufficiency and sustainability of the organization after the end of the project. The new equipment, combined with joint marketing and promotion activities, has increased the attractiveness and utility of the association, serving as motivation for other small winemakers to join. To date, ASW has 33 active members and four more will join soon. It should be noted that the new membership includes some former mid to large scale producers who decided to abandon their old business models, sold their outdated equipment, and downscaled to a more flexible and quality-oriented boutique winery format. MCP has identified seven new small wine producers and has issued a request for applications for the next wave of ASW Mentorship program beneficiaries.

In the long term, both the development of ASW and success stories generated among start-up wineries from ASW programs will lead to a higher number of small vintners. According to the latest report from the National Agency for Rural Development (ACSA), out of 33,600 vineyard owners across Moldova, 29,000 own vine plantations of one hectare or less, leaving an immense opportunity for program growth. The current year has demonstrated that during tough industry conditions (overproduction, global decrease of export prices etc.), only small winemakers have registered increase in sales and exports, thus a growth of the number of the institutionalized small winemakers will secure financial stability for the entire wine sector.

Sub Activity 2: Expand and scale the ASW Mentorship Program.

The ASW Mentorship Program is a peer to peer assistance activity where emerging small wine producers are mentored by experienced winemakers and have access to shared equipment, a unique marketing and promotion platform focused on quality and the concept of so-called "author wines".

In Y4, MCP has supported increased membership of small wineries via the ASW Program and has motivated new wine producers to enter the program. During the reporting year, MCP consolidated its capacities, thus securing initial investments at wineries that have been nurtured since the start-up phase, specifically: Gogu Winery, Minis Terrios, Mihai Sava, Dealu Morilor, Kara Gani, Domeniile Pripa, Atu Winery, Vinaria Poiana, Crama Tudor, and TNG-Tronciu. All these wineries received tailored support on product development (where fine tunings were needed), and more importantly received marketing support at either firm-level under the umbrella of the ASW marketing platform, enabling them to establish consistent sales operations on domestic and export markets. As a result, these wineries have registered almost a two-fold increase in sales (+84% on average) on local markets, and Atu winery doubled the value of its exports to Romania; Gogu Winery registered a 15x increase in total exports also mainly in Romania; and Kara Gani shipped its first ever lot of wine to Denmark.

The number of ASW members is expected to reach 44 by the end of 2020

*Small winemakers experienced a **two-fold increase in sales on the domestic market** and an average **five-fold increase in exports***

MCP provided support throughout the entire winemaking season and completed technological endowments at nine small winemakers - Vinaria Lupascu, Lius-Crist, Miron Vladimir, Winetage, Vinum, Rumix Stil, Serghei Gherghelejiu, Vasile Tataru and Dumitras Winery - aiming to increase wine quality and

bring it in line with ASW and WoM quality standards, and to pursue the expression of terroir in the wine style.

Feature story

Moldovan small wineries viewed through the lens of local Bloggers

The National Association for Inbound Tourism in Moldova (ANTRIM), in coordination with MCP, invited 14 bloggers and influencers to a new Moldovan wine tour: “ReDiscover the Wine Road.” During the four-day tour, the group explored the people and stories behind Moldovan wines and promoted rural wine tourism. Visiting two rural guesthouses and 12 wineries, bloggers increased the visibility of small wineries in the online environment, and raised awareness of the winemakers’ progress and improved product quality. Since the first tour five years ago, the wine industry and the tourism sector has experienced significant economic growth. During this time, MCP’s contributions to the sectors have aided in a five-fold increase of small winemakers from seven to 35, and more than doubled the number of wineries with tourist facilities from seven to 18. Nearly 20 large wineries have developed new wines for local and export-oriented markets. Wine is of significant importance to the Moldovan economy and provides an important source of foreign currency.



Photo caption: Tudor Aghenie welcomes bloggers at the “Tudor winery” in Sadova village, Moldova.

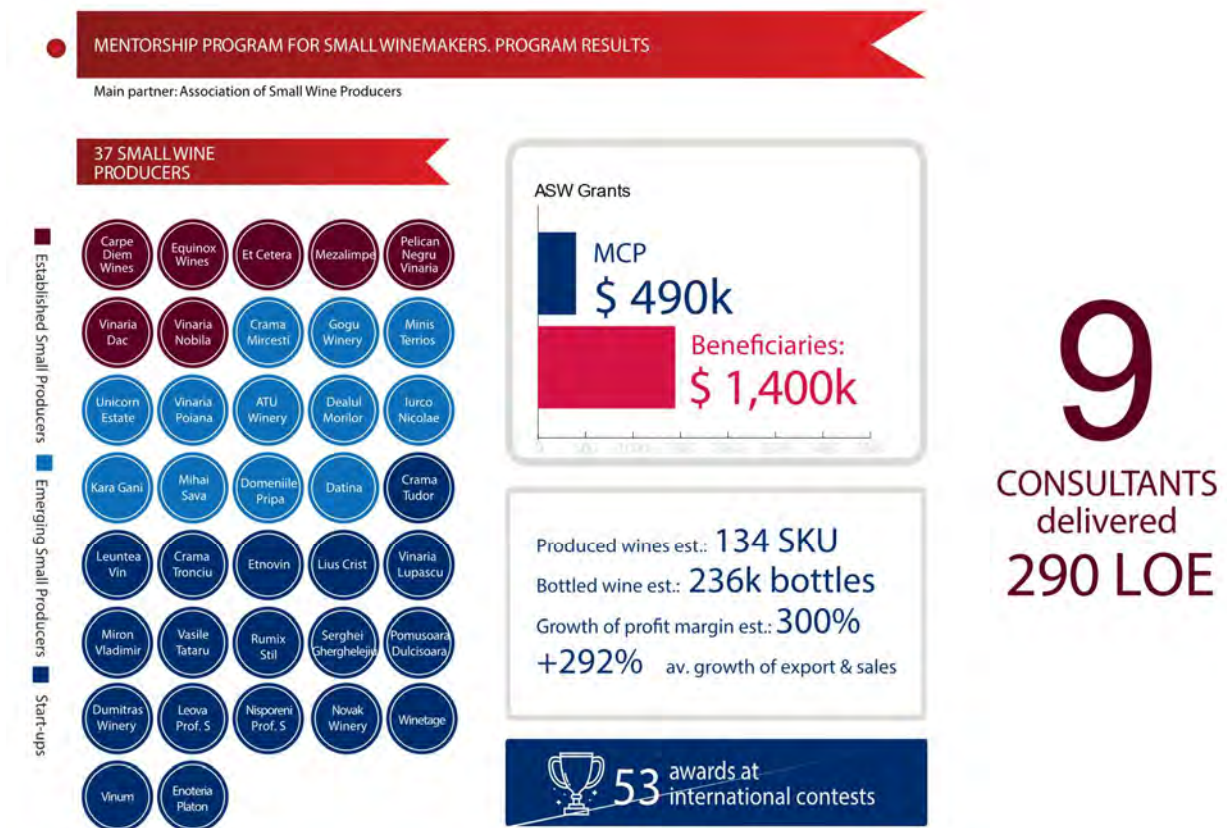
Photo credit: MCP

International best practices show that on average 50% (40% in Australia and 61% in US) of the sales of small winemakers (wineries that bottle less than 50,000 cases) are done ‘at the cellar door’. To capitalize on this trend, MCP supported 18 ASW members to increase their capacities in wine tourism through interior and architectural design and endowments with furniture and utensils, kitchenware etc., with the expectation of opening all of them to tourists by the end of the project. This number of wine tourism destinations represents an important source of growth for Moldova’s general tourism offer, and for the Moldova Wine Route in particular, which shall reach over 60 points-of-interest by 2021.

In response to ASW member demands, MCP offered institutional support to small wineries to comply with current legislation and safety standards. As such, 12 small wineries have received a support package (including mandatory courses, documentation, audit and development) necessary to fully comply with local labor safety norms. This activity will continue and will be expanded to include compliance with food safety norms and standards as well as waste and waste-water management.

To further spur the emergence of new small wineries and to motivate the institutionalization of existing household producers, MCP has initiated the development of a “Guide for initiation and management of a small winery”. The development exercise will be complex and in addition to the development of the guide, will seek to identify issues and bottlenecks in abusive norms, normative acts and legislation that impede seamless operation of a small wineries business and obstruct long term evolution. The results of the

exercise will inform lobbying and advocacy demarches to be submitted by ASW to ONVV, MARDE and the Moldovan Government.



Feature story

Small Winemakers Win Their First International Gold Medals

Two Moldova Competitiveness Project-supported small winemakers won their first international gold medals at the International Wine Contest in Bucharest, Romania. One of the top performers in the MCP Association of Small Winemakers (ASW) Mentorship program, Atu Winery, was awarded Gold for its 2018 vintage 'Viorica', and the small winery and tourism startup 'Kara Gani' from the Gagauzia autonomous region won Gold for its 2016 Red Blend (Cabernet Sauvignon & Merlot). These two medals demonstrate the leap forward in product quality resulting from MCP programs to improve production techniques in Moldova’s small wineries. Larger wineries Agrici, Doina Vin, Novak Winery, Migdal-P and Vinia Traian, all beneficiaries of the MCP Product Quality Upgrade Program (PQUP), also won multiple medals at the same competition.



Photo caption: ATU winery, first urban winery located in Chisinau, Moldova.

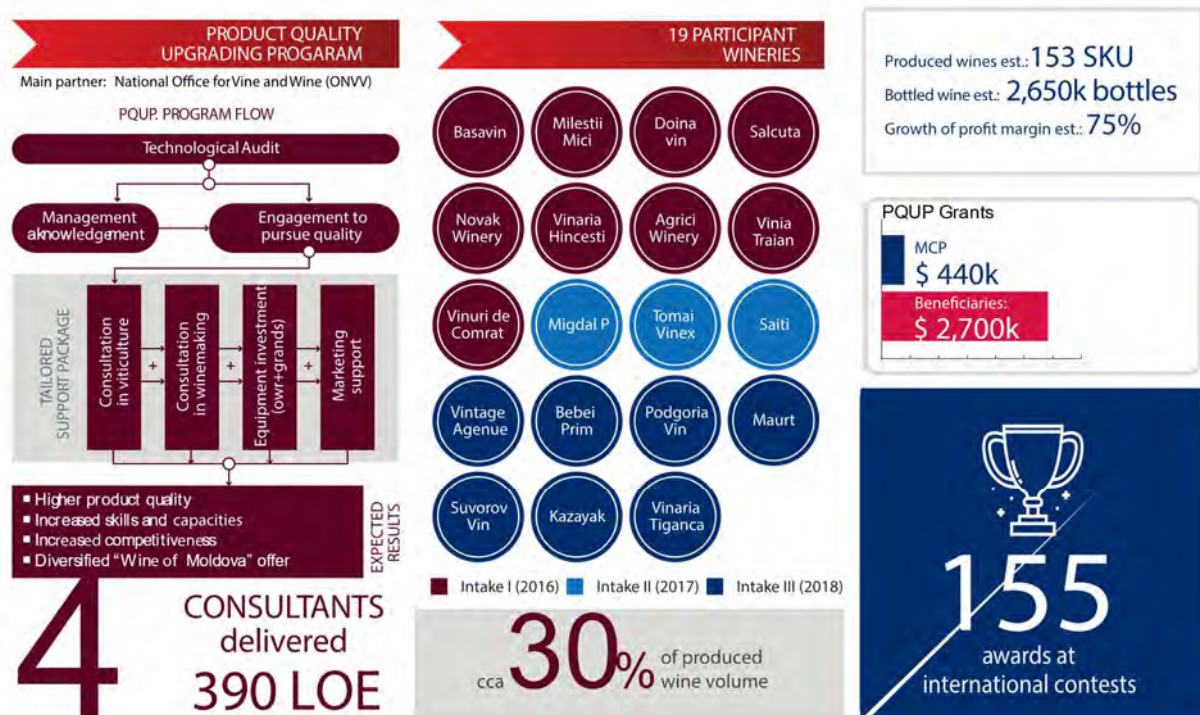
Photo credit: ATU

ACTIVITY 2. 'PQUP' PROGRAM (PRODUCT QUALITY UPGRADING PROGRAM): EXPANDING THE WINE OF MOLDOVA PORTFOLIO

The goal of the PQUP activity is to support 'transition wineries' to graduate to the 'quality over quantity' business paradigm. This transition will enable beneficiaries to convert their business models from bulk wine

to production of bottled wines that are at a higher added-value, and increase the quantity of industry wines that are compatible with Wine of Moldova and Protected Geographic Indication quality standards. From Y1 to Y4, MCP assisted 19 transition wineries that previously focused mainly on bulk wines sales to realize the benefits of producing bottled wine under their own brands, and access the resulting increase in sales margins. Wine producers currently benefiting from the PQUP program represent over 40% of total Moldovan wine production and 1/3 of total bottled wine exports, therefore it is important to continue strengthening the quality of their products.

Through PQUP, MCP offers multi-faceted assistance, including winemaking consulting, strategic marketing, branding, and support for tourism service development. A 20/80 [USAID/firm] cost-sharing approach is required for grant funding, used to encourage wineries to invest in their products quality. MCP provides technical assistance and SEED grants to leverage the wineries' own investments. To date, MCP has attracted a total of \$2.7 million USD worth of investments from transitional wineries, used primary for technological upgrades.



MCP fully deploys winemaking technical assistance during the 2018 production and bottling season. To stimulate the move towards quality wine production, MCP contracted four expert oenologists to deliver over 390 level-of-effort days of consultancy and expertise to 14 wineries. Eight of these entered the program in the first and second intake and are receiving tapered support down to a 'monitoring' level during the current winemaking season, demonstrating MCP's in-depth, long-term approach and lowering the risk of non-performance by the wineries. The other eight wineries were recruited under the 3rd intake of the PQUP program. The winemaking consultants work with these wineries as chief oenologists to ensure the implementation of best practices, and are training both junior and senior production personnel. This third intake includes Moldova's second largest wine exporter, Driada Grup (Kazayak Vin and Suvorov Vin), and Maurt, one of the best-selling wineries on the domestic market. By improving the quality of the

wine produced at these wineries and moving away from bulk sales, MCP will generate a sector-wide impact and be able to demonstrate an ironclad ‘proof of concept’ to other, more reluctant soviet-style wineries.

PQUP wineries receive 159 awards at international wine competitions. International awards serve as indisputable proof of the leaps forward in quality achieved due to MCP support for Moldovan wineries and demonstrate to the sector that significant increases in quality can be achieved even with moderate investments. During the reporting year, PQUP wineries won 72 gold, 46 silver, 18 bronze and 23 special mentions “Commended” at 18 international wine competitions. Prizes like this also enhance the confidence of participating companies and spur them on the path to developing international exports.

Feature story

PQUP beneficiaries win recognition of wine quality at national and international competitions.

Following a personal request from the management of large bulk wine producers Suvorov Vin/Kazayak to join the PQUP program, an MCP local winemaking consultant provided winery staff with the technical knowledge and quality control techniques to enable the transition to high-quality wine production, without the need for expensive investments in new winemaking equipment. The shift in quality resulting from Suvorov Vin’s first year of participation in the PQUP program was demonstrated by the company’s wine “Viorica 2018”, which won a gold medal and “Best in Show



Photo caption: Suvorov Vin representatives Anatolii Cobzac and Svetlana Neruh receiving the Mundus Vini Spring tasting 2019 Gold Medal and “Best of Show” award from Robert Joseph

Moldova” at the prestigious Mundus Vini Spring Tasting 2019 international wine contest in Germany. MCP PQUP technical assistance for the processing of the 2018 grape harvest concluded during the reporting period. Four expert winemakers delivered 285 level-of-effort days to 14 program beneficiaries between September 2018 and March 2019, and the majority of wines produced by PQUP Program participants scored above average during the Moldovan regional assessment tasting organized by ONVV in January-February 2019. MCP is currently supporting eight program beneficiaries (Tomai Vinex, Vinia Traian, Novak Winery, Podgoria Vin, Migdal-P, Doina Vin and Agrici Winery) to start developing or modernizing their tourism infrastructure under the “Wine-up” program, significantly enlarging Moldova’s wine tourism offer.

In spite of a tough year, PQUP wineries demonstrate resilience and stability through export diversification. The 2018-2019 was tough for the Moldovan wine sector, operating against a backdrop of over production, decreasing global consumption, appreciation of the local currency and decrease of imports in several key export markets, resulting in a stagnation or decrease of overall wine shipments. Taking these circumstances into account, MCP’s PQUP beneficiaries still registered achievements in terms of export diversification in developed markets:

- **Suvorov Vin** has increased its volume of wine shipments to Europe by almost 50% (quadruple increase in Romania, in comparison to previous year; two-fold increase in Lithuania and first trial shipments to Switzerland) and delivered a significant increase in exports to Africa: Nigeria, Cote d’Ivoire; Burkina Faso, Togo, and a 41% increase in exports to the US.
- **Vinia Traian** exported its first container of 13,000 bottles to China.
- **Migdal-P** achieved 50% growth in Poland; a 27% increase in China and a 58% increase in Taiwan (in comparison to Y3). In the first 6 months of 2019 Migdal-P exported almost 75,000 bottles (twice as

much as in entire 2018) to the Czech Republic, and made its first shipment of 13,000 bottles to Burkina Faso.

- **Vinuri de Comrat** resumed exports of high-quality wines to Ukraine after a 1 year pause, achieved a 2.5-fold increase in volumes exported to China, and delivered its first lot of 15,000 bottles to Lithuania.
- **Tomai Vinex** became the #1 Moldova wine exporter to Turkey, expecting to sell over 200,000 bottles to this country, a 7.25-fold increase in comparison to 2017. In addition, Tomai Vinex has registered a 114% increase in volumes shipped to China and has been constantly growing on the Romanian market by 5-6% each year.
- **Basarabia Lwin Invest** continues consistent growth in North America, shipping an average of 10,000 bottles to Canada each year and expecting to achieve a 25% growth in US by the end of 2019. In Europe Basarabia Lwin Invest is expected to register an almost 2.5-fold increase in quantities delivered to the Czech Republic as well as 45% and 37% growth in Poland and Lithuania by December 2019.
- **Doina Vin** continues its expansion on the Romanian market. It is expected to export up to 300,000 bottles of high-quality wine to national retail chain Profi by the end of 2019, this constitutes a 3-fold increase in comparison to 2017, when this winery entered the neighboring Romanian market. In addition, Doina vin is steadily growing on the German market, and the annual growth rate in 2019 is expected to reach almost 30%.
- **Salcuta**. A complex technological upgrading process, part of which is thanks to an MCP grant, enabled this winery to begin competing on quality (rather than price) on European markets. As such, Salcuta exported to the Netherlands, UK and Belgium for the first time in 2018, and the total growth rate in EU markets is expected to be over 50% by the end of 2019. Salcuta also shipped its first lot of premium wines to Canada (74,000 bottles) - a country with a state monopoly and a very strict quality control.
- **Gitana**. In 2019, Gitana became one of the top-30 Moldovan exporters of bottled wine for the first time. This is due to dynamic growth in Romania, which is expected to absorb almost 260,000 bottles by December 2019, with one of the highest export prices. This represents a 5-fold increase in comparison to 2017 – the first year that Gitana established export operations in Romania. Another success story for this winery is Japan, which has high affinity for Gitana's fine red wines and noble whites. The winery exported less than 3,000 bottles to this market for the first time in 2018, by the end of this year the contracted quantity will exceed 15,000.
- **Vinaria Hincesti** has chosen to concentrate on Romanian market. In its first year of activity it exported 15,000 bottles, and in 2018 it doubled the quantity to 32,000, forecasting to reach 50,000 by the end of 2019 following MCP support for marketing initiatives.
- **Agrici Winery** had never exported bottled wine before joining the MCP PQUP program. In 2018 Agrici shipped its first pallet of wine to Romania, and has repeatedly shipped 1,250 bottles to Sweden and a trial batch of two pallets of premium wine to China. The Chinese partner has positively endorsed the product's quality and sales and is now arranging a full container load that is expected to be shipped by the end of 2019.

Feature story

Female wine entrepreneurship celebrated in Moldovan Press.

The Moldovan family winery Agrici was featured by more than seven flagship media portals in recognition of International Women's Day, reaching hundreds of thousands of Moldovan viewers. The winery's success as an exporter is due to the efforts of the owner's wife and three daughters, who together run the administrative, branding, commercial, and operational activities of the business. As a result of complex MCP support, including investment in modern technology and marketing and branding expertise, Agrici



Photo caption: The Agrici family in their winery in Milestii Mici village

Photo credit: Eduard Bigzu

directs a proportion of the two million liters of wine produced each year to high-value bottled wines, which generate an added-value four times higher than bulk wine. In just two years, the business has begun to export to high-value markets in Asia and the EU, including Sweden, Romania, and Switzerland. MCP supports transition wineries like Agrici to protect the livelihoods of over 50,000 people employed in Moldova's wine industry and provide alternatives to migration for young people like the three Agrici sisters.

MCP assists Moldovan wineries to find solutions in tough global wine market conditions

In spite of MCP efforts to build added-value through conversion to bottled wines, most of the wine sector is still heavily reliant on the bulk sales. As a result of this, and two consecutive years of record grape yields in both Moldova and on the international scale, the average price per liter proposed by export markets was diminished to under Moldova's cost price (0.3-0.4 Eur per liter proposed by Spain and South Africa), demonstrating the continued fragility of the sector. According to ONVV statistics, the Moldovan wine sector entered the 2019 harvest season with a record 210 million liters of wine in stock. This means that most of the wine processors will diminish the quantity of grapes purchased from private farmers, pushing down the price per kilo and generating pressure throughout the sector's supply chain. In these circumstances, MCP contracted top international and local experts to develop two pilot projects: 'Bulk Selection' an activity that involves the top international buyers of high quality bulk wine, including blind appraisal of all the available lots and promotion of only quality wines on top importing markets; and "Export Promotion Support" that involves multinational export consulting companies with the aim of supporting PQUP beneficiaries to penetrate high value European and Asia Pacific markets, thus decreasing their dependence and further distancing them from bulk wine production. Both programs will be piloted in FY 2020.

Eight MCP-supported winemakers expand into wine tourism to diversify income stream.

With MCP support, eight program beneficiaries - Tomai Vinex, Vinia Traian, Novak Winery, Podgoria Vin, Migdal-P, Doina Vin and Agrici Winery - started developing or modernizing their tourism infrastructure under the MCP "Wine-up" program, contributing to significant enlargement of the Moldova's wine tourism offer. Wine tourism, alongside gastronomy, was shown to be the key driver of tourists to Moldova in the MCP-funded 2018 tourism survey and is a proven way for wineries to diversify their income streams and expand their businesses in rural areas, while attracting tourist dollars to rural areas.

Looking forward:

MCP will continue supporting ASW to provide additional services to its members, including renting and procuring winemaking equipment and offering educational programs and study tours. ASW will continue receiving MCP support to define and implement its internal operational guidelines, including quality and standards codes, eligibility criteria, internal manuals, marketing and promotion activities, budgeting,

reporting, website updates, implementing a framework of institutional public relations, and deploying continuous lobby and advocacy processes.

MCP will continue to focus on the sustainable development of its wineries and will invest resources in building tourism and hospitality capacities for both small winery start-ups and 'established' winemakers. Support will include both in-kind grants for hospitality facilities and targeted technical assistance to develop appropriate wine tourism products (blended with local food, rural, and cultural experiences), as well as its subsequent marketing and promotion services.

For Y5, MCP has already identified 3 additional wineries that will take part in the fourth intake of the PQUP program and participate in the refined curriculum based on key learning of the previous three intakes.

Additionally, MCP will ensure that a sustainable exit strategy is in place and will monitor PQUP beneficiaries to ensure that they continue using the new practices properly. Therefore, during Y5, the transition wineries of all three intakes will be monitored by MCP consultants, and the wineries will execute all activities related to viticulture, wine production, and marketing and promotion.

MCP will maintain a flexible approach to respond to sectoral needs and surrounding conditions on the global market, thus the project will mobilize international and local expertise to find and implement solutions in the case of critical situations.

PROGRAM 2. BUILDING KNOWLEDGE FOR FUTURE GROWTH

Achieved Outputs:

- **38** knowledge-building activities implemented within the Wine of Moldova Academy
- **5** study trips organized in advanced winemaking countries

Achieved Outcomes:

- New and modern viticulture and winemaking technologies, including sustainability practices, spread in the industry
- Instituting an industry-level educational and workforce development component within the National Office for Wine and Vine

The Moldovan wine sector has a shortage in the qualified workforce needed to increase its competitiveness and respond to new demands of highly competitive markets, both in the EU and globally. Meanwhile, Wine of Moldova is in the process of defining its unique product points, and is adopting new production philosophies within the sectorial strategy, which also demands new skills and knowledge from wine sector specialists. Unfortunately, new graduates do not have the skills that correspond to industry needs, and the knowledge of the existing workforce is obsolete and needs to be upgraded in line with modern production practices.

Wine of Moldova Academy data, FY19

- 34 seminars and workshops for vintners, winemakers, hospitality and marketing staff
- 2 National Conferences
- 5 study trips to France, Spain, Italy and Romania

The Wine of Moldova (WoM) Academy aims to address the continuous education needs in the wine industry. WoM Academy bases its curriculum on the lessons learned from the MCP Skills Gap Analysis and the industry's development goals. The Wine of Moldova Academy is a private sector service under ONVV, and acts as a supporting program for the wine industry's educational institutions, providing trainings that cover the most important knowledge gaps. These include trainings held by international experts,

workshops by local experts, internships abroad, study visits, field days, and other knowledge building and sharing practices. In the future, the Academy will invite world renowned trainers, speakers and influencers, that can spread news of Moldova's quality improvements and results of industry reforms throughout the international wine world, in like with Wine of Moldova's international PR plan.

In Y4, WoM Academy Wine of Moldova Academy became a permanent, continued education vehicle, fully institutionalized as a sector service by ONVV, with MCP support. Over 1,500 industry professionals participated in 38 trainings and workshops, including field days, that presented various vineyard-growing innovations and winemaking practices, viticulture and wine marketing. In addition MCP and ONVV organized a series of workshops and trainings aimed to increase the capacities of local hospitality staff, winery marketing teams and sales personell in wine evaluation, description and the detection of defects. One of these trainings included coursework for the internationally recognized WSET (Wine and Spirits Education Trust) certification.

Feature story

International wine and gastronomy experts build the skills of domestic wine, restaurant, and tourism industries.

Brigitte Leloup, Vice-President of the European Sommelier Association, returned to Moldova for the second year in a row to deliver a series of capacity building activities aimed at developing Moldova's domestic wine culture. In total, 30 Moldovan wine specialists attended a two-week training at the Technical University of Moldova to qualify for the internationally

recognized European Sommelier Certificate. Mrs. Leloup also provided additional master classes and workshops across the hospitality sector, including a training for tour guides in partnership with tourism association ANTRIM, and trainings at Asconi, Castel Mimi, Milestii Mici, and Vinaria din Vale wineries. MCP supports activities like these within its Wine Friendly program to develop the domestic wine market, which accounts for 20% of total industry sales, and 75% of sales for small winemakers. Providing trainings by international wine experts like Mrs. Leloup facilitates the emergence of a new generation of Moldovan sommeliers



Photo caption: Participants at internationally recognized European Sommelier Certificate training
Photo credit: Technical University of Moldova

Selected list of subjects covered under auspices of WoM Academy in Y4

1. IMPORTANCE OF SMALL AND BOUTIQUE WINERIES TO SECTOR STRUCTURE
2. SOIL MANAGEMENT AND VINEYARD FERTILIZATION AND VINEYARD PROTECTION
3. OLFACTORY ANALYSIS OF WINES AND RECOGNITION OF DEFECTS
4. BEST PRACTICES IN SPARKLING WINE PRODUCTION
5. MANAGEMENT OF MALOLACTIC FERMENTATION
6. TREATMENT AND STABILIZATION OF WINES
7. ENHANCING WINE TOURISTS EXPERIENCE

who can continue to expand this market, which has grown by 10% since 2014. Chef Alain Leloup provided a gastronomic masterclass for restaurants, chefs, and wineries to develop their ability to meet the demands of the growing gastronomic tourism segment in Moldova.

During the reporting year, five study trips were organized to enable sectoral representatives to become acquainted with international best practices:

- **Study trip to Cote du Rhone, France.** Valee du Rhone is one of the most important and famous wine regions in France, second only to Bordeaux by both surface and volume, and home to the famous Chateauneuf du Pape, Crozes-Hermitage and other famous heritage wines. MCP and ONVV organized a study visit to the region for representatives from seven Moldovan PGI wineries to learn best practices and strategies to promote wine products with the PGI / PDO quality mark. PGI helps guarantee quality, enables higher prices, and enhances tourism cache for regions.
- **Study trip to La Rioja, Spain.** MCP decided to support a study visit of 12 representatives of Moldova's wine sector to La Rioja, a Spanish DOP region formed at the end of the 19th century, which produces over 40% of Spain's total DOP wine production from over 54,000 hectares. La Rioja has become one of Spain's most famous wines, making it a quality and marketing success story with a well-known DOP common brand. The reasons for this success include a firm system of controls implemented within the region, strong institutional partnerships between producers and the associations with the Regulator Council, and a pragmatic and systemic approach in developing the DOP concept.
- **Study trip to Veneto wine region, Italy.** MCP supported the organization of a study trip for 18 winery directors, chief agronomists, and viticulturists to the wine region of Veneto, Italy to study best practices in the mechanization and automatization of vineyard operations. The delegation visited producers of viticulture equipment and machinery; a vine nursery; two wineries implementing intensive and mechanized processes, technologies and equipment in their vineyards; and a producer of vine planting and suspension materials.
- **2 rounds of viticultural study visits to Iasi, Romania.** MCP supported ONVV to organize two study visits to the Iasi region in Romania for 40 viticulture experts from 26 wineries. to study best practices in mechanization of vineyard operations, vineyard establishment and care, and to get to know some examples and best practices in the establishment of agro-tourism facilities near vineyards.

Feature story

18 grape growers discover best international practices in mechanization.

To encourage workforce and skills development, MCP continues to support the ONVV Wine of Moldova Academy, which facilitates continuous education and focused knowledge sharing for the wine industry. At the request of ONVV, MCP supported the organization of a study trip for 18 winery directors, chief agronomists, and viticulturists to the wine region of Veneto, Italy to study best practices in the mechanization and automatization of vineyard operations. The delegation visited producers of viticulture



Photo caption: Delegation of Moldovan viticulturists during their study trip to Veneto, Italy. June 10-14, 2019.

equipment and machinery; a vine nursery; two wineries implementing intensive and mechanized processes, technologies and equipment in their vineyards; and a producer of vine planting and suspension materials.

Looking forward:

MCP will stimulate ONVV to strive for a more holistic approach, establishing strategic partnerships with local and foreign universities and research centers, ensuring academic curricula improvements. In addition, MCP will concentrate and coordinate activities under Wine School initiative and NGO ensuring greater coverage of topics adding trainings and seminars on wine service, hospitality, gastronomy etc.

PROGRAM 3. INNOVATIONS AND PRECISION VITICULTURE TECHNOLOGIES TO FACE CLIMATE CHANGE AND ENSURE HIGH QUALITY GRAPES

Achieved Outputs:

- “Best Grapes”, “FlaveDor” and ‘Terroir’ projects continued and expanded
- **23** experimental vineyard plots monitored for humidity, wine and 34 other parameters
- **7** weather stations installed
- Knowledge shared with wine sector through **12** e-newsletters by ONVV and other tools (workshops, seminars, and printed materials)
- One national conference on phytoplasma diseases organized

Achieved Outcomes:

- Wine sector better prepared to fight the consequences of endemic diseases;
- Knowledge-based winegrowing instituted;
- Improved understanding of the impact of climate change and coping strategies for the long-term.

In Y4, MCP has continued to pursue innovations and precision viticulture technologies to face global climate change and ensure high quality raw material for winemaking. In partnership with ONVV, MCP has continued to implement ‘Best Grapes’ and ‘FlaveDor’ projects increasing their scale to national coverage piloting innovations in vineyard management and grape quality improvement in Moldova. This is needed for Moldovan wine growers to comply with EU standards and enhance the quality of wines, protecting Moldova’s value as a select wine region. Moreover, these pilots are implemented by the PGI regional producer associations, to help build specialized extensions services for grape and wine producers.

Activity I. “Best Grapes” and “FlaveDor” - piloting innovations in vineyard management and grape quality improvement

Sub Activity I. FlaveDor – using drones to diagnose vine diseases.

“Flave Dor” project wins USAID’s 2018 Digital Development Award. “Flave Dor”, also known as the ‘Drone Vine Disease Detection Pilot’ is an innovative project with the aim of combating endemic vine diseases posing significant risks to Moldova’s winegrowing industry: Flavescence Doree and Bois Noir. The approach uses Unmanned Aerial Vehicles (drones) equipped with multi-spectral cameras and sophisticated cloud-based imagery processing and analysis software to deliver accurate information about the location of disease down to the plant level. The project also uses PCR and DNA testing to investigate the forensics of

disease origin and area of contamination. In December 2018, the “Flave Dor” project was awarded at USAID’s second annual Digital Development Awards, or “the Digis,” which recognize USAID projects and activities “that are helping build an inclusive digital economy while accelerating development impact with cutting-edge technologies and advanced data analysis.” To showcase the successes of the project, USAID delegated an American photographer and videographer Mr. Colby Gottert, to visit Moldova for five days in December. Mr. Gottert accompanied the MCP wine expert and strategic communication specialist across Moldova capture the details of the “Flave Dor” project and focus on the impact of the technology on the wellbeing of the inhabitants of Moldova’s rural areas.

ONVV disseminates knowledge about phytoplasma diseases in the sector. Based on intelligence and data received from drone surveillance and on-ground inspection of over 800 hectares of vineyards, ONVV organized a specialized conference involving local and international experts and later edited and disseminated a brochure on best practices in inspection and prevention of Flavescence Doree and Bois Noir. The general results of the project show that vineyards aged 1-4 years old are infected by vine disease at a rate of 30-94.6%. About 320 vines were tested using the PCR method, including 30 samples evaluated by a French laboratory. The results of this laboratory testing show that the most common phytoplasma disease in Moldova is Bois Noir (“Black Wood”), however laboratory samples have not yet determined its country of origin. The general conclusion is that the phytoplasma diseases spread via infected planting material, but even more via insects which act as disease vectors and spread phytoplasma diseases from infected plants to the healthy ones. The conference participants asked for the inclusion of Flavescence Doree and Bois Noir vectors, and *Drosophila suzuki* (an insect that impacts the vine plant similar to *Phylloxera vitis*) in the list of quarantined organisms. Currently, the legislation of the Republic of Moldova on the prevention and control of phytoplasma Flavescence doree and Bois noir is not harmonized with that of the European Union, which establishes clear mechanisms and strategies in this respect.

Sub Activity 2. “Best Grapes” – intelligent grape growing.

In order to increase the international competitiveness of Wine of Moldova, the Moldovan wine sector needs to update its viticulture practices to provide high quality raw materials (grapes) for wine production. Under the MCP-supported “Best Grapes” project, ONVV seeks to create best practices in vine growing by implementing and observing different plantation schemes, rootstock, bush load as well as various vine caring practices on four experimental plots. Combined with the implementation of cutting-edge technology: autonomous methodological stations and other pest sensors that allow farmers to predict meteorological and disease infection risk, these practices will allow farmers to optimize spraying and other vine caring operations in the context of climate change.

MCP contributes to expansion of “Best Grapes” project to the national level. During the reporting year, ONVV identified seven new demo plots to test grape-growing conditions within the Best Grapes pilot, bringing the total number of monitored vineyard parcels to 23. With MCP support, two of the new plots were equipped with cutting edge meteorological stations, pest sensors and pathogen traps, and the resulting data was recorded in an electronic database also developed with MCP support. ONVV issued 12 newsletters to a subscription list of grape growers containing an overview of weather conditions, recommended vineyard care operations and disease risks. In addition, as part of the information dissemination component of the pilot, ONVV reported on the “Best Grapes” project results at two national conferences, highlighting the key conclusions of the post-harvest and pre-harvest observations, and providing viticulturists with much needed insights on measures to be taken in vineyard protection in the upcoming periods

Looking forward:

MCP will continue to pursue innovations and precision viticulture technologies to face the impact of global climate change and ensure high quality raw material for winemaking. In partnership with ONVV, MCP will

continue to implement the 'Best Grapes' and 'FlaveDor' projects, increasing their scale and piloting innovations in vineyard management and grape quality improvement in Moldova. As a part of national winegrowing strategy development, MCP will also invest in climate change studies to ensure that the industry is well adapted to global environment changes.

OBJECTIVE 2: EXPANDED MARKET LINKAGES



Photo caption: Wine of Moldova stand at ProWein 2019 in Germany

Photo credit: ONVV

PROGRAM I. WINE OF MOLDOVA INTERNATIONAL PROMOTION PROGRAM SUPPORT

Achieved Outputs:

- **11** wine press trips and **4** media events organized for foreign press
- Over **300** press clippings in important international wine press and general media
- Participation in at least **14** B2B and trade events, including international exhibitions
- **780** medals and awards won at international wine competitions
- **\$3.27 million** leveraged ONVV budget for trade promotion

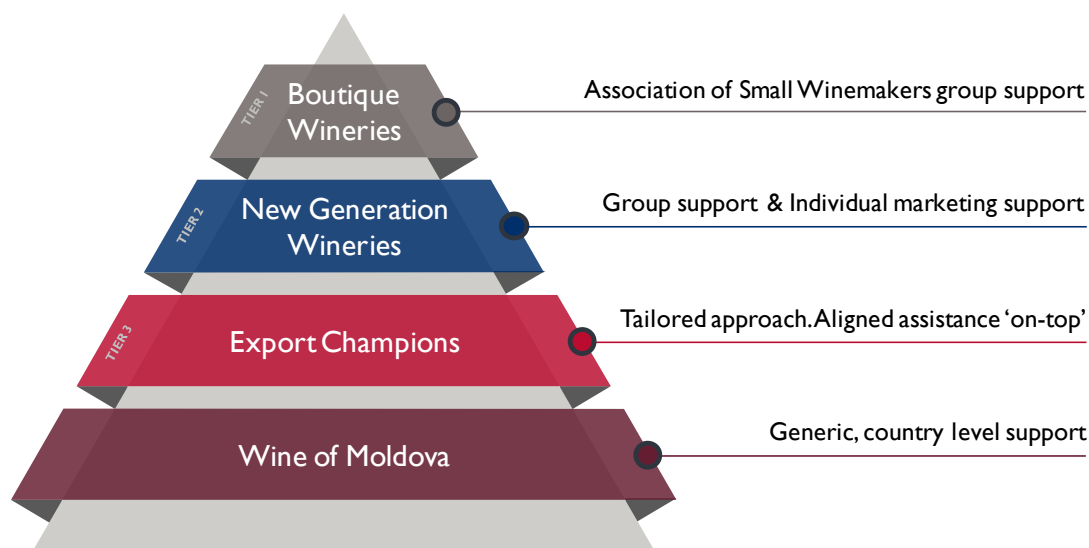
Achieved Outcomes:

- Increased international brand awareness and enhanced WoM brand equity
- Diversification of WoM portfolio on target export markets
- Increased sales and new wines introduced on target markets
- Increased number of exporting wineries on target markets
- Improved quality perception of Moldovan Wines
- Strengthened role of the ONVV as the leading sector organization

Access to high value export markets relies on a complex state of consumer factors, including Moldova's existing reputation as a wine producer and how Moldova can appropriately respond to diverse market segments. MCP's approach to stimulating Moldova's wine exports to high value markets is multi-layered and systemic. The project: leverages country and firm-level integrated marketing, builds awareness of the WoM umbrella brand domestically and internationally; creates pathways for individual brands and companies to enter and develop export markets; and increases sales of value-added wines from Moldova to non-CIS markets. MCP structures its assistance on a tiered approach. The base tier focuses on building knowledge,

awareness, appreciation and expanding B2B market linkages under the umbrella of WoM (complementing ONVV annual marketing plan). The next tier is for “Export Champions”, wineries with consistent export operations which commonly generate a significant share of gross bottled wine export. The third tier supports "New Generation Wineries" with moderate or sporadic exports but with quality products. The upper tier focuses on small wineries, and ASW beneficiaries.

MCP's Export Support Pyramid



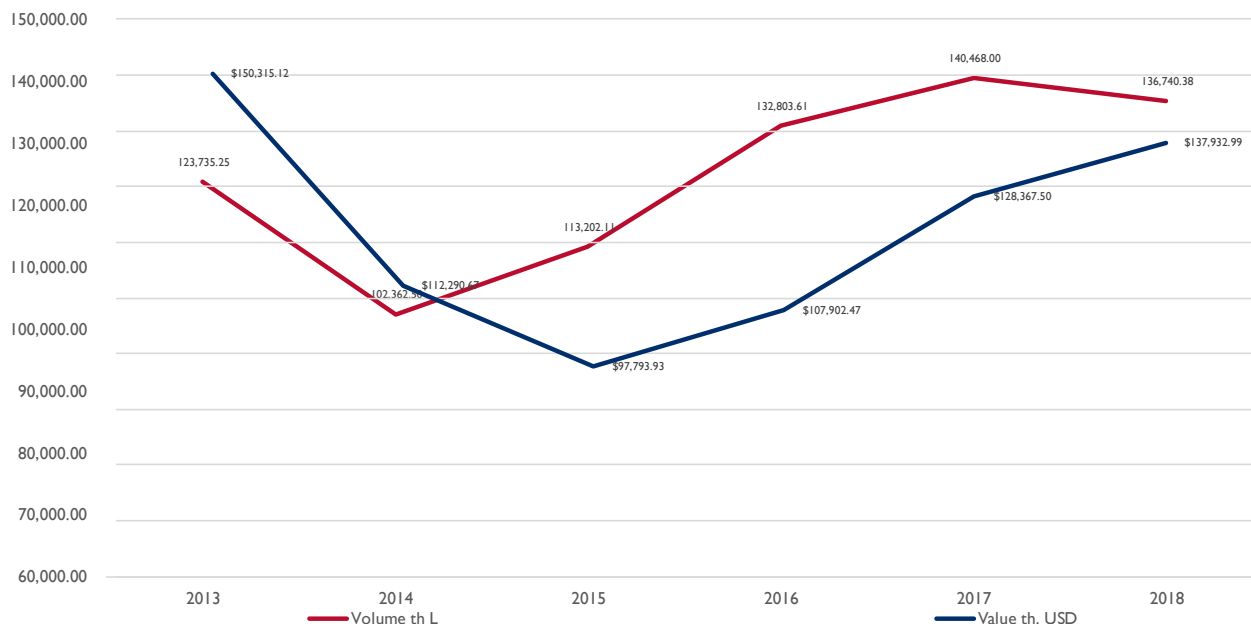
Wine of Moldova is still recovering from the two consecutive Russian embargoes (in 2006 and 2013) that caused the value Moldova's wine industry exports to shrink three times, from USD \$360 million in 2005 to USD \$102 million in 2014. In spite of a 'sprint' start since MCP launched, and the achievement of a Compound Annual Growth Rate (CAGR) of almost 37% during 2015 to 2017, two consecutive high harvests in most winemaking regions and a corresponding drop in prices due to stagnant demand has caused Moldova's growth trajectory to decrease. In calendar year 2018, exports grew by 7% in value and decreased by 2% in volume. This may also be considered an achievement, as Moldova's wine exports managed to keep afloat in tough market situation, serving as valid evidence of the increased appreciation of Wine of Moldova. This is supported by a higher average price per liter of bottled wine, jumping from USD \$1.64 in 2015 to \$1.84 USD by December 2018. All these were achieved by a dramatic redirection of trade away from lower-value markets, requiring rapid modernization and radical changes in product quality and business models for Moldovan wineries.

MCP facilitates wineries to tap in to regional and EU markets that are critical for sustaining Moldova's wine industry. As a result, the value of Moldovan bottled wine exports to CIS markets dropped by a CAGR of minus 47% from 2015 to 2018 in light of Russia's wine transit restrictions, Ukrainian wine market setbacks, and national currency depreciation in the region.

WoM is the main marketing platform supporting wineries to enter and expand on new export markets, and WoM has become a quality seal for the industry and its business partners. In recent years, the Moldovan wine sector has gradually opened new markets and reoriented exports to the EU, Asia-Pacific, Africa, and North America (Canada and the U.S.). During 2016-2018, bottled wine exports to non-CIS markets increased by an aggregated (CAGR) 64%, or USD \$22 million, since 2015. This result is also due to MCP support to reposition and grow wine trade in stable and high-margin markets, distancing Moldova from the blocked Russian market and low-value exports to CIS countries. The resulting change in export structure

shifted sales volumes from bulk to bottled wine, which by the end of 2018 accounted for 53% of the total value of earnings from wine exports.

Figure X. Export evolution of Moldovan wine by value and volume



The most dramatic increases in export volumes to European markets between 2014 (when DCFTA came into effect) and 2018, were to the Netherlands (136-fold increase), Spain (133-fold increase), Romania (300%), UK (291%) and Portugal (175%). Wine exports to “non-traditional” markets including the Asia-Pacific region and North America also experienced notable increases specifically Canada (64-fold growth), Japan (718%), South Korea (434%), China (225%) and the U.S. (45%). The geography of exports expanded from 50 countries in 2014 to 67 in 2018, with consistent export operations launched in Finland, France Congo, Luxembourg, Gabon, Guinea, Cote d’Ivoire, Burkina Faso Vietnam and Mexico. Trial orders of Moldovan wine were shipped to Denmark, Iceland, Ireland, the Philippines, Cameroon, Singapore and UAE. 77% of total exports of Moldova’s bottled wine are to non-traditional markets, valued at USD \$56 million, from which 67% of exports by volume, worth USD \$37 million, head to Europe.

MCP supported the increase of exports by aligning wineries’ marketing strategies to an improved generic wine promotion program under the WoM country brand, facilitating participation in complex trade events and communication campaigns – all implemented in conjunction with the ONVV and wineries. MCP placed special emphasis on consolidating ONVV governance and its role as a national marketing board. Therefore ONVV, through continuous MCP support, has become the leading organization triggering business development and enriching the Moldovan wine offering in target markets. ONVV also gained the sector’s trust, underpinned by increasing contributions to the Vine and Wine Fund, reaching USD \$4.8 million (an increase of 26% from 2017 to 2018).

ACTIVITY I. BUILD WINE OF MOLDOVA BRAND EQUITY AND FOSTER BUSINESS LINKAGES

Sub Activity I. International tradeshows and events in key markets.

Participation at international exhibitions, trade fairs and B2B events under the WoM brand remains the main marketing tool used by the wineries to penetrate new markets or develop business linkages on the existing key export destinations. To date, 83 wineries were supported directly or indirectly to participate at 14 trade events in EU, Asia Pacific and US. It should be noted that, unlike for other commodities and categories, in the wine industry successful conversion of contacts into contracts takes a very long time. Signing contracts at fairs or immediately after may be considered an exception, as usually wineries have to participate two-three times at consecutive editions of the same trade event, and go through several months of negotiation to sign a new contract.

According to the UN Comtrade database, exports of Moldovan wine have reached 67 countries, including pilot shipments to 'exotic' destinations for Moldovan wine including Philippines, Cameroon, Singapore and UAE.

Snapshot on Wine of Moldova export market diversification progress in Y5

- **67 export destinations**
- In 2018 **Wine of Moldova experienced a +7% growth in value, despite the general decrease in volume**
- **77%** of bottled wine exports, worth \$56 million, **go to non-CIS markets**
- **14 trade events attended**, benefiting **83 wineries**
- **3,426** new market linkages established

Feature story

Wine of Moldova celebrates 5th anniversary at ProWein, Europe's largest wine fair.

Wine of Moldova (WoM) celebrated its 5th anniversary at ProWein international wine fair in Germany, the largest exhibition dedicated to wine and spirits in Europe. MCP supported WoM to develop a concept for a totally new country stand, hosting 39 wineries and 450 Moldovan wines. The design of the stand included self-service areas for visitors to taste PGI wines, a giant video wall screening images of Moldovan vineyards, and a dedicated area that hosted three master classes held by international experts and opinion leaders: Caroline Gilby – Master of Wine, Sarah Abbott – Master of Wine, and Robert Joseph – a top-20 global influencer and marketing expert. The winners of 19 gold and 23 silver medals at the recent Mundus Vini wine competition were also presented in a special pavilion at the wine fair, alongside award-winning wines from the 60 most recognized wine regions in the world. This success has received extensive free international media coverage, and the press release reporting Moldova's activities at ProWein received visits from more than 245 international news portals with a total potential audience exceeding 135.8 million viewers, including platforms like Meininger Wine Business International, Deutsche Welle, Sommeliers International, Bloomberg, Reuters, France Presse, and Europa Press.



Photo caption: The Wine of Moldova stand at ProWein 2019, presenting 450 wines from 39 wineries to more than 6,000 attendees.

Prowein, has become a 'must go' expo in recent years, where most wineries go to meet existing business partners or new contacts that have been established over past year. MCP has been supporting participation at this most important trade fair in Europe since the launch of the national brand Wine of Moldova, and in 2019 Moldova has celebrated its fifth anniversary participation, which resulted in a 26% increase in exports to European markets in 2018 in comparison to 2017. As an exception to the rule, several wineries (Fautor, Kazayak&Suvorov vin, Maurt, Vinaria din Vale, Vinaria Tiganca and Vinuri de Comrat) reported concluding contracts or conducting pre-contractual engagement estimated at 350,000 bottles, most of which are compliant with WoM and/or PGI quality standards. Among these wineries is small producer Atu winery.

Wine of Moldova strengthens positions on key EU export markets. According to the Y4 annual work plan and to the Annual Activity plan of ONVV, Poland and Romania are Moldova's two key export markets. By December 2018, Romania had become the number-one destination by value of Moldovan bottled wine exports, accounting for almost seven million bottles. In 2018, every third liter of imported wine in Romania originated from Moldova. Romania also serves as a re-export hub to other EU destinations, and several wineries use Romanian offices to expand their penetration all over Europe. Poland is the second ranked export destination generating over \$9.6 million USD in revenues for Moldovan wineries. To maintain growth momentum and expand market share, MCP has supported ONVV to organize several B2B activities as follows:

- Participation at "**Gault & Millau**" Gala – this had the objective of supporting the repositioning of Wine of Moldova to a higher price/quality segment, placing Moldovan Wine at the center of an exquisite event under the auspices of the renowned international gourmet and fine wine publication "Gault & Millau". ONVV organized the participation and exposure of top SKUs from seven wineries that already export to Poland, and one Divin Producer. During the event dedicated presentations and food pairing sessions were held in front of a selected public of sommeliers, restaurateurs, and press and wine trade professionals.
- **Kongress Rynku FMCG**: a congress for top decision makers from Poland's retail chains organized by highly rated trade publication "Wiandomosci Handlowe". This event also featured companies that already export to this market, and included pre-arranged meetings with category managers and buyers from supermarket chains with each winery, in addition to the common WoM stand. Wine of Moldova had the status of the Golden Partner, ensuring top visibility for the national wine brand.
- **Wine UP** - a festival with a B2B component was held in **Cluj, Romania**. Organized by MCP with ONVV support, 14 wineries occupied a separate "Moldovan hall" of the event venue, among which were small winemakers and PQUP beneficiaries willing to penetrate or expand on the Romanian market, as well as companies from the "New Generation" tier that seek to enlarge their distribution. As a result, companies reported over 100 new business linkages, most of them being local direct importers (wine bars and wine shops) as well as regional distributors, all open to add Moldovan wines to their portfolios.
- **Goodwine Bucharest, Romania**. Romania is also defined as a target market for small wine producers due to the absence of language, logistics and operations barriers. As such, MCP supported participation of 10 ASW members at one of the most important B2B exhibition on this market. As a result of this activity as well as other supportive promotional activities in Romania, ASW member have exported over 26,000 bottles of boutique wines in the first 8 months of 2019, which represents an 85% increase in comparison to the whole calendar year 2018.

Feature story

MCP supports eight small winemakers to solidify export links at leading trade fair in Romania.

MCP supported eight leading small winemakers to strengthen their exports to target market Romania by attending the 22nd Bucharest Wine Fair, “GoodWine”, on November 23-25, 2018. Attending wineries included Gogu Winery, Dac Winery, Atu Winery, Equinox Wines, Pripa Domains, Carpe Diem, Minis Terrios Wines and Novak Winery, each of which have caught the attention with their premium author wines. Visitors to the Association of Small Winemakers umbrella stand were also able to find copies of the Fine Wine Guide 2018, profiling 50 of the best wines in Moldova. Romania is a key target market for Moldovan small winemakers, with exports of ‘author’ wines exceeding 14,000 bottles in 2018.



Photo caption: Producers from the Association of Small Winemakers interacting with potential clients at the Bucharest Wine Fair ‘GoodWine’

In spite of general decrease of wine imports to China, Moldova manages to maintain stable exports in terms of quantity. China is the third key export market focused on by ONVV and MCP. 2018 has been the first year to date to see a drop in wine exports to China. After dynamic growth in 2014 – 2017 when the volumes of imported wine by China almost doubled (from 373 million liters to 746 million), in Y4 volumes decreased by 5% (according to China Import Statistics, Global Trade Atlas). Despite this background, and considering increased price pressure from Chinese importers on Moldovan producers, exports have decreased by only 14% in volume and 19% in value. Another cause of this change is ongoing structural change in this market, as Chinese partners prefer to import high quality wines in bulk, and bottle them in China. Despite this, all sector stakeholders agree that the potential of this market is not fully exploited, thus ONVV with MCP support has continued to organize B2B events supported by generic PR and social media activities. Among the most important and fruitful events for Moldova’s wineries were: [Top Wine \(Beijing\)](#), [China Food and Drink Fair \(Chengdu\)](#) and [Interwine \(Guangzhou\)](#). A direct result of these activities, over 800 new business linkages were made, along with commitments from two importers to purchase 120,000 bottles in from two PQUP beneficiaries: Vinuri de Comrat and Tartcomvin.

Feature story

13 Moldovan wineries take part in the sole B2B wine event in Beijing, China.

In 2019 China was ranked as the second largest export destination by value export for bottled Moldovan wines, reaching an impressive value of almost \$9 million USD. Following the recent decrease in wine exports to this destination, mainly caused by a total decrease Chinese wine imports, Wine of Moldova needs to consolidate its current positions and enlarge distribution. ONVV organized the participation of 13 wineries with stable importers in China to take part in the only business-to-business wine fair in the Chinese capital, Beijing – Top Wine. Most participating wineries delegated their Chinese import partners to man the stand, with the aim of finding regional distributors. As a result, participants reported over 130 new business linkages which will be developed during the next quarter to expand the physical presence of Moldovan wine in the Chinese market. This participation was facilitated by the Moldovan Embassy in China, which negotiated free exhibition space for the Moldovan stand with the event organizers.



Photo caption: Ambassador of Moldova to China Denis Jelimalai visiting the Wine of Moldova stand at Top Wine fair, in discussion with representatives of Imperial Vin, Beijing, China.

MCP supports Wine of Moldova to explore distant markets in EU (Benelux and Nordics), Asia Pacific and North America. “Second tier markets” such as Benelux in Europe, Asian Tigers and North America are considered as potential source of growth for Moldovan wines according to the WoM Marketing Framework. In 2018, these collectively represent less than 3% of the total volume of exported Moldovan wine, despite the fact that the US, Japan, Netherlands, Belgium and Denmark are ranked within top 20 global wine importers. To harness these opportunities, ONVV and MCP organized pointed activities to establish initial footholds on this market and build awareness among wine professionals. In November 2018, ONVV supported exposure for five wineries, already present on the [Swedish market, during Stockholm Food and Wine 2018](#). In January 2019, MCP, in cooperation with Moldovan Embassy in Japan and ONVV, organized a [Presentation of Wine of Moldova and Moldova as a touristic destination in Tokyo](#) to a public formed of wine trade professionals, sommeliers, journalists and Japanese Government representatives. In August 2019, eighteen winemakers represented the Wine of Moldova brand during the exhibition at the [Daejeon Wine Festival](#), and over 30,000 consumers and prospective buyers visited the Wine of Moldova booth, enabling the winemakers to establish new business contacts and showcase Moldova’s wine culture with Asian consumers. In order to ensure a holistic approach, MCP and ONVV organized press trips for Japanese and South Korean journalists in conjunction with these latter two activities.

Feature story

Moldova wins its highest number of medals ever at the Asia Wine Trophy competition.

Moldovan wines won 55 medals (34 gold and 21 silver) at Asia's largest and most influential wine competition, the [Asia Wine Trophy](#) competition in South Korea. Moldovan wines competed against more than 4,000 wines from around the world. This was Moldova's highest number of medals ever at this competition, demonstrating continued improvements in Moldovan wine quality. The Big Gold Medal winner was Traminer Late Harvest by Fautor Winery. This family operated winery located in Southwestern Moldova has benefited from trade assistance to tap into regional EU markets from USAID/MCP project.

Eighteen winemakers represented the Wine of Moldova brand during the exhibition at the Daejeon Wine Festival, which coincided with the competition. Over 30,000 consumers and prospective buyers visited the Wine of Moldova booth, enabling the winemakers to establish new business contacts and showcase Moldova's wine culture with Asian consumers. Representatives of two major importers and six media outlets will visit Moldova in October 2019, as a direct outcome of the tradeshow.

The recognition of Moldovan wines at this competition reinforces the quality and competitiveness of the wines as Moldova reorients its exports towards higher value markets in Asia, including South Korea and Japan. Thanks to continued USAID support, Moldova initiated exports to the EU and Asia and has won more than 1,800 medals at international competitions.



Photo caption: Moldovan winemakers at Asia Wine Trophy competition. Ion Luca, owner of Carpe Diem Wine Shop & Bar, Chan Jun Park, director of Asia Wine Trophy, Diana Lazar, MCP DCOP, Catalin Paduraru, president of IWCB Vinarium Romania, Nata Luca, owner of Carpe Diem Wine Shop & Bar, Viorel Garaz, National Office for Vine and Wine expert, Andrei Cibotaru, owner of Fine Wine, Adrian Trofim, financial manager at Castel Mimi.

In Y4, ONVV also partnered with two companies specializing in business matchmaking: World Leading Wines for the USA market, and Gateway & Partners for Belgium, resulting in three 'matchmaking' sessions in [Chicago \(USA\)](#), [New York \(USA\)](#) and [Brussels \(Belgium\)](#). These sessions included wineries from the ONVV New Generation and Export Champion classifications and resulted in over 120 new business linkages to be developed by participating wineries into export contracts and wine shipments.

Feature story Wine of Moldova explores export opportunities in two strategic markets: USA and Belgium.

Matchmaking Session in Belgium

"Belgium is still a relatively small market for [Radacini] us. However if we analyze the export dynamics, we can conclude that since our first shipments in 2015 we have steadily quadrupled the exported quantities of wine. I think the growth potential is huge "

Veaceslav Nivnea,



Photo caption: Representatives from the Wine of Moldova delegation taking part in B2B matchmaking sessions in New York, USA (June 7) and Brussels, Belgium (June 19).

Neither the USA nor Belgium are considered target export destinations by the Wine of Moldova marketing and promotion framework, however they remain countries with countries with great potential for expansion. The USA is the world's number one wine importer and a key image-building market for a wine exporting country, and Belgium has a comparatively high per capita wine consumption at over 15 liters a year, with a preference for sparkling wines and an openness to new, emerging wine regions, resulting in an immediate growth opportunity for Moldovan wine exports to the EU. To exploit these opportunities, ONVV partnered with two companies specializing in business matchmaking: World Leading Wines for the USA market and Gateway & Partners for Belgium, resulting in three 'matchmaking' sessions in Chicago (USA), New York (USA) and Brussels (Belgium). These sessions included wineries from the ONVV New Generation and Export Champion classifications and resulted in over 120 new business linkages to be developed by participating wineries into export contracts and wine.

Sub Activity 2. Wine of Moldova international communication campaign.

In Y4, MCP supported Moldovan wine to reach new heights of international awareness, guided by the classic AIDA (attract, interest, desire, action) model. The assistance was multi-layered and systemic, adapted for building awareness of the WoM umbrella brand; country- and firm-level integrated marketing; opening pathways for individual brands and companies to enter and/or develop export markets; and raise sales of value-added wines from Moldova on non-CIS markets.



The national wine brand “Wine of Moldova. A legend alive” was launched in 2013. Since its introduction, awareness of the brand has grown internationally, building a solid reputation for Moldovan wines. MCP has supported the brand through an international launch and ongoing communication campaigns, facilitating the participation of Wine of

Moldova at various B2B events and trade shows, and deploying complex communication campaigns in several target markets and during Prowein. However, the national wine brand needs continuous support in developing brand equity in the international wine market and raising awareness of Moldova as a wine-producing country.

Wine of Moldova awareness – international media and social communication highlights

Press hits in international and target market press

308 articles and publications (or over 7 articles per month) such as Decanter, Meininger Wine Business, Wine Spectator, Forbes, CNN, Fortune, The Independent, Telegraph, Times, Euronews, Deutche Welle

Facebook fan base

15,745 followers (+14 percent increase by 1875 fans)

Regretfully, in spite of all the efforts and top international expertise provided to ONVV and the Moldovan wine sector by MCP, no international communication campaigns were organized during Y4. This due in part to temporized development of the sector strategy and subsequent, marketing positioning, updated USP's, messages and creative assets. However, in Y4 Wine of Moldova and Moldovan wines did experience 'organic' interest from international press, positively mentioned (not counting any articles with political subtext) **in 304 articles in such top publications as: Forbes, CNN, Fortune, The Independent, The Telegraph,**

The Times, Euronews, Deutche Welle, Vice as well as in specialized publications such as: **Wine Spectator, Decanter, The Drink Business and VinePair** ensuring an exposure to a potential audience that exceeds **1.5 billion people**. The majority of positive and 'organic' referrals to Moldovan wine came in conjunction with reviews of Moldova as a touristic destination, while press hits in such important media outlets such as: Reuters, Greatist, Decanter and Wine Spectator came after a sports event (underground race) which took place in the largest cellars of the world "Milestii Mici". The event was supported by MCP following a recommendation by MCP expert Robert Joseph, and was used as 'communication and news' tool. These facts serve as an indisputable proof-of-concept of MCP's strategy to promote Wine of Moldova in strong tie with tourism and unique touristic events.

Feature story

Milestii Mici Wine Run, an event that brought fame to Moldovan Wines

Wine Run is a traditional 10 km race, which has been supported by MCP since 2018. In Y4, the organizers moved the event from Cricova to Milestii Mici – which holds a Guinness World Record - increasing its attractiveness to runners and the international press. The race is unique: not only do runners race past barrels of wine maturing in underground caves, but it also takes place in the middle of the winter when no major running events are organized in the Northern hemisphere. The limestone caves provide ideal conditions for jogging: temperatures of 12-14° C and relative humidity of over 80%. The 2019 edition was a huge success in terms of

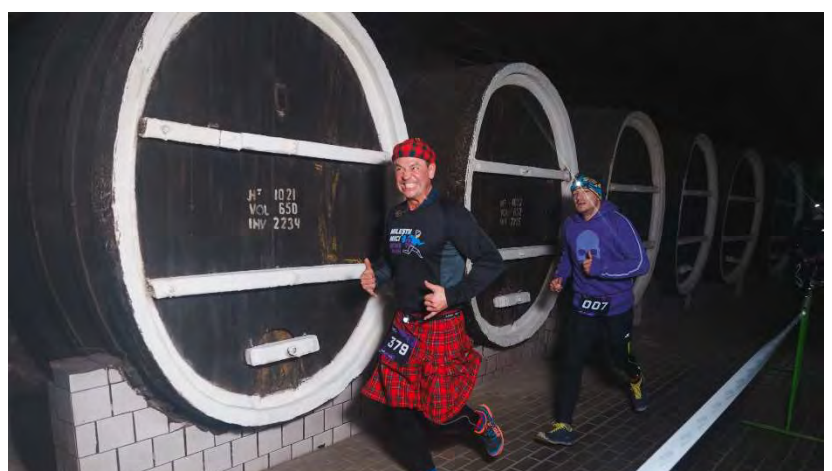


Photo caption: Runner wearing Scottish kilt during a 10 km Wine Run in Milestii Mici cellars (January 19).

Photo credit: Sporter

organization, as the event was sold-out within 3 weeks after sales began, and generated media coverage hit such reputed media outlets as Reuters and Euro news. The race also ensured the visibility of Moldova in important specialized wine publications: Wine Spectator, Decanter, The Drink Business, together generating exposure to a potential audience of over 62 million people.

"I wanted to thank you for organising my wonderful visit to Moldova last week. I really appreciated your warm welcome, the careful planning, every attention to detail, and the flexibility!"

There are so many thoughts and impressions to process as I prepare my article for The World of Fine Wine. One thing I see clearly is that this region is changing and developing quite quickly, [...]

As I said, I think the quality overall is quite high, with some very exciting wines from a few producers. [...]

If you need assistance in the UK - and perhaps even the US, let me know!"

*Victoria Daskal,
managing editor of "The World of Fine Wine" magazine*



Photo caption: Victoria Daskal, managing editor of "The World of Fine Wine" magazine and Andrei Cibotaru, editor of "Fine Wine 50 Best" catalogue (October 19).

Photo credit: Andrei Cibotaru

In addition to these achievements, one of the most efficient ways to promote Moldova and Wine of Moldova was the organization of press trips. Most visits from international press happened around **four major events with 'news potential': Wine Run, DescOpera open air classical music festival, Wine of Moldova Journalists Summit and National Wine Day.** As such ONVV and MCP arranged visits for over **120 journalists and opinion formers during 11 organized press trips.** MCP and ONVV also piloted and implemented customized visits for individual influencers and opinion formers for the first time which proved to be a highly effective approach in terms of impact and experience. During Y4, Moldova was visited by the following people who are well known in the wine world: **Sarah Abbott – Master of Wine; Xavier Rousset – Master Sommelier, best UK Sommelier 2002; two Michelin starred chefs Sven Hanson Britt and Kae Shibata; editors of Exotic Wine Travel website: Matthew Horkey and Charine Tan; editors of BK Wine Magazine Per and Brit Karsson; and Victoria Daskal - Managing Editor of "The World of Fine Wine" and Master of Wine candidate.**

MCP has been consistently advocating for the institutionalization of processes and coherence in effective approaches at ONVV. As such, MCP has piloted the use of **international press wire services** during the communication campaign around Prowien, when a supporting press release was distributed to top international press. This yielded full publication of the release in **245 international news portals with a total potential audience exceeding 135.8 million viewers, including platforms like Meininger Wine Business International, Deutsche Welle, Sommeliers International, Bloomberg, Reuters, France Presse, and Europa Press.** MCP will insist on repeating this best-practice, embedding it in communication plans and campaigns for the upcoming years.

Romania is the first market where Wine of Moldova has deployed country-wide communication campaigns keeping consistency and increased share of voice. In Y4, with MCP

support, ONVV focused on Romania in terms of a systemic and cohesive approach for annual marketing communication. As such, ONVV entered into an annual service contract with a local PR firm, which developed and successfully implemented an annual campaign. The campaign included constant and daily PR support and press relationships, Social Media management, management of reputation and press monitoring. In addition, ONVV organized a series of B2C events and supportive communication campaigns aimed to increase general awareness of Wine of Moldova in Romania:

- **A three-day showcase in the center of Brasov, Romania** – ONVV partnered with the Moldovan Chamber of Commerce to organize an open trade fair in the central square of Brasov, a Romanian city with a booming economy, and high rates of tourism and trade. Seventeen Moldovan wineries presented their wines to Brasov residents and tourists at the open-air event. ONVV supported a Wine of Moldova pop-up stand, which attracted the attention of thousands of visitors and press.
- **Central Park Festival in Cluj**. ONVV has organized participation of 17 companies, including seven small wine producers and three PQUP transition wineries, at a B2C fair in Cluj, one of the most dynamically developing cities and a tourist destinations in Romania.
- **“Moldova Presents” festival in Iasi**. As a result of fruitful cooperation with the Moldovan Chamber of Commerce, and in cooperation with Iasi Mayoralty, ONVV organized a B2C fair that featured the showcase of 16 wineries, and other producers of textiles, confectionaries, crafts and other foodstuff. The national wine brand Wine of Moldova was highly exposed, placing a pop-up in the center of the festival, where guided tastings were organized
- **Second edition of “Wine of Moldova Festival” in Snagov (Bucharest)**. MCP conceptualized and supported the implementation of the first edition of this festival in first quarter of Y4. Following its success, ONVV has decided to repeatedly organize the event in the same location, guided by the initial concept, which attracted over 11,000 visitors and generated numerous press hits.

Feature story

Over 11,000 visitors attend “Wine of Moldova Festival” 2019 in Snagov, Romania

Over 11,000 visitors and about 44,000 glasses of wine consumed - this is the final total for the second edition of the Moldovan Wine Festival, which took place in Snagov on the weekend of September 14-15.

The event showcased 32 wineries (most of whom won medals at the major international competitions), including four small wine producers, and presented over 200 different wines to the Romanian public.

Visitors also had the opportunity to enjoy traditional and reinterpreted Moldovan dishes, during live cooking sessions. The festival culminated by live performances of top artists from Moldova and Romania.



Photo caption: Highly attended Wine of Moldova festival in Snagov, Romania (September 19).

Photo credit: Wine of Moldova

Sub Activity 3. International wine competitions for notability

Participation in renowned international wine contests is a proven tool to raise awareness on the improved quality of Moldova's wine. In Y4, MCP, in cooperation with ONVV, continued to implement a program that motivated wineries to submit more samples to a range of reputable international wine contests, which generated astounding results including 780 awards (and counting) in 2019. [Moldovan wineries have won 1,887 awards since 2016, when this support program was launched.](#)

Snapshot of results from regional and international wine contests

- **61** wineries received awards
- **780** awards won in 2019
- **211** awards won by 'transition' wineries and small vintners

Table. Medals and awards received by Moldovan wines at the international specialized exhibitions

Name of international specialized competition	Number of medals and awards for Moldovan wines	Highlights and mentions
Asia Wine Trophy	56 medals (17 gold and 3 silver) vs 20 medals in 2018	Castel Mimi's Feteasca Neagra – Rara Neagra, received Grand Gold medal which signifies that this wine is among the top finest appraised by the jury
AWC Vienna	3 medals (2 silver and 1 bronze)	All awards gained by Cricova sparklings
Berliner Wine Trophy (2 editions)	37 medals (31 gold and 6 silver) vs 18 medals in 2018	Purcari Grande Cuvee Limited Edition Extra Brut and Vinaria din Vale Feteasca Neagra Premium receive "Best of Show Mention"
Brut Experience	1 gold medal	Cricova Cuvée Prestige Brut Alb
Best Wine Japan	2 platinum medals	1 platinum won by small winemaker Equinox
Chateau Cristi	1 silver medal	Won by Chateau Cristi Chardonnay Barrel Fermented 2017
Challenge International du Vin	33 gold medals vs 10 medals in 2018 (23 gold and 10 silver)	4 medals won by PQUP beneficiaries: Kazayak, Salcuta, Gitana and Vinia Traian
Cincinnati International Wine Festival	1 bronze medal	Won by Fautor Winery for Negre 2017
Concours Mondial de Bruxelles	36 medals (1 grand gold, 11 gold and 24 silver) vs 26 medals in 2018	8 medals awarded to small winemakers and PQUP beneficiaries
Concours International de Lyon	8 medals (1 gold and 7 silver) vs 2 medals in 2018	One silver medal awarded for small winemaker Vinaria Dac for Dac Rezerv
Decanter Asia Wine Awards	84 awards (18 silver, 41 bronze, 25 "commented") vs 77 awards in 2018	27 awards won by small winemakers and PQUP beneficiaries
Decanter World Wine Awards	72 awards (1 platinum, 2 gold, 15 silver, 31 bronze, 24 "commented") vs 56 awards in 2018	19 awards won by small winemakers and PQUP beneficiaries
Eurasia Wine & Spirits Competition 2019, Moldova	71 medals (1 grand prix, 1 big gold, 45 gold, 24 silver)	26 medals won by small winemakers and PQUP beneficiaries
Galicja Vitis	34 medals (2 champion gold, 25 gold, 7 silver)	Fautor Late harvest Traminer won champion gold medal
Frankfurt International Trophy	5 medals (4 gold, 1 silver)	
International Wine Challenge, Tranche 2	43 awards (1 gold, 4 silver, 10 bronze, 28 "commented")	15 awards won by small winemakers and PQUP beneficiaries
International Wine and Spirits Competition	49 medals (1 gold, 16 silver, 32 bronze) vs 24 medals in 2018	10 medals won by small winemakers and PQUP beneficiaries
International Wine Contest Bucharest	76 medals (65 gold, 11 silver)	34 medals won by small winemakers and PQUP beneficiaries
Mondial des Pinots	5 medals (1 gold, 4 silver)	
Mondial de Rose	10 medals (6 gold, 4 silver)	Maurt, PQUP program participant receives gold medal for Aurelius Brut Rose Cabernet Sauvignon, Pinot noir
Mundus Vini Spring Tasting	42 medals (19 gold, 26 silver) vs. 22 medals in 2018	Kazayak, PQUP program participant receives "Best of Show" mention for 2018 Viorica Total 10 medals won by small winemakers and PQUP beneficiaries
Mundus Vini Summer Tasting	29 medals (12 gold, 17 silver) vs 4 medals in 2018	Small winemaker, MCP Beneficiary, Domeniile Pripa being at his first ever participation in international contests receives 2 gold medals and 1 silver medal and a Best of Show mention.
Oenoforum	25 medals (20 gold, 5 silver) vs 21 medals in 2018	7 medals won by small winemakers and PQUP beneficiaries

Portugal Wine Trophy	17 medals (1 grand gold, 13 gold, 3 silver) vs 10 medals	Fautor, receives grand gold medal for Ice Wine Traminer - Muscat Ottonel White 2016
Prodexpo International Wine Competition & Guide	9 medals (1 grand gold, 4 gold, 3 silver, 1 bronze)	
Sakura Japan Women's Wine Awards	1 silver medal	Won by Radacini Fiori - Feteasca Neagra Syrah 2016
Sommeliers Choice Awards	1 silver medal	Won by Fautor Negre Feteasca Neagra - Rara Neagra 2017
The Champagne and Sparkling Wine World Championship	2 silver medals	All medals won by Purcari winery
The Global Pinot Noir Masters	1 champion gold medal	Won by small winemaker Et Cetera winery in the category GBP 50+
Wine Up Official Selection	15 medals (1 gold, 8 silver, 6 bronze)	The gold medal won by Vinaria Hincesti, PQUP program participant for Sauvignon Blanc 2018
Vinorus	4 medals (1 gold, 1 silver, 2 bronze)	All awards gained by Chateau Vartely winery
Vina Chernogo More	10 medals (8 gold, 2 silver)	3 gold medals won by Novak Winery, PQUP program participant
2019 Desert Wine Competition	1 gold medal	Won by Et Cetera Winery for Serendipity 2015
32 wine contests	780 medals and awards	211 awards won by PQUP and ASW members

Feature story

Moldovan wine wins 42 medals at most important wine competition in the world.

Moldovan wines won 42 medals (19 gold and 23 silver) and two Best of Show awards at one of the most important wine competitions in the world, Mundus Vini Spring Tasting in Germany. These results almost double Moldova's previous record of 22 medals (eight gold and 14 silver) at Mundus Vini 2018, demonstrating continued improvements in wine quality. Wine of Moldova went on to win a further 31 medals at international wine competition Berliner Wein Trophy in Germany, including 1 Great Gold Medal, 25 Gold Medals, and 5 Silver Medals, while Fautor Winery was named the Best Producer in Moldova, winning multiple awards. Competition at the Berliner Wein Trophy is strict: over 7,300 wines were judged from more than 200 international wine experts representing 30 different countries, and only 1/3 of competing wines qualified for medals, making Moldova's performance all the more impressive. MCP supports Moldovan winemakers to participate in international competitions like Mundus Vini and Berliner Wine Trophy to develop international credibility and stimulate exports



Photo caption: Capture from the official Mundus Vini website on the Moldovan awards in 2019.
Photo credit: Mundus Vini website

Sub Activity 4. Updated Wine of Moldova website.

The project is keen to assist ONVV in the development of a new country brand website, to increase international visibility. The current version was developed in 2014 as a landing page, and since then it has lost its usefulness due to a rigid structure and lack of new content. In 2018, MCP supported ONVV to add the possibility of posting dynamic content and to update obsolete information. This increased indexing in search engines and overall SEO ratings, however the WoM website needs more serious updates to fully respond to sectoral needs and the expectations of external stakeholders, including more information on wine tourism, iconic wines selection and the private sector. This is used by sector stakeholders to get intelligence data, reports and important announcements. Following a request from ONVV, MCP has contracted an IT consulting company which assisted ONVV to develop the Terms of Reference for the new portal. The Terms of Reference have been approved and published on the official public acquisition's portal, and it is anticipated that the winning company will develop the new website by the end of 2019.

Looking forward:

MCP will continue to support the reorientation and expanded geography of sales for the Moldovan wine sector, increasing the resilience of the market towards shocks from more traditional markets. Following increased budgets and implementing capacities of ONVV, MCP will focus on delivering more firm-level support, however the project will continue to closely monitor ONVV's activities and intervene when necessary, especially in activities relating to the organization of important international trade fairs and international communication campaigns. MCP will also continue to offer assistance to wineries to participate in international wine contests, as being a valid proof of increased wine quality as well as serving an important 'news motive'.

ACTIVITY 2. EXPORT SUPPORT PROGRAM (ESP): INCREASED WINE SALES ON TARGET MARKETS THROUGH FIRM-LEVEL MARKETING SUPPORT

Achieved Outputs:

- At least **25%** growth in export of wines compatible with WoM and PGI quality standards at assisted companies on target export markets
- **6** small winemakers made first exports
- Up to **14** 'New generation' and 'Export Champions' wineries assisted to deploy communication campaigns and trade promotion on target export markets

Achieved Outcomes:

- Increased international brand awareness and enhanced WoM brand equity
- Diversification of WoM portfolio on target export markets
- Increased sales and new wines introduced on target markets
- Increased number of small winemakers exporting wines to target markets
- Improved quality perception of Moldovan Wines
- Strengthened ASW and ONVV as the leading sector organization

Since 2015, MCP has implemented a firm-level Export Support Program, complementing the Wine of Moldova marketing and promotion framework, and in line with the national brand communication strategy. Over 31 wine producers have benefited from this program, which targets markets in Romania, Poland, Czech Republic, China, Latvia, Lithuania, Estonia, Belgium, UK, Netherlands, Portugal, Germany, and Canada, and participating wineries have reported impressive sales growth, growing cumulatively by 121% since Y1. This tailored support package is adapted to the size, export-readiness, and role in contribution to national brand equity on export markets of each winery, and takes into account the anticipated effects on other groups of beneficiaries. The marketing opportunities and support available is tailored to both large exporters and small wineries, and requires at least 50/50 cost-share by the company, based on realistic and executable marketing plans. Project marketing assistance under the ESP Program benefits the WoM national brand image, with a spillover effects to other Moldovan winemakers.

MCP assists small winemakers to expand market linkages in Romania. Romania is considered a target export market for Wine of Moldova, and is especially important for small winemakers who cannot rely on domestic sales alone. MCP supported 11 members of the Association of Small Winemakers to showcase at four important B2C and B2B events in this market. Small winemakers have achieved strong results on the Romanian market in 2019: export growth for members of ASW is expected to reach 50% by year end, when the volume of Moldovan 'author wine' exported to Romania is forecasted to exceed 13,000 bottles. Since MCP began supporting ASW in 2015, the number of small winemakers exporting to Romania has grown from two to eight, obtaining a compound annual growth rate (CAGR) growth of 317% for 'author wines'.

Snapshot of ESP support results for small winemakers

- Mealtime, Gogu Winery, Atu Winery have begun consistent exports to Romania
- Maestro DC shipped a trial order to Sweden
- Kara Gani and Domeniile Pripa – are in the final stages of signing contracts

Total: 6 assisted small wineries are ready to start exporting.

Four New Generation wineries assisted to penetrate and expand in Romania. Following the increased growth and visibility of Wine of Moldova, MCP agreed to support four wineries from the New Generation tier to expand complex marketing campaigns in Romania. This brought astonishing results:

- **Gitana** – considering the complex and consistent approach that this beneficiary has demonstrated towards this export market, MCP decided to prolong its support by hiring PR and Social media agencies to implement four-month activity plan. As such, it is estimated that the total sales by the end of 2019 will constitute 250,000 bottles of premium wine compatible with PGI and WoM quality standards, which is a 3.5-fold growth since the beginning of the cooperation in 2017.
- **Fautor** – one of the leaders in the Moldovan wine sector in terms of quality, Fautor was also supported by MCP to deploy PR and social media activities in Romania since quarter 4 of Y4. To date Fautor already exported over 5,000 bottles of its finest wines.
- **Vinaria din Vale** – has been supported by MCP through Y4 to develop a new brand name and a communication launch campaign. To date, after a fresh start, the new labels “Domeniile Davidescu” and “Sorginte” were listed by Mega Image supermarket chain in Romania, which owns over 700 outlets.
- **Vinaria Hincesti** – after MCP-supported development of the brand, including visual identity and labels, the winery is now for sale in the Kaufland retail chain and is in the final stage of negotiation to enter the Carrefour chain (German and French chains respectively). MCP has developed a plan of supportive activities together with the winery marketing staff, which will be implemented in Y5.
- **Timbrus** – after entering in the Romanian modern trade channel, MCP has offered its support to this winery to develop a deeply supportive communications campaign in social media and press. The activity is in its active phase of implementation.

Negotiations were also conducted with Doina Vin, a PQUP beneficiary that has entered the Profi retail chain (200 stores). MCP and the beneficiary have agreed on allocated budgets, and developed an action plan to be implemented in spring 2020

MCP deployed firm level support for Export Champions, New Generation and PQUP wineries to penetrate new markets. Based on a positive experience during ONVV’s collaboration with export consulting company Gateway & Partners, MCP decided to deploy firm-level support for five wineries to assist them to penetrate new markets. MCP covered the consultancy fees, while beneficiaries will contribute the travel and lodging expenses. To date, MCP and the consultancy company have agreed the target markets with the beneficiary wineries, and the implementation will enter its active phase in the first two quarters of Y5. As such Kazayak/Suvorov vin will be supported to enter the UK market, Gitana – Chinese, Castel Mimi Lithuania and Latvia, Agrici Winery – Belgium, and Fautor – Netherlands. MCP will decide whether to add future beneficiaries to this program depending on the results of ongoing activities.

MCP also discussed possible ESP programs with two Export Champions: Radacini Wines to extend in the Netherlands, and DK Intertrade – a project to promote PGI wines within traditional distribution channels in Czech Republic. However, both activities were postponed to Y5 for reasons not linked to MCP.

Looking forward:

MCP will continue implementing the projects initiating in Y4 to support the “New Generation” and “Export Champions” tiers, to spur exports of Wine of Moldova quality standard compliant wines. MCP will continue to support small winemakers under a common umbrella to initiate exports. These activities will capitalize and monetize on the country-level promotional programs and will open pathways for other wineries to begin exports.

PROGRAM 2. ENHANCE WINE CULTURE AND GROW A MATURE LOCAL MARKET

Achieved Outputs:

- **40** Moldovan sommeliers trained for an internationally recognized certification
- Wine serving trainings delivered for **30** local restaurants, and **97** people trained in sommelier services
- **2** editions of “Wine Vernissage” organized with MCP support
- **2** selection catalogues published

Achieved Outcomes:

- Enhanced wine culture on the local market
- Upgraded wine service in hotels and restaurants
- Increased bottled wine sales on domestic market
- Increased awareness of Wine of Moldova country brand locally

A stable and developed domestic wine market is critically important for any wine producing country, and has been listed among the five key success factors to compete favorably in the global wine market. The domestic market is a foothold for small vintners, serving as a platform to launch and test wine products, vintages, and winemaking innovations. A mature domestic market also represents an important contributing element to the development of tourism, since according to international benchmarks “one third of the traveler’s dollar spend goes to food” and food related experiences⁹. Therefore, MCP is committed to intrinsically developing local wine excellency in conjunction with gastronomic experiences and other key components of the Moldovan tourism product.

The domestic market of bottled wine in Moldova accounts for approximately 20% of industry sales. During the last five years, the Moldovan bottled wine market has experienced exponential growth in sales of high-quality bottled wine, growing by a CAGR of 63% in last two years and reaching a volume of approximately \$34.5 million USD. Therefore, efforts to refine wine culture; support the acquisition of wine knowledge in hospitality sites and connect emerging winemakers to consumers are key for a stronger domestic market, and achieving synergies and spillover effect on tourism development.

MCP strengthens the sommelier community promoting excellence in wine service. MCP is committed to developing excellence in wine service in on-trade outlets (HoReCa segment), and enhancing knowledge in the gastronomy sector, which is one of Moldova’s key tourism products.

MCP Approach to Develop Domestic Wine Culture, Gastronomy and Tourism



⁹ <http://www.globallocalgourmet.com/project/culinary-tourism-economic-development/>

Consequently, MCP works to increase the number of qualified sommeliers in Moldova and continues to support the Wine School initiative aimed at consolidating the sommelier and wine connoisseur communities. Thus, during the reporting year MCP organized following activities:

- **Two waves of courses and accreditation for European Sommelier Certificate** – In cooperation with Sommelier School and Association of European Sommeliers (ASE), MCP organized two rounds of courses for a certification recognized by European Parliament: one in February, and due to high solicitation, a second in June. As a result, a record number of 40 new sommeliers were accredited in Moldova. Moldova now has a total of 90 accredited sommeliers, an impressive growth considering that at the beginning of the project there were only 10 wine servers with internationally recognized accreditation
- **In-depth courses for olfactory analysis** – in order to enhance the knowledge and skills of local sommeliers in wine analysis, and to train the marketing and hospitality staff of local wineries, MCP, under the WoM Academy initiative, organized three rounds of trainings on olfactory analysis and detection of wine defects following the Oenoflair method, conducted by reputed oenoparfumeur Richard Pfister. In total, more than 50 members of the wine industry participated.
- **ONVV organized WSET level I and II trainings** – Wine and Spirits Education Trust (WSET) is one of the most widely accepted and recognized certifications in the wine world. To further develop skills and knowledge of Moldova's wine sector staff, journalists and sommeliers, ONVV organized level I & II courses for 42 professionals. MCP agreed to continue this activity in Y5, expanding the list of participants with those who were not eligible by ONVV standards, especially ASE sommeliers.
- **MCP supported “Express Sommelier” courses** – as MCP witnessed the growing interest towards wine culture and correct wine service within the general public, MCP offered support to Sommelier School to organize basic courses for the general public, thus increasing the span of people initiated in wine culture.

The recent achievements of the maturing domestic wine market fueled the emergence of specialized “wine culture hubs”, and contributed to venues from HoReCa segment (Hotels, Restaurants, Cafés) giving wine greater consideration. In 2014, Chisinau had only 2-3 wine boutiques but gradually, venues specializing in selling high quality wine have organically emerged. During the reporting year MCP has contributed to the appearance of new themed wine venues, contributing to local wine culture development and acting as tourism attractions. Thus, Tasting Room Wine.md has opened its doors in a historic cellar in the center of Chisinau. MCP supported the development of the interior design and procurement of kitchen equipment, and motivated the owners to install a one-of-a-kind wine dispenser that serves by the glass. The venue has become popular in a very short time and is in high demand by both locals and tourists, even on work days. Another venue that has received MCP support for design, equipment and branding is Decanter Vinotheque, that will be opened soon.

Unfortunately, ONVV decided to discontinue the fully-fledged “Wine Friendly” program that aimed to develop the domestic market, due to some allegations about in market distortion. However it echo remains: the restaurants that were initially accredited within the program proudly bear the Wine Friendly sign, promoting extended wine lists and welcoming small winemakers on their menus, and other non-accredited restaurants follow. Currently, two-four wine related events are organized across Moldova each week, this achievement seemed unrealistic in 2015, when MCP began working in this area.

Feature story

ASE course alumni win regional competitions, bringing international fame to Moldova

Moldovan members of the European Association of Sommeliers (ASE) made important achievements that help position Moldova as a country with a growing wine culture. A team of young sommeliers “SOMMOLDOVA” formed from ASE alumni won 3rd place in the “Grand Iasi Tasting” competition in Romania, where sommeliers had to determine grape varieties and origins during a blind tasting. Another ASE alumnus, Maxim Levcenco, won a bronze medal at the “Best Taster of Cotnari” competition, and Daniel Frumusachi who received his ASE certification in February 2019 beat two Guinness World Records in sabrage (the traditional practice of opening sparkling wine with a sword), opening 49 bottles in 30 seconds, and then opening 79 in under 60 seconds. This achievement was highly published by local and international press.



Photo caption: ASE activities with Brigitte and Alain Leloup during Wine Friendly/SMART wine education weeks. June 2019. Photo credit: MCP

Wine Vernissage series of events becomes a key ‘must-attend’ activity in wineries’ annual activity plan. Since the launch of the Wine Vernissage bi-annual series by MCP predecessor project CEED II, it has repeatedly proven its concept and necessity for the domestic market, becoming one of the most important events attracting foreign tourists. Now in its 16th edition, the event breaks record after record in terms of visitor attendance and number of participating companies. It also serves as one of the milestone-events for wineries which use this occasion to launch new products and tighten relationships with their clientele. As such, the 15th edition of Wine Vernissage in Winter 2018 broke attendance and participation records, gathering over 2,000 people who interacted with over 70 wineries, the highest number of participants in the event’s history. Twenty-four of these participants were small winemakers, who were placed in their own, separate hall for the first time to accommodate the growing number of people interested in finding out more about ASW’s ‘author wines’. The following 16th edition of Spring Wine Vernissage took place in April, showcasing more than 300 of the best white and rose wines from 50 wineries across Moldova to an audience of more than 1,000 wine enthusiasts, industry experts, and members of the international community.

Feature story

ONVV launches first catalogue of award-winning wines from 2018 at the 16th Wine Vernissage

In 2018, Wine of Moldova won more than 500 medals and awards at international competitions around the world, including 190 gold medals and 300 silver and bronze awards, demonstrating the leap forward in quality achieved within Moldova’s wine sector as a result of strategic investments in wine making techniques and technology. To highlight this success, ONVV published a catalogue dedicated to 2018’s record haul of gold medals titled “The Golden Wines of the Republic of Moldova”, showcasing 556 award-winning wines from 40 Moldovan wineries, including 125 wines from 15 companies that are direct beneficiaries of the MCP PQUP and ASW mentorship programs. ONVV, with assistance from MCP, provides support to winemakers to participate in international wine competitions to gain objective international validation of Moldova’s wine quality, and to raise awareness of its wines on the international market. The publication of this catalogue, which was



Photo caption: “The Golden Wines of the Republic of Moldova” wine catalogue showcasing the winners of more than 500 medals at international competitions in

launched at the 16th Wine Vernissage, is a stand-alone initiative of ONVV, demonstrating the maturity of the PPP following extensive capacity building by MCP and predecessor projects.

National Wine Day positioned as the biggest and most important wine festival in South East Europe. National Wine Day is an official holiday recognized by Moldovan law, celebrated annually in the first full weekend of October. The festival showcases the achievements of the wine sector and harnesses Moldova's traditions and craftsmanship. National Wine Day has been organized under an improved concept since 2013, focused on enhancing domestic wine culture, supported by MCP and predecessor projects. Key components of this concept include, "Wine School," and, "Wine Road," and, "Traditional Crafts and Gastronomy." The 2019 edition was organized with a finely tuned concept that enlarged the festival over a greater area, creating a more comfortable atmosphere during the day. It took place on October 5th and 6th, being preceded and succeeded by a series of connected events: Chisinau International Marathon, Ravac Film Festival, and Fashion Shows, which collectively attracted a greater number of visitors from Moldova and abroad, filling Chisinau's hotels to full capacity for the third year running. A record breaking 70 wineries showcased their products at the event. MCP and ONVV ensured that over 80 journalists from 14 countries including the U.S., China, France, Italy, Japan, Korea, and Sweden, attended the event and explored Moldovan wines and local traditions. MCP considers that officially published statistics (70,000 visitors, 27,000 foreign tourists, 80,000 bottles sold) do not reflect the reality of the event, estimating these figures should be at least 50% greater. MCP estimates that National Wine Day brings more than \$5 million USD of foreign tourist spend to the local economy.

Feature story

70,000 international & domestic visitors attend Moldova's 18th annual National Wine Day.

Moldova hosted its 18th annual National Wine Day, attracting record numbers of visitors and increased international media attention. More than 80 journalists from 14 countries including the U.S., China, France, Italy, Japan, Korea, and Sweden, attended the event and explored Moldovan wines and local traditions. National Wine Day celebrates Moldova's rich wine heritage. Nearly 70 wineries from Moldova's wine regions showcased their craftsmanship, from small wine growers to larger family-run wine and tourism operations. This year, more than 70,000 people attended the two-day event, fully booking all hotels in the capital city Chisinau. According to the 2018 Tourism Exit Survey conducted by MCP, 43% of visitors travel to Moldova to taste its wines and 31% to attend festivals like Moldovan National Wine Day. MCP supports the National Office of Vine and Wine (ONVV) to organize National Wine Day as part of its efforts to develop and strengthen Moldova's connected wine and tourism industries.



Photo caption: U.S. Ambassador Dereck J. Hogan presenting the award for Best Viticulturist of the Year to Victor Efros, Migdal-P winery.
Photo credit: National Office for Vine and Wine

To highlight the continued leaps forward in Moldova's wine industry the diplomatic community joined the Minister of Agriculture, Rural Development and Environment to present Awards for Industry Excellence at the opening of the event. The quality of Moldovan wines is now recognized on a global scale winning more than 1,800 medals at international wine competitions since 2016, demonstrating the effectiveness of MCP's investments in quality upgrades within the industry.

MCP conceptualizes a new event series to replace “Devin&Degust festival” aimed to spur internal and foreign wine tourism. In 2019, after consultation with the private sectors, ONVV decided to discontinue the organization of oeno-gastronomic festival “Devin & Degust”, which was only organized in line with its original concept in its first edition in 2017. To fill the ‘silence’ in the incoming tourism high season (May-June), MCP conceptualized and developed a visual identity for “Open Cellars Days” festival, which will not require any significant additional administrative or managerial effort to implement. MCP will present this concept to ONVV and the private sector, and following feedback will strive to organize the first ‘pilot’ edition.

Feature story

MCP develops “Open Cellars Fest” concept

According to best international practices, and taking the growing interest of locals and visitors from nearby Romania and Ukraine in Moldovan wineries into account, MCP worked on adapting the international concept of an “Open Cellars” festival to the specifics of the Moldovan context. MCP developed the event concept and logistics, and worked on producing the event’s key visuals and identity. In the upcoming period MCP will present the concept to ONVV and other sector stakeholders seeking to organize the first pilot edition in 2020.

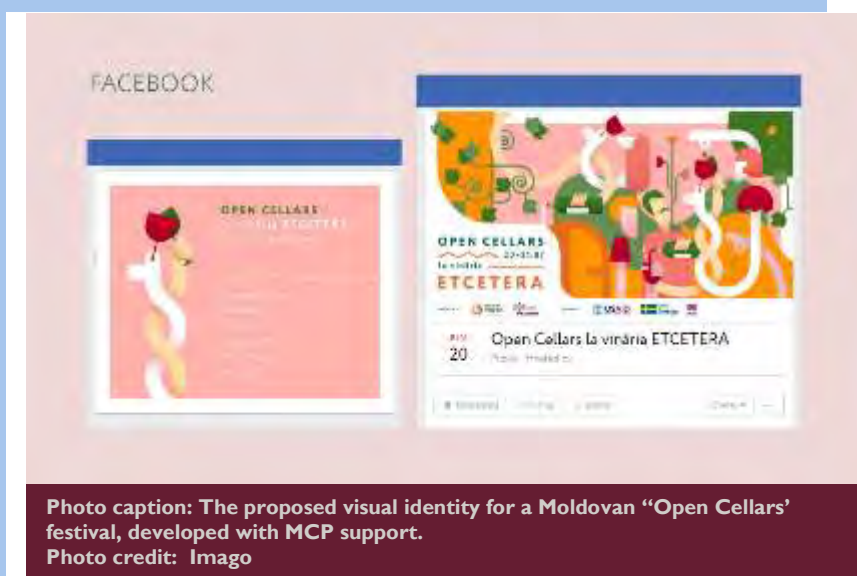


Photo caption: The proposed visual identity for a Moldovan “Open Cellars’ festival, developed with MCP support.
Photo credit: Imago

Looking forward:

MCP will continue strengthening and contributing to the development of the sommelier profession as a critical component of a healthy and developed domestic wine market. This will be achieved through continuous cooperation with ASE and Sommelier School, as well as through organization of other trainings and internationally recognized certifications. Moreover, MCP will contribute to the further emergence of wine culture hubs, and the organization of wine related events.

OBJECTIVE 3: IMPROVED SECTOR-ENABLING ENVIRONMENT AND INCREASED CAPACITY



Photo caption: Public -private dialogue platform in the winegrowing sector.
Photo credit: ONVV

PROGRAM I. POLICY UPGRADES AND LEGAL REGULATORY REFORMS IN THE WINE INDUSTRY

Achieved Outputs:

- Wine Industry Strategy development relaunched
- Secured functioning of ONVV and safeguarded the continued implementation of reforms
- Wine traceability system efficiently managed by ONVV

Achieved Outcomes:

- Clear long-term vision on future development established throughout the Moldovan wine sector
- Action plans, foreign aid support and governmental programs aligned to strategy goals
- Improved wine industry business enabling environment
- Sustainable public-private dialogue and secure public-private partnership within ONVV
- Enhanced awareness about PGI wines and origin-based products produced in Moldova
- Better trained workforce with skills responding to current private sector demands

With MCP support, Moldova was able to re-think its wine industry, ease regulatory challenges, and establish a new public-private industry management model through ONVV. Since the adoption of new wine legislation in 2012, MCP has continued the momentum and strengthened regulatory reforms by implementing regulations to enact the law. MCP has been supporting ONVV in disseminating legal reforms among industry players and in building the often-uneasy public-private dialogue for sustained reform implementation.

In Y5, MCP will continue to support continued wine-sector reforms, focusing on supporting ONVV in the implementation of improvements in product quality conformity and traceability, particularly pertaining to product certification, government controls, and wine and vine producer declarations. MCP will resume the development of a national industry strategy – WoM 2030 – an initiative that is long overdue which will

promote the new development visions and goals for Moldova's revitalizing wine sector. ONVV will continue to be strengthened as the industry's public-private partnership institution, and secured from political influence, in order to maintain the position of the main trustworthy and professional organization.

ACTIVITY 1. SUPPORT ONVV TO CONTINUE POLICY, LEGAL AND REGULATORY REFORMS

Sub Activity 1. Safeguard the ONVV as an institution and PPP.

In the past two years, the Moldovan winegrowing sector witnessed an unprecedented setback, threatening to abolish ONVV and question future industry development, demonstrating the fragility of the institution to policy makers. ONVV has persisted, however, there is a need to further strengthen the public-private industry governance model, in the context of negative signals which may be deducted from sector feedback and governmental communication. ONVV is still the leading PPP in Moldova, and the key voice of the Moldovan wine sector, representing grape growers and wine makers at the national level. Thus, MCP will mobilize all available authority to safeguard the current status-quo, and will act as a mediator and facilitator between the private sector and ONVV. To underline its role, MCP also took part in ONVV operational management and decision-making processes at three sessions of the ONVV Coordination Council and two session of the ONVV marketing committee, supporting its role in strengthening the Moldovan wine sector's business enabling environment.

Sub Activity 2. Strengthen institutional management of ONVV and develop member services.

During the reporting year, ONVV experienced a series of institutional management challenges, amplified by staff turnover, which threatened the sustainability and governance of the PPP. The ONVV Coordination Council requested support from MCP, the repository of institutional knowledge about the organization, to review the PPP's internal regulations (codes, protocol and procedures) and other governing documents to increase transparency and accountability across the wine sector. The results of this review have been presented to the ONVV board, including recommendations and actions to streamline its procedures and achieve a higher efficiency of allocated resources. Subsequently, MCP developed a set of documents and actions to streamline procedures and allocate resources more efficiently. Unfortunately, some of the new proposals (including proposals on Activity Regulation and amendments to the competencies and attribution of Board members and managerial staff) were blocked by some Board members. However, MCP will continue to work with ONVV board members and ONVV managerial staff to adjust and implement the new governing documents.

In spite of the above, ONVV continues to increase its accountability to the sector. During the reporting year, ONVV has regularly organized and thoroughly documented board meetings, sessions and workshops on its main platforms: lobby and advocacy, vitivin and marketing. In addition is has organized three sectorial conferences dedicated to: Phytoplasma diseases; Report conference on calendar year 2018 (in February); Report conference on the results of the viticultural year (August).

Feature story

ONVV delivers second national Wine Congress.

In March, ONVV organized the second National Wine Congress at Tekwill, gathering over 100 participants from 25 wineries, the Moldovan press and academia to disseminate updates, results and recent changes within the Moldovan wine sector. The event underlined the increasingly important role of ONVV as the leading organization in Moldova's wine sector, and signaled its increasing transparency towards both the industry and the public. During the congress, ONVV management made presentations about the overall state of the sector, wine exports, the current legislative and normative situation governing the industry, and the 2018 harvest results, as well as more technical subjects such as particularities related to the 2018 winemaking season, the management of vine diseases and vineyard care.



Photo caption: ONVV Director Mr. Arpentin presents the results of the 2018 harvest to the public at the 2nd Annual Wine Congress, Chisinau, March 6, 2019
Photo credit: ONVV

Sub Activity 3. Continue industry regulatory reforms.

MCP supports ONVV and MARDE to continue needed industry reforms. The legal and regulatory reforms initiated in Moldova's wine industry in 2013 need to continue. Reforming the sector is an ongoing process, aiming to fully reorganize the existing model of industry regulation, management, and control. In this context, MCP supports ONVV and MARDE to initiate changes in technical regulations, assessment of quality controls, and a traceability system subordinated to normative acts. During the reporting period, ONVV has been consulted in preparation to harmonize the following legal acts in line with EU standards, or to update current legislation to meet the requirements of the private sector as follows:

- Draft of the concept and respective Government Decision on the restructuring of the system of research, innovation, education and rural extension in the entire agri-food sector (which includes the winegrowing sector);
- Package amendments to law no. 57 "On Vine and Wine" and law 1100 "On production and circulation of ethylic alcohol and alcohol-based produce". The amendments include new requirements on labeling and packaging;
- Until now, control over the production and quality of Protected Geographical Indication (PGI) wines was the responsibility of wine producers, PGI Associations and ONVV. Decree No. 110 on May 16, 2019 empowered ANSA to verify authorized wine producers with respect to the terms of reference and technical regulations on PGI wine production;
- MCP seeks to ensure a favorable business environment for the development of small winemakers, and that all government mechanisms related to traceability and support procedures for PGI/PDO wines are synchronized with ONVV in its role as the implementing party. On April 24, 2019 MARDE issued a decree on amendments to the National Rural Agriculture Development Fund managed by the Agency for Interventions in Agriculture (AIPA), setting out increased subsidies for small vine plantations (up to 40 hectares); increased subsidies for PGI/PDO vineyard plantations, and consistency with ONVV traceability rules, stipulating references to mandatory registration in the National Vine and Wine Register;
- MCP supports ONVV and PGI associations to implement several flagship projects, including "FlaveDor" - aimed at combating the consequences of incurable vine diseases Flavescence doree and Bois Noir. On April 3rd, 2019, MARDE approved a decree on quarantine diseases to harmonize Moldovan legislation with EU legislation, specifically Annex I to Council Directive 2000/29 / EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community, published in the Official Journal of the European Union no. L 169 of 10 July 2000.

ONVV wins historic lawsuit questioning compulsory nature of levies to National Wine and Vine Fund.

On May 22, 2019 the Supreme Court of Justice denied an appeal by two wine producers, Moldavskii Standart and Zolotoi Aist, questioning the requirement to pay levies to the National Wine and Wine fund. This lawsuit was originally raised over two years ago, and the result has created a favorable precedent for all wine producers to obey to current legislation and honor their obligations.

ACTIVITY 2. FINALIZE THE WINE OF MOLDOVA 2030 STRATEGY TO GUIDE LONG-TERM INDUSTRY COMPETITIVENESS, AND PROMOTE IN THE GOVERNMENT

Over the last five years, the wine industry has extensively implemented the USAID-supported 2010 white paper “Rethink Wine Industry,” and a sector-wide opinion has formed regarding the future of the industry. To secure and streamline the industry’s sustainable development, the wine sector needs to create a comprehensive wine industry development strategy for the next 10 years. Over the last two years, MCP has infused ONVV and industry stakeholders with the global trending strategies of the wine market via international expertise, as well as a study trips to Napa Valley (California), Alsace (France) and Rioja (Spain) to learn wine industry trends, with a special focus on sustainability principles. Given the political changes as a result of the Parliamentary elections, the industry strategy development process will take off in September 2019 and is expected to be validated by the government by June 2020.

MCP ensures a consistent approach to the sustainable development of Moldova’s wine sector by contributing to the national strategy Wine of Moldova 2030.

In Y4, ONVV relaunched the process to develop a national strategy for Moldova’s wine sector. John Barker, New Zealand wine expert and International Organization of Vine and Wine (OIV) member, was proposed as strategic development leader, and visited Moldova for a two-week familiarization trip to meet with MCP and key sector stakeholders. During the visit, it became evident that Mr. Barker has moderate expertise in marketing (which is

one of the key pillars of the anticipated strategy) and little knowledge of specifics of Moldovan winegrowing sector. Following direct requests from several members of ONVV board and the private sector, MCP proposed Robert Joseph as an alternative strategic development leader. Mr. Joseph is an international wine marketing consultant, listed by several specialized publications as one of the top 10 wine influencers worldwide, and is a Professor at the Burgundy School of Business with extensive knowledge of the Moldovan wine sector.

In June, Mr. Joseph worked with ONVV to provide input to the Wine of Moldova marketing strategy, strengthening its focus on building awareness raising the global profile of Moldova as a quality wine producing country. Mr. Joseph also made proposals related to the marketing and promotional component of the Wine of Moldova 2019-2030 strategy with a focus on Sustainable Development. These proposals



**Photo caption: Robert Joseph chairing a meeting between the ONVV Board and Moldova’s top 15 wine exporters. June 27th, 2019.
Photo credit: MCP**

were vetted during one-to-one meetings with some of the most important stakeholders in Moldova's wine industry, and during an MCP-organized meeting of the ONVV board and the top 15 wine exporters. Meeting participants approved Mr. Joseph to work alongside Mr. Barker on the development of the Wine of Moldova strategy, acting as an international marketing expert. Mr. Joseph is keen to propose a synergy between the most performing sectors of the Moldovan economy – fashion, IT and creative industries – to transform the image of Moldova around the world. To kick-start this process, he met with local blockchain experts aiming to introduce this technology as part of the wine sector's sustainability reporting, and visited leading AR and VR experts during visits to Tekwill and Artcor.

ACTIVITY 3. DEVELOP AND STRENGTHEN THE PGI WINE ASSOCIATIONS

According to European best practices, PGI wines traditionally achieve prices 15-20% higher than the same wine with a generic label. Moldova's four PGI associations – Valul lui Traian, Stefan Voda, Codru, and Divin – have a leading role in promoting high-quality wines and regional wine traditions. However, the PGI associations have limited experience and low capacity, and need support to clarify and adjust the internal control procedures and technical specifications aimed at promoting the specific features of each wine region. To ensure a fully functioning PGI wine production system, Moldova's PGI associations must become fully operational and be able to execute their legal and statutory role. French Institute of Origin and Quality (INAO) will assist Moldova to establish the first Protected Denominations of Origin.

Feature story

France is a pioneer in the development of quality systems in the wine sector, and French experts will now share their experience with the Republic of Moldova

In April, ONVV signed a Memorandum of Understanding with the National Institute of Origin and Quality (INAO) in France, defining a cooperation which will provide a framework of support and technical assistance to Moldovan producers to strengthen the quality systems of local wine products. This agreement highlights ONVV's efforts to develop quality signs such as Protected Geographical Indication (PGI) and Protected Designation of Origin (PDO), which are guarantees of wine quality for final consumers, and reflects the originality and typicality of Moldovan wines and of traditional winemaking methods. These designations also facilitate Moldovan winemakers' access to foreign markets by adding value and internationally recognized standards to their products. The Memorandum is an essential component of the "Terroir" project that aims to identify and establish the first PDO in Moldova, in compliance with EU requirements and regulations.



Photo caption: Mr. Gheorghe Arpetin, Director of the National Office for Vine and Wine, and Mrs. Marie Guittard, INAO Director, signing the Memorandum of Understanding outlining their future cooperation. April 15th, 2019. Photo credit: ONVV

Stefan Voda PGI Association assisted to upgrade its brand identity. Following a request from the marketing board of the Stefan Voda PGI Association, MCP provided technical assistance to upgrade the Association's logo and other visual assets in line with modern trends. The contracted design agency proposed over 12 proposals for a new logo, and MCP will organize consultations with local and international branding experts to select the winning option. MCP offered additional support to develop a robust communications campaign to promote PGI Stefan Voda wines, which will include a series of wine

tastings, video and photo reports, and social media activity. The campaign kicked-off with a dedicated tasting held at an MCP-supported wine culture hub.

National Wine and Vine Register updated with MCP support and transferred to ONVV.

The National Wine and Vine register is one of the most important components of the traceability and quality compliance systems implemented by ONVV. The register was initially developed by direct funding from USAID through the National Agency for Rural Development (ACSA) and the Czech Agency for International Development (UCZUZ), however MCP was involved in every stage of development, securing US Government investment and ensuring proper execution of the software that processes the entries and manages the database of the Register. In May, the Ministry of



Photo caption: Signing of the transfer and closing act between MADRE, ONVV, Czech Embassy and USAID. May 7th, 2019.
Photo credit: ONVV

Agriculture, Regional Development and the Environment signed the closing act and final transfer of the Automated Information System "RVV" - rvv.gov.md, and the functions of maintaining the Register, transmitting ownership to the National Office of Vine and Wine (ONVV). The event marked the end of the warranty period and the provision of financial support from the Czech Republic and took place in the presence of officials from MARDE, ONVV, the Embassy of the Czech Republic in Chisinau, the Central Testing Institute in Agriculture of the Czech Republic and USAID.

MCP secures MCP investment and contributes to technical updates and continuous maintenance of Vine and Wine Register. Upon the transfer to of the Register to ONVV, the previous owners' obligation to maintain and update the platform has expired, however like any other software, the Register needs periodic updates and maintenance in order to better respond to the needs of the sector. As a result, MCP offered technical assistance and consultancy to develop the Terms of Reference for an update to the software and its annual maintenance. The Terms of Reference were published on a public acquisitions portal, and await finalization of the tender procedure.

Looking forward:

Due to ONVV's fragile standing, MCP will aim to institute additional legal safeguards for the ONVV PPP, as well as request diplomatic interventions by USAID and Sweden. Examples include securing annual government funding for ONVV, and expanding the ONVV board with observers from development partners and/or Ministry of Finance. As such, the ONVV board is in critical need of additional support to strengthen its role in managing the ONVV institution, and to instill accountability and transparency. MCP will deploy tailored technical assistance to the ONVV board on strategic areas, such as: lobbying & advocacy, marketing, quality & productivity, and institutional monitoring of performance.

In addition, MCP will provide support through local and international consultants, and ensure access to best international practices and coordinate the participatory process of the strategy development and approval. Through local and international consultants, MCP will continue to support development services to association members and incentivize the development of the first Protected Denomination of Origin (PDO)

wines in Moldova. MCP will provide access to necessary technical assistance including legal advisors, operational, traceability, and quality and compliance experts, to achieve this goal. In addition, MCP will conceptualize and implement promotional campaigns in close cooperation with PGI associations and executive staff, with the aim of increasing awareness and knowledge of the PGI/PDO concept and wines both on domestic and in foreign export markets.

TOURISM INDUSTRY



Photo credit: Igor Rotari

Photo caption: Tatiana and Zaharia Arama, hosts of the Casa Veche rural guesthouse in Palanca village, and two teens dressed in traditional cloths, welcoming guests with bread and salt

OBJECTIVE I: INCREASED PRODUCTIVITY AND QUALITY (BETTER WORKFORCE AND ADOPTED INNOVATION)



Photo credit: Elena Balatel

Photo caption: Tourist Guides acquiring practical skills during the WFTGA training, March 2019

PROGRAM I. START-UP TOURISM MOLDOVA: PRODUCT DEVELOPMENT, UPGRADING SERVICE QUALITY, AND TOURISM OFFER DIVERSIFICATION

Achieved Outputs:

- Moldova National Wine Trail renewed and promoted
- Tourism information signage developed and installed in key wine regions
- **9** new wineries initiated tourism services
- **5** new rural B&Bs and tourism service providers identified and/or upgraded
- **2** soft-adventure routes implemented in target tourism hubs Ștefan Vodă and Orheiul Vechi
- **7** tour operators/agencies coached to develop inbound tourism packages
- **29** tourism events strengthened as tourism attractions, supported and promoted under the Tree of Life country brand

Achieved Outcomes:

- Wine tourism products enhanced, and wineries increased sales of tourism services
- Increased diversity and innovation of rural experiences in wine regions

- Upgraded quality of cultural, gastronomical, and wine experience products
- Diversified and strengthened tourism products
- Enhanced tourism products for local and foreign visitors

To boost and diversify Moldova’s extremely weak tourism offerings, MCP kicked off its ‘Start-Up Tourism’ program in 2016. This complex program aims to foster quality growth, innovation, and diversification in Moldova’s nascent tourism industry, and expand tourism services, especially within the two main wine regions, Codru and Stefan Voda. Program activities include capacity building, mentorship, grass-route grants, rural entrepreneurship, strategic planning, and developing a strategic road map of the market. Through its sub-programs – Wine-UP, Hospitality+, Inbound Startup, and Go Regional – the ‘Start-Up Tourism Moldova’ program benefits wineries, rural pensions, B&Bs, artisans, hotels, soft adventure and activity providers, tourism agencies, and destination management organizations (DMO).

MCP’s approach to developing Moldova’s tourism industry is focused on enhancing interventions in key tourism destinations, following a “hub and spoke” approach. Moldova’s ‘tourism hubs’ include regions close to the capital city, Chisinau, (Hâncești, Ialoveni, Strășeni, Anenii Noi), the districts of Orhei and Călărași, Orheiul Vechi reservation, Ștefan Vodă wine region (Căușeni, and Ștefan Vodă districts), and Gagauzia, clustered with the Lower-Prut Natural Reserve was added as an emerging destination in 2017. MCP’s ‘Go-Regional’ Tourism development program is designed to drive growth and investments into developing consistent networks of tourism services and facilities, cultural events and tourism trails, as well as local destination management capacities.

As part of the Start-up Tourism Program, MCP has trained more than 250 people working in the inbound tourism industry on topics related to experiential and soft adventure products, digital promotional tools and quality tourism services. The number of tourism friendly wineries and rural guesthouses aligned to international standards is constantly increasing thanks to MCP support, bringing more tourists to rural areas. Wineries hosted over 200,000 local and foreign visitors in 2019, who spent an estimated \$6.5 million in rural areas.

ACTIVITY I. WINE-UP: WINE TOURISM ACCELERATOR PROGRAM

MCP continues to roll out the Wine of Moldova Route

Easy access to information is essential for tourists and enhances their ability to explore a country. To facilitate foreign visitors and domestic tourists to access key sites, encourage road trips and stimulate tourism, MCP partnered with the Ministry of Economy and Infrastructure (MoEI) and the National Office of Vine and Wine (ONVV), to install the first of 156 informative road signs across Moldova. These signs direct travelers to 38 tourism destinations on the newly developed "Wine of Moldova Route", and will also increase the flow of tourists to the most important sights in each corner of the country: monasteries, museums, historical moments, etc. The National Wine Trail is an ongoing effort to encourage and support Moldovan wineries to initiate and develop tourism services. During Year 4, MCP continued to roll out the Moldova Wine Trail. New road signs were installed in the districts of Straseni and Comrat (in Gagauzia) and the list of wineries to be indicated on the roads has been expanded by a MoEI order with additional 24, most of which are MCP beneficiaries. The second phase of the Wine Trail

New Tourism Friendly Wineries

Opened in 2019

1. CRAMA TUDOR
2. VINARIA DIN VALE
3. ECO VILLAGE VALENI
4. TRONCIU WINERY
5. VINURI DE COMRAT
6. CRAMA MIRCESTI
7. MAESTRU DC
8. GITANA WINERY
9. FAUTOR

was agreed by MCP with the ONVV and MoEI, with around 150 new road tourism signs to be installed before June 2020. Valuable new wine trail Point of Sale materials have also been developed by ONVV with contributions from MCP, including a Wine Tourism Guide and a Wine of Moldova Map in Romanian, translated into English, French, Japanese and Russian.

Nine new wineries developed and upgraded their tourism facilities

These wine companies from Stefan Voda, Valul lui Traian and Codru (three regions outside the capital) were assisted to upgrade and/or develop new tourism facilities and services as part of the Wine Tourism Accelerator Program. The support ranged from supporting the wineries to develop the ability to host basic wine tastings to showcasing wine production facilities and vineyards, and at the most advanced level, organizing wine festivals, shows, and gastronomic experiences. MCP encourages supported wineries to engage in partnerships with local community members, with the goal of fostering regional sustainable development and serving as a tourism attraction that can result in the emergence of, and support existing, rural pensions, hospitality businesses and local tourism attractions.

UK Sommelier assists wineries to improve wine service and food pairings

The MCP Start-up Tourism program focuses on upgrading the quality of Moldova's gastronomic and wine tourism products to increase customer satisfaction and potential visitor spend. To upgrade the visitor experience at some of Moldova's most successful wineries, the program supported leading UK Master Sommelier Xavier Rousset to visit Moldova,

where he provided trainings on wine service and food & wine pairing, and advice on directions for future development. Mr. Rousset provided one-to-one consultancy to MCP-supported wineries Cricova, Chateau Vartely, Castel Mimi, Purcari and Asconi, and provided a half-day training for the wineries' sales and marketing managers on the UK wine market and new trends in wine consumption. This activity closely followed visits by UK chefs Sven Hanson Britt and Kae Shibata as part of the Startup Tourism Program, to improve the quality of wine and hospitality services in the wine tourism sector; train wine and food professionals in current trends in key target markets (UK and Japan); and increase the number of tourists purchasing world-class wine tourism experiences in Moldovan wineries.



Photo caption: Xavier Rousset, UK-based sommelier.

Credit: Xavier Rousset

UK celebrity chef assists wineries and restaurants to adjust menus to western tastes

A survey of foreign visitors conducted by MCP in the fall of 2018 revealed that two of the most popular tourism activities in Moldova are tasting local wines (39%) and eating traditional food (32%). As a result, the MCP Start-up Tourism program focuses on upgrading the quality of Moldova's gastronomic and wine experience tourism products, to increase customer satisfaction and potential visitor spend. The program

brought UK-based celebrity chef Sven Hanson Britt to Moldova to support eight leading wineries to develop gourmet menus using local ingredients, and work closely with premier chefs and sommeliers to create optimal food and wine pairing recommendations. Sven is a trendsetter in the social media space, and his Instagram page is growing in popularity (2100 followers), in addition to a successful career working with culinary equipment manufacturer Miele, developing sophisticated menus using ingredients from the CEO's vegetable garden. These experiences give him unique insight into how Moldova's excellent local ingredients can be leveraged into world-class gastronomic experiences that can increase visitor spend in the country's wineries and restaurants.



Photo caption: Sven Hanson Britt, UK celebrity chef, assisting the chef at Castel Mimi to upgrade the menu at the winery's restaurant. Credit: MCP

Feature story

USAID Assistant Administrator for Europe and Eurasia Visits Leading Wine Tourism Destination

USAID Assistant Administrator for Europe and Eurasia Brock Bierman visited MCP beneficiary Asconi Winery for a meeting with its owners, the Sirbu family, and National Office of Vine and Wine (ONVV) Director Gheorghe Arpentin. Assistant Administrator Bierman stressed the importance of wine tourism to Moldova's wine industry and toured the winery's new restaurant terrace and



Moldova, a Wine Experience out of the Ordinary

Looking for a combined wine and gastronomy vacation? Looking for something different to do off the beaten track? Try Moldova. This is probably not the first country that pops up in your mind. Some people may not even know it as a wine country. But it definitely is one. And an old one at that.

Photo caption: MCP Chief of Party Doina Nistor, ONVV Director Gheorghe Arpentin, MCP Deputy Chief of Party Diana Lazar, Asconi co-owner Anatol Sirbu, USAID Assistant Administrator for Europe and Eurasia Brock Bierman, Asconi co-owner Mihaela Sirbu, and USAID Senior Project Management Specialist Steven Welker visiting Asconi winery's tourism facilities, upgraded with support from MCP.

FORBES. July 2019. By Per and Britt Karlsson.

winetasting facilities, which were upgraded with MCP support.

He also underlined the strength of U.S. Government support for ONVV as Moldova's leading Public Private Partnership, and the voice of the wine private sector. Asconi has benefitted from extensive support from MCP to improve its wine tourism facilities, including upgrades to a restaurant terrace and wine tasting rooms. As a result, Asconi has become one of Moldova's leading wine tourism destinations, allowing the winery to attract more than 37,000 tourists in 2018, expecting a 40% growth in 2019, and creating 20 jobs, mostly for locals from nearby villages.

ACTIVITY 2. HOSPITALITY+ MOLDOVA PROGRAM: IMPROVING TOURISM HOSPITALITY INFRASTRUCTURE

Sub Activity 1. Prototype best practices in opening and managing rural B&Bs, guesthouses and other tourism sites.

Five new B&Bs improve tourism hospitality infrastructure with authentic upgrades

MCP supported facilities upgrades at five new rural B&Bs (in Palanca, Valeni, Congaz and Trebujeni villages) to improve the quality of their hospitality infrastructure. MCP invests in the emergence of new, quality rural accommodation to position Moldova as an attractive tourism destination for Western tourists, based on authentic, quality service provision, sustainability, and the safeguarding of traditions. Each beneficiary worked closely with a designer and/or architect to make strategic upgrades to the hospitality facilities, by increasing its catering or accommodation capacity, creating new relaxing space, or developing playgrounds for kids. To date, a total of 14 rural guesthouses have been upgraded with MCP support.

Rural guesthouses not only serve as accommodation infrastructure in rural regions, but also act as platforms for community-based tourism, offering experiential tourism activities, such as biking and hiking, birdwatching or farming, as well as transformational tourism activities that contribute to the revival of lost traditions (rug weaving, bread baking, etc.).

*The number of visitors to rural guesthouses **increased by 20% in 2019**, reaching more than **36,000 people**.*

Feature story

Diaspora Family Returns to Moldova to Open Rural Guesthouse

A family from Trebujeni village in the Orheiul Vechi tourism hotspot has returned from Russia to open a rural guesthouse, Valea Stancii. The Senin family emigrated to Moscow 13 years ago for work but were drawn back to Moldova due to the recent success of the Moldovan tourism industry, which is growing rapidly thanks to strategic investments from the Moldova Competitiveness Project (MCP). MCP provided the family with

complex support worth \$20,000 USD to redevelop their childhood home into an attractive hospitality business. The resulting facility can accommodate 20 overnight guests and up to 100 diners, and will contribute greatly to the image of Moldova as a sustainable tourism destination abroad. MCP-supported guesthouses like Valea Stancii hosted more than 29,000 visitors in 2018, a 42% increase on 2017, allowing them to create rural jobs and mitigate against the drivers of migration.



Photo caption: Veaceslav and Svetlana Sanin, the owners rural guesthouse Valea Stancii in Trebujeni village, Moldova.

Photo credit: MCP

Sub Activity 2. Developing hiking, biking, cooking, and other soft-adventure products as the core for experiential tourism.

Rural B&Bs reinvent gastronomic menus with support from MCP

UK-based pastry chef Kae Shibata provided consultancy to MCP-supported guesthouses in the Orheiul Vechi tourism hotspot, including Eco Resort Butuceni, Vila Roz, Casa Verde and Casa din Lunca, to improve the attractiveness of their menus for foreign visitors and reinvent their dessert menus using high-quality local ingredients. Ms. Shibata works at the Michelin-starred Ritz Hotel in London, and during her visit she gave targeted recommendations for menu upgrades to take account of current food and allergy trends, including the provision of vegetarian, vegan and gluten-free options; provided gourmet dessert workshops with chefs from leading vineyards; and delivered a practical workshop for tour operators and wineries about the preferences of Japanese tourists – a small but growing market for the Moldovan tourism industry.



Kae Shibata, UK pastry chef, demonstrating a gourmet dessert to rural guesthouse owner Liuba Railean in tourism hotspot Orheiul Vechi. Credit: MCP

Local chef and gastronomy consultant, Marian Danu also initiated a fully-fledged support program for 13 rural guesthouses and small wineries, to work on adjusting menu portions to avoid waste, diversifying dishes, and introducing more local and organic agricultural products. Together, these changes will increase the sustainability of the guesthouses, and offer tourists new taste experiences.

Chisinau Tourism Information Center organizes first bike tours

The first bicycle tour of the Moldovan capital, Chisinau, took place in March as a partnership between the Chisinau Tourism Information Center (TIC) and local bicycle company Velosport, both MCP grant beneficiaries. The inaugural group of 10 tourists included three foreign visitors plus local journalists and bloggers, and was promoted on social media using hashtags and live video streaming. The bike tour is the latest tourism product to emerge from the TIC and is accessible in six languages including English and Italian, targeting Moldova's most popular international tourism markets.



Photo caption: Facebook Advert for the Tourism Information Center / Velosport partnership providing the first tourism tours of Chisinau by bike
Photo credit: Chisinau Tourism Information Center

Feature story

Rural guesthouses in Orheiul Vechi to offer birdwatching activities to tourists

Birdwatching is a lucrative segment of the tourism industry, with enthusiasts willing to travel long distances to see rare birds in their natural habitat. To capitalize on this niche in conjunction with International Bird Day on April 1, 2019, MCP trained seven rural guesthouses within the Orheiul Vechi nature and culture reserve (Eco Resort Butuceni, Vila Roz, Casa Verde, Casa din Lunca, Casa de sub Stanca, La Anișoara, and Valea Stancii) to encourage visitors to access existing birdwatching trails within the reserve, and to provide access to binoculars and birdwatching maps funded by the project.



Photo caption: Moldovan guesthouse owners take part in the MCP training on new birdwatching opportunities in the Orheiul Vechi nature and culture reserve.

The initiative builds on previous work by MCP in 2018 to develop a pilot birdwatching area within the reserve. A suite of six tourist trails for bird watching, hiking and cycling in Orheiul Vechi were opened in October 2018, providing opportunities for tourists to see more than 100 species of birds, 30% of the total bird biodiversity in Moldova, and enabling local guesthouses to diversify their tourist offer and extend visitor stay time in the region. In 2018, 160,000 tourists visited Moldova, attracted by authentic and soft adventure opportunities in areas like Orheiul Vechi, such as hiking, canoeing, local gastronomy and birdwatching.

Sub Activity 3. 'Tree of Life' tourism events national agenda acts as a catalyst for tourism.

The 2019 Tree of Life tourism calendar showcased 29 events planned throughout the year, including six brand new events - music festivals, winemaking workshops, and carpet exhibitions. The calendar, which is published annually under the country tourism brand Tree of Life, was also used to promote Moldovan tourism opportunities in target markets such as Poland, Romania, UK and Italy, allowing visitors to plan their trips around different festivals showcasing Moldovan wine, local traditions, culture, crafts, food products, and tourism attractions. These events attracted more than 238,000 local and foreign visitors, and 60% of the events took place outside the capital, drawing attendees towards rural areas, where they spent valuable tourism dollars and stimulated the local economy.



Photo caption: 2019 Tree of Life calendar of touristic events developed by ANTRIM tourism association.

Sub Activity 4. Hospitality services' quality upgrades- supporting hotels and tour guides.

23 Moldovan Tour Guides Gain International Accreditation. MCP partnered with inbound tourism association ANTRIM to organize an intensive professional training course for 23 Moldovan tour guides and nine trainers, accredited by the World Federation of Tourist Guide Associations (WFTGA). Capacity building for the Moldovan tour guide profession is a key step towards the professionalization of Moldova's tourism industry, and will strengthen the services provided to tourism agencies, tour operators, wineries, and visitors to Moldova, improving the reputation of the country on the international market. The long-term goal is to prepare and equip the Moldovan Association of Guides, Lecturers, and Translators to be able to run these courses at the national level, assisted by the newly accredited Moldovan trainers, ensuring continuous education for local guides and aligning them to international quality standards. This training is the direct result of MCP support for the Moldovan tour guide delegation visit to the WFTGA Annual Global Convention in Georgia, and the new membership of the Moldovan Association of Guides, Lecturers, and Translators in the WFTGA.



Photo caption: 23 tour guides and nine trainers graduate from the World Federation of Tourist Guide Associations accredited training, organized by MCP.

Following this training, MCP incentivized a cooperation between the newly accredited guides and their association with ANTRIM, to offer short trainings on best practices for winery guides and group leaders at the beginning of the tourism season, expanding their knowledge across the sector.

MCP supports the Moldovan hospitality industry's first quality and professional skills awards

MCP supported the first edition of the Moldovan Association of Restaurants "MAR" excellence awards for the Moldovan Hospitality, Restaurant and Catering (HoReCa) sector. Awards were made across the sector, in categories including best restaurant, best cafeteria, best bartender and best food blogger. Moldova's wine and gastronomy sectors are a key draw for international tourists, and this new award will contribute to the growth and quality of the HoReCa sector by acknowledging the best practices in the field and stimulating the competition between industry players. To continue upgrades to Moldova's HoReCa services, ANTRIM initiated the accreditation of 'tourist friendly' restaurants with support from MCP support, to incentivize them to offer quality experiences for foreign tourists, such as tasting menus, foreign language services, tourism information, etc.

Feature story

Graduates of the WFTGA Training of Trainers course deliver tour guide training at leading wineries

Tour guides are key stakeholders within the tourism industry value chain, providing valuable services to tourism agencies, tour operators and wineries, and directly to tourists. Moldovan tourism experts have indicated that the quality of local tourism services is not in line with Western standards, and the increase in inbound tourism is causing a shortage of guiding services across the country. Following the World

Federation of Tourism Guide Associations (WFTGA) Train the Trainer (ToT) trainings delivered in March to address this issue, six tour guides designed and delivered tour guide trainings at three of Moldova's leading wineries: Cricova, Asconi and Milestii Mici. These trainings continue the efforts of ANTRIM and MCP to upgrade the skills of Moldovan tour guides and promote the tour guide profession in Moldova, and are delivered as part of the Next Tourism Generation platform, which aims to improve the services provided in the tourism industry and are organized in collaboration with the Association of Tourist Guides, Lectors and Interpreters and ANTRIM.



Photo caption: Basic tourist guide training delivered at Asconi Winery by graduates of the WFTGA Training of Trainer courses.

Sub Activity 5. Inbound tour operators start-up program.

MCP works to incentivize more tour operators and tourism agencies to start-up and/or upgrade their inbound tourism products, to offer a more diverse and competitive tourism offer on key source markets. In January 2019, 30 tourism agencies and tour operators applied to join the MCP Start-Up Tourism Moldova program. Following a competitive process, 13 agencies and operators were selected to join the program to develop new inbound tourism products. The new projects are estimated to service more than 10,000 tourists per year. Currently, only 3% of 440 tourism agencies and tour operators in Moldova offer incoming services and promote Moldova as a tourism destination on international markets. This second edition of the Startup Tourism Program encouraged tour operators to develop experiential and transformational tourism products, using innovative marketing services and digital campaigns for promoting authentic tourism experiences in Moldova.

To achieve greater impact, MCP defined a tailored support package for each tourism agency. As a result, *Winetours* received assistance to create a new online platform, *winebus.md*, which provides visitors with the ability to easily arrange private transportation between wineries and tourist destinations. Two brand-new start-up tourism agencies, *Wine Ways* and *GSA Global*, received strategic guidance and assistance to develop digital website and B2B platforms, enabling them to start efficiently promoting their tourism products and packages to foreign partners and expand business linkages. Finally, *Eco Village Valeni* tourism NGO and *Tatra Bis* tour-operator were assisted to upgrade and develop new visual identities to reposition and adjust to new market trends and improve their promotion activities.

Looking forward:

In 2019, MCP approved funding for nineteen new rural guesthouses, bringing the total number of MCP beneficiaries as part of the Hospitality+ Moldova to 33. The project will continue to offer complex and

tailored assistance and training in order to create a strategic new vision of the rural tourism market across the industry. In Y5, MCP plans to focus on improving hospitality services by offering new trainings to hotels, and to start the second phase of the Next Tourism Generation Academy, certifying 30 new tourist guides to international practice standards. The project will also work closely with ONVV to implement the second round of signage installation as part of the National Wine Road project, to include newly opened wineries with tourism facilities on the route and facilitate its international promotion.

ACTIVITY 3. GO-REGIONAL TOURISM DEVELOPMENT PROGRAM’’: EMERGING SUSTAINABLE TOURISM DESTINATIONS IN MOLDOVA’S KEY REGIONS

Sub Activity 1. Orheiul Vechi reservation: sustainably managing Moldova’s most popular rural destination.

New tourism signage improves visitor experience in Orheiul Vechi

The MCP focuses on pivotal investments in key tourism destinations to enhance their tourism capacities. Orheiul Vechi Reserve is the most visited destination in Moldova and one of the country’s key tourism hubs, attracting more than 100,000 visitors each year. MCP supported the development and installation of tourism signage in the villages of Trebujeni and Butuceni. The new signage includes an orientation map for the Orheiul Vechi Culture and Nature Reserve, signs directing visitors to the rural guesthouses in the area, and informative panels outlining the rules and restrictions that apply to the protected area. Improved signage will support cross-sales, and divert tourist flows from the famous monastery in Butuceni towards lesser known locations, such as B&Bs in Trebujeni, and nearby Branesti winery.

MCP-supported hiking and birdwatching routes launched in Orheiul Vechi

MCP supported the launch of hiking, biking and birdwatching tourist routes in the Orhei Vechi nature reserve, to capitalize on the rapidly growing global market for Soft Adventure tourism. Visitors to Orheiul Vechi can choose from six free self-guided tours, using free materials including an interactive map and birdwatching mobile app, a local bird guide, and information panels. The routes were developed by the Ecological Movement of Moldova as part of the project "Responsible Community - Conserved Terrestrial Landscape", supported by the UN GEF Small Grants Program in partnership with MCP. MCP supports the development of bird watching, hiking and cycling routes to diversify the tourist offer of the region, extend visitor stays, and develop new forms of nature and soft adventure tourism in the Republic of Moldova.



Photo caption: Opening of the hiking, biking and bird watching trails in Orhei Vechi.

Photo credit: Ana Maria Moroz, MCP

Feature story

World-Class Moldovan Musicians Attract 5,500 Tourists to Rural Music Festival

Moldova singers known for their performances at the Vienna Opera and Milan's La Scala took to the stage at the fourth annual DescOPERA open-air classical music festival, attracting a record 5,500 tourists to the Orheiul Vechi rural tourism hotspot. By showcasing global artists from the Moldovan diaspora, the increasingly well-known festival introduces Moldova to a new audience, and brings high-spending cultural tourists to the rural area to stimulate the local economy. The region's eight MCP-supported guesthouses were fully booked over the festival weekend, and the project also brought 20 Polish, Romanian and Italian journalists to Moldova during the festival period, to contribute to its



Photo caption: The second evening of DescOPERA open-air music festival starring Moldovan soprano Valentina Nafornta (from the Vienna Opera), and Romanian tenor Florin Guzã (from the Iasi National Opera) in the opera "The Elixir of Love".

Photo credit. DescOPERA

promotion as an international tourist destination. DescOPERA is the only open-air classical music festival in Eastern Europe, and operates as a strong public-private partnership (PPP) between the local community, the Moldovan Government, and the tourism private sector. MCP has supported the festival since its inception in 2015 and plays a key role in institutionalizing and strengthening the PPP to ensure the festival's long-term sustainability.

Sub Activity 2. Purcari region: growing a flagship wine tourism destination in Moldova's oldest wine regions

Purcari village is located at the heart of the Stefan Voda region, with the potential to become a tourism hub in the south-east of Moldova, building its appeal around the winemaking culture of the famous Purcari region and the iconic 17th century Assumption of Our Lady Church in the town of Causeni. Since two of the most visited wineries in Moldova are located in Stefan Voda (Purcari and Etcetera), hosting over 3,000 visitors per year, MCP directs assistance to emerging tourism sites in this region, from small wine producers to craftsmen, rural pensions, and restaurants, to develop new tourism services and enhance the diversity of the region's tourism offer. Building on the success of previously-developed soft adventure products in the area, In Y4 MCP created a new biking route connecting Chisinau to Purcari, installing over 300 direction signs, six information panels and two route maps. The signage also refers to seven key tourism destinations on the route, namely Asconi winery, Castel Mimi, Ciouburciu guesthouse, Purcari winery, Et Cetera winery and Palanca guesthouse.

Looking forward:

MCP aims to continue developing the local infrastructure of Orheiul Vechi reserve and Purcari region by improving signage to lesser known locations. The project also plans to assist the Ministry of Education, Culture and Research to re-address the Orheiul Vechi tourism management and zoning plans, developed with MCP assistance in Y3, which are still awaiting government approval. The goal is to have these plans approved by the end of 2020, so they can serve as the foundational policy and strategic planning tools for this site, including but not limited to tourism flow management, tourism infrastructure development, and allocation of public funding for roads and other infrastructure.

Feature story

USAID Assistant Administrator and US Ambassador Showcase Soft Adventure Tourism Products

USAID Assistant Administrator Brock Bierman and U.S. Ambassador Derek J. Hogan visited MCP-supported rural guesthouse EcoResort Butuceni in the Orheiul Vechi tourism hotspot to showcase its cooking workshops. The visitors made traditional Moldovan pastries and pickles under the supervision



Photo caption: USAID Assistant Administrator for Europe and Eurasia Brock Bierman giving personalized USAID pin to EcoResort Butuceni owner Anatol Botnaru.



Photo caption: U.S. Ambassador Derek J. Hogan and USAID Assistant Administrator Brock Bierman participate in a pickle-making workshop at EcoResort Butuceni.

of local cooks from the village employed by the rural enterprise. Local media broadcast the visit on Moldovan TV channels, raising awareness about U.S. Government support for Moldova's tourism industry. In recognition of the importance of soft adventure tourism, and in thanks for the warm hospitality he received, Assistant Administrator Bierman gave a personalized USAID pin to EcoResort Butuceni owner Anatol Botnaru, the first such pin given by the Administrator in Moldova. EcoResort Butuceni has grown to host 30,000 tourists every year and growing. The guesthouse is among the few employers in Butuceni, providing jobs for 20 women from the village and sourcing vegetables and other produce from local growers. Soft adventure tourism activities, from cooking workshops to hiking trails, are one of the fastest growing segments of the global tourism industry, and a great incentive for Moldova's rural areas, already rich in opportunities to experience nature, culture, and traditional food and drink.

OBJECTIVE 2: EXPANDED MARKET LINKAGES



Photo caption: Moldova's stand at ITB Berlin 2019 showcasing a hand-crafted tapestry

PROGRAM 2. "TREE OF LIFE" MARKETING PROGRAM: UNVEILING THE HIDDEN GEMS OF MOLDOVA TO THE WORLD

Achieved Outputs:

- 1 integrated international marketing and communication campaign developed and implemented in local and target international markets
- 11 groups of international press trips to Moldova
- Over 70 articles published in foreign travel media outlets
- 1 tourist exit survey completed
- 6 international tourism exhibitions with 770 new business contacts established
- 9 foreign partners participating in familiarization trips to Moldova
- 8,000 tourists serviced by the Chisinau Tourism Information Centre in the first year of activity

Achieved Outcomes:

- Enhanced international awareness about Moldova as a tourism destination
- Increased number of tourists in Moldova
- Consolidated brand equity for the tourism country brand "Tree of Life"

- Increased sales for the inbound tourism sector
- Strengthened leadership of ANTRIM on the local tourism market
- Increased awareness in the local market on tourism attractions

MCP continues to capitalize on the growing international interest for Moldova as an emerging tourism destination, and is successfully converting this interest into an increased number of inbound tourists. Specifically, a goal of at least 20% annual growth across the tourism value chain (from international arrivals and overnight stays, to visitors at wineries and rural B&Bs) is set to be achieved. As a newcomer to the international tourism market, Moldova needs to strategically market itself to highlight the natural beauty of Moldova, its rich cultural heritage, and the unique and authentic tourism products available, to further expand the countries' tourism industry.

MCP assistance is changing Moldova's approach to the tourism industry. For the fourth consecutive year, Moldova has seen essential growth in its overlooked tourism industry, recording 160,000 foreign tourists in 2018, a 74% increase on 2015. MCP assistance for the tourism sector helped Moldova market itself as an emerging sustainable travel destination, earning notable ratings from CNN Travel, Forbes, Lonely Planet and other influential international media that have described Moldova as a "surprising country". Prominent success was achieved in regional target markets including Romania, Poland, and Italy, underpinned by

MCP-supported tradeshows, familiarization tours and press trips. The BeOurGuest digital campaign, has evolved into a new digital campaign called Visit My Home, activating the diaspora to become true ambassadors of Moldova's tourism potential, reaching over 400,000 people on social media in just a month.

ACTIVITY I. PLACING MOLDOVA ON THE MAP OF WORLD TOURISM: BUILDING BRAND EQUITY AND INTERNATIONAL AWARENESS OF MOLDOVA AS A TOURISM DESTINATION

Sub Activity I. International communications campaigns and media trips.

MCP helps Moldova to be promoted by high level international journalists and influencers

The project continues to support the tourism industry to expand international awareness about Moldova as a tourism destination, especially in target markets as Poland, Italy, and Romania. MCP facilitated 11 press trips with a strategic focus on developing quality new content to highlight Moldova's strengths as a tourism destination. In total, 40 journalists visited Moldova and discovered its wine tourism destinations during key events in the tourism calendar, like National Wine Day and DescOPERA Festival. Each press trip was led by ANTRIM business association, resulting in more than 70 articles being published in online and print travel publications to date, leveraging thousands of media interactions.

Feature story

Moldovan wine tourism featured in leading international gourmet magazine

The leading international gourmet magazine [Food & Wine](#), with a total circulation of 934,971, has published a [feature focusing on luxury wine tourism opportunities in Moldova](#). These include Castel Mimi's future wine spa, inspired by the famous Les Sources de Caudalie in Bordeaux, France, and 12 traditional thatched cottages opening soon at Asconi winery. MCP works closely with large and small wine producers across Moldova to help them develop attractive, authentic wine tourism opportunities. Twenty wineries are part of the MCP-supported Wine Tourism Accelerator Program, and the number of wineries offering tourism services in Moldova has doubled since 2015. The article in Food & Wine magazine is a direct result of MCP's public relations efforts, including supporting press trips for international tourism journalists to increase awareness about Moldovan tourism opportunities in target markets.

FOOD & WINE One of Europe's Least-Visited Countries Is a Land of Lux...
One of Europe's Least-Visited Countries Is a Land of Luxury Wine Hotels



Photo caption: Screenshot of foodandwine.com portal "One of Europe's Least-Visited Countries Is a Land of Luxury Wine Hotels"

Photo credit: foodandwine.com portal

Sub Activity 2. Enhance Moldova's digital marketing tools and online presence to promote inbound tourism

#BeOurGuest tourism campaign wins public vote. The award-winning #BeOurGuest tourism

campaign won the public vote for Best Campaign at the Moldovan ADOR conference for the creative industry, a subsidiary event of the international 'Night of the AD Eaters' movement celebrating the advertising industry. Publicis, the agency behind the campaign, gave tribute to MCP's trust in the creative process and the team who created the viral short film, demonstrating the project's sophisticated relationship with Moldova's creative industries. #BeOurGuest was produced with a budget of only \$30K USD and earned more than 3 million views by potential tourists in Romania, Poland and Italy, becoming a news story featured in more than 100 publications, TV shows, and radio programs. The campaign won the 'Best Destination Campaign' prize at the 2018 ETRAVEL Romania conference, and in 2019 was invited to compete in the prestigious Emerging Europe Awards in the "Best Tourism Campaign" category.



Photo caption: #Beourguest tourism promotion campaign displayed for public voting at ADOR conference, Chisinau, March 30, 2019. Photo credit: MCP

Feature story

"Visit My Home" Tourism Campaign Targeting Diaspora and Foreign Tourists reached over 600,000 people

The Moldovan National Association for Inbound Tourism (ANTRIM) launched a new tourism campaign “Visit My Home!” with support from MCP. The campaign encourages members of the Moldovan diaspora to explore national tourist attractions, and become ambassadors of their country by welcoming international guests to Moldova.

Building on the unprecedented success of the 2017-2018 “Be Our Guest” campaign, which resulted in a 20% increase in the number of foreign tourists, the new campaign promotes rural and hands-on tourism in Moldova. The campaign is promoted through Moldova’s social media channels, [Facebook](#) and [Instagram](#), as well as local journalists and influencers. Within a month, the video “Visit My Home!” reached more than 93,000 viewers and engaged over 600,000 people on social media. The campaign supports Moldova’s tourism industry as an engine of economic growth in rural regions.



Photo caption: Visit My Home campaign launch at Chisinau Airport, with Emilian Dzugas, Inbound Tourism Association Director; Diana Lazar, MCP DCOP, Rosian Vasilo, Chief Border Police, and campaign ambassadors Nata Albot (journalist), Adrian Ursu (local artist and singer) and Mihai Turcanu (blogger).

Photo credit: MCP

Sub Activity 3. Ensure the availability of adequate marketing intelligence to sustain viable destination marketing

Feature story

Updates to the Strategic Tourism Marketing and Promotion Framework completed

Under MCP leadership, the Moldovan Strategic Tourism Marketing and Promotion Framework 2019-2021 has been discussed and updated with the Moldovan Investment Agency and the Ministry of Economy and Infrastructure. The framework incorporates the results of consultations with key stakeholders from Moldova’s tourism industry and the tourism exit survey conducted in 2018, and was developed under the guidance of international tourism marketing expert Augusto Huescar. This updated framework, which still requires final touches, will guide the international promotion of Moldova’s tourism under the Tree of Life country brand, resulting in more visitors and high value tourism dollars reaching Moldova’s rural regions. The goal is to have this document as the official tourism strategy for Moldova.



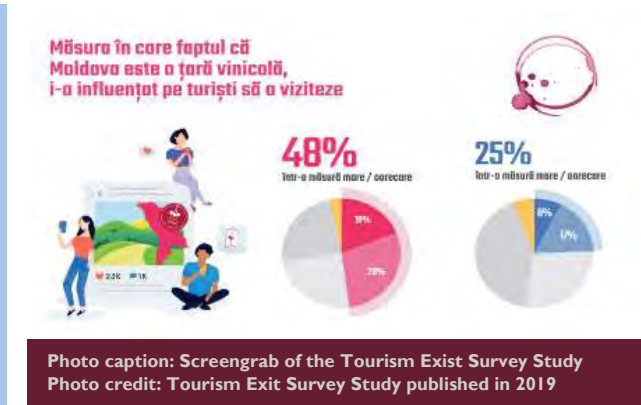
Photo caption: International tourism consultant Augusto Huescar leading discussions to finalize the Strategic Tourism Marketing and Promotion Framework 2019-2021.

Feature story

Results of the Tourism Survey 2018 confirm MCP’s strategic focus on wine tourism

The 2018 Moldova Tourist Survey Report supported by MCP confirms the project’s strategy of promoting wine tourism and genuine hospitality as key tourism attractions, and positioning Moldova as a leisure/soft adventure and wine tourism destination. The survey interviewed 1,025 foreign visitors during the 2018 tourism season and revealed that:

- 48% were motivated to visit Moldova to taste local wines,
- 37% wanted to visit Moldova’s famous underground wine cellars, and
- 25% were motivated to visit Moldova because it is such an unknown destination.



The survey results also provided key insights into the preferences of target nationalities, including reasons for visiting, potential locations, and types of tourism activities. Over 60% of foreign tourists declared they were satisfied and very satisfied with their visit and 70% of respondents said they would recommend Moldova to their friends and relatives. Only 12% of the tourists used a travel agency to organize their trip, whilst 51% did arrange the visit individually. Overall, the survey’s conclusions confirm MCP’s current strategic initiatives, including the focus on wine and gastronomic tourism, and will serve to inform the development of the next phase of Moldova’s tourism strategy. Tourism has the potential to act as an engine of economic development in rural areas, creating jobs and mitigating against the drivers of migration. The development of the sector will also help attract high-spending foreign tourists into rural areas where they can stimulate the local economy.

Looking forward:

In Year 5 MCP will continue to strategically rely on digital marketing as the most effective channel to promote Moldovan tourism, conducting several digital marketing campaigns that will build on previous efforts engaging the Moldovan diaspora and improving their access to information about tourism destinations in Moldova. The officially recorded diaspora exceeds 500,000 people, mostly in Italy, France, Spain, Germany, and Great Britain, all of which are target markets for promoting Moldova as a tourism destination. MCP therefore plans to leverage the diaspora population, transforming them into the main messengers and ambassadors of Moldovan tourism promotion. MCP communications campaigns will provide the diaspora with tools such as an ambassador digital kit, and will keep them informed about ongoing promotional activities. At the same time, MCP will continue to facilitate the organization of press trips, as they have proven to be very effective in creating awareness and interest in Moldova on target markets.

ACTIVITY 2. FOSTER BUSINESS LINKAGES AND EXPAND TARGET MARKETS

Sub Activity 1. Enhanced country presentation at international tourism trade events

Moldova’s tourism opportunities promoted at six international travel trade fairs

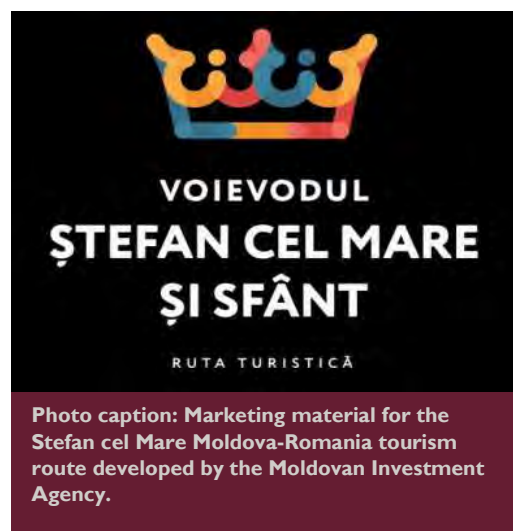
The project supported 17 Moldovan companies, including tour operators, wineries, and event organizers, to gather under a shared country booth representing the national tourism brand “Moldova: Discover the

Routes of Life”, alongside the virtual platform www.360.moldova.travel and as part of the #BeOurGuest promotion campaign. MCP partnered with the Moldovan Investment Agency to cost share these promotional activities, contributing to the long-term sustainability of these programs. As a result, attending tourism companies established 770 business contacts, with a contract value of more than \$462,900.

Sub Activity 2. Integrate Moldova’s tourism offering into regional packages

Joint Moldova-Romania tourism route launched

The Moldovan Investment Agency partnered with the Romanian Ministry of Tourism to develop the first Moldova-Romania cross-border tourism product, a tourism trail linking key sites associated with shared regional hero Ștefan cel Mare. The trail was launched in February at Romania’s largest tourism fair, TTR Bucharest, with attendance funded by MCP. This initiative builds on the MCP-developed national tourism strategy to target the Romanian market, which provides 25% of international visitors to Moldova each year. The development of this tourism trail demonstrates the sustainability of MCP’s work to strengthen Moldova’s nascent tourism industry, and to build the capacity of the national institutions which support it.



Sub Activity 3. Foster new business partnerships for assisted tour-operators and tourism agencies (B2B)

Leading Italian tour operator includes Moldova in 2019 Tourism Catalogue

Moldova’s tourism potential has attracted the attention of leading Italian tour operator ‘Franco Rosso’, which included Moldova in its 2019 tourism catalogue. Italy is a key target market for the Moldovan tourism industry, and 3,100 Italian tourists visited Moldova in 2018 as a result of complex USAID promotional activities. Following Moldova’s success at Italian trade shows like BIT Milan in 2017 and 2018, more than 10 Italian tour operators have begun to promote tourism packages featuring Moldova, demonstrating that consistent and recurrent participation in trade shows is required for successful target market penetration. BIT - International Travel Exhibition returned to Milan in February, and MCP supported eight Moldovan tour operators and wineries to participate in 2019 BIT International Travel Exhibition in Milan.



The delegation shared a common booth under the national “Tree of Life” tourism brand and presented a master class of Moldovan traditional cuisine which attracted high numbers of visitors.

Looking forward:

Moldova's tourism industry can only benefit from improved and dynamic representation at international tourism tradeshows. In Y5, MCP will continue to cost share the participation of Moldovan tourism operators and tourism service providers (including hotels and wineries) at key trade fairs with the Agency of Investment. However, the focus will switch to deliver more B2B activities, to increase the value of new contracts signed.

OBJECTIVE 3: IMPROVED SECTOR-ENABLING ENVIRONMENT AND INCREASED CAPACITY



Photo caption: Tourism industry representatives discussing the importance of improving Moldova's tourism regulations with the Moldovan Government

Photo credit: Anatol Tomsa

PROGRAM 3: RE-THINK TOURISM MOLDOVA. BUILDING SUSTAINABLE PUBLIC-PRIVATE PARTNERSHIP

Achieved Outputs:

- Legal and regulatory proposals initiated to reform the tourism industries legal framework
- A new strategic roadmap for Moldova's tourism industry development
- A strategic partnership established with the Agency for Investments of Moldova

Achieved Outcomes:

- Improved business environment in the tourism industry
- Enhanced public-private dialogue in the tourism industry
- Reformed tourism industry for sustainable development

Reforming Moldova's outdated tourism sector policies and regulations is a lengthy, complex, but much needed process. MCP continued to push for tourism law reforms, strengthening the public-private dialogue, defining broad strategies and proposing practical policy recommendations. During Y4, MCP continued to work on supporting industry-level reforms that can create a pro-entrepreneurship business climate, and enable SMEs to emerge and flourish, acting as an engine of economic growth. MCP worked closely with the Ministry of Economy and Infrastructure to establish the working group for developing a new Tourism Strategy 2030. The development of the Strategy will take place in Y5. MCP also responded to a request from the Ministry of Economy and Infrastructure to support the process defining the role of an automated information system, known as the "Tourism Registry". Specialized local technical assistance will be used during Y5 to develop the concept of the Registry, using international best practices and UNWTO standards.

ACTIVITY I. RE-THINK TOURISM INDUSTRY: REFORMED POLICIES AND REGULATION TO ENSURE SUSTAINABLE DEVELOPMENT

Sub Activity I. Legal regulatory reform enactments in tourism legal framework

Moldova's existing tourism sector legislation needs systemic structural reform to incentivize small and medium size entrepreneurs, mainly in rural areas, to provide tourism services and participate in the consolidation of an attractive tourism product offer. Today, small service providers, namely rural B&Bs, wine producers, tourism guides, craftsmen and other small operators face burdensome procedures and regulatory conditions that discourage business initiatives and prevent the development of tourism in Moldova. Additionally, regulations related to accommodation and tourism agencies do not comply with international best practices, and impose excessive bureaucracy on Moldovan enterprises, negatively impacting the competitiveness of Moldovan tourism services on the international market.

In Y3, under MCP leadership, the tourism industry public and private stakeholders joined around the common vision set out in the White Paper for Tourism Industry Regulatory Reform, that outlined critical proposals to reform tourism legislation that would generate a pro-entrepreneurship business environment and reduce existing significant barriers to entry for SMEs. These included the creation of financial incentives for tourism small businesses in rural areas, such as a unique tax for rural guesthouses and simplified fiscal reporting procedures; the establishment of tourism development regions to enhance private investments; the ability to apply the "patent" procedure (a form of legal registration in Moldova) to tourism guides and rural guesthouses; the abolition of some redundant mandatory courses, and the reduction of VAT tax for tourism accommodation and HORECA (hotels, restaurants, and cafes) services to 10% (this was implemented by the Moldovan Government from October 1st, 2018 to December 31st, 2019, after which it will be re-adjusted to 20%),

The White Paper acted as a baseline for a set of amendments to the Tourism Law and Fiscal Code, developed by MoEI with MCP assistance, and was issued as a draft law initiative within the Government reviewing process. It is expected that the procedures of the Moldovan Government and Parliament will take between 2-6 months, with a delay caused by a change in Government in May 2019, as a result of Parliamentary elections. With MCP support, critical proposals were submitted for the new fiscal policy to be adopted by the Parliament by the end of 2019, to support the amendments proposed throughout the draft law initiative.

Sub Activity 2. A new strategic vision for Moldova's tourism industry

Following the publication of the White Paper, the MoEI requested MCP support to develop the National Program for Tourism Industry Development (known as the “Tourism-2030 Program”), to replace the obsolete Tourism-2020 Strategy that has been in force since 2014.

MCP selected a group of international and local consultants to work on developing the strategy’s assessments and draft public policy, in close collaboration with the MoEI, private sector and other authorities with cross-cutting competencies related to tourism industry.

The team of consultants includes:

- **Roger Goodacre** – a world known UNWTO expert with 40 years’ experience in planning, developing and marketing international tourism destinations, including 20 years’ experience working at the national level to develop multi-year tourism development plans in emerging markets. Mr. Goodacre is a Fellow of the Tourism Society, and since 2012 has been Chairman of the Tourism Consultants Network, Europe’s leading professional association of tourism consultants.
- **Jack Delf** – who has 25 years’ experience in the tourism sector as both an international trainer and owner of a leading adventure tour operator in the Balkans. Mr. Delf has worked for governments, donor agencies and SMEs, focusing primarily on emerging Eastern European tourist destinations and new forms of tourism, including adventure and experiential travel. He particularly specializes in sales and marketing in these markets, promoting sustainable tourism, adventure travel, and strategic development.
- **Maia Sidamonidze** – former director of the Georgian National Tourism Agency, who led tourism reforms back in 2012. A highly experienced tourism expert with ten years of experience in the tourism sector, namely in hospitality infrastructure, investment and workforce development.
- **Andrei Crigan** – who has more than 13 years’ experience in business consultancy, advising some of the most important foreign investors, companies, business associations and international development organizations in Moldova. Mr. Crigan co-authored the MCP-assisted 2018 Tourism White Paper and the Moldova Tourism Marketing and Promotion plan 2015-2017.
- **Stanislav Madan** – who has more than 12 years’ experience in business consultancy, public economy policy, data analysis and statistics.

The new strategy will adopt the international standards and best practices necessary for the competitive and sustainable development of Moldova’s tourism industry, and will build on the sector’s recent growth, underpinned by the highly effective destination marketing and product development activities supported by MCP. The key objective is focusing on the projected ambitious growth of the tourism industry and its contribution to Moldova’s GDP, supported by a realistic and pragmatic execution plan. The new strategy will position Moldova as an experiential and sustainable travel destination in the heart of Europe, and will also look holistically at Markets, Products, Infrastructure, Business Environment and People. It is expected that the final Strategy paper will be submitted for review in January 2020, and adopted by a Government Decision before May 2020.

Feature story

[Moldovan Government sets Tourism 2030-Strategy development process in motion](#)

The national working group responsible for elaborating the Tourism 2030-Strategy began work on the development process, under the leadership of the Ministry of Economy and Infrastructure (MoEI). With the involvement of over 40 public and private industry actors, the process is taking a proactive and highly participatory approach to replace the obsolete Tourism 2020-Strategy. Technical and legal assistance from MCP is being used to support the efforts of the Moldovan Government and MoEI to continue the exciting progress already made by the tourism sector under MCP guidance and is crucial for the upcoming four months of strategy development. As Moldova evolves from a start-up tourism destination to a growing tourism attraction, these new policies will stress the need to ensure regulatory reform and infrastructure improvements and build on sustainable development goals.



Photo caption: Stakeholders from Moldova, the U.S. and international consultants meet to discuss Moldova's tourism strategy.

Photo credit: Moldova's Ministry of Economy and Infrastructure website

There has been a 70% growth in the number of foreign tourists to Moldova since MCP started supporting the development of tourism sector in 2015. With the right policies in place, Moldova's tourism sector could grow 10-fold in the next 10 years. The ability of industry actors to adopt international best practices and keep pace with emerging global trends in adventure and digital tourism is key to the future development of the sector. Investing in Moldova's tourism sector is a key driver for socio-economic progress, particularly in rural areas, contributing to poverty and migration reduction.

Looking forward:

With USAID's approval, MCP will engage local and international expertise to assist public authorities and private sector associations to develop a strategic vision for the sustainable and robust growth of the tourism industry. The updated strategy is expected to be adopted in 2020, barring potential political risks as a result of the establishment of the new government coalition.

ACTIVITY 2. STRENGTHEN PRIVATE SECTOR VOICE TO BALANCE PUBLIC-PRIVATE DIALOGUE

ANTRIM becomes the number-one inbound tourism business organization in Moldova, gaining recognition across the industry

With MCP continued support, ANTRIM strengthened its position as the most reliable and professional inbound tourism business association in Moldova, working as a specialized think-tank to support the industry's lobbying and advocacy initiatives and providing valuable support to public authorities in the management of destination marketing activities on international and domestic markets. With a portfolio of 45 members, ANTRIM has gained recognition for its dynamic activities related to marketing, promotion, workforce development, training, product development, legal changes and public-private dialogue. Following a competitive process, the Moldovan Investment Agency elected ANTRIM to be business association responsible for leading Moldova's participation in six international travel fairs under the 'Tree of Life' country brand. ANTRIM has also efficiently managed the Chisinau TIC since its launch in fall 2017. ANTRIM

managed to efficiently cooperate with Moldova's regional tourism destinations, namely the Transnistria Info Center, and opened a Gagauzian Tourism Info Center in Comrat in June 2019. ANTRIM continues to be MCP's main counterpart and legacy organization to ensure sustainable technical assistance to the tourism industry.

ANTRIM designs and implements NEXT Tourism Generation Academy to respond to the continuous need of qualified tourism professionals

Moldova's tourism education infrastructure is inadequate to meet the needs of a high-performing tourism economy, capable of meeting the expectations of high-spending Western tourists. To address this, and with support from MCP, ANTRIM designed and launched the NEXT Tourism Generation Academy at the State University Faculty of Economic Sciences, Economics, Marketing and Tourism, to train young Moldovans in the soft and hard skills needed within a successful tourism industry. The two-week, practical open lecture series included guest speakers from the tourism industry who discussed the challenges of the sector with participating students and invited them to participate in future projects initiated by ANTRIM and its partners. NEXT Tourism Generation Academy acts as a platform to connect Moldova's tourism private sector with young professionals and provide them with the skills they need to enter the industry.

Looking forward:

In Y5, MCP plans to strengthen ANTRIM's role as a business association by focusing on providing new capacity building activities and expanding the association's core team. The ultimate goal is for ANTRIM to become a representative association for the industry, able to absorb direct funding from large donors. MCP will continue to assist ANTRIM in raising awareness about its institutional activities among members and industry players, and to position the organization on the international stage. MCP will also continue to support ANTRIM to organize industry-wide activities with the aim of attracting new members and increasing its visibility among professionals.



LIGHT INDUSTRY

Photo caption: Seamstress working on a sewing machine at Portavita apparel factory
Photo credit: MCP

OBJECTIVE I: INCREASED PRODUCTIVITY AND QUALITY (BETTER WORKFORCE AND ADOPTED INNOVATION)



Photo caption: Good working conditions at the MCP-assisted Portavita apparel factory
Photo credit: MCP

PROGRAM I. STRENGTHENING ZIPHOUSE AS THE FLAGSHIP INSTITUTION IN WORKFORCE DEVELOPMENT AND FASHION STARTUP ACCELERATION

The center was started with USAID support within the CEED II project and is managed by the Technical University of Moldova along with APIUS, the fashion industry association.

ZIPhouse supports the growth and development of a qualified apparel industry workforce to facilitate a successful transition to higher value-added production schemes, improved manufacturing, and sale of “own brand” products, to increase the general competitiveness of the sector. ZIPhouse facilitates know-how and skills development in creativity, design, fashion business management, marketing, visual merchandising and branding, supply and production, and also in engineering and technological skills, with a focus on computer-aided design, pattern grading, plant engineering, and increased efficiency.

MCP takes an active role in ZIPhouse’s long-term strategic development. The project works closely with ZIPhouse to strengthen its capacity for sustainable development, and to ensure it reaches its goal of becoming a platform to supply quality practical technical education for industry professionals, to discover new fashion brands, and accelerate startups. ZIPhouse acts as a link with the international fashion network, connecting Moldova to global experts and leading the deployment of global trends, from sustainable fashion, digital marketing and recycling to new uses of technology in garment design, and innovations in technology and equipment.

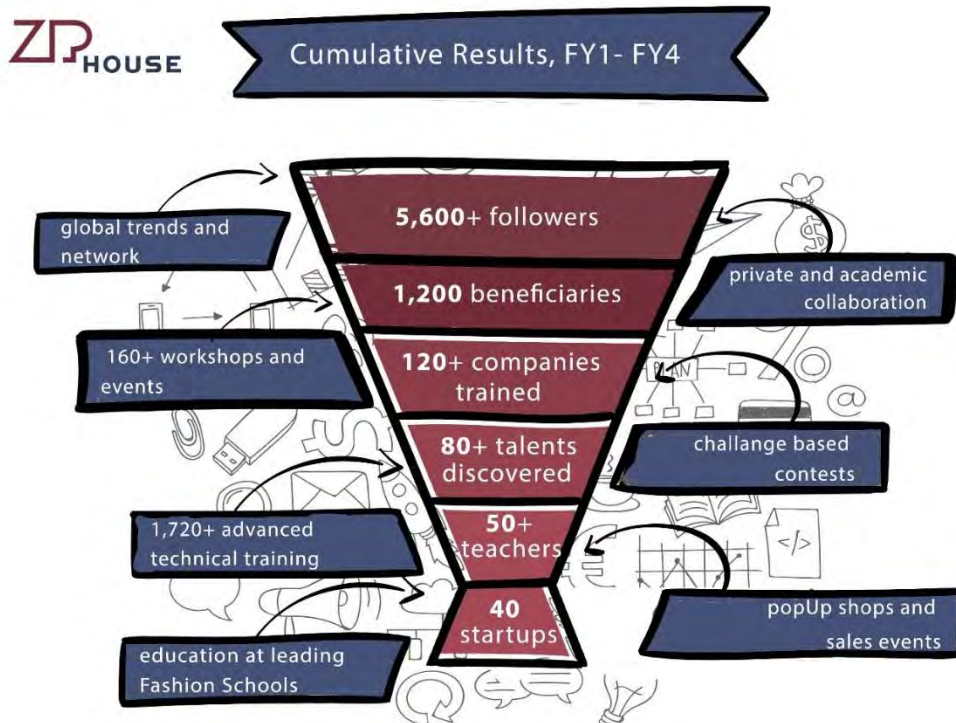
To date, more than 1,200 beneficiaries have taken part in more than 160 workshops, trainings, community building activities and other initiatives, and the hub has organized more than 1,720 hours of high quality, practical education opportunities for industry professionals. By end of Y4, more than 120 private companies, representing approximately 28% percent of the industry’s SMEs, received advanced training in

product quality, efficiency, and fashion management, critical capacities needed to make the shift toward value-added business models.

ZIPhouse also connects business owners, executives, leaders and other fashion professionals with global leaders in fashion education, offering opportunities to attend short courses at leading Italian fashion universities. More than 70 professionals have attended courses in Fashion Design, Fashion Marketing and Fashion Business Administration at Polimoda in Florence and Istituto Europeo de Design in Como, Italy, providing the tools for local fashion leaders to adjust their skills and mindset to meet global industry requirements.

ZIPhouse has reinforced its position as a platform for fashion acceleration and entrepreneurship development in Moldova, gaining the loyalty of its residents and promoting its services, events, and trainings to a wider audience. The ZIPhouse Fashion Acceleration Program supported 24 emerging design talents during its 2017 and 2018 editions, and in Y4 accelerated an additional 11 startups, bringing the total community of supported startups to 40, and creating a 25% average increase in export readiness. Eighteen designers now export their products overseas, and 45 new jobs have been created as a result of this acceleration.

Approximately 12 young designers and startups are now ZIPhouse residents, creating a startup fashion community and benefiting from the center's resources. The Fashion Acceleration Program collaboration between ZIPhouse and the Employers Association of Light Industry (APIUS) engages private companies as mentors to develop ZIPhouse as a consulting resource for new market entrants. The Center also brings real sales opportunities for emerging designers, through the organization of local popup shops and sales connections for young designers, within its "Market ice-breaker" program. ZIPhouse has now discovered 80+ young designers across Moldova, supported through Z Generation Young Designers competitions and pop ups.



ACTIVITY I. ENHANCE ZIPHOUSE INSTITUTIONAL CAPACITY

Achieved outputs:

- Activity Plan for 2018/2019 developed and largely implemented
- Professional executive team formed of core **5** members
- ZIPhouse managed by a proactive board, formed of private and academic sector representatives, guiding the executive team for long-term strategic development
- short-term courses extended, including work with Instituto Europeo de Design in Como, Italy
- ZIPhouse joined the European Creative Hubs Network
- ZIPhouse leveraged donor resources, winning a UK Embassy Grant worth **\$65,088 USD**
- ZIPhouse partnered with the International Trade Centre (ITC) for workforce development

Achieved outcomes:

- ZIPhouse strengthened its position as a platform for empowering the fashion community, strengthening startups, and increasing creativity, collaboration, and transformation across the fashion industry
- ZIPhouse gained recognition from industry stakeholders
- ZIPhouse created enrichment opportunities for women and youth in the Moldovan fashion sector
- ZIPhouse responded to the local fashion industry needs
- ZIPhouse facilitated a stronger connection between university teaching staff and light industry companies, leading to improved workforce and greater employment opportunities for students

ZIPhouse strengthened its position as a platform for industry upgrades, creativity, collaboration, transformation, and startup acceleration

As a growing institution, ZIPhouse requires capacity building to operate as a vibrant platform capable of encouraging creativity and forward-thinking design; fostering innovation and start-ups; developing a global mindset and flexible attitude in industry professionals; and stimulating cooperation and co-working with input from the fashion private sector and wider community.

MCP acts as driving force for ZIPhouse institutional strengthening...

In Y4, MCP continued to take an active role in ZIPhouse's long-term strategic development. The project worked closely with ZIPhouse to strengthen its capacity for sustainable development, and to work towards its goal of becoming a platform to supply quality practical technical education for industry professionals, to discover new fashion brands, and accelerate startups. During the reporting period, MCP was the driving force for ZIPhouse institutional strengthening. MCP participated in the selection of the ZIPhouse executive team, ensuring that the resulting team shares the same goals and values.

"MCP acts as a Strategic Partner for ZIPhouse, not only by providing resources to support the center's activities, but also by guiding the progressive development of both the organization and its executive team. MCP support was critical for the strengthening of ZIPhouse as an institution in previous years, leading to remarkable outputs and a considerable impact on the fashion community. We are very thankful for this support, and we commit to further organizational improvements and greater influence on the light industry workforce"

Carolina Tulgara, ZIPhouse Executive Director

MCP supported ZIPhouse to continually improve in its four Programmatic Pillars - Community building, Fashion Acceleration, Fashion Leadership, and Fashion Academy, and worked on developing the fifth new pillar – Market Icebreaker, which now positions ZIPhouse as a platform to identify new brands and talents, supporting their emergence on the local and international market.

In partnership with the International Trade Center in Chisinau, ZIPhouse hosted a tailored training for business support institutions to increase their institutional capacity. The training targeted key players within the Moldovan light industry entrepreneurial ecosystem, including ZIPhouse, APIUS, ODIMM, EBRD, and the Chamber of Commerce. Participants improved their abilities to define their strategy, and to deliver high value-added services to a targeted audience to achieve the most impact, while ensuring financial sustainability and control over revenues.

ZIPhouse strengthened the partnership with APIUS, the light industry private sector association, developing tangible inputs in terms of education and workforce development needs, and contributing to knowledge sharing and ‘giving back’ to the industry, for example, by engaging successful industry professionals as mentors for ZIPhouse residents and startups within the acceleration program, and providing opportunities for students to visit factories to get a real sense of modern manufacturing technologies and processes.

In Y4, approximately 25 industry representatives supported ZIPhouse activities by taking on various roles and making other contributions. APIUS also signed a memorandum of collaboration with ZIPhouse, committing to include and debut ZIPhouse handpicked young designers, accelerated startups and TUM students in key industry fashion events like Moldova Fashion Days and Fashion Soiree.

...while ZIPhouse responds to industry needs...

As a grantee of MCP, in Y4 ZIPhouse developed an extended Activity Plan aligned with industry needs, prioritizing advanced technical education opportunities including training courses in-house and abroad; introducing challenge-based competitions and acceleration for fashion start-ups; and market penetration activities such as fashion catwalks and pop-up shops. The ZIPhouse Y4 Activity Plan comprised 50 unique events, developed in synergy with resources attracted from other donors by MCP efforts in previous years. ZIPhouse partnered with the International Trade Centre (ITC) in Chisinau to deliver workforce development activities, and with the British Embassy to deliver enriched opportunities for women and youth in the fashion sector. MCP consulted the ZIPhouse team to form a plan of joint activities, identifying key interventions and the most impactful activities for the development of Moldova’s fashion industry, and took a strong managerial and supervision role during its implementation.

...bringing added value, enriched education, business opportunities and startup acceleration

In Y4, ZIPhouse met its overall objective of strengthening its position as Moldova’s fashion community platform, enlarging its 4,000+ followers to 5,600+ (40% increase); increasing the number of unique beneficiaries by 20% to 1,200 industry professionals; providing knowledge and collaborative support to 130+ unique private companies (or over 1/3 of light industry SMEs); and elevating the quality of the educational system by training 50+ university and college teachers. The center accelerated 11 startups, raising its community of supported startups to 40. These startups have reported a 25% average increase in export readiness, and 18 startups have begun exporting their products to the EU.

ZIPhouse connects Moldova to the global fashion world...

MCP supported ZIPhouse to make significant progress in connecting to the global fashion network of experts, to become a leader in the deployment of global development trends. In Y4, ZIPhouse became an

ZIPhouse Programmatic Pillars

- Community building – creating a platform for collaboration, co-working, knowledge exchange and giving back.
- Fashion Acceleration Program – accelerating fashion startups with international mentorship and coaching
- Fashion Academy - developing industry skills through advanced technical trainings and workshops led by experts
- Fashion Leadership Program – improving professional skills of senior and middle management of Moldovan fashion companies and academic staff
- Market Icebreaker – discovering new fashion names, talents and startups, and facilitating market penetration

associate member of the European Creative Hubs Network, co-funded by the European Commission and led by the British Council. This membership puts Moldova on the European and International map of the creative world, joining 215 hubs from 38 countries. This membership provides ZIPhouse with connections to a global network of similar accelerators and centers of excellence, opens opportunities for participation at conferences and joint initiatives, and provides access to a global network of experts.

ZIPhouse remains the local source of global trends and fashion industry analysis. MCP supported ZIPhouse to renew its annual subscription to the WGSN – the online world-leading trend authority, offering ZIPhouse members and students and teachers at the Technical University of Moldova (TUM) access to forecasting and global fashion industry analysis on consumer, design, markets, retail trends. This access enables Moldovan fashion designers to optimally position their products on the global market, ready to increase international exports and revenues within the Moldovan fashion industry.

ZIPhouse strengthened institutional connections with other fashion networks and expert partners, building sustainable bridges with educational institutions like Polimoda University, Academia di Belle Arti "Aldo Galli", IED Istituto Europeo di Design, COMO in Italy, and other development partners like Fashion Technology Accelerator Milan, "Alovera Consultancy" Fashion Accelerator, Paris, France and private schools like the Kiev Fashion Institute, and the Merchandising & Windows School in Moscow.

The hub also maintained its status as a contributor to the organization and implementation of the International Young Designers Contest in Kiev (IYDC), Ukraine, which aims to enrich the future of the European fashion industry, and strengthen cultural connections and exchange within the Eastern European region. ZIPhouse also contributed to the organization of the Z Generation Young Designers Competition, which was held as a national competition across Moldova as part of IYDC initiative. ZIPhouse demonstrated its continued role as an innovation platform and springboard for young brands in local and international markets, and made its mark in the regional fashion network.

...and continues to move toward sustainable development.

ZIPhouse leveraged MCP resources to independently implement a 1,138,319 MDL (\$65,088 USD) grant from the UK Embassy (converted at the official National Bank of Moldova average exchange rate 1\$=17,4888 MDL). Partnering with other donors provided ZIPhouse with great returns, increasing donors recognition and offering broader opportunities for ZIPhouse beneficiaries. For example, UK Aid support focused on inclusiveness for youth and women, and people from rural areas of Moldova, while the partnership with the International Trade Center strengthened the branded "Fashion Academy" educational pillar.

In Y4, ZIPhouse continued to generate income from membership fees, space rental, consultancy, educational activities, and training fees. The Center also started to develop its own network of private partners and sponsors, ready to support ZIPhouse activities. ZIPhouse diversified its revenue portfolio by providing additional services based on special equipment available at the Center, maintaining its annual total income at \$22,500 USD, the same level as Y2. This is explained by the fact that during the reporting period, some ZIPhouse educational activities were offered to beneficiaries free of charge, as a precondition of UK aid support.

Feature story

ZIPhouse supports 10 brands to take part in Moldova Fashion Days Spring/Summer '19

Moldova Fashion Days (MFD) is the most important event in the Moldovan fashion calendar. The 15th edition of MFD showcased 40 Spring / Summer 2019 collections from 37 Moldovan fashion labels to an eager domestic audience, including 10 local brands from the ZIPhouse design and technology excellence center community. Visitors to MFD also had the opportunity to buy products from twelve hand-picked brands at a ZIPhouse pop-up shop, and the buzz around the event was reinforced by dedicated social media hashtags and elegant refreshments. Programs like the 6-month Fashion Acceleration Program have fast-tracked the emergence of more than 24 startups to date. Supporting new brands to participate in MFD helps them to establish themselves on the domestic market, a vital launchpad to building local sales and the confidence to export.



Photo caption: Martely, the winner of ZIPhouse Acceleration Program debuts at Moldova Fashion Days SS19

ACTIVITY 2. BOOST FASHION CREATIVITY, STARTUP AND COMMUNITY BUILDING

Achieved outputs:

- **5,600+** ZIPhouse community followers (40% annual increase)
- **1200+** unique beneficiaries (20% annual increase)
- **20%** increase in the number of memberships
- **11** startups accelerated
- **4** emerging designers showcased on the international stage
- **50** young designers helped to make their first sales through the organization of 6 pop-up shops
- **50** activities delivered to consolidate the community
- **40+** local and international speakers/mentors, 25% of which were pro-bono

Achieved outcomes:

- ZIPhouse has become the focal point for fashion creativity, startups, and community
- ZIPhouse has become the liaison between fashion industry stakeholders, sub-clusters, and other industries such as the creative sector
- ZIPhouse connects the local fashion industry with international fashion networks
- ZIPhouse has become a platform to identify new brands and talents, supporting their emergence on local and international market

A collaborative approach empowers ZIPhouse to become the driving force for fashion creativity, start-ups, and the design community

- **5,600+** ZIPhouse community followers (40% annual increase)
- **1200+** unique beneficiaries (20% annual increase)
- **20%** increase in the number of memberships
- **11** startups accelerated
- **4** emerging designers showcased on the international stage
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ZIPhouse has formed a vibrant fashion community of young designers, students, emerging brands, and professionals, with more than 1,200 unique beneficiaries and 5,600 followers on social media. ZIPhouse promotes an open-source fashion environment, and has become the go-to place for fashion enthusiasts eager for knowledge, and professionals willing to “give back” within the fashion industry. More than 25 members of the private sector worked pro-bono as mentors, coaches, and speakers to support ZIPhouse activities, across 50 events, workshops, conferences, meetups, and other gatherings to encourage knowledge sharing, collaboration, and networking within the industry.

“Moldova in Fashion” Conference strengthens its role as the industry’s key annual event

The third Annual “Moldova in Fashion” conference, organized by ZIPhouse with MCP support, increased the knowledge of over 150 participants on global trends and innovative technologies, fashion marketing and branding. The conference brings global trends to the Moldovan fashion industry, and delivers knowledge sharing, community building and partnership development at the international level. This edition gathered Moldovan experts and speakers from Dubai, Italy, Ukraine and Romania, and focused on current hot topics including sustainable fashion, smart textiles and product customization, aiming to increase the competitiveness of domestic brands abroad.

ZIPhouse identifies and strengthens emerging young fashion designers

The Z Generation International Young Designers Competition (IYDC) showcases Moldovan fashion students’ products and develops future creative talent

Z Generation is a national competition for Moldovan young designers, and is part of the International Young Designers Contest initiative based in Kiev, Ukraine. ZIPhouse is a contributor to the organization and implementation of IYDC, along with other 8 Eastern Europe countries. IYDC aims to enrich the future of the European fashion industry and strengthen cultural connections and exchange in the Eastern European region. The second edition of the Z Generation Young Designers Competition showcased the extraordinary talents of 26 Moldovan fashion students and motivated them towards developing the added value, innovation and wearability of their creations. Thirty-nine candidates applied to the competition with a portfolio of presentations and sketches of planned collections, receiving international training on styling and feedback on their sketches from a local designer. The competition ended with an impressive public catwalk and jury selection, organized at newly opened Artcor Creative Industries Center. The first and second place designers showcased their works during the Fashion Soiree catwalk in the capital, Chisinau, and competed in the International Young Designers Competition in Kiev, Ukraine.

ZIPhouse helps emerging designers to break the ice in sales by organizing pop-up shops. The fashion industry is increasingly using pop-up stores to make the retail experience more convenient and immersive for consumers, makes the relationship between customer and brand more meaningful. For emerging designers, it is a unique opportunity to showcase their products in public, to test the product with potential customers and to make their first sales. During the reporting period ZIPhouse took the lead in organizing six conceptual popup shops, with a total of 84 participating designers, an average of 14 per event. The popups have been strategically connected to large events like Moldova Fashion Days and Fashion Expo, to ensure a greater flow of customers, or organized within hotels, to extend the outreach to tourists. The events have resulted in a combined \$15,700 USD in total on-the-spot sales and individual orders. The popups united a pool of about 50 aspiring designers, mostly female, from both Chisinau and the regions. For most of these designers, the format of a joint pop-up shop is their first chance to enter the market. Designers are carefully hand-picked by the fashion platform ZIPhouse, aiming to stimulate the sense of excitement for customers of having the chance to connect with emerging and undiscovered local fashion talent. ZIPhouse aims to increase its capacity for organizing pop-up shops within the Market Ice Breaker pillar, and to facilitate sales events on regular basis.

“I am very grateful for the opportunity to participate in a pop-up shop for the first time, and to join some of Moldova’s best emerging designers. The experience allowed me to test my product on real clients and to get orders for personalized products. I also appreciate the advice I received from the ZIPhouse team on how to improve my products for the future pop-up shops to generate greater sales.”

*Nicoleta Munteanu,
Designer and founder at Love & Passion
Lingerie startup*

Fashion Accelerator Program motivates start-ups and young enterprises to accelerate their businesses

Moldovan fashion startups are limited by a lack of education and training in key elements of the fashion industry, from pattern making, design, and producing coherent seasonal collections, to specific business skills related to fashion marketing, including brand management, supply chain management, and finance. To counter these barriers to entry in the market and to support local fashion start-ups and emerging designers to grow domestically and internationally, ZIPhouse developed a 6-month **Fashion Acceleration Program (FAP)**, in collaboration with Fashion Technology Accelerator Milan and APIUS, with MCP support. The accelerator is a launchpad for promising own-brand start-ups to compete on local and international markets. Stimulating own-brand fashion labels results in high value-added per dollar of MCP investment, and results in a strong fashion industry providing jobs for thousands of Moldovans, specifically women.

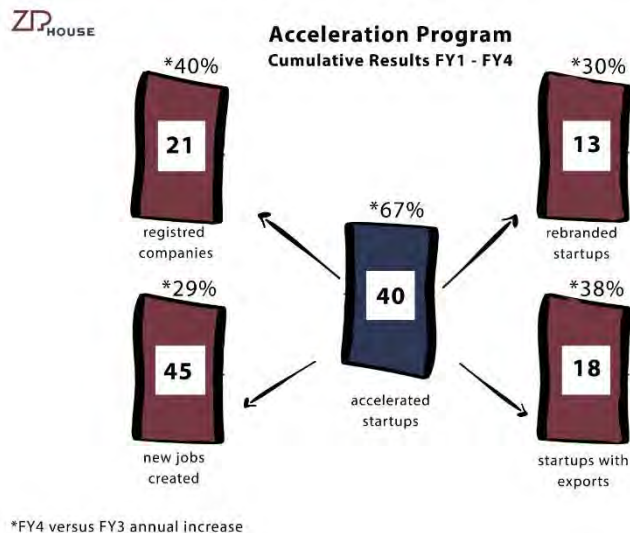
ZIPhouse Fashion Acceleration Program graduates grow Moldova’s fashion reputation abroad

Moldovan emerging designers who have graduated from the MCP-supported ZIPhouse Fashion Acceleration Program are now ready to conquer the fashion capitals of the world and highlight Moldova’s creative potential to international fashion buyers. The following FAP graduates showcased their collections at Paris and London Fashion Weeks, and on other well-known platforms:

- ✓ Moldovan haute couture fashion brand EHO showcased at Paris Fashion Week and took part in a two-catwalk fashion tour of Spain earlier in the year. EHO’s ‘Dream of Andalusia SS 2019’ collection was presented at Marbella Fashion Week alongside two talented Georgian designers, where the brand also tested the European market during a two-day pop-up shop. EHO’s success in Marbella led to an invitation to showcase at an international festival in the Republic of Georgia, and an exhibition of the brand in a showroom in Germany.
- ✓ Moldovan bridal startup Sophie participated at Marions Nous international exhibition in Paris, and signed sales contracts worth \$20,000 USD, following MCP-supported participation at wedding fairs in neighboring EU country, Romania, alongside another FAP graduate, Martelly.
- ✓ Constanzia Yurashko, a Moldovan slow fashion premium brand, showcased at the Fashion Scout show during London Fashion Week. Fashion Scout is UK’s largest independent showcase for

emerging design talent and is renowned for championing creative fashion talent from around the globe. Constanzia Yurashko is the first Moldovan designer to have been selected to showcase at Fashion Scout. She also sells now in a concept store in New York.

- ✓ Moldovan fashion label Move, which makes hand-painted silk garments, was featured on the home page and social media accounts of NOT JUST A LABEL (NJAL), the world's leading designer platform for showcasing and nurturing pioneers in contemporary fashion.



ZIPHOUSE FASHION ACCELERATION PROGRAM, 2019 HIGHLIGHTS

- **Haskel** registered **20% sales growth**, optimized their social platforms, exhibited in Moscow at an international trade show, debuted a collection at Moldova Fashion Days A/W 2019, and were opening members of the joint **CAPSULA DININIMA common store**.
- **Julie Anne** registered the company to enter the Acceleration Program, developed their brand identity, launched a website for online sales, and signed a partnership contract with AirMoldova, **breaking the ice for B2B sales**.
- **Alina Druta Bridal** registered their company, created **five jobs**, and made their first **exports to Dubai**. They also launched their **first show-room** in the center of Chisinau.
- **Love & Passion Lingerie** started to sew their products in the ZIPhouse atelier, changed the packaging of their products, and started to work with IT and copywriting companies to develop their website.
- **Sotropa** developed a new Autumn/Winter 19 collection that was showcased during the 2019 Moldova Fashion Days. They organically increased their number of social-media followers and increased recorded a **20% sales increase** in their showroom.
- **Bohemia** developed a new communications strategy by changing their concept of product visualization. They also increased the price of their product and raised the number of followers on Instagram and Facebook by 30%.
- **Lale** specialized in the knitwear for children niche, created **four new jobs**, and **registered their company**.
- **Brays** (lifestyle accessories) **increased sales by more than 20%** in the last 6 months, **registered their trademark** at AGPEI, successfully started to sell online, launched a website, and are now present in Chisinau's biggest shopping center.
- **Buratino** (lifestyle accessories) underwent **rebranding**, improved their atelier, and began to make a masterclass in collaboration with FabLab.
- **Dor Mimi Kids** (lifestyle accessories) went through a rebranding process, changed their logo, and started to collaborate with a **B2C online sales platform**.

ZIPhouse stimulates collaboration within the fashion cluster

To enhance competitiveness within the fashion industry and the creative sector, MCP helped ZIPhouse to implement activities to stimulate the development of other creative sectors within the fashion cluster, such as photography, merchandising, visual art, and styling etc. For example, during the Z Generation Young Designers competition organized by ZIPhouse, participating Moldovan designers received support from international mentors including a training on styling led by British trainer Stella Arion. Thirty-nine students and young designers upgraded their styling skills by attending a training at ZIPhouse, but also continued their individual collaborations with the stylist online while working on the collections developed within the Z Generation competition.

The 2019 ZIPhouse Fashion Photography competition connected young designers from the International Young Designers Competition with 15 participating young fashion photographers. Two winners traveled to Kiev, Ukraine to compete in the Regional Final Photography Contest organized by IYDC.



Photo caption: The winning photo from the 2019 ZIPhouse Fashion Photography Competition.
Photo credit: Arcady Manah

The 2019 Window DISPLAY Competition aimed to spur sales on the domestic market. Decorators and interior designers joined the contest to compete for the award of the best window display, creating displays in the shops of six local fashion brands. Two winning teams were awarded with an intensive training course in Visual Merchandising in the UK.



Photo caption: The window from the 2019 Window DISPLAY Competition.
Photo credit: ZIPhouse

Feature story

II Fashion Entrepreneurs Graduate from the ZIPhouse Acceleration Program

Eleven new fashion entrepreneurs graduated from the six-month ZIPhouse Fashion Accelerator Program. Through a partnership with the Milan Fashion Technology Accelerator, and with support from Moldova Competitiveness Project, international experts guided the startups through a series of in-depth trainings in product development, design, marketing, business, branding, human resources and e-commerce. Following the trainings, the aspiring fashion entrepreneurs took part in a competition where they impressed the judges with the quality of their business models, showcasing the abundance of design talent in Moldova. The top two winners – Haskel, a handbag designer and Julie Anne, a hat designer – will participate in advanced training at the Milan Fashion Technology Accelerator in January 2020. MCP invests in creating fashion brands and products that can be competitive on international markets, create quality jobs and generate higher-value-added careers at home. Since 2016, more than 40 fashion startups received



Photo caption: Fashion Acceleration Program final event 2019
Photo credit: MCP

ACTIVITY 3. DEVELOP INDUSTRY SKILLS THROUGH QUALITY ADVANCED TECHNICAL EDUCATION AND TRAINING

Achieved outputs:

- **25+** technical trainings for professionals, 25% of which were delivered with MCP financial support
- **430+** participants
- **100+** unique private companies received advanced technical training (25% annual increase)
- **35+** academic staff received training (16% annual increase)
- **48** professionals benefitted from the Fashion Leadership Program
- **7** trainers formed a pool of local expertise at ZIPhouse

Achieved outcomes:

- ZIPhouse is now recognized as a quality training resource for the industry, building knowledge in product quality, efficiency, and fashion management, critical for supporting the shift to value added business models
- Enhanced skills and abilities of local specialists
- ZIPhouse facilitates the emergence of new generation of skilled professionals and students

ZIPhouse provides advanced education aligned with fashion industry needs

Improved education and training is vital to support the industry's transition to producing higher value-added products. ZIPhouse addresses the current skills gap in the industry, and offers a wide range of trainings and workshops, aligned to the industry needs.

ZIPhouse Fashion Academy provides the fashion industry with advanced technical trainings based on practical knowledge, led by local and international experts, to enhance the skills and abilities of local specialists. In Y4 the training program was focused on the critical needs of the industry, resulting from an

assessment performed jointly with APIUS. MCP supports the development of ZIPhouse Fashion Academy as a critical foundation for industry competitiveness.

ZIPhouse worked with **15 fashion leaders and experts** from Italy, the UK, France, Ukraine, Dubai, Russia, and Romania to bring **25 professional trainings** totaling **420 hours**, attended by **430+ participants** from local companies, teaching staff from TUM, and other educational institutions. The topics ranged from technical subjects, such as factory productivity and layout and pattern making, to fashion design fields such as sustainable fashion, photography, and fashion management and fashion marketing with focus on merchandising and online sales. Since its launch, ZIPhouse has trained **120+ unique private companies** or approximately **27 percent** of the fashion industry's SMEs.

The Fashion Leadership Program is a ZIPhouse-branded educational program supported by MCP. The main goal of the Fashion Leadership Program is to develop better professional skills in mid- and senior-level company management and academia who can then influence the quality of the workforce and bring added value to the production process. Under this program, MCP supports ZIPhouse to facilitate collaborations with leading international fashion universities through short-term courses and organize joint visits to regional educational events and conferences.

In Y4, the Fashion Leadership Program provided **30 Moldovan fashion professionals** with **40 hours of training courses in Fashion Design and Fashion Marketing at the Academia di Belle Arti "Aldo Galli", part of IED Istituto Europeo di Design in Como, Italy**, one of the top fashion institutions in the world. The group included 13 teachers from the Technical University of Moldova (TUM) Faculty of Textiles, Design and Printing, representing 65% of the TUM teaching staff in fashion related disciplines. Following the course, ZIPhouse worked closely with TUM staff to ensure that the new knowledge and skills are applied to improve teaching curricula, ensure the applicability of knowledge, and ensure knowledge transfer to both students and the private sector. This professional development opportunity is a rapid intervention to bridge the skills gap and support the industry to transition to higher value-added concepts like own-brand production. ZIPhouse led the promotion of this opportunity to the industry, and formed training groups based on a cost-sharing approach (30% of total costs were covered by the participants).

Within the Fashion Leadership Program, ZIPhouse brought international expertise in Fashion Business Management and Fashion Trends to local industry leaders, offering advanced training opportunities for professionals unable to attend courses in English or abroad. Eighteen leaders from the industry attended an intensive three-day training on "Fashion Business Management" at ZIPhouse, led by a Russian-speaking British fashion consultant, who works at the world's largest fashion forecasting company WGSN in London. The course took place in both the capital city Chisinau and the northern city of Soroca, providing manufacturers from the regions with better access to advanced education.

PROFESSIONAL TRAININGS AND WORKSHOPS ORGANIZED BY ZIPHOUSE, 2019

Innovation and technology

- Gemeni CAD for pattern making
- Fashion Design
- Fashion Collections and the product range
- How to create a commercial collection
- Advanced Pattern Making
- Digital Fashion

Efficiency enhancement

- Wholesale efficiency
- Business Model Canvas for a Fashion Business
- Fashion Management
- Fashion Business
- Business development strategy for light industry companies

Marketing, sales and merchandising

- How to access the Romanian market
- Spurring retail sales
- Window displays and visual merchandising
- Customer service based on Harrods Standards
- Multisensory Merchandising
- Training for sales personnel
- E-commerce
- International Fashion Trade Shows. Get ready.

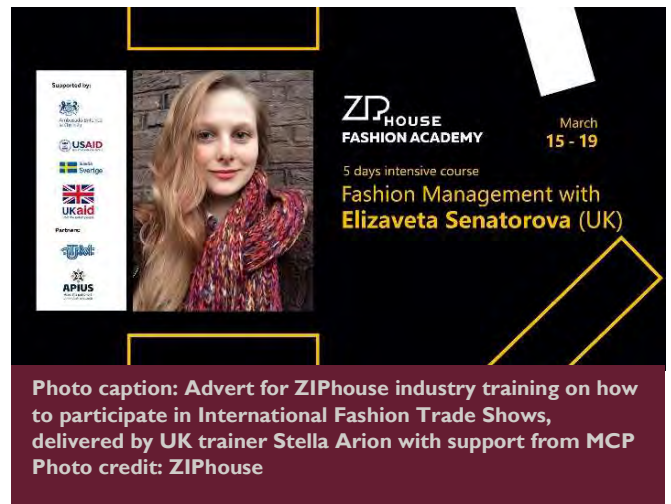
Global fashion industry trends

- Trendsetting Events

Feature story

30 Moldovan fashion industry members attend intensive Fashion Management course

Thirty fashion startups, young designers, university lecturers, and fashion students attended an intensive five-day training at ZIPhouse Fashion Excellence Center as part of the Fashion Leadership Program, which facilitates collaborations with leading international fashion experts to develop professional skills across the industry. Participants studied product development, ethical supply chains, customer profiling, sales strategies and creative management, under the guidance of Russian-speaking British fashion consultant Elizaveta Senatorova, who works at the world's largest fashion forecasting company WGSN in London. The training was funded by UK aid in partnership with USAID and Sweden and the APIUS light industry association. USAID supports training and capacity development activities for Moldova's emerging fashion industry to bridge the skills gaps and support the transition towards producing higher value-added products. Since its launch, ZIPhouse has trained more than 120 private companies, equating to 27% of the fashion industry's SMEs.



The advertisement features a central photograph of a woman with long blonde hair wearing a colorful patterned scarf. To the left, a list of supporters includes the Government of Moldova, USAID, Sweden, UKaid, and APIUS. To the right, the text reads 'ZIPHOUSE FASHION ACADEMY' and 'March 15 - 19'. Below this, it says '5 days intensive course Fashion Management with Elizaveta Senatorova (UK)'. At the bottom, a dark red banner contains the text: 'Photo caption: Advert for ZIPhouse industry training on how to participate in International Fashion Trade Shows, delivered by UK trainer Stella Arion with support from MCP Photo credit: ZIPhouse'.

Feature story

ZIPhouse hosts industry training on international fashion show participation with UK expert

ZIPhouse excellence center hosted a new training for fashion startups, young designers, students and other members of the Moldovan fashion community on "International fashion shows - mastery of presentation" with UK expert Stella Arion. The training was delivered as part of the ZIPhouse Fashion Leadership Program, which facilitates collaborations with leading international fashion experts to develop professional skills across the industry. The one-day course was designed to prepare start-ups and businesses in the fashion industry to successfully present their brand at international trade shows and exhibitions, and included topics such as presenting products in the exhibition space and communication with buyers and potential clients. The training was funded by UK aid in partnership with MCP and the APIUS light industry association. MCP supports training and capacity development activities for Moldova's emerging fashion industry to bridge the skills gaps and support the transition towards producing higher value-added products. Since its launch, ZIPhouse has trained more than 120 private companies, equating to 27% of the fashion industry's SMEs.



The advertisement features a central photograph of a woman with long brown hair sitting at a table with a plate of food, looking at a smartphone. To the left, a list of supporters includes the Government of Moldova, USAID, Sweden, UKaid, and APIUS. To the right, the text reads 'ZIPHOUSE FASHION ACADEMY' and 'APRIL 22 09:30 - 17:00'. Below this, it says 'INTERNATIONAL FASHION TRADE SHOWS Mastery of presentation WITH STELLA ARION (UK)'. At the bottom, a dark red banner contains the text: 'Photo caption: Advert for ZIPhouse industry training on how to participate in International Fashion Trade Shows, delivered by UK trainer Stella Arion with support from MCP Photo credit: ZIPhouse'.

PROGRAM 2. SMART (STREAMLINE MANUFACTURING, ACCOUNTABILITY, RESOURCE EFFICIENCY, AND TRANSPARENCY) FACTORY PROGRAM

Non-wage factors are increasingly driving purchasing and sourcing decisions among European and United States apparel companies. These determinants include product quality, capacity, workforce competency, production efficiency and labor compliance. MCP therefore supports Moldovan factories to improve their operational efficiency, product quality and labor compliance by implementing the **Streamline Manufacturing, Accountability, Resource Efficiency and Transparency (SMART) factory program**, which includes several intrinsically linked key areas including productivity, resource efficiency, social standards and transparency, implementation of innovations, product and pattern design, and sourcing of raw materials. These are key areas for improvement that will catalyze Moldovan light industry companies to become high-value manufacturers of quality and value-led products, with a skilled workforce enjoying higher salaries and a higher quality of living. During Y1-Y4, the MCP SMART Factory program supported **75 apparel and footwear firms**, including 9 startups. In Y4, MCP deepened assistance for existing beneficiaries and welcomed new firms to achieve a critical mass of innovation and improvements across the industry.

ACTIVITY I. IMPLEMENTATION OF COMPLEX INNOVATIVE METHODS FOR STREAMLINE MANUFACTURING LEAD TO PRODUCTIVITY GROWTH

Achieved Outputs:

- **38** assisted companies with an estimated **4,650** employees (**10** in the productivity enhancement program, **7** in social audit and implementation of Integrated Quality Management Systems, **8** in the Flying Designers program, **2** in pattern design, and **11** in sourcing)
- Average productivity grew from **7%** to **26%** in assisted companies
- Increased sales/exports by more than **10%**
- Increased investment in fixed assets by **5%**
- Increased wages by more than **40%**

Achieved outcomes:

- Increased factory efficiency and productivity
- Practices upgraded to higher value-added manufacturing
- Reduction of lead and output time
- Reduction of Work in Progress
- Substantial improvement in product quality

To keep pace in a competitive industry, light industry manufacturers must constantly improve their product quality, production speed, operational efficiency and transparency. Therefore, in Y4 MCP continued to implement the SMART program, driving significant change at the industry-level. Assistance was provided to improve operational and cost efficiency by eliminating time loss by **12%**, reducing excessive raw material inputs and preventable defects by **5%**, reducing lead and cycle times by **15%**, reducing inventory levels at every stage of production, improving workforce productivity by more than **25%**, and optimizing the use of equipment and space. Special attention was paid to implementing accountability and transparency in the work environment, improving working conditions, and increasing payment to employees.

Technical assistance was aligned with grants to SMEs to implement new and innovative technologies, including software. As such in Y4, the SMART program provided assistance to **38** light industry companies,

of which **10** companies increased their productivity, **8** companies, including **4** start-ups improved their design capabilities, two companies improved in pattern design, and **11** companies received access to quality textiles. Assisted companies provide high-quality jobs for over **4,650** workers, **90%** of which are women, ensuring a salary growth in assisted companies from **\$420** up to **\$515** in comparison to the industry average of **\$295** (in 2018, using an exchange rate of 17.5).



Sub Activity I. Streamline Manufacturing and productivity growth

In Y4 MCP supported in-house productivity enhancement consultancy for six companies. The assistance concentrated key areas including high-end production engineering (Flow organization, workplace organization), payment and incentive systems, and quality control. MCP continued to implement productivity enhancement programs based on Lean Management tools and MODAPTS. These systems lead to productivity increases of up to **26%** in assisted apparel companies (Viomas SRL, Loztextil SRL, Luxtore SRL), including elimination of waste and non-value adding (unproductive) operations. Intermartel SRL was assisted to implement Business Studio 4.2 software. This software is designed to optimize company processes, increase productivity and reduce costs. The complete implementation of this software will increase the efficiency of the factory by about **30%**, reduce costs by about **12-15%**, and improve the quality of the processes, which will contribute to the streamlining of the use of resources.

Results of Streamline Manufacturing and productivity growth

- Eliminating time loss by 12%
- Reducing preventable defects by 5%,
- Reduction of production cycle by 20%+
- Optimization of equipment and space usage



Photo caption: Workspace to clean the finished product and conduct final controls for packaging, before MCP assistance.
Photo credit: Demian Usanli



Photo caption: Workspace to clean the finished product and conduct final controls for packaging, equipped with a hanging conveyor after MCP assistance.

Meanwhile, as a result of the MCP partnership with SES Germany, Irmgard Guse, a specialist in production organization and quality control, provided pro bono productivity and quality enhancement assistance to Vistline SRL, resulting in a new production line set up dedicated to coats. Due to the new organization of the production line, the production cycle has reduced by **21%** (from 4 hours per coat to 3 hours and 10 minutes per coats) and quality control has become easier and more qualitative.

Apparel company Maicom continued to improve and optimize the incentive system recommended by the SMART program international consultant. As a result, company productivity has increased to **95%**

compared to **70%** before implementing the recommendations. This in turn ceased fluctuations in personnel, and increased wages up to an average of **\$380 USD/month** across the company, 1.3 times more than average salary in the industry. Maicom provides jobs for more than **160** women with good working conditions and living wages, which contributes to a reduction in poverty and the drivers of migration. The continued nature of these results demonstrates the durability and sustainability of MCP assistance.



Photo caption: Margot Ellis, USAID Assistant Administrator visits MAICOM apparel factory. Photo credit: Maria Gheorghita, Light Industry Team Leader

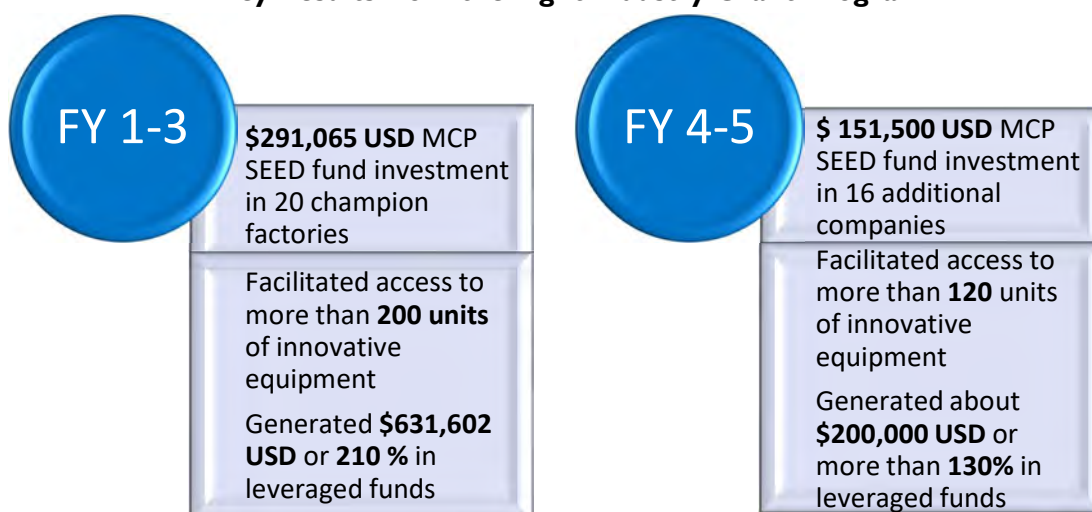
Sub Activity 2. Implement innovative technological solutions

Technological innovation is a key driver of growth in the textile, garment and footwear production value chain, advancing many manufacturing processes. Implementing innovation is vital to increase value, improve long-term competitiveness, and to allow Moldovan companies access to international markets. Because of low profit margins and high interest rate for credit, light industry companies invest modestly. In 2018, the average value of investments per company in Moldova's light industry was approximately \$49,900 USD

(MDL 872,700), two times more than in 2017 (\$25,000 USD). This doubling in investments was stimulated by MCP grants. During Y1-Y3, MCP invested **\$291,065 USD** in **20** champion factories, **generating USD \$631,602 or 210% in leveraged funds, thereby facilitating access to more than 200 units of complex and high precision equipment.** The next installment of Light Industry grants was launched in Y4. **16** additional Light Industry companies will be assisted in the implementation of new innovative machines. MCP will assist with the purchase of over more than **60 sophisticated machine units** to promote business innovations. The total investment from the project will amount to **2,666,605 MDL or \$151,500 USD.** In turn, the companies will invest over **3.5 million MDL** or about **\$200,000 USD.** Light Industry needs make strategic investments in sophisticated equipment, for example Computer-Aided-Design and automated cutting systems, specialized machinery such as automatic pocket sewing machines, button sewing machines, and printing and embroidery machines, to increase automation and to improve productivity, quality, and manufacturing efficiency, to reduce waste, and most importantly, ensure fair wages and living standards for the thousands of Moldovan women working in apparel production units.

To stimulate investments in future-oriented innovations, MCP supported representatives of 10 apparel companies to visit Texprocess, the leading international trade fair for the international garment-manufacturing and textile processing industry. The visit to this exhibition allowed Moldovan producers to get acquainted with the latest developments in specialized manufacturing equipment within the industry. Ionel Apparel company invested more than **5,5 mil MDL or \$314,200 USD** in new ironing equipment to ensure the quality of the jackets it produces.

Key Results from the Light Industry Grant Program



Sub Activity 3. Support factories to implement international social compliance and production standards

The Light (Textile, Apparel and Footwear) Industry relies heavily on human resources. Moldova started to adhere to responsible and sustainable manufacturing principles that create good, safe working conditions for three reasons:

- ✓ to fulfil the CSR and transparency requirements increasingly required by international clients
- ✓ to ensure its own workers are being treated fairly,
- ✓ and to reduce staff turnover (and protect productivity),

Providing safe factory working conditions reduces a factory's staff turnover because the workers enjoy their work, which inevitably leads to higher productivity, commitment, and better performance.

Responsible business practices, including accountability and transparency, are necessary for future factory and industry success. These practices are becoming increasingly important for international customers, and are increasingly required by European manufacturing clients.

In FY 4, MCP assisted three apparel companies (Mobile, Bevera Nord and Style by Millita) and one footwear company (Oldcom) to implement international social compliance and production standards, ensuring improved safety and working conditions, and increased efficiency. With MCP support, companies implemented Integrated Quality Management Systems according to the requirements of international standards ISO 9001: 2015 (quality management) and ISO 45001: 2018 (occupational health and safety management systems), which ensure a safe and healthy work environment for employees and ensure workplace conditions in accordance with human rights, ILO conventions and national labor law. The improvements implemented resulted in more secured orders from the manufacturers' foreign clients who

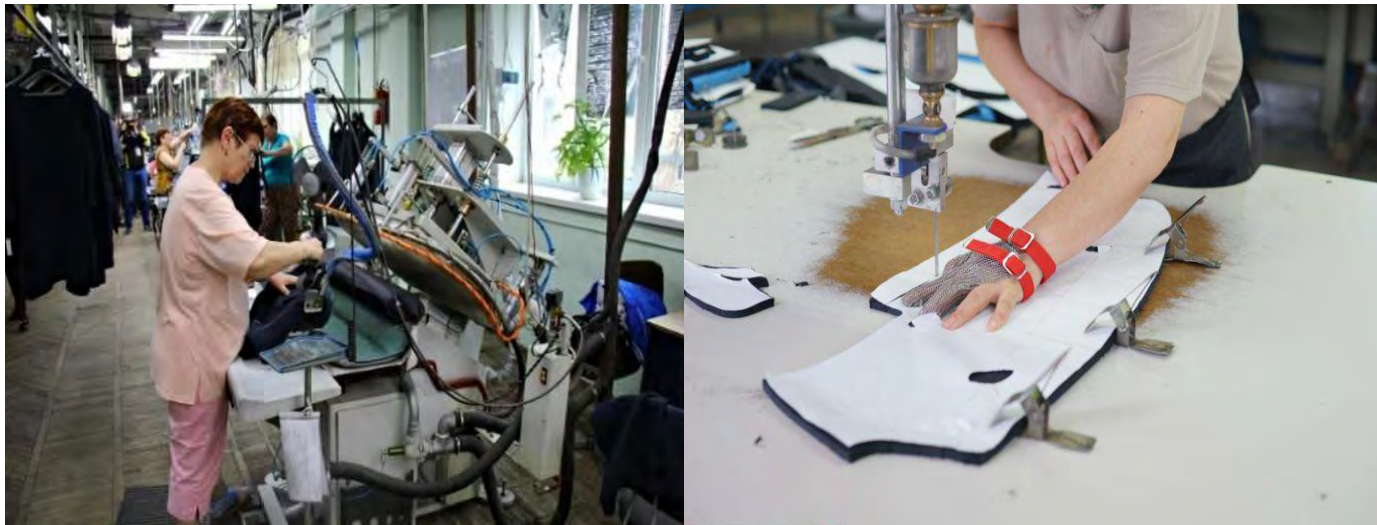


Photo caption: Working conditions at lonel apparel company, certified to be in accordance with national labor law, human rights, and International Labor Organization convention standards.
Photo credit: Maria Gheorghita, MCP

increasingly demand high social compliance standards.

During Y1-4 MCP assisted 11 unique companies to implement international social compliance and production standards which has a positive impact on **2570** employees. In Y5 MCP will continue this activity, with the objective of creating a critical mass of companies that will serve as a good example for other local companies, and provide a strong image of a socially responsible Moldovan Light Industry for potential overseas manufacturing clients.

Feature story

Moldovan apparel factory expands services for prestigious UK brand Barbour

It is a well-kept secret that the iconic waxed cotton jackets sold by Barbour, the British luxury brand, are manufactured in Moldova at Artizana, one of the country's most successful apparel factories. The USAID CEED project assisted in establishing the relationship between Barbour and Artizana, which has allowed Artizana to become one of Moldova's largest light industry manufacturers. Through the MCP SMART Factory program, Artizana has upgraded its machinery, received guidance on improving production, quality and designs, and received support to attain an international quality certification. As a result, the factory has evolved from providing Barbour with just sewing services to offering the brand full-product services, including fabric sourcing, pattern making and full-service logistics. The expanded Barbour relationship enabled Artizana to increase monthly wages to \$350-620 USD for a seamstress and up to \$1,400 USD for mid-level managers, which is up to 80% above Moldova's industry average of \$340 USD. Increased wages aid in employee retention and prevent migration abroad. With more than 530 workers employed and plans to hire an additional 120 workers, Artizana provides quality jobs for women in rural villages. Overall, the MCP SMART Factory program assists more than 35 Moldovan factories which provide high-quality jobs for over 4,000 women.



Photo caption: A Moldovan seamstress working for Artizana prepares a jacket for prestigious UK brand, Barbour.

ACTIVITY 2. CREATE BRANDS AND PRODUCTS ALIGNED WITH FASHION TRENDS

Achieved outputs:

- 19 assisted companies producing their own fashion brands;
- Increased knowledge and abilities of 19 local designers and pattern makers, including four emerging designers;
- Increased sales in assisted companies by 33.8%;
- MCP-assisted company Maicom increased exports by 31.6%;
- Increased the volume of raw materials supplied more than 7 times.

Achieved outcomes:

- Improved product quality due to enhanced business knowledge and abilities to create seasonal collections in line with international fashion and design trends, as well as access to better-quality textiles and accessories;
- Upgraded practices to higher value-added manufacturing.

Good quality design has become critical for the success of apparel companies selling original designs and brands, competing in a world of fast-changing fashion trends. Design and style activities are used to attract customer attention, improve product performance, cut production costs, and give the product a strong competitive advantage in the target market.

Since many experienced Moldovan designers want to penetrate foreign markets, and with a new generation of emerging designers starting to enter the Moldovan market, MCP continued its Flying Designers program throughout Y4. The program brings international designers to Moldova to provide multiple, intermittent consultancies with Moldovan factories to improve designers' skills and help firms to improve their collections. With the support of MCP subcontractor Bhavana World Project, MCP assisted 15 SMEs to create capsule collections for the FW 2019 season. Most of these collections were shown at the FW fashion show ready for "See now buy now", and were well received by the Moldovan fashion-buying public, especially capsule collections developed for children and by emerging designers.

Sub Activity I. Implement ‘Flying Designers’ program to streamline fashion products through strengthening design skills within own-brand fashion companies

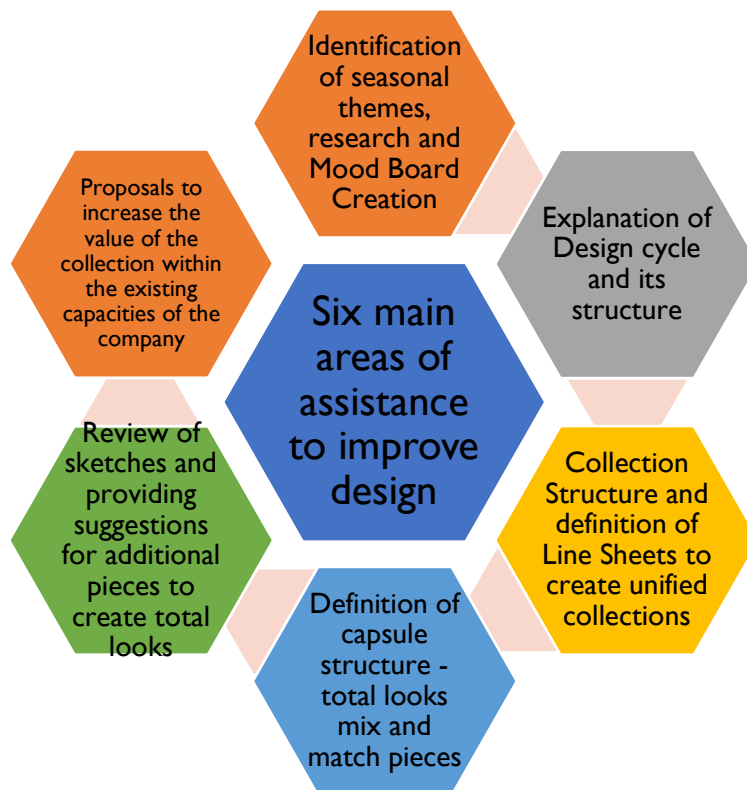
In Y4, MCP assisted **15 Light Industry SMEs** (**four** shoe companies, **three** bag producers and **eight** apparel producers, including **four** start-ups) through the ‘Flying Designers’ program, to improve design skills and to develop ready-to-wear collections in line with seasonal fashion trends. Interventions were tailored to each company, focusing on the best strategies to strengthen each brand. MCP invests in design support programs like Flying Designers due to their critical role in shifting Moldova’s fashion industry to value-added production schemes and own-label manufacturing.

With support from MCP, the assisted companies, including children’s clothing brands, selected a color palette for their new capsule collections, defined key shapes and silhouettes and added sports-inspired pieces into their collection. Accessories and other details were selected to add value to the collections, including detachable collars, embroidered buttons and collars, and screen prints on the newly introduced sportswear.



Photo caption: Accessory and detail recommendations provided to Milly Mia by international designer Kelly Denoyer to increase the value of finished products. Credit: Kelly

The six main areas of assistance to improve design skills are:



To develop new talents for the industry, MCP provided enhanced design training for four fashion startups within the ZIPhouse Fashion Acceleration program (Lale, Feliz, Love & Passion and Alina Druta). The brands studied themes and brand identity, mood boards, collection structure, correct implementation of the design process, basic costing and pricing tools, and the wholesale design calendar, which they used to improve their design ideas and inspire their new collections.

“Upon reviewing the seven designs you proposed, I understood the logic and approach of the work and how each concept can be further developed into future collections”.

Olga Potehin,
Designer, Potehin

MCP consultancy strengthens Moldovan footwear and accessories brands

In Y4, MCP continued the “Flying Designers” program with a pool of seven accessories firms (both ongoing and new candidates), focusing on three handbag producers and four footwear manufacturers, ensuring the quality production of a full range of fashion products.

Flying Designers” program targeted examples

Potehin shoe brand: the consultant provided feedback on the brand’s current collections, and supported the development of a new line of luxury sports footwear, “POTEHIN SPORT” to win a new customer base.

The consultant recommended that Potehin begin structuring their collection into “stories” where they can use one element and diversify into different end uses.

Maalex bag company: The international consultant supported this new beneficiary company to build on their area of expertise and create signature products that will not compete with one another on the local market. Key recommendations included the use of the broad resources at ZIPhouse to research international trends and color palettes, and a new line of products with a stitching and patchwork theme, capitalizing on the high quality of workmanship and stitching across all Maalex products.

Arulu bag company: The international consultant worked closely with the Arulu designer on a special project using fish skin. The resulting innovative products already exist in prototype.

Sub Activity 2. Improve pattern design techniques and grading for light industry companies

Patternmaking is one of the most important processes in the apparel value chain, as it ensures that designer’s ideas are correctly translated into the final product and fit. With the support of a pattern making specialist from Senior Expert Service (SES), Germany, which supplies pro-bono expert consultants from Germany to organizations around the world, MCP trained **20+** patternmaking specialist from Moldovan apparel companies on best practices in pattern making and grading for women’s and children’s wear in Y1-3, including **7 start-ups**. The resulting skills upgrades resulted in fundamental improvements within the beneficiary companies’ pattern making departments. In Y4, another expert from SES Germany assisted **five** more



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Photo caption: International consultant Luisa Fazio worked very closely with the designer from handbag company Arilu on a special project for using fish skin for bags. Photo credit:

Bosman designer who was very satisfied with the quality of the patterns. We are confident that we will attract other foreign customers.

Radetcaia Natalia
Gratia Stil company director,
selected as a platform for patternmaking services

Moldovan patternmaking specialists from an additional **three** companies. Considering the increasing demand for pattern development from both local and international companies, in Y4 MCP placed a greater emphasis on assisting companies that currently specialize in providing services in the field of pattern development. Therefore, the Gratia Sil patternmaking company was identified and assisted by the SES pattern making expert, which started to provide services to local apparel SMEs that design and produce under their own brand. The results of this assistance were unexpected, and the Gratia Stil company not only received orders from new Moldovan clients, but also delivered patternmaking services for a designer in Bosnia for the first time.

Feature story

U.S. Ambassador to Moldova visits Gagauz apparel factory that creates new jobs for women in rural areas.

U.S. Ambassador Derek J. Hogan visited RiDiager, an apparel factory in Comrat, Gagauz autonomy, that has successfully transitioned to more complex manufacturing services garnering new EU clients in Italy, Denmark, and Finland. Thanks to a complex support package, including a **\$21,000** USD grant from MCP, RiDiager opened a new rural production unit creating more than 50 quality jobs for seamstresses – providing employment opportunities for women in their home villages and helping reduce out-migration. The MCP grant leveraged RiDiager’s own investment in modern sewing machines and enabled the company to grow its production facilities in four villages in the area, providing living wages and good working conditions for nearly 200 women.



Photo caption: Ala Arabadji, co-owner of RiDiager apparel factory in Comrat, Gagauzia, presenting the factory and working conditions to U.S. Ambassador Derek J. Hogan during his visit on February 1, 2019. Photo credit: Olesca Galusca, MCP

Sub-activity 3. Strengthen factory sourcing skills for building higher value added

With MCP support, more and more Moldovan apparel companies have begun to use business models which ensure higher value-added, such as FOB, Private label and Own label. All these business models involve fabric and accessories acquisition, which are the key success factors in the garment industry as because the fabric is the most important part of the outfit. For this reason, in Y4 MCP continued to facilitate Moldovan companies to access quality textiles and strengthen their sourcing skills, supporting factories to become ‘full package’ suppliers to EU clients and manufacture higher quality products and facilitated access to higher segments of the fashion value chain. MCP supported sourcing visits to



critical raw materials and accessories hubs for **18** Moldovan beneficiaries, including manufacturers and emerging and start-up designers. Destinations included the largest EU textiles and leather tradeshow, Premier Vision, Texworld, and Interfilere in France, and exploration of silk and other textile sources in Dubai. As a result, Moldovan designers and acquisition specialists built new supply channels for high-quality affordable raw materials and accessories. As a result of the support provided by MCP in previous years, many companies have created business relations with certain suppliers which continue to supply the manufacturers with quality fabrics, confirming that this activity has already become sustainable. In Y4 Moldovan companies bought over **\$3849,180** USD worth of textiles (**seven times** more than **\$560,000** USD purchased in 2018), demonstrating movement to ‘full package’ services and buy-in and sustainability for Moldovan factories and mitigating the limited access to quality textiles in Moldova.

OBJECTIVE 2: EXPANDED MARKET LINKAGES



Photo caption: Designers visit Mariage Fest wedding trade show in Bucharest, Romania, February 19, 2019
Photo credit: Elena Zbarnea and Marta Zaporozjan

PROGRAM 3. EXPANDING MARKET OPPORTUNITIES

In Y4, MCP continued to support Moldova’s light industry to jump from low-value cut-and-make (C&M) services, to high value-added products, which create more stable and better paying jobs in Moldova. MCP and industry partners merge efforts to reposition Moldova as a full product manufacturing partner for European and regional clients. Since Moldovan designers are better understood in regional markets, Moldovan brands have prioritized exports to those markets.

Increasing exports and penetrating new markets is necessary to be able to increase revenues within the industry, and to provide better working conditions and compensation for the workforce. Therefore, MCP offers strategic marketing opportunities for Moldovan producers to increase sales in the following markets:

- I. **Domestically** - by raising awareness of Moldova’s own-brand producers on the domestic market to

cultivate the pride in wearing local brands; stimulating local brand consumption versus imported products; strengthening the collaboration between local manufacturers; and empowering joint marketing efforts which stimulate production for the local market, increasing market share.

2. Internationally – by raising the profile of Moldovan light industry on the global market as a full product manufacturing partner; positioning Moldovan suppliers as manufacturers of high value services for European clients and building recognition of Moldovan fashion brands on regional markets.

ACTIVITY I. REPOSITION MOLDOVA AS A FULL PRODUCT MANUFACTURING PARTNER AND SUPPORT INTERNATIONALIZATION OF MOLDOVAN FASHION BRANDS IN REGIONAL MARKETS

Sub Activity I. Grow exports by showcasing products at major tradeshows

Achieved outputs:

- **31** companies assisted to participate in 20 international tradeshows, (with a majority attending twice a year)
- Over **700** new business contacts
- **\$650,000** USD on-the-spot sales
- **40%** (approximate) increase in sales
- More than **27.8%** increase in exports

Achieved outcomes:

- Moldovan suppliers positioned as manufacturers of high value services for European customers
- Diversified network of export markets
- International recognition of Moldovan fashion brands on regional markets

During Y4, MCP built on the success of previous years, and continued to support Moldovan light industry on its difficult path to extending exports. In partnership with the private sector, MCP continued to focus on the EU as the primary target market for Moldovan services to international clients, and regional markets to introduce own-branded Moldovan apparel. The project supported light industry SMEs to participate in leading international exhibitions in Europe – (Italy, France and the UK), and supported the penetration of Moldovan manufacturers into niche regional markets such as Romania, Ukraine, Kazakhstan, and the Czech Republic. These markets are prioritized by the Project as they are open to new emerging brands, and Moldovan designers understand consumer preferences and styles due to cultural similarities. Eventually, these markets will become a bridge to the western markets.

This focused approach by MCP and industry stakeholders has led to success in generating market linkages and sales at international tradeshows. Participating in at least three consecutive tradeshows is necessary to transform business interest into real sales. Repeat participation in Fall and Spring editions positioned Moldova as a reliable and lasting partner for attending customers. MCP also applied a segmentation approach and supported local producers to participate in specialized fairs. For these producers, participating in trade shows and exhibitions was eye-opening, enabling them to better understand the export business model and requirements of international clients. Producers selling only on the Moldovan market, and emerging designers, were encouraged to look beyond domestic sales and explore international opportunities in regional markets, especially embracing e-commerce as an affordable way to break the ice for testing orders.

In FY4, MCP supported participation of the industry to the most important tradeshows for both manufacturing sourcing and “ready to show” original designs and labels. 31 apparel and footwear manufacturers participated in 20 distinct EU and regional tradeshows, the majority twice a year, generating on-the-spot sales of about \$650,000 USD, and over 700 business contacts, with more orders following the events. The largest share of these new export contracts is for more value-added manufacturing concepts, including sourcing, pattern making and design, which support the industry’s competitiveness.

Taking cultural affinities, customer preferences, and developed economic and political relationships into account, Romania presents great potential for market expansion. One of MCP's main objectives for Y4 was to facilitate increased penetration of the Romanian market with own brands from MCP-supported light industry companies, which ensure the highest value added. **As a result, MCP facilitated signed contracts worth \$298,786 USD.**

In Y4, MCP consolidated the bridalwear and eveningwear segment, and assisted seven brands to attend the 7th editions of Romania's leading wedding fairs: Ghid Mariaj, in Iasi and Mariaj Fest in Bucharest. Participating brands signed orders worth over \$112,986 USD, demonstrating the popularity of Moldovan designs on the Romanian export market. MCP supports the growth of Moldova's bridalwear industry due to its need for highly skilled seamstresses, embroiderers and other craftspeople, creating quality jobs for women.

More than 20 Moldovan companies showcased at major Romanian B2B apparel exhibitions and fairs, such as Mod Expo and Next Season, resulting in brought 50+ business contacts and \$131,400 USD in orders, and also B2C fairs like Moldova Prezinta la Iasi and Christmas fairs, generating over \$54,500 USD in on-the-spot sales and positive feedback from Romanian consumers. Because of this trade promotion activity, Romanian clients now travel to Chisinau to buy wedding dresses and other tailored outfits, while Moldovan brands plans to open showrooms in Romania. In Y4 two companies joined the efforts and opened a DININIMA showroom in Brasov, the touristic capital of Romania. One company is Alina Bradu, producing ethnically inspired garments, which are in great demand in Romania, and more and more tourists considers Brasov a must-see destination, bringing thousands of potential clients.

The Ukrainian market still remains becomes the greatest export opportunity for Moldova's footwear brands. Oldcom, Floare, Tighina, Tellus A and Tellus (the latter four based in Transnistria) became Moldova's main leather goods exporters selling to Ukraine, underpinned by 130 business contacts and \$126K trial orders generated by MCP-supported Leather and Shoes and other tradeshows in Kiev.

Hand-made accessories also made global sales and demonstrated potential to become a high-growth export segment. Three jewelry designers made \$70,800 USD in sales at trade shows in France and Italy, with 70+ contacts from interested buyers from Europe and around the globe (i.e., Japan, Korea, South Africa and the Seychelles). Ana Popova Jewelry signed three contracts for annual secured collaborations with regional distributors, worth \$20,000 USD each. The brand is now sold in boutiques in the US, Spain, and France, demonstrating the potential of the young women behind these startups who have managed to transform their hobby into a business.

Five fashion brands signed orders worth \$121,800 USD at a regional trade fair in Kazakhstan. Central Asia Fashion international exhibition in Kazakhstan is one of the most powerful and successful fashion exhibitions in the Central Asian region. The event is the only specialized event for the Kazakh fashion retail market, and it attracts both established market leaders and new players in the field. Moldovan brands established new 88 contacts and signed orders worth \$121,800 USD at the event, including Allert & Co who secured their presence in Kazakhstan and signed new contracts worth \$40,000 USD. Consistent, year-on-year participation in international exhibitions is a key component for success, building credibility and long-term collaboration between brands and buyers. This is the fourth year in a row that MCP has supported Moldovan brands like Allert & Co to attend Fashion Central Asia international Exhibition.

MCP also facilitated participation in other specialized tradeshows across Europe, such as Pure London, UK; Marions Nous and Salon Lingerie, France; and Supreme Body and Beach, Germany, signing B2B orders. Following participation at Interfilière, Paris, MCP-supported brand Olga Ceban, which produces and sells lingerie under its own label, signed a \$39,500 USD contract with a German client for the following four months, and established a contract with a Spanish client for the delivery of trial orders. Two lingerie startups also signed contracts worth \$28k, which is a great start for a small company.

MCP leveraged public and private funding for trade promotion. MCP aligned resources with the Moldovan Investments Agency (previously MIEPO) and APIUS to realize joint goals in trade promotion, supporting the industry vision and sales objectives of individual firms. This PPP merges the efforts of all partners and resulted in co-share participation at a pre-agreed list of exhibitions, for a more impactful market support. In Y4, the PPP had an annual value of \$283k USD, and was mainly propelled and supported by MCP, with an annual contribution of \$133,631 USD, representing 47% of the PPP total value. Due to this support, MCP stimulates the private sector to proactively orient to export markets, and spur sales, leveraging \$112,093 USD in direct cost related to participation at international exhibitions. The contribution of APIUS members (the private sector) was worth 40% of the PPP total value, and public organizations like the Moldovan Investment Agency and Chamber of Commerce contributed 13%.

The total value of this PPP during four years of assistance amounted to \$619,496 USD, invested resources for export promotion. This PPP has a primary role in the sustainable development of local companies, as it opens doors to new markets and diversifies the market risk for local producers. However, export promotion campaigns at the country level are very expensive, and bring only bring results after some time and repeated participations. APIUS must take more initiative in these areas, and seek Government support for export promotion activities.

Feature story

Five Fashion Brands Sign Orders Worth \$121,800 at Regional Trade Fair in Kazakhstan.

From March 17-19, 2019 MCP supported five Moldovan own label fashion brands – Allert & Co, Premiera Dona, Infitextil, Evadeya, and Antigona – to take part in Central Asia Fashion international exhibition in Kazakhstan, one of the most powerful and successful fashion exhibitions in the Central Asian region. The event is the only specialized event for the Kazakh fashion retail market, and it attracts both established market leaders and new players in the field. Moldovan brands established new 88 contacts and signed orders worth \$121,800 USD at



Photo caption: Moldovan brands meet with potential clients at Central Asia Fashion trade fair in Kazakhstan.
Photo credit: APIUS

the event, including Allert & Co who secured their presence in Kazakhstan and signed new contracts worth \$40,000 USD. Consistent, year-on-year participation in international exhibitions is a key component for success, building credibility and long-term collaboration between brands and buyers. This is the fourth year in a row that MCP has supported Moldovan brands like Allert & Co to attend Central Asia Fashion, resulting in Allert & Co opening a franchise shop in Almaty, Kazakhstan in 2017.

Feature story

Moldovan Loungewear & Accessories Brand Signs Orders worth \$45k+

Moldovan loungewear and accessories company Anageo Textil's recent participation at the Salon Unique by Mode City tradeshow in Paris, yielded orders from Romanian buyers worth more than US \$45,000. MCP enabled the company to attend the tradeshow, which also boosted sales and reinforced the popularity of Moldovan designs in international markets. Anageo Textil also established connections with buyers from Latvia, Israel, Ukraine, and Tunisia. Negotiations for additional orders are underway. As a prominent Moldovan export sector, MCP's support of the light industry focuses on increasing production capacity and shifting from cut-and-make to own-brand value-added products, which lead to increase worker compensation and secure jobs at home in Moldova.



Photo caption: Mobile, Ionel and Steaua Reds manufacturers showcase Moldovan fashion at Pure London trade show.
Photo credit: Georgette brand

ACTIVITY 2. CONSOLIDATE THE DININIMA UMBRELLA BRAND AND EXPAND DOMESTIC MARKET

Achieved Outcomes:

- **80+** brands acting jointly under DININIMA common brand
- **40+** local brands participating in joint campaigns
- **3** new DININIMA multi-brand shops opened in Chisinau
- More than \$ 235,000 in sales in the first four months of the stores
- **40+** brands showcased in each edition of Moldova Fashion Days and Fashion Soiree
- **26.6%** increase in sales on the local market
- Emergence of online sales channel with 20+ Moldovan fashion brands

Achieved outcomes:

- Improved image of local brands and enhanced consumer perception
- Cooperation valued over competition by local companies
- Deeper understanding of the efficiency of multi-brand store
- Online retail as an innovative solution to increase sales used by local brands
- New promotional instruments absorbed by local companies
- Enlarged and improved concept for Moldovan Fashion Days with stronger organizational capacity

MCP works to raise the industry's profile on the domestic market and boost consumer pride in wearing clothing 'Made in Moldova'



The DININIMA Branduri de Moldova (From the Heart Brands of Moldova) campaign promotes local brands and motivates consumers to buy domestically-made apparel, footwear and accessories. The brand was launched in 2012 by USAID and APIUS to bring together Moldovan brands under one recognizable label, and since then, DININIMA has become the singular identity of Moldovan fashion, revolutionizing how locally made clothes are perceived by domestic consumers. Over 120 local fashion brands have emerged in recent years, as a direct impact of DININIMA.

In Y4 MCP continued to enhance the power of the umbrella brand DININIMA: Branduri de Moldova (From the Heart — Brands of Moldova), supported joint marketing campaigns to raise industry profile and awareness and stimulates joint retail initiatives. There are currently about **80 Moldovan brands under the DININIMA initiative**. In Y4, MCP continuously fueled the initiative with marketing campaigns and improvements for the DININIMA multi-brand shops and supported the launch of four new shops in Chisinau, gathering 12 local brands. More than 10 new brands joined DININIMA in Y4. Twenty local fashion brands started e-commerce activities on domestic market, appearing on the fromtheheart.com online platform created with MCP, powered by DININIMA: Branduri de Moldova.

In Y1-Y4 DININIMA producers assisted and monitored by MCP earned over USD \$91 million USD in sales on the domestic market.

Domestic sales increased by more than 26% in Y4 compared to Y3.

Moldovan own-brand companies assisted and monitored by MCP, have earned more than USD \$91 million in sales on the domestic market in just four years. The success of the DININIMA brand has encouraged young design talents to emerge, and in recent years many nascent fashion brands have made their way on to the Moldovan market. During these four years, the ZIPhouse community has enlarged to more than 60 emerging startups, which have entered the market with strong brand identities and good

product quality. For many emerging designers and small manufacturers, Moldova remains their only market. It is the place to interact with their first clients, to test the product and to acquire marketing skills, as Moldovan designers grow in confidence and decide to pitch for international markets. The growth of own-label fashion brands on the domestic market is changing Moldovan manufacturers' business models, supporting the industry to transition to higher value added, and is the only path for its long-term survival and development. Nevertheless, more and more emerging designers understand the limits of the domestic market and seek to break the ice for exports through online sales or participations at regional fairs in Romania.

Four new DININIMA multi-brand stores opened in Chisinau

The umbrella brand empowers Moldovan brands to grow on the local market. Opening new common stores, with such significant investments from the private sector, demonstrates the efficiency of joint marketing initiatives to develop local retail through opening common multi-brand retail spaces. MCP plays a strategic role, encouraging the private sector to be open to retail initiatives, in order to make gains on the local market. MCP supports APIUS to take the lead in the creation of common multi-brand retail spaces and forming a fruitful public private partnership, aiming to increase sales on the local market, increase consumption of local products, and stimulate absorption of new knowledge and skills on visual merchandising and better understanding of retail sales model.

In Y4 DININIMA producers monitored by MCP recorded new sales of USD \$15.1 million, double sales recorded in Y3

Three new DININIMA multi-brand stores opened four month ago, recording new sales of USD \$235,000

The DININIMA common stores operate as a public-private-partnership. During the reporting period this PPP raised \$74,400 USD, 83% of which was contributed by APIUS members, resulting in 940 sqm of new DININIMA common space full of local products:

- The common store "Capsula" was launched in downtown Chisinau on M. Eminescu street with 4 local brands
- The common store "DININIMA" was launched in Chisinau on Izmail street, with 3 local brands
- The common store "DININIMA PAN COM" was launched on Aleco Russo street in the Riscani sector of Chisinau with 8 local brands
- The common store "DININIMA" was launched in ZITY Mall, Chisinau with 2 local brands.

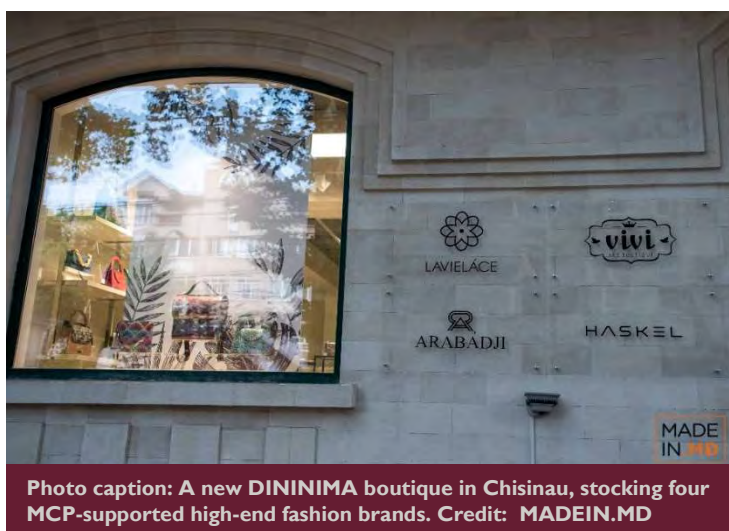


Photo caption: A new DININIMA boutique in Chisinau, stocking four MCP-supported high-end fashion brands. Credit: MADEIN.MD

There are now more than 3,000 square meters of retail space selling Moldovan products under the DININIMA umbrella identity. These new stores demonstrate the increasing maturity of the DININIMA brand and the efficiency of joint retail areas.

MCP-supported fashion brands launch first DININIMA e-commerce platform

Twenty apparel brands from the MCP-supported DININIMA umbrella brand have come together to launch the first multi-brand DININIMA e-commerce site, fromtheheart.shop. Moldova has a successful ICT industry and some of the world's fastest internet, yet e-commerce legislation is weak, stifling the growth of online sales and negatively impacting the domestic market. This private initiative, which capitalizes on the strength of the DININIMA platform, has been developed despite this regulatory challenge, and represents a big step forward for the sector. The website invites customers to "Discover local fashion makers. They create here, at home, quality articles that are in line with international trends", further stimulating the domestic market for Moldovan fashion brands.

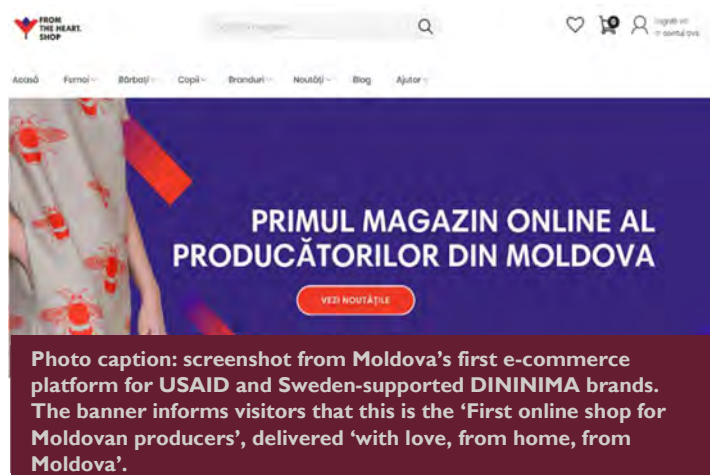


Photo caption: screenshot from Moldova's first e-commerce platform for USAID and Sweden-supported DININIMA brands. The banner informs visitors that this is the 'First online shop for Moldovan producers', delivered 'with love, from home, from Moldova'.

APIUS leads DININIMA campaigns, raising industry profile and building trust between DININIMA brands, while producers enjoy the gains of joint marketing

Cooperation and trust between producers grew stronger, as they realized the benefits of switching from individual to joint marketing under the DININIMA initiative. With strong financial support, MCP acts strategically as a facilitator and coach, consolidating this uneasy industry cooperation and ownership of DININIMA by APIUS and its members. MCP encourages local producers to shift from general market awareness to sales-driven promotion, supporting APIUS to put higher emphasis on sales events.

DININIMA campaigns on the local market as a PPP, with an average of 40 brands benefiting and contributing to about 15 different events and digital campaigns throughout the year. During Y4 the PPP raised \$35,839 USD, with MCP contributing 44% of this value, and the majority of resources being supplied from the private sector (APIUS and sponsors). This funding share confirms the enhanced capacity of APIUS to lead innovative marketing initiatives, and the effectiveness of joint actions.

During the year, strong PR, communications, and advertising campaigns actively promoted the DININIMA common stores and various sales campaigns and events. DININIMA brands leveraged gastronomic festivals, and participated at local fairs and festivals, such as IA MANIA ethnic festival, CHRISTMAS Fashion Bazar, MAI DULCE gastronomic festival, CITY DAY fair, CASTEL MIMI wine events etc. Local brands also participated in Moldovan Design Week, representing the fashion industry as part of the creative industries cluster. Integrated popup shops, branded as DININIMA, linked the fashion industry with other sectors conceptually close to fashion. Implementing these activities is part of the communication and promotion strategy for the DININIMA umbrella brand, with both PR and sales objectives. DININIMA promotion activities were adapted to a segmentation approach. For example, APIUS organized special events and large online campaigns dedicated to kids wear brands, such as Back to School catwalk supported by a PR and communications campaign. Recognizing the power of the DININIMA umbrella brand, local brands have taken the lead in organizing promotional events, using their own resources and with APIUS organizational support. As such, during the year the brands gathered at seasonal popup shops, conceptual presentations and small catwalks presenting limited collections and seasonal pre-collections.

MCP propelled the status of #DININIMADigitalAmbassadors, connecting journalists, bloggers, and fashion vloggers to DININIMA initiatives, by inviting them to join social media campaigns, and involving them with Moldova Fashion Days and other fashion events, for example inviting them to model at the Fashion Soiree community event., thus transforming them into ambassadors of the idea “be proud to wear local”. MCP assisted APIUS and umbrella brand DININIMA to organize virtual fashion shows, featuring prominent Moldovan businesswomen, journalists and influencers wearing Made in Moldova outfits from DININIMA womenswear and kids wear brands. This social media campaign leveraged visibility and spurred domestic sales. The launch of influential campaigns demonstrates the maturity of the industry association APIUS and umbrella brand DININIMA in organizing sophisticated marketing activities, harnessing the power of local influencers and targeting key periods in the Moldovan retail calendar.

Flagship industry event Moldova Fashion Days achieves larger outreach and demonstrates stronger organizational capacity

Fashion shows are essential to connect designers to consumers, but also to showcase creative skills and talent. With MCP support, Moldova Fashion Days (MFD) has become the leading industry event showcasing original designs and brands from Moldova. In Y4 MCP assisted the successful and professional bi-annual organization of MFD and its satellite events, and made improvements to the event structure, expanding the participating brands to 45 per edition, including new names and young designers picked up by ZIPhouse (more than 15 young designers showcased in Y4), and doubling the number of visitors to facilitate greater outreach and spur sales.

Moldova Fashion Days is a PPP leveraging private sector support, which ensures sustainability of the event and increases the industry’s responsibility for its own success. To date, the PPP has raised a total investment of USD \$278,647 USD, of which MCP has provided \$36,984 (13.3%), APIUS invested \$77,555 (27.8%), the Moldovan Investment Agency invested \$21,340 (7.6%), UK aid invested USD \$6,724 (2.4%) and \$134,025 was provided by event fundraiser and organizational partner Berlizzo (48.1%).

MCP contributed to re-formatting the local B2C and B2B Moldova Fashion Expo, bringing 35+ regional buyers from Kazakhstan, Italy, Ukraine, Lebanon and increasing the attractiveness of this tradeshow through a new image, incorporating a powered by DININIMA catwalk under Moldova Fashion Days. A Young Designers zone was also organized under a ZIPhouse initiative to support its residents, allowing emerging designers to test the market and meet face-to-face with customers and buyers for retail stores.

Feature story

Moldovan apparel factories collectively open new DININIMA store, unifying domestic fashion brands

Eight Moldovan apparel companies came together to open a multi-brand store in downtown Chisinau, under the national fashion brand DININIMA, From the Heart. Sharing a joint retail space, local apparel brands gain bargaining power to negotiate retail rental prices otherwise unaffordable for individual designers. MCP assisted the store with updates to implement a modern design, and install lighting to improve the shopping experience for today's customers. Domestic retail shops increase the resilience of Moldovan fashion producers, and each shop features clothing from up to 15 designers.

MCP introduced the idea of joint retail spaces as a way to solve the challenges of affordable retail space and to stimulate cooperation among designers. To date, MCP has facilitated the opening of six DININIMA stores, which bring together more than 35

Moldovan fashion designers across 3,500 m² of modern retail space. By leveraging a USD \$260,000 investment, the DININIMA stores generated sales of \$6.7 million USD in 2018. Moldova's domestic fashion market has experienced 20-30% annual growth since 2015 through MCP assistance. An increased focus on Moldova's domestic fashion market encourages aspiring designers to emerge on a global scale and sell their designs for export.



Photo caption: Opening of CAPSULA store in downtown Chisinau.

Photo credit: MADEIN.md

OBJECTIVE 3: IMPROVED SECTOR-ENABLING ENVIRONMENT AND INCREASED CAPACITY



Photo caption: Women working at an MCP-supported apparel factory in Transnistria
Photo credit: MCP

ACTIVITY I. ASSIST APIUS TO BECOME A STRONG PROFESSIONAL AND INDUSTRY ASSOCIATION

Achieved outputs:

- 116 members, an increase of 8 new members on Y3
- 80% of membership dues paid

Achieved outcomes:

- Increased APIUS role and value to its members
- Stronger industry-level coordination and collaboration

The Light Industry Association is gradually becoming the industry's lead partner on trade promotion, driving domestic sales and exports with MCP strategic assistance. MCP 'channeled' trade assistance to light industry through the association (utilizing an ongoing grant between APIUS and MCP), a strategy that enhances long-term local capacity and sustainability.

APIUS attracted eight new members, increasing from 104 at the end of Y3 to 116 by the end of Y4 This makes APIUS a large and representative business association, with its membership representing more than 25% of Moldova's active Light Industry enterprises. MCP provided assistance for institutional strengthening, intervening in critical areas, including APIUS' lobbying and advocacy capacity, increased transparency and member engagement, and improving member communication (instituting mailing groups and regular newsletters).

With the support of MCP, APIUS started to create a database to promote local suppliers, services and products to European clients and customers. It will be the first comprehensive Moldovan database of light industry manufacturers and will include more than 120+ producers, most of which are APIS members. The resource includes detailed information on each company's production capacities and range of services, as well as the types of products manufactured and sold. The main objective of the database is to support APIUS to promote Moldova as a full-product manufacturing partner and spur exports of services and products. It will also allow the association to strengthen its position as the core organization representing the interests of the light industry to the Moldovan Government and state institutions.

Feature story

37 Fashion brands walk the catwalk at Moldova Fashion Days Spring/Summer

Moldova Fashion Days, initiated and continuously supported by MCP, is the most important event in the Moldovan apparel industry calendar. The Spring/Summer 2019 edition took place in Chisinau on March 23-24, 2019 featuring 40 new collections from 37 Moldovan brands, including ten young designers from the ZIPhouse startup fashion community and nine brands that made their MFD catwalk debut. This edition of MFD expanded to three catwalk blocks each day, allowing more designers to participate and more than 1,500 fashion fans and local influencers to attend the event. Attendees also had the opportunity to buy fashion accessories from 12 Moldovan designers at a ZIPhouse pop-up shop. Ambassador



Photo caption: U.S. Ambassador Derek J. Hogan and spouse (center), USAID Mission Director Karen R. Hilliard, Ambassador of Sweden Anna Lyberg, UK Ambassador Lucy Joyce, Minister of Culture Monica Babuc, and Director of Swiss Cooperation Caroline Tissot, attend the Moldova Fashion Days 2019.

Photo credit: Moldova Fashion Days

Dereck J. Hogan, USAID Mission Director Karen R. Hilliard, Swedish Ambassador Anna Lyberg, and UK Ambassador Lucy Joyce attended the spring edition of Moldova Fashion Days (MFD) 2019 to demonstrate

MCP backing for the event. Initiated with USAID support in 2012, MFD has grown into the largest fashion event in Moldova, organized as a PPP by the light industry association APIUS with MCP support. MFD attracts interest from the press and social media that would be otherwise unaffordable for each individual designer, spurring visibility and sales on the domestic market which are key for the success of emerging and small designers. From 2017-2018, domestic sales by Moldovan own-brand companies assisted and monitored by MCP increased by 30.6% to \$27.2 million USD, due to the success of events like MFD.

INFORMATION TECHNOLOGY, CREATIVE & ENGINEERING SERVICES (ICT CLUSTER)



Photo credit: Pascaru Production

Photo caption: Audiences gather at the DAC Film Fest at Artcor Creative Industries Center, August 2019



Photo credit: Ion Savin by ATIC
Photo caption: Robotics Summer Camp for teachers, August 2018

OBJECTIVE I: INCREASED PRODUCTIVITY AND QUALITY (BETTER WORKFORCE AND ADOPTED INNOVATION)

PROGRAM I. PROMOTING STEAM EDUCATION AND CAREERS

Moldova faces a shortage in its qualified workforce, with thousands of coders and engineers needed now and in the future. MCP works to raise the profile of Science, Technology, Engineering, Arts and Math (STEAM) education across the country, and has been introducing and further developing digital innovations in education to prepare youth for 21st century careers. MCP is developing innovative educational partnerships, bringing market driven technologies to schools, including coding, robotics and 3D printing, to enhance learning outcomes and develop practical skills in students. A key objective of the project is to ensure rural youth participation in all programs and competitions. The two flagship initiatives are Future Classroom Labs (FCL) and Educational Robotics, both effective and scalable interventions seeking to increase human capacity to tackle complex, market driven opportunities, using technology.

MCP has expanded its Educational Robotics initiative from a pilot in 6 schools in 2014 to over 150 schools and libraries in 2019. The number of youths enrolled in both Robotics and Future Classroom Lab initiatives reached over 18,000 in 2019. In Y5, MCP will continue to consolidate and scale up these educational initiatives, supporting the program to become intrinsic to the education system.

The FCL pilot launched at the end of 2017 in 11 schools, in partnership with Moldova's largest telecoms provider, Orange, and the Ministry of Education, Culture and Research (MECR). The shared estimated investment in the current FCL partnership (MCP, Orange, Government and the newly-joined LED) is worth

a total of 12,755,000 MDL (approx. \$760,000 USD) from 2017-2019. In Y4, and in partnership with the Moldovan Government, MCP successfully launched the first national FCL Center at the State Pedagogical University, called the National Center for Innovation in Education (NCDIE). The National Center is a critical institution for systemic transformation and long-term digital innovation in tech education, aiming to (re)train over 1,000 teachers per year. A new strategic donor – the Liechtenstein Development Agency (LED), approved funding for capacity building the NCDIE worth approx. \$550,000 USD, and is in the pre-launch phase of a new three-year project. In Y5, MCP will expand the project together with Orange Moldova Foundation, adding 20 more schools from across Moldova, with a total leveraged funding estimated at \$350,000 USD to be implemented in the academic year 2019-2020.

It is expected that by 2022 the FCL partnership will reach over \$1.65 Million USD, of which only 25% will originate from MCP. The project will continue to work with the Ministry of Education, Culture and Research (MECR) to develop specific policy documents necessary for adoption of digital innovation by the education system.

The FCL initiative is built on the successes of the MCP Educational Robotics program, and further promotes Science, Technology, Engineering, Arts and Math (STEAM) education, as outlined in the Government of Moldova's Education 2020 strategy. Future Classroom equips Moldovan schools with market-driven, transformative technologies, and supports the adoption of cutting-edge digital teaching methods across the school curriculum.

ACTIVITY I. PILOT THE FUTURE CLASSROOM LAB (FCL) CONCEPT IN MOLDOVAN SCHOOLS (ONGOING)

Achieved Outputs:

- 11 schools continued to implement innovative educational activities in FCL, using digital equipment
- 4 regional FCL hub schools equipped with additional technologies to facilitate spill-over of innovative educational practices to neighboring schools
- 3,427 school students involved in FCL activities, taught by 175 teachers during 4,618 academic hours
- National Center for Digital Innovation in Education (NCDIE) launched at State Pedagogical University (UPSIC)
- 7,300+ (non-unique) teachers and students attended events hosted by NCDIE
- 1,300+ teachers trained in digital technologies and integrated STEAM approach during 60+ activities organized by/at 11 pilot schools
- STEAM teachers' conferences organized to build capacity on digital transformation in education
- Formalized collaboration with Liechtenstein Development Foundation (LED)
- Leveraged program funding worth over **\$1.6 Million USD** via shared investment from Orange Foundation, Ministry of Education, participating schools, MCP, LED and other partners

Achieved Outcomes:

- Pilot schools act as showcases of good practice for integrating technology in education and trigger digital change in the educational system
- Project based learning for STEAM is tested and integrated with national curriculum
- STEAM fields become more attractive and STEAM careers are further promoted
- Youths are endowed with 21st century skills and are more competitive in their future careers
- Schools become more attractive, offering inspirational learning environments and activities
- Teachers' motivation for self-improvement and innovation is increased

FCL began in Moldova in 2017 as a small pilot, and works to foster an inspirational learning environment, where digital technology and interdisciplinary approaches are used to improve learning outcomes. FCL is implemented in several EU and non-EU countries, in different formats, adapted to each country context. Designed based on recommendations from European Schoolnet, FCL is implemented in Moldova in close collaboration with the Ministry of Education, Culture and Research (MECR), Orange Moldova Foundation (OMF) and other local partners, to foster sustainability.

In Y4, the FCL pilot continued in 11 schools across the country: 3 in Chisinau, 2 in Balti, 1 in Orhei, 1 in Leova and 4 in rural communities. Four of the eleven FCL pilot schools were equipped to become regional hubs/excellence centers, disseminating new pedagogical practices and sharing their experience with other teachers from their regions. These centers became inspiration models for the schools from their communities, located in Chisinau, Balti, Leova and Giurgiulesti. All the pilot schools were very active in testing



Photo caption: Young Moldovans discovering Future Classroom technologies Credit: MCP

the available technologies and propagating the importance of digital innovation in education. They conducted a total of 90+ seminars with over 1,650 STEAM teachers from across the country. According to monitoring and evaluation conducted with the pilot schools at the end of school year 2018-2019, a total of 3,427 children and youth were involved in experimental educational activities within the 11 FCLs, taught by 175 teachers over 4,618 academic hours, of which over 4,000 hours were dedicated to robotics and the remainder were integrated innovative lessons taught with the use of various digital technologies.

To ensure sustainability in the implementation of innovative practices and technologies across the education system, and to instill modern approaches in initial teacher training, MCP partnered with the Government of Moldova and Orange Moldova Foundation to build the National Center for Digital Innovation in Education, known as “Future Classroom”, at the State Pedagogical University Ion Creangă. The Center was launched in April 2019 and immediately became very active in promoting digital transformation and new pedagogical approaches within the educational community and its stakeholders. Since the launch, the Center has hosted 67 educational events, conferences, forums, trainings, workshops, presentations, etc. attended by over 7,300 (non-unique) active teachers and students.



31

Pilot schools



184

Teachers trained by the project



1650

Teachers trained by FCL teachers



37

Digital technologies and devices experimented



3427

Students involved in innovative learning activities



4618

Lessons taught using digital technologies, including robotics

Sub Activity 1. Support to schools engaged in the FCL pilot (ongoing).

During Y4, MCP continued to work with the partners on finalizing all 11 learning labs in the FCL pilot schools. The schools renovated the spaces according to the recommended designs, with a similar style, look and feel, MCP and Orange Moldova Foundation endowed them with technology packages as well as flexible and functional furniture.

The school teams involved in the project are constantly trained and coached in the implementation of new educational practices and project-based STEAM activities via their FCLs, using the technologies available to enhance the learning experience for their students. Thus, 100+ teachers attended workshops organized by MCP. They also spread innovative teaching practices, organizing demo lessons and training peers from their own institutions and from the region.

Sub Activity 2. Launch of the National Center for Innovation in Education – NCIE (beginning 2019).



Photo caption: Training session for teachers in the renovated National Center for Digital Innovation in Education

Credit: FCL

To ensure sustainability in the implementation of innovative practices and technologies in the education system, and to instill modern approaches in initial teacher training, MCP partnered with the Government of Moldova and Orange Moldova Foundation to build the National Center for Digital Innovation in Education, known as “Future Classroom”, at the State Pedagogical University Ion Creangă. The Center was launched in April 2019 and immediately became very active in promoting digital transformation and new pedagogical approaches within the educational community and its stakeholders. Since the launch, the Center has hosted a total 67 educational events, conferences, forums, trainings, workshops, presentations, etc. attended by over 7,300 (non-unique) active teachers and students.

The center is aimed to train more than 1,000 teachers each year in digital technologies and up-to-date teaching methods, thus bringing technology to Moldovan schools and equipping youth with digital skills of tomorrow. It is implemented in collaboration between two main pedagogical universities (State Pedagogical University Ion Creangă and State University from Tiraspol). It is showcasing over 30 types of technologies being tested in FCL pilot schools and has a small dedicated team. Liechtenstein Development Foundation (LED) adhered to the partnership to support the capacity building for the center and creation of accredited teachers’ training programs, aligned with most modern educational approaches. A new three-years project, with the budget of over 0.5 Million USD, was approved to be financed by LED starting with fall 2019, involving the University of Zurich (Switzerland) – one of the leading research universities in Europe.

Sub Activity 3. Communication of project activities and results (ongoing).

Communication with the public and stakeholders is very important for awareness and promotion of digital innovation within schools and helps foster the exchange of best practices among participating institutions and their peers. For these purposes, MCP developed a website for FCL - <https://www.clasaviitorului.md/> and a Facebook page <https://www.facebook.com/clasaviitorului.md> which launched in spring 2019. The website contains 60 publications generated by the pilot institutions, with assistance from MCP. Website traffic grew organically, reaching 9,100 unique visitors, while the Facebook page reached over 2,150 likes and 216,000 unique users. Eight video stories were produced to explain the project approach and its benefits, and feature teachers and students involved in the FCL initiative. Local media was very supportive in promoting the FCL concept and digital innovation in education, and produced over 30 publications in 2019, including news reports on TV, talk shows, and online news articles, reaching over 500,000 people. Earned media for the initiative during the year is estimated at around \$18,000.

Several specialized STEAM Education conference-type events were also organized at the NCDIE, some with support from MCP, and some independently or with other partners, which served as platforms for knowledge and experience exchange within the national educator community.



Photo caption: Capture from a video promotion for FCL activities

Credit: FCL

Sub Activity 4. Expansion of the pilot and inclusion of new institutions.

In summer 2019, at the end of Y4, 20 more schools were selected to join the FCL pilot by MCP and Orange Moldova Foundation through an open competition. These schools are spread across the country, with only two located in the capital, Chisinau, and serve a total of over 16,000 students, who can potentially benefit from Future Classroom project activities. An initial round of training for the implementation teams was conducted in August, where they were familiarized with the concepts and technologies proposed in the project. A modern learning lab will be established in each of these 20 schools during the following months, expanding the pilot to a total of 31 schools.

The 20 new schools will contribute by investing in the renovation of the learning space, dedicated for Future Classroom project, as well as additional equipment such as screens, interactive boards, tablets and computers.

To date, 3,427 students and 175 teachers have tested the Future Classroom approach, showcasing outstanding results. With more training in the pipeline, MCP and Orange Foundation Moldova will train even more Moldovan teachers in digital innovation and nurturing STEAM skills.



Photo caption: Young Moldovans discovering Future Classroom technologies at “George Cosbuc” lyceum, Balti.

Credit: MCP

Location of the 20 new school in the Future Classroom network

LT V.Alecsandri, Bălți
LT G. Coșbuc, Bălți

LT Ștefănești, Ștefănești, Florești

LT I.L. Caragiale, Orhei

LT I.Creangă, Chișinău

LT M. Eliade, Chișinău

Gh.Asachi, Chișinău

LT Măgdăcești,
Măgdăcești, Criuleni

M. Eminescu, Leova

LT Ștefan cel Mare,
Taraclia, Căușeni

LT M. Sadoveanu,
Giurgiulești, Cahul



Map of the Future Classroom schools



HARTA Clasa Viitorului 31 instituții



Feature story

Future Classroom Center brings technology to Moldovan schools and equips youth with digital skills of tomorrow

The Center, known as “Future Classroom”, is the result of a long-term \$850,000 public private partnership between the Government of Moldova, the Moldova Competitiveness Project (MCP) and Orange Moldova Foundation, and will train more than 1,000 teachers each year in digital technologies and up-to-date teaching methods. Representatives from the PPP were joined by the Prime Minister and Minister of Education, Culture and Research to officially open the center in front of an audience of students and teachers from the Future Classroom pilot project. The officials then visited a showcase of technology projects from Future Classroom pilot schools across the country, demonstrating students’ skills in programming, electronics and more.



Photo caption: Launch of the Future Classroom Center at the State Pedagogical University in Chisinau (from left to right: Sergiu Postica President of Orange Foundation, Julien Dacarroz CEO Orange Moldova, Monica BABUC Minister of Education, Culture, and Research, Pavel Filip Prime Minister, Karen R. Hilliard USAID Moldova Mission Director, Thomas Alveteg First Secretary Swedish Embassy, Eduard Coropceanu Rector of the State University from Tiraspol). Photo credit: Orange Foundation

Based on EU and global best practices, the Future Classroom initiative was launched in Moldova in 2017 to build on the successes of the MCP Educational Robotics program, and to further the promotion of Science, Technology, Engineering, Arts and Math (STEAM) education as outlined in the Government of Moldova’s Education 2020 strategy. Future Classroom equips Moldovan schools with market-driven, transformative technologies, and supports the adoption of cutting-edge digital teaching methods across the school curriculum. To date, more than 2,200 students and 110 teachers from 11 high schools across the country have tested the approach with outstanding results. By training Moldovan teachers to use technology in their lessons, whatever the discipline, the National Digital Innovation Center will transform the way that Moldovan students learn and equip them with the skills and knowledge required by Moldova’s growing ICT



Photo caption: Hundreds of students and teachers from Future Classroom pilot schools attend the launch of the National Center for Digital Innovation in Education at the State Pedagogical University on April 19, 2019.

Photo credit: Orange Foundation



Photo caption: Students demonstrate the technology they have learned as part of the Future Classroom Pilot to MCP Chief of Party Doina Nistor, Swedish First Secretary Thomas Alveteg, Minister of Education, Culture and Research Monica Babuc, and USAID Mission Director Karen Hilliard at the Future Classroom launch.

Photo credit: Orange Foundation

sector.

ACTIVITY 2. EXPAND EDUCATIONAL ROBOTICS PROGRAM (ONGOING)

Achieved Outputs:

- **17** new institutions added to the educational robotics program, endowed from their own resources
- **264** robotics teachers' skills upgraded at specialized trainings
- **941** students participated in local robotics competitions and events
- **5,067** students from schools and VET institutions trained using robotics and 3D printing equipment during the 2018-2019 school year
- **62** teams participated in the 2017-2018 FIRST LEGO League competition
- **2** robotics teams participated in FIRST LEGO League Open International competition in Izmir, Turkey
- In addition to being an elective course within the official curriculum, starting from 7th grade, MECR introduced robotics as a module for primary grades within Technology education subject curricula

Achieved Outcomes:

- School leaders realize the high impact of robotics and invest their own resources
- Robotics equipment is integrated in curriculum for Informatics, Mathematics, Physics
- School becomes more attractive to youth
- Learning outcomes are improved and interest of youth in STEAM fields is increased
- More youth are inspired to enter tech and engineering careers
- More funding is attracted from local communities and diaspora

MCP continued to work with ATIC to consolidate the educational robotics program in schools, implemented under the patronage of MECR as an elective or extra-curricular course for all school grades. According to the data reported by 115 robotics teachers, 12,094 hours of training were conducted during the year 2018-2019, of which 40% were elective courses within the school curricula, and 60% extra-curricular. The teachers used the following types of robotics sets: LEGO Mindstorms EV3 (106 teachers), LEGO WeDo (25 teachers) and Arduino-based Makeblock (mBot) (18 teachers). The 5,067 students involved in robotics classes represent 6% of the students from the respective schools, however, in some small rural schools, up to 25% of the student body benefit from the robotics classes.

In Y4, MCP worked to strengthen the network of robotics schools, incentivize student interest through competitions and celebratory events, and motivate school leaders to invest their own resources in educational technologies.

Sub Activity I. Organize robotics competitions (year-round)

Robotics competitions are an indispensable component of the educational robotics program, increasing students' motivation and celebrating their achievements, and driving the success of the program across Moldova. The competitions are implemented by the U.S. FIRST Foundation in collaboration with LEGO, and are recognized as the most important international youth robotics programs in the world, promoting competition-based learning. Together with ATIC, MCP organized four robotics competition events: two FIRST LEGO League semi-finals and one final, with 62 teams; and one SumoBot Challenge Moldova, with 78 teams (ages 10-16 years). In addition, MCP and ATIC organized three FIRST LEGO League junior exhibitions for elementary-aged students, with a total of 62 teams (ages 6 to 10 years). A total of 941 students participated in these events, and showcased tremendous progress in technical and soft skills and great enthusiasm for engineering and IT. These robotics competitions and events are incorporated into the

project's broader STEM education programs, designed to support the development of Moldova's ICT workforce pipeline and ensure that Moldovan youth have the skills they need to access quality jobs in Moldova's growing ICT industry.

Sub Activity 2. Increase teachers' capacity in robotics and other technologies (winter 2019 and summer 2019)

MCP continued to develop the skills of robotics teachers by providing assistance to improve pedagogical practices, resulting in a more effective learning experience for their students. Capacity building activities were organized in close cooperation with the Moldovan Association of ICT Companies (ATIC), through Training-of-Trainers, advanced robotics teaching workshops, and other knowledge-building activities. 264 teachers attended trainings organized by the project in partnership with ATIC.

MCP also triggered schools to use their own funds to buy robotics sets. To incentivize the organic growth of the school network implementing the educational robotics program, MCP and the Ministry of Education, Culture and Research launched a special promotion campaign in summer 2018: "buy THREE get ONE free", to encourage school principals to purchase robotics sets with public funds. MCP, together with ATIC, provided robotics training for interested teachers and offered one additional free robotics set for every three bought by participating schools. 89 elementary school teachers, many of them from schools that were still hesitant to implement robotics classes, attended an introductory course by a LEGO Education Academy trainer. The training had a transformational effect on participating teachers, inspiring them, increasing their self-confidence, and increasing their belief in the importance of robotics education. As a combined result of the teacher trainings and equipment incentive program, 40+ schools have invested approx. \$80,000 of their own resources in procurement of robotics sets, matched in kind by MCP. The success of this training and incentive program demonstrates the sustainability and the scalability of the scheme.



Training for robotics teachers on LEGO Mindstorms and WEDO. Credit: MCP

Sub Activity 3. Monitoring of Robotics program results and impact (April-May 2019)

At the end of the 2018-2019 academic year, MCP and ICT industry association ATIC conducted a monitoring and evaluation activity to survey the beneficiaries of the MCP Educational Robotics. Robotics is taught as elective or extra-curricular course in all school grades, beginning in elementary school. At

present, the program is implemented in 140 educational institutions or 11 percent of the country's schools, 15 of which joined the program during the school year. 116 active teachers from 94 schools were included in the monitoring and reported that they trained 5,067 students aged 7 to 17 years old, of which 1,824 (36%) were girls. It is estimated that a further 600-800 students attended robotics clubs at libraries participating in the program.

MCP also conducted an online survey of program beneficiaries to gain qualitative data. 564 students (11% of this year's beneficiaries) participated in the impact survey. 61% percent indicated improvement in teamwork skills, 51% reported improvement in creativity, 36% declared that they had improved their communication skills and relationships with colleagues, and 35% improved their problem-solving skills. Over 70% of respondents declared they are planning to pursue careers in tech fields, engineering, robotics, programming, etc.

ACTIVITY 3. SUPPORT PRIVATE INITIATIVES FOR IMPROVING STEAM EDUCATION AND PROMOTING STEAM CAREERS (ONGOING)

Achieved Outputs:

- **1,100+** youth involved in alternative education activities
- **683** young women involved in GirlsGoIT activities in 17 regions

Achieved Outcomes:

- Interest in STEAM education and careers increased
- STEAM related skills of Moldovan youth improved
- Public awareness of importance of STEAM fields increased
- More youth inspired to enter tech, creative services and engineering careers
- Number of private STEAM related clubs increased organically

MCP supported various STEAM education initiatives and large promotion events, such as MegaDojo and Hour of code, and hundreds of youth, parents, teachers and mentors gathered to take part in Moldova's largest informal IT education events. The MegaDojo was organized during European Coding Week, as part of the Chisinau CoderDojo, a free weekend programming school where expert volunteers support children between the ages of 9 and 17 to design simple games, mobile apps and websites using code. The Hour of Code was organized during Computer Science Education Week, as part of a global movement, supported by 180+ countries. Participants took part in various coding workshops, tested drones, and discovered robotics with LEGO WeDo, Ozobot and Arduino kits, web and game design, and science experiments with Makey Makey invention kits. These activities were organized in collaboration with

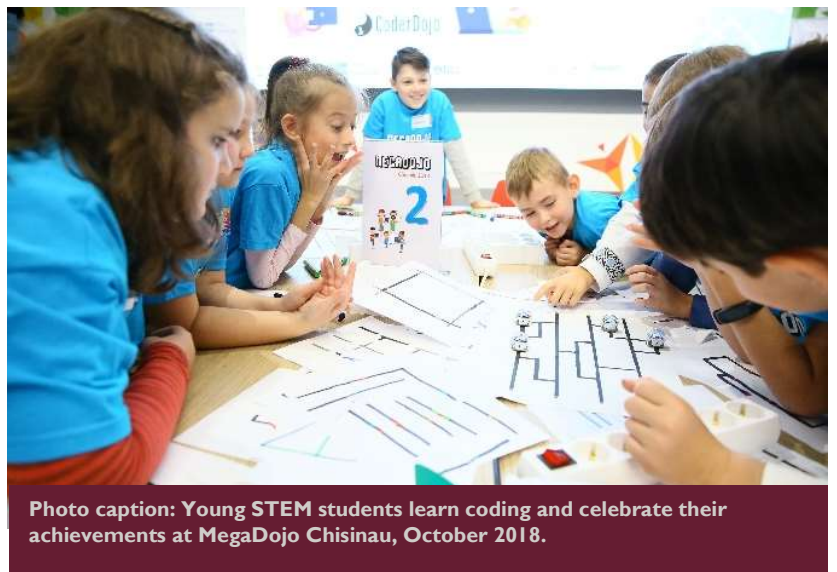


Photo caption: Young STEM students learn coding and celebrate their achievements at MegaDojo Chisinau, October 2018.

private organizations conducting extra-curricular STEM education activities, i.e. Tekwill Academy kids, and Kids hub (run by DNT Association).

MCP supports informal, extra-curricular STEAM learning activities like CoderDojo to equip Moldovan youth with the skills needed to enter the 21st century workforce. One of such programs – GirlsGoIT, has a focus on gender inclusion, working to bridge the digital divide and aiming to inspire young women from across the country to pursue tech studies and careers. The program is operating through a network of local ambassadors, conducting educational activities in 17 local clubs.

Feature story

Moldovan youth teach EU parliamentarians to code

“Hi, my name is Delia, I am 10 years old and I’ve come from Moldova to teach you how to code”. This was the message heard by European MPs on October 17, 2018 at the sixth annual EU Dojo at the European Parliament in Brussels, held during Europe Code Week. MCP supported three Moldovan youths and their CoderDojo mentor to travel to Brussels, joining 38 other young coders from CoderDojos across Europe to teach MEPs to write their first lines of code, and stress the importance of digital education.



Photo caption: Moldovan youth teach EU parliamentarians to code.

Photo credit: CoderDojo

MCP supports extra-curricular STEM education projects like CoderDojo as part of its complex ICT workforce development strategy. Since MCP began supporting CoderDojo’s free, volunteer-led, community-based programming clubs for youth in Chisinau in 2016, the movement expanded to eight locations with 25 volunteer mentors facilitating coding classes for up to 400 children.

Three students from CoderDojo Chisinau win awards at national Scratch Programming Competition

The national final of the Moldovan Scratch Programming Competition took place on Saturday April 20, 2019, testing the talent of 36 students from across Moldova, following an initial stage of local competitions which attracted 100 applicants around the country. Three participants from the MCP-supported CoderDojo Chisinau program won prizes at the final: Alexandru-Ioan Capalna – second place, Mădălina Gogoi – third place, and Delia Juc – special mention. CoderDojo is a global



Photo caption: National Finalists from the Moldovan Scratch Programming Competition organized by CTICE, including three winning participants from MCP-supported CoderDojos in Chisinau

network of free volunteer-based coding clubs, with over 1,100 verified Dojos in 63 countries. Coder Dojo was launched in Moldova in 2014 by IT company Ellation and has expanded to seven clubs across Chisinau with support from MCP. More than 160 youth aged 8 to 16 attend regular weekend coding classes at CoderDojo clubs, assisted by 24 volunteers. Children attending the clubs learn to code using basic programs like Scratch, build websites, and create apps and games, exploring technology in an informal and creative environment, providing them with the skills they need to access 21st century jobs.

PROGRAM 2: BUILD THE ECOSYSTEM FOR WORKFORCE AND ENTREPRENEURSHIP DEVELOPMENT

The sustainable growth of the IT industry requires a multidimensional enabling ecosystem, with strong infrastructure for workforce, entrepreneurship and new market development as the key ingredient. Education institutions, private enterprises and business associations, the Government and donor community are the main stakeholders for the development of the IT and Creative services industry. During Y4, MCP supported the creation of ecosystem development poles, with a focus on innovation centers developed in partnership with the Government and leading Moldovan universities. These centers focus on IT, Creative and Engineering skills and entrepreneurship development, all key skills demanded by the local and international markets. During Y4, MCP worked closely with the private sector, academia and Government to further develop the institutional capacity, infrastructure and content development of the innovation centers supported by MCP in years 1-4.

ACTIVITY 1. DEVELOP REGIONAL INNOVATION CENTERS (BALTI, REGIONAL FABLABS)¹⁰

Achieved Outputs:

Construction of the Balti Innovation Center initiated, with considerable progress of infrastructure development including:

- Public procurement of construction services for the Balti Innovation Center launched, worth MDL12 million (approx. **\$650,000 USD**) allocated by the Regional Development Fund (under Ministry of Agriculture and Regional Development)

¹⁰ This activity is co-funded via the Tekwill Project, implemented by ATIC, and funded by USAID and Sweden

- **10** business partners for the Balti Innovation Center were engaged in implementation of IT and Engineering skills development activities.
- Regulations for the **institutional framework** of the Balti Innovation Center were developed
- FabLab Chisinau engaged 745 students in various activities, and 32 became regular users, developing their ideas and digital fabrication projects
- **3** regional FabLabs implemented 304 activities with 6054 non-unique participants, in partnership with FabLab Chisinau (at TUM)

Achieved Outcomes:

- Businesses from the regions develop new products using digital fabrication equipment in FabLabs outside the capital
- IT and digital fabrication skills developed in youth and young professionals to grow employability
- New opportunities developed for tech-driven and innovation startups, graduate students and regional communities

Sub Activity I. Regional and Community Innovation Centers Infrastructure Development.

During Y4, MCP focused on consolidating and strengthening the capacity of the three regional FabLabs launched with MCP support in Y3; and worked closely with the Regional Development Agency and Balti State University to define the Balti Innovation Center infrastructure, functionalities, and operational model, and attract private companies to partner in the development and running of the Center.

MCP supported regional FabLabs in three parallel tracks to ensure an efficient and sustainable operation. The first track consists of learning from the experience and business models of successful FabLabs in other countries. Therefore, MCP supported representatives from regional FabLabs across Moldovan to become residents of a FabLab (NOD Makerspace) in Bucharest, Romania for a period of one month. As a result of this support, the regional FabLabs developed new services, and optimized their operational and administrative procedures and their costs. During the year, regional FabLabs implemented 304 activities with over 6054 non-unique participants, in partnership with FabLab Chisinau (at TUM).

FabLab Chisinau, located in the Technical University of Moldova (UTM), is developing a community embracing the importance of technology in our lives and is promoting new practices in industrial design, using modern wood processing, CNC machines, laser cutter, milling machine, robotics and microelectronics. In Y4 FabLab Chisinau engaged 745 students in various activities, and 32 became regular users, developing their ideas and digital fabrication projects. In addition, 60 companies interacted with FabLab Chisinau in their short- and long-term innovative projects. The engineering club “MicroLab”, the most important resident of FabLab Chisinau, trained a community of more than 240 aspiring engineers in the field of Embedded Systems, Internet of Things, automotive, robotics, microelectronics, precision kinematics.

The second track focused on establishing connections between the regional FabLabs and FabLab Chisinau, owned by the Technical University of Moldova. As a result of this activity, representatives from the regional FabLabs now constantly communicate and share their experiences with FabLab Chisinau, cooperate to develop more complex services that require higher-performance fabrication equipment only available in FabLab Chisinau.

To develop the Balti Innovation Center at the Balti State University “Alecu Russo”, MCP finalized the architectural and engineering blueprints of the Center. Based on these, the Regional Development Agency “North” initiated a public procurement process for the development of the center worth MDL 12 million (approx. \$680,000 USD) in September 2019, which will be issued by the Regional Development Fund and managed by the Ministry of Agriculture and Regional Development. MCP also facilitated the establishment

of cooperation between Balti University and 10 private ICT companies, which began to provide skills and business development activities such as trainings, conferences, workshops in Balti under the umbrella of the Balti Innovation Center. More than 500 students and pupils from the Balti region took part in the events, which were implemented in partnership between Balti University and private IT companies. To develop the institutional framework and capacity of the Center, MCP developed the Charter of the Balti Innovation Center, the Charter of the Administration Council, and a Management agreement. It is expected that the physical infrastructure of the Center will be finalized at the end of 2020 calendar year.

Feature story

Moldovan regional FabLabs agree national best practices at Chisinau FabLab

MCP supported representatives from three regional FabLabs in Cahul, Ungheni, and Drochia to visit the NOD Makerspace in Bucharest, Romania, to learn organizational, institutional, and technical best practices, before convening at the Chisinau FabLab to agree on a national cooperation strategy and a calendar of shared activities. FabLabs are centers of engineering excellence designed to provide aspiring makers and inventors with access to cutting edge fabrication and digital prototyping technology. The FabLabs in Cahul, Ungheni and Drochia were developed in partnership with the USAID Novateca Project to extend these benefits to youth living outside of the Moldovan capital. MCP invests in capacity building activities for these regional FabLabs to enhance their ability to develop paid services, partner with private companies and develop marketing and promotional activities, ensuring their long-term sustainability. Since they opened, more than 3,000 unique beneficiaries have attended 252 events at the four FabLabs in Moldova, demonstrating the need for spaces such as these to support the engineering workforce pipeline.



Photo caption: FabLab representatives from Cahul, Ungheni and Drochia visit the Chisinau FabLab to agree on a national cooperation strategy.



ACTIVITY 2. CREATIVE HUB – THE GRAND OPENING

Achieved Outputs:

- Creative Hub infrastructure finalized and launched with **1000+** m² of fully functional space
- Operational and activity plan of the Creative Hub developed
- Creative Hub team mobilized
- **\$740,000 USD public private partnership** with \$240,000 USD public funding disbursed for endowment
- **3,000+** people visited Artcor, with more than 1,000 visitors during the launch week
- **100%** occupancy rate of Artcor offices by **7** startups in the creative services industry
- **7** educational courses/tracks for creative skills developed

Achieved Outcomes:

- Strengthened technical and entrepreneurial competences of the current and future workforce for creative industries
- Creative community consolidated around Artcor Center
- New linkages between creative entrepreneurs developed, spurring innovation

Sub Activity I. Finalize infrastructure and launch the Creative Hub.

Artcor Creative Industries Center, supported by MCP, was officially launched in Moldova in June 2019. With an innovative structural design, Artcor provides access to cutting-edge technology, a co-working space, training opportunities, and a dynamic ecosystem for Moldova’s creative services industries. More than 1,000 companies, freelancers, students, and other sector professionals are now able to access new technologies and cutting-edge software, and work in the multifunctional collaborative space, which is also equipped to host events from exhibitions to product launches.

MCP supports the development of Moldova’s nascent Creative Services Industry, which currently provides more than 8,000 jobs — mainly for youth aged 18-35 — and pays salaries more than 50% higher than other industries. Artcor aims to enhance the global knowledge, technology and business skills of creative industry professionals, and contribute to the development of a sustainable, export-oriented Creative Services Industry in Moldova.

A physical infrastructure to stimulate the development of a Creative Talent Pool

Artcor is located in the courtyard of the Academy of Fine Arts in downtown Chisinau, the capital of Moldova. The two-level, state of the art building is covered in COR-TEN material: special sheets of iron that rust in time, resulting in a red color with velvety texture. The building is surrounded by a well-maintained public area, which was previously a courtyard garden for an old house dating 1855. The courtyard is used for events and concerts, with the stair of the building acting as seating for the outdoor auditorium. Artcor can host exhibitions, events, conferences, workshops and more across the 1,000+ square meters of the Center.

Artcor offers co-working zones, an events room for 70+ people, a meeting room for 35+ people, a mediateca room with licensed software for graphic design, sound and architecture fields, seven mini-offices, two recording studios and one rehearsal room for bands. There are also shared spaces for networking, access to professional printers and plotters for prototyping creative products, and a small kitchen with coffee zone.



Photo caption: Artcor facilities: mediateca and meeting rooms. Photo credit: MCP

University-based center with link to private sector association

As a university-based center, Artcor welcomes both students and staff of the Academy of Fine Arts with special offers for educational programs, co-working, internships etc.

The architect Maxim Calujac designed a unique concept for the Center in line with modern design trends, with quality workspaces and architectural lines to provide inspiration for residents of the Hub.

During the construction phase, the creative community actively engaged in content development for the center, and contributed to the development of the facility on a voluntary basis.

Local Moldovan artists, including Vasiluta Vasilache, and Nadya Izosimova decorated the internal walls of the center with colorful murals; young product designer Mihai Stamati designed the wooden benches that now decorate the outdoor space; and the sculptor Vasile Sitari, professor at the Academy of Fine Arts created the 2.5m tall “Knowledge Tree” sculpture located at the entrance of the Artcor center.

The visual identity of the hub is a result of an open competition organized by COR Association and MCP. Young Moldovan designer Veronica Belous beat nine other designers in a pitch event judged by expert representatives from AMTAP, COR, MCP, and architect Maxim Calujac. The design brief was to create a simple, fresh, and inspiring logo reflecting creativity, innovation, and the multidisciplinary nature of the hub as a place that unites young creative Moldovans.

All these activities were done mostly voluntarily by members of the creative community, demonstrating the creative industry’s support for the Hub.

High-level GOM officials and Ambassadors opened the state of the art Artcor center

Following two years of sustained support and investment by MCP, Artcor Center for Creative Industries was opened on June 03, 2019 by high-level GOM officials and ambassadorial representatives from MCP donor countries. Artcor is Moldova’s first and only center of excellence for graphic and audio content creators / music, animation, art, film, virtual and augmented reality (VR / AR), advertising, and other creative sub-sectors, and was launched simultaneously with Moldova Design Week.




Photo caption: Members of the Moldovan creative community decorate the interior walls of ARTCOR creative hub with colorful murals.



Photo caption: Government of Moldova representatives and Diplomatic officials at the Artcor launch

Photo credit. MCP

Minister of Education, Culture and Research Monica Babuc, Ambassador of Sweden Anna Lyberg, Ambassador of Great Britain Lucy Joyce, Acting USAID Head of Mission Lynn Vega, the Rector of AMTAP and the President of COR Association Olga Radu came together to open Artcor, and to present awards to the creators and founders of the Center. A special Artcor Ambassador award was handed to the members of the creative community who contributed to the decoration and content of the center. The opening event was accompanied by musical and artistic performances by students and professors of the Academy of Fine Art; an immersive experience in form of a light and sound show to create a 3D illusion for the launch the Artcor Center; an exhibition of art masterpieces; a tour of the center for architects; and a live performance in the basement from local band “Pot Music”.

	<p><i>I would like to reiterate the future support of the Government for Moldova’s creative industry, and thank all partners for their contribution to the development of this visionary sector that empowers youth with opportunities to find success at home.</i></p> <p>Monica Babuc, Minister of Education, Culture and Research</p>
	<p><i>The Swedish Government’s investment in Artcor, Moldova’s first Creative Industries Center, is driven by our desire for Moldova’s economy to benefit from this union between creativity and technology.</i></p> <p>Anna Lyberg, Ambassador from Sweden,</p>
	<p><i>The creative services industry is a central pillar of the modern British economy, from advertising and film to video games and animation. This is the result of long-term investment in our creative services ecosystem, creating opportunities for co-location, co-creation, and cross-pollination between sectors.</i></p> <p>UK Ambassador, Lucy Joyce</p>
	<p><i>Worth more than half a million dollars, Artcor provides a platform for Moldova’s creative sector to catch up with the amazing growth of the ICT sector, accelerating startups, generating exports, and providing well-paid employment opportunities that provide an attractive alternative to migration.</i></p> <p>Lynn Vega, USAID Acting Mission Director</p>

Winner of international Architecture Award

Artcor was recognized as one of three winners of the prestigious International Architecture Award by ArchDaily & Strelka. ArchDaily is the most visited architecture website worldwide, with over half a million daily readers. As a winner, Artcor was recognized as an innovative architectural project transforming a city with an acute post-Soviet character. Artcor was also recognized for its sustainability goals, research-based

and participatory design, and innovative use of materials. Maxim Calujac, the architect of Artcor, will attend the award ceremony where ArchDaily editor-in-chief will announce the grand prize winner. As one of the winners, Artcor was recognized for its sustainability goals, research-based and participatory design and the innovative use of materials.

Member of European Creative Hubs Network

Shortly after its launch, Artcor was officially accepted as an associate member for 2019-2020 European Creative Hubs Network, placing Moldova on the European and international map of the creative world. This success opened a new range of regional and international opportunities for learning and collaboration, since the network is an umbrella organization that gathers critical mass and channels a coherent voice to the sector, supports policy advocacy efforts, and helps raise the creative sector profile in Moldova.

Artcor is a successful PPP, uniting the golden triangle of industry, government and academia

The \$740,000 USD public private partnership between the COR Creative Industries Business Association in Moldova, the Ministry of Culture, Education and Research and the Academy of Fine Arts, and was developed over the course of two years with strategic support from MCP.

The project played a strategic role in conceptualizing and establishing the partnership, while the public and private stakeholders contributed financial, technical and human resources to build the Center. MCP played a crucial role in bringing together industry, government, and academia — a collaboration known as the “golden triangle for PPPs”.

The Center operates as a PPP, managed by a mixed strategic board formed of representatives from the COR Creative Businesses Association in Moldova, and the Academy of Music, Theatre and Fine Arts of Moldova (‘Academy of Fine Arts’). COR generates industry-relevant content for the Center, and the Academy of Fine Arts hosts the Center on its grounds, covering part of its operational costs and ensuring that it benefits the academic community and its students.

Artcor operates with strategic thought leadership and assistance from MCP and is supported by the Ministry of Education, Culture and Research, which partially co-funded its initial infrastructure and views Artcor and the creative industries as a national priority.

Challenges emerged in establishing and launching the Artcor PPP:

- I. **Institutional governance.** Universities are responsible for managing Centers like Artcor, but they typically lack the capacity to do so during the startup phase. As a result, industry associations are invited to manage the centers for at least the first three years while building the universities’ management capacity. Donor, university, and industry association representatives serve on the Center’s board of directors to ensure balanced oversight. Artcor established a management mechanism of a mixed coordination council. COR Association will manage directly Artcor, advised by its Board of Directors, and in coordination with the Center’s host, the Academy of Fine Arts. Artcor’s daily operational management will be led by its Executive Director and its in-house team.

ARTCOR founders and governance:

- **Founders:**

1. Ministry of Culture, Education and Research,
2. The Moldova Competitiveness Project (MCP),
3. Academy of Arts of Moldova (AMTAP), and
4. COR Association.

- **Governance:**

Artcor is governed by a Joint Governance Board, consisting of its founders:

1. Ministry of Culture, Education and Research (1 member; State Secretary for Culture ex-officio)
2. Moldova Competitiveness Project (MCP) (advisor role)
3. Academy of Arts of Moldova (AMTAP) (4 members)
4. COR Association (4 members delegated by its Board; Executive Director ex officio)

- **Management:**

1. The strategic development of ARTCOR is guided by the Joint Governance Board, MCP and the COR Association Board.
2. ARTCOR is managed by a dedicated Director and an in-house team

2. **Sustainability.** The centers' prices must be low enough to enable students and entrepreneurs to access services but not so low that they distort the market. MCP recommends that 30% of operating costs be generated through the sale of services, including rental of space for offices and events, and modestly priced training courses, while 70% should be covered by the host university. The center will experiment with a variety of services and prices over the next three years to achieve sustainability.

Feature story

Artcor Launched as Moldova's Premier Center of Excellence for the Creative Industries

Artcor was launched during Moldova Design Week with over 1,000 visitors on the first day and 3,000 in the first week. Artcor is a flagship, state-of-the-art project for the creative industry, providing a new infrastructure and ecosystem for Moldova's graphics, design, sound, animation, arts, music and other creative subsectors with high export potential.

The center is a groundbreaking \$740,000 USD public private partnership between the COR Creative Industries Business Association in Moldova, the Ministry of Culture, Education and Research and the Academy of Fine Arts, and was developed over the course of two years with strategic support

from MCP. MCP supports the development of Moldova's nascent Creative Services Industry as the provider of more than 8,000 jobs currently, mostly for youth aged 18-35, and paying salaries more than 50 per cent higher than other industries. Artcor will enhance the skills of over 1,000 creative industry professionals a year with global knowledge, technology and business skills, contributing to the development of a sustainable, export-oriented Creative Services Industry.



Photo caption: Olga Radu President of COR Association, Lynn Vega USAID Acting Mission Director, Anna Lyberg Ambassador of Sweden, Monica Babuc Minister of Education, Culture and Research, Lucy Joyce Ambassador of UK and Victoria Melnic, Rector of the Academy of Fine Arts at the launch of the Artcor Center for Creative Industries, an innovative public private partnership developed with support from MCP.

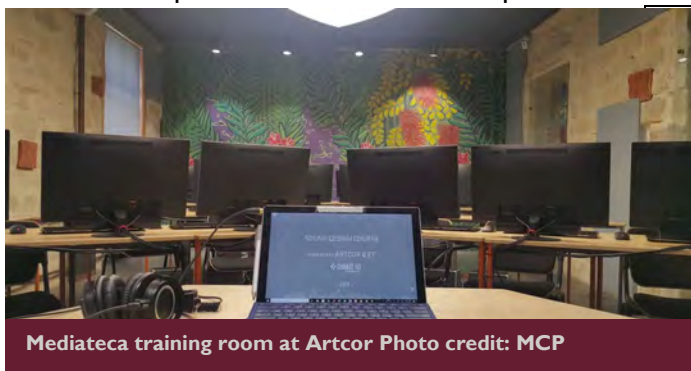
Photo credit: MCP

Sub Activity 2. Launch content and capacity building.

Artcor is expected to become a fully functioning institution, with a strong and professional team, and well-developed range of industry-relevant content and services. Artcor will strengthen its position as a platform for the creative community, fostering innovation and creative entrepreneurship, and developing industry-sought and forward-looking skills. In particular, Artcor is expected to contribute to building local technical and entrepreneurial skills in graphic design; video and audio production (sound and recording engineering, script writing), Virtual Reality, Augmented Reality, VFX and other cutting-edge technologies.

MCP awarded COR Association with a 20 month grant to support content development and increase the capacity of the center. More than 1,000 creative companies, freelancers, students, and other sector professionals are expected to access the Center each year, benefiting from co-working spaces, trainings, and conferences, and participating in startup acceleration programs designed to increase international exports. Artcor’s plan of activities will be structured around three main pillars: Education, skills development and alternative learning; Entrepreneurship & markets development and Community building.

Professional courses build the foundation of skills development pillar at Artcor Following a skills gap analysis in the industry, Artcor is focusing on building local technical skills in graphic design video and audio production (sound and recording engineering, script writing), architecture, Virtual Reality, Augmented Reality, VFX and other cutting-edge technologies. Artcor’s educational content will be delivered through a range of courses and practical projects, to support different stages of learning for both beginner and professional levels including short, medium, and long-term, internationally certified courses recognized by the industry, workshops, lectures and master classes with international and local experts, project-based-learning and collaborations between students, academic staff and private sector. During FY19 Artcor developed the curricula for seven professional courses, each of which will be implemented at least



Mediateca training room at Artcor Photo credit: MCP

- Topics of professional courses developed by COR to be integrated in the Artcor Academy:**
- Game Development
 - Design Identity
 - Interactive Storytelling
 - Animation
 - Sound Design
 - Drama Writing
 - Film Production Introduction



Photo caption: Participants at the Sound Design course with Elias Tadeus in the Mediateca room of Artcor, September 2019. Photo credit: MCP

twice during the next 20 months.

Artcor incubates five creative businesses, with 100% occupancy rate of the mini-offices

Artcor presented creative businesses with the opportunity to rent offices and be residents of the first creative center in Chisinau. Five promising startups, employing 16 young creative professionals, were selected via an open call and a pitch with jury members from the COR board.

Artcor Residents	Creative fields covered by Artcor residents and co-workers
<ol style="list-style-type: none"> 1. Milk Writing - Managed by the young film director Eugen Damaschin, Milk Writing is a three-member team that produces creative content, copywriting and script writing. 2. Crawless - a startup that uses IT and creative solutions to build a web automation platform. Crawless is a six-member team. 3. Radion Cicic design and illustration agency aims to consolidate the graphic designer community in Moldova. 4. XY – an accelerated startup that aims to bring painters and art exhibitions to Artcor. 5. inHARMONY – a project of the well-known Moldovan DJ Andrew Ray, that aims to promote electronic music at Artcor. 	<ul style="list-style-type: none"> • graphic design, web design • advertising and marketing • audio and video production • copywriting • music, performance, • animation visual arts • software development, gaming

ACTIVITY 3. FAB LAB CHISINAU – COACHING THE ATIC/TUM PARTNERSHIP¹¹

Achieved Outputs:

- **500+** TUM students conducted practical sessions at FabLab Chisinau from the Industrial Design, Electronics, Fashion and IT departments at TUM.
- **300+** professionals participated in trainings in microelectronics, computer aided design and other engineering subjects
- **100+** tech enthusiasts and craftsmen engaged in product design and prototyping within the FabLab Chisinau
- FabLab Chisinau initiated **15** partnerships with private companies.

Achieved Outcomes:

- Recognition and awareness for Technology and Engineering careers
- Improved engineering learning process at TUM
- Competitive workforce skills and knowledge developed at TUM
- Private-public partnership established at TUM

In Y3, MCP launched Moldova’s first digital fabrication and prototyping center “Fablab Chisinau” on the campus of the Technical University of Moldova. In Y4, MCP focused its efforts on developing the operational capacity of the Center to make it fully functional and integrate it into the TUM education process, with the following results:

¹¹ This activity will be co-funded via the Tekwill Project, implemented by ATIC, and funded by USAID and Sweden

- FabLab Chisinau is currently used by TUM to implement Project Based Learning. Students are able to work on their projects in the FabLab and prototype real-life products and services from areas such as the Internet of Things, agriculture, green energy, robotics, microelectronics, product and package designs, autonomous driving and automation.
- FabLab Chisinau is now a recognized platform for conducting extracurricular courses in engineering, Computer Aided Design, microelectronics, and 3D Printing, both for TUM students as well as professionals and students from other universities.
- FabLab established partnerships with private businesses to develop industry and R&D projects involving TUM students, professors and professionals from private companies.
- TUM students and professors are working on applied R&D projects that can be transformed into real businesses.
- FabLab began providing engineering design and small scale custom fabrication services to various private businesses. The services are provided with the involvement of TUM students and professors.
- FabLab is fully endowed with necessary equipment and tools, with a dedicated, qualified staff hired by TUM and procedures and regulations all set up and are functional.

MCP will continue to provide support to the Chisinau FabLab in Y5 to add new activity areas; establish cooperation with additional departments from TUM such as machine building, energy and mechanics; and expand the existing training programs in engineering, microelectronics, robotics, CAD design and 3D printing.

Feature story

40+ Students Graduate from Bootcamp to Design Self-Driving Cars

More than 40 students and future software engineers from local universities and high schools graduated from a six-week Autonomous Driving Bootcamp at the Chisinau FabLab, organized with support from MCP and private sector partners like Siemens. The teams of 3-5 participants, mostly engineering and programming students from the Technical University of Moldova, were guided through the process of developing a self-driving race car, and worked together to overcome complex engineering and technical challenges. The bootcamp was designed to explore the growing industry of automotive electronics, which has an up to 80% overlap with the IT sector, making it an attractive area for young technical graduates in Moldova. USAID supports activities like the Autonomous Driving Bootcamp to provide young graduates with the skills they need to access quality jobs in IT, which pay some of the highest salaries in the country at MDL 24,000 or about \$1,400 USD per month.



Photo caption: Graduates of the Autonomous Driving Bootcamp pose with government, private sector, MCP and other donors at Chisinau Fab Lab.

Photo credit: MCP

ACTIVITY 4. SUPPORT AND DEVELOP THE IT AND ENGINEERING LABORATORY CLUSTER WITHIN THE TUM

Achieved Outputs:

- Partnerships for conducting new courses and additional endowment of TUM laboratories were established with private companies such as Reliable Solutions Distributor, Allied Testing and Amdaris.
- Approximately **1000** students from TUM currently benefit from the laboratory facilities

Achieved Outcomes:

- Improved educational curricula
- Private sector and academia collaboration for practical and market-driven education improved

CIRCLE laboratory cluster was created at TUM in Y3 with MCP support. The cluster works in the areas of engineering, automatics, informatics, mechatronics, robotics, microelectronics, telecommunications, machine building and industrial engineering. More than 1,000 TUM students benefit from the courses conducted in the CIRCLE cluster each year. As a result of MCP support to TUM and its laboratory cluster, the following results were achieved in Y4:

- Three new partnerships were established with private IT and engineering companies - RSD, Allied Testing and Amdaris - which contribute courses and trainers to support the development of new IT and engineering skills required by the industry.
- TUM began to implement additional extracurricular activities at CIRCLE to stimulate entrepreneurship and new business development, such as contests, hackathons and short-term intensive workshops in specific IT and engineering areas such as IT security and Internet of Things.
- ICT and microelectronics areas were developed as cross-cutting areas in non-IT related departments such as energy, transportation, machine building, industrial design and industrial engineering.
- The laboratory cluster is a platform for Project Based Learning, providing students with opportunities to work on projects and products that can be used in the real world.

In Y5, MCP will continue to support TUM to expand the activities of the CIRCLE laboratory cluster, attracting new partnerships with private companies, and capacity building the center to conduct additional curricular and extra-curricular education activities.

ACTIVITY 5. IMPROVE THE ENTREPRENEURIAL ECOSYSTEM FOR INNOVATION AND CREATIVE SERVICES

Achieved Outputs:

- Capacity building and support was provided to **five** local initiatives aiming to develop innovation and entrepreneurship
- **22** startup events organized with local or international speakers, with over **1,000** actual or aspiring entrepreneurs and tech professionals attending

Achieved Outcomes:

- Startup community expanded
- Entrepreneurship activity increased
- New actors, captured through collaborative and entrepreneurship spaces, added to the ecosystem

Growing the entrepreneurial ecosystem is at the core of MCP efforts to develop the Moldovan ICT and creative sectors. MCP acted as a catalyst for ecosystem development and a liaison between small private and/or non-profit hubs and Tekwill, which has a unique position in terms of resources and infrastructure in the industry. MCP promoted cooperative competition, and helped other ecosystem players deliver value to their own communities.



Caption: Young participants take part in the MCP-supported Christmas Hackathon at CIRCLE Labs.

Credit: BEST Chisinau

MCP supported eight startups to emerge from the YEP! Moldova ‘Startup Semester’

MCP supported the international Yep! Moldova platform to organize and deliver a ‘Startup Semester’ in four universities across Moldova: Balti University “Alecu Russo”, Academy of Arts, State University and Pedagogical University “Ion Creanga”. Yep! is a regional network of academic business incubators originating in Ukraine, providing business-related education for youth. MCP supports Yep!Moldova to further stimulate the Moldovan entrepreneurial ecosystem and provide

opportunities for skilled youth. The Startup Semester began in September 2018 and ended with a Demo Day on December 6, 2018. Eight teams of entrepreneurs from Moldovan universities in Chisinau and Balti pitched their startup concepts at the Demo Day at Tekwill Excellence Center. The pitching event marked the climax of a 2.5-month incubation program where participants learned how to draw up a business plan, develop strategies, optimize time management and other key entrepreneurship skills. The two winning teams won a financial award to attend a Yep!Startup regional pitching event in neighboring Kyiv, Ukraine.



Photo caption: Startup Semester participants and winners demonstrating their achievements during the Demo Day at Tekwill.

MCP supported a Christmas Hackathon for 40 students at CIRCLE Laboratories

On December 18, CIRCLE Laboratories at the Technical University of Moldova (TUM) hosted a 24-hour Christmas Hackathon: Internet of Things Edition, in collaboration with BEST Chisinau, a student organization dedicated to pro-European student development. Teams of young programmers and engineers conceptualized, designed and built intelligent, Christmas-themed internet-connected devices guided by a

team of mentors, and using CIRCLE Labs technology including Arduino Mega 2560, Raspberry Pi 3 B model, RePhone kit, LED, Grove Speech Recognizer kit, wiring and other components. This equipment was initially provided by MCP in Y3 within the grant agreement for the development of the CIRCLE laboratory cluster, as well as additional equipment provided by MCP specifically for the Christmas Hackathon. More than 40 students applied their skills at the event, which was supported by MCP in cooperation with private companies including Best4u, Development aid, Inther Software Development, AGEPI, Micro Lab, Orhei Vit and Next Level.

Dreamups accelerates innovation and tech entrepreneurship through world-recognized Founder Institute Program

Dreamups Innovation Campus is a Chisinau-based innovation and entrepreneurship accelerator supported by MCP, and was launched in 2016 by several Moldova tech entrepreneurs. In Y4, MCP assisted Dreamups to continue its core startup acceleration programs to stimulate innovation and tech entrepreneurship in Moldova. In November 2018, MCP supported Dreamups to conduct the 3rd round of the Founder Institute Chisinau acceleration program. Twenty entrepreneurs were selected from 70 applicants to join the comprehensive four-month step-by-step program, including a structured curriculum, mentor support, and a network of local and international entrepreneurs. Three startups, totaling eight entrepreneurs, graduated from the program on April 10th, 2019, led by winning startup Crawless, a startup which focuses on web scraping. Crawless won a free Startup Exhibition pass worth \$1,300 (£995 GBP) to attend Startup Grind Conference Europe, which took place in London on June 6, 2019. Founder Institute (FI) is the world's premier startup launch program for entrepreneurs. Based in Silicon Valley and with chapters across 65 countries, Founder Institute's mission is to "Globalize Silicon Valley" and empower talented and motivated people to build impactful companies that create one million jobs.



Team Crawless during a one-to-one mentoring session with Till Ohrmann, German serial entrepreneur and mentor at Founder Institute Chisinau.

International Startup Grind movement continued to inspire Moldovan entrepreneurs

MCP assisted Dreamups to introduce the Startup Grind movement to Moldova (in Y2) to stimulate a local ecosystem of entrepreneurs. Startup Grind is the largest independent startup community in the world, educating, inspiring and connecting more than 1,500,000 entrepreneurs in over 500 cities. Startup Grind nurtures startup ecosystems in 125 countries through events and media, and develops partnerships with organizations like Google for Startups. Between October 2018 and September 2019, Dreamups organized 8 Startup Grind events, featuring a total of 13 speakers, out of which 9 were international and 4 locals. All the speakers were investors or founders/entrepreneurs from different industries, including graphic design, branding, deep tech (blockchain/AI), marketing, media and venture capital. Most of the international speakers were also involved in Founder Institute sessions and mentor hours with local startups.

MCP supports Moldova's first B2B conference on visual effects and post-production for audio and film

On December 16, 150 audio and film specialists attended Moldova's first conference on post-production techniques for audio and film, held at Tekwill Center of Excellence. Speakers travelled from as far afield as the UK, and presented on subjects including digital animation, broadcast design, commercials, sound design and social media. Organized by members of the Creative Industries Association with MCP support, the conference was long awaited and appreciated by the participants as the first event in Moldova bringing together specialists within the post-production niche. Conference participant Anna Rojelovscaia from Pixtoonstudio said "The conference was keenly awaited by the community. It was a great opportunity to exchange with our peers and to see the great potential this sector has in Moldova. We discovered services of great quality that can be subcontracted locally". Advertising, TV, Film and other industries requiring skills in post-production are key members of Moldova's Creative Services sector, which is growing at a rate of 11% a year. MCP supports the development of Moldova's Creative Services industries as they offer quality opportunities for young people paying salaries 50% higher than average, mitigating against the drivers of migration.



Startup Semester participants and winners demonstrating their achievements during the Demo Day at Tekwill.

Feature story

Mediacor Learns Best Practices from Ukrainian Creative Powerhouses and Media Groups

Representatives from MCP and media production houses took part in a three-day study visit to Kiev, Ukraine. Touring several media production powerhouses and equipment rental companies, the team learned best practices in structuring and developing sustainable, state-of-the-art media and production centers. Inspired by the largest media group in Ukraine and Eastern Europe "Film UA", renowned for producing over 200 audiovisual content products since 2002, ranging from TV shows and films to animation and musicals, and providing full postproduction services, the Moldovan industry representatives returned home determined to apply the Ukrainian model to the development of the MCP-supported premiere Digital Media Production Hub, Mediacor. The hub will be tentatively located on the campus of the State Technical University, and will serve as a foundation for Moldova's digital media and entertainment industry, catalyzing collaboration amongst digital media startups and stakeholders and propelling Moldova's emerging potential in the creative production field. Mediacor will provide a propitious development ecosystem for students,



Photo caption: Owner of Brio Film Production House Elias Tadeus, USAID Senior Project Management Specialist Steven Welker, MCP Chief of Party Doina Nistor, owner of Milk Production House Eugen Damaschin, MCP ICT Industry Leader Sergiu Rabii, MCP Communications Specialist Olesca Galusca, owner of Sergiu Pascaru Production House Sergiu Pascaru, MCP Engineering & Creative Services Coordinator Ion Mocanu visit Film UA in Kiev, Ukraine.

academia, and entrepreneurs from the creative industries to advance their skills and career aspirations. It will be designed to house a state-of-the-art recording pavilion, high-value pre- and post-production facilities, and accessible networking, co-working and learning areas. The hub will act as a key driver for creating jobs, reducing emigration, and improving the economic well-being of local citizens

OBJECTIVE 2: EXPANDED MARKET LINKAGES



Photo caption: ADOR Advertising conference at Artcor

Photo credit: Publicis

ACTIVITY I. ASSIST FOREIGN MARKET ENTRY FOR DOMESTIC TECH & CREATIVE FIRMS AND ATTRACT TECH-BASED INVESTORS TO MOLDOVA

Achieved Outputs:

- **5** international trade events attended
- **20** companies established new foreign partnerships
- Moldova tech industry and country review by the International Data Corporation (IDC) completed and published
- **3** local IT and Creative industry promotion events organized
- Over **2,000** people participated at the local events organized by Business Support Organizations

Achieved Outcomes:

- Awareness about Moldova's position as a tech-based service location increased, both overall and in two target markets
- Moldova's unique sales proposition for tech-based investors, startups, and foreign clients refined

Sub Activity I. Support the organization of B2B missions and participation of domestic companies in visits to foreign industry specific events and exhibitions (for ICT, creative services & engineering)

During Y4, MCP provided support to Moldovan IT and Creative companies to participate in international trade events, to identify new clients and partners and to learn about the new international market demands. Requests to participate in the trade missions were processed by the Association of Creative Companies COR and ATIC, and were then submitted to MCP. Because the creative industries sector is so diverse, with multiple verticals including animation, music, film production, game development, etc. MCP used a personalized approach for each company with mandatory co-financing requirement. As such, MCP facilitated the participation of companies in the following international events:

- Mastering the Music Business 2019 Conference, Bucharest, Romania
- Romanian Design Week, Bucharest, Romania
- Web Summit, Lisbon, Portugal
- MIPCOM - The World's Entertainment Content Market, Cannes, France
- Digital Agency Expo, New York, USA
- Siggraph Expo, Los Angeles, USA
- Nordic Game, Malmo, Sweden
- App Design & Development Conference, Barcelona, Spain
- Nuovo Animation Conference, Prague, Czech Republic

MCP also organized B2B inbound and outbound business missions. According to the Global Positioning Strategy developed by Avasant, and the Report on IT Industry developed by International Data Corporation, Romania is a target market for Moldova's IT and creative services. Therefore, MCP focused its efforts on organizing B2B missions to Romania, and organized IT and Creative industry promotion events in key Romanian cities such as Iasi, Bucharest and Cluj.

During the promotion events, the Moldovan delegates met with Romanian ICT and Creative companies to identify new strategic opportunities for investment in Moldova and highlight the strategic benefits of the business enabling conditions found in Moldova's first virtual IT park. These incentives include a flat 7% tax on sales revenue, a reduced bureaucratic burden, and a dedicated IT Visa program for IT professionals that consists in simplified visa and work permits obtaining procedures.

Feature story

Moldova's IT Potential Promoted to International Investors at Bucharest Technology Week

Moldova's first virtual IT Park was presented to an audience of 1,600 international investors at Bucharest Technology Week in neighboring Romania by a high-level delegation including the State Secretary of Economy and Infrastructure, with MCP support. Residents of the IT Park benefit from Moldova's world-class services, talent and business incentives, including a 7% flat tax on company turnover and improved access to visas and work permits for foreign tech employees, managers and investors. In its first year of operation, the Park has demonstrated its potential to improve regional and international competitiveness by attracting a diverse portfolio of 339 technology firms, including 96 international companies, and residents have achieved sales 9% higher than predicted. MCP provides strategic and technical assistance to Moldova's ICT sector to improve its business infrastructure, business enabling environment and wider ICT ecosystem, and supports Moldova IT Park to promote itself to domestic and foreign IT companies through coordinating attendance at international trade promotion events like Bucharest Trade Fair.



Photo caption: MCP-supported delegation promotes Moldova IT Park to 1600 potential investors at Bucharest Technology Week.

Photo credit: Andrei Cusca, MEI

Sub Activity 2. Support the BSOs to organize local events to promote industries and attract talent

In Y4, MCP supported local professional companies and associations to organize events such as conferences and workshops to provide capacity for the creative and IT sectors to grow, and to upgrade technical skills and knowledge. In line with sectoral development objectives, MCP supported the Game Factory Conference, ADOR Advertising Festival, Moldovan Design Week and MILAP Summer School for film professionals. Artcor hosted community building events and workshops dedicated to communities in graffiti, graphic design, script-writing, illustration and film making, though events such as Urban Vibes, YaTakViju conference, Character drawing workshop, Animation masterclass, and a Drama Script writing workshop, etc.

Over 40 Young Film Professionals Participate in MILAP Summer Film School

MCP supported MILAP Film School in Chisinau to organize a seven-day movie-making summer school for more than 40 Moldovan film professionals, from cameramen to sound engineers. The participants attended masterclasses and workshops delivered by professional filmmakers from the USA, Germany, Romania, and Ukraine, and took practical classes on the logistics of film shoots in Moldova and abroad. The summer school provided the opportunity for students to discover elements of cinematography that are not currently taught in Moldovan film schools, but which are essential for international-quality film production.

MILAP is the first summer school devoted to upgrading the skills of professionals in the Moldovan film and aims to act as a platform to develop the field of cinematography in Moldova by investing in future film professionals. MILAP has signed a collaboration agreement with one of the largest film production companies in Ukraine - Star Media, and ten graduates from the MILAP Film School program traveled to Kiev, Ukraine in July to take part in the production of two films. Meanwhile, a newly introduced cash rebate mechanism will make Moldova an attractive production location for international film makers, and will contribute to the development of Moldova's film industry. MCP invests in skills upgrades for Moldovan industry professionals, from sound engineers and assistant directors to lighting assistants and make-up



Photo credit: Pascaru Production

Photo caption: Moldovan camera operators take part in a practical workshop as part of MILAP Summer School

artists, to provide capacity for this sector to grow.

Sub Activity 3. Export coaching program for creative industry firms to pursue U.S. and Western markets.

With the support of RevThink, a US based creative consulting firm, MCP designed a coaching program to provide support to Moldovan creative firms to start exporting to high value markets from US and Europe. The coaching program was open for the members of COR, and lasted for six months. RevThink provided individualized consulting on a bi-weekly basis, and each company was assigned a dedicated consultant for assessment, goal setting, advice, and accountability. The six participating companies were RiffTime, Good Media, Stelar Group, Imago Agency, Braziliero and Kurilovgrup. As a result of the coaching program, Braziliero established a company in the US, Imago Agency and RiffTime started exporting services to France and Romania, and Kurilov Grup started to export to Ukraine and Netherlands.

Additional collaborations were established between Moldovan creative firms and US companies, including:

- ASTI Studio - worked on projects such as Lip Sync Battle: A Michael Jackson Celebration, held in the famous Dolby Theatre in Hollywood, and the Celestial Strings show for Carnival Cruise Line.
- GOSOCIAL - created a set of illustrations for Stimulated-Inc.'s website and social media pages. All illustrations currently on the Stimulated-Inc. website were created by GoSocial. Further work will potentially include the creation of a full marketing strategy for Stimulated-Inc.
- AGCY - participated in a paid pitch session for a series of illustrations for Stimulated-Inc.'s marketing needs.
- RIFT TIME - developed animations and VFX for Carnival Cruise Line.

- PIXTOON - worked on an animation for an upcoming entertainment TV game in the US.

Sub activity 4. Develop the Moldovan IT industry country profile by IDC for increased foreign investment

A new report “Moldova IT Players Priming for Worldwide Presence”, was launched by the International Data Corporation (IDC), a globally trusted provider of market information and consultancy services. IDC offers independent global, regional and local expertise in the field of technology, opportunities and industry trends in over 110 countries, based on the work of over 1,100 analysts worldwide. IDC also published the March 2019 report “Moldova IT Market 2019-2024” and two previous analyses of the Moldovan IT sector in 2011 and 2015, with financial support and expert input from MCP and its predecessor projects. “Moldova IT Players Priming for Worldwide Presence” provides an independent overview of the current strength and potential of Moldova’s IT industry, and acts as a calling card for the Moldovan Government and Moldova’s IT private sector when pitching opportunities to local and international investors, foreign clients and existing IT businesses willing to expand or diversify their IT services. IDC recommends Moldova as a global hub for high-value added IT projects, in verticals such as fintech, automotive, e-government and telecommunications, employing third-platform technologies such as big data, cloud and the Internet of Things. The report also highlights the high potential for growth in the creative industries, innovation-driven projects, R&D and engineering services, following Moldova’s shift from a low-cost time-and-materials outsourcing location to a high-value added destination able to tackle complex, full-cycle, multimillion-dollar projects.



Moldova’s thriving IT services market is estimated to achieve a total value of \$182 million USD in 2019, exporting an incredible 78.3% of total IT services, and the sector should meet its projected annual composite growth rate (CAGR) of 7.86% for 2019-2024, creating new jobs and economic opportunities across the whole country. This success is based on a carefully crafted IT ecosystem, harnessing skilled human capital, emerging infrastructure, active business associations and a pro-business business environment, which supports sectors as diverse as fintech, automotive engineering, telecommunications and the Internet of Things (IoT), and provides full-product services to high-level clients across the EU and USA.

To increase awareness of the untapped potential of this sector, the IDC report was distributed to Romania’s top-100 IT companies and was shared with international investors at the B2B events organized by MCP, Investment Agency and Moldova IT Park.

ACTIVITY 2. SUPPORT PRIVATE-DRIVEN INITIATIVES TO DEVELOP IT PARKS

Achieved Outputs:

- Phase 2 of the Starnet Digital City initiated with the first residents on board
- Phase 2 financing obtained by the end 2019 using the portable DCA guarantee

- **300** jobs created in the Starnet Digital City IT Park

Achieved Outcomes:

- Improvement of the business tech infrastructure
- Raising Moldova's attractiveness for tech-driven investors
- Ensuring domestic private sector investment into the IT sector

MCP provides technical and strategic support to ensure success of Moldova's first physical IT Park

MCP supports private initiatives for developing physical IT park infrastructure. During the reporting period MCP provided technical and strategic support to Moldovan internet provider Starnet, the developer of Moldova's first physical IT park, Digital Park. The development of Digital Park requires a \$17 million USD (EUR 15 million) investment. During Y4, MCP facilitated and streamlined the signing of the USAID DCA Loan Guarantee Agreement between USAID and local commercial bank Moldova-Agroindbank SA, providing financing to Starnet to develop the Digital Park. The loan guarantee agreement sets up disbursements of \$8.9 million USD with a guarantee of 30% and is intended to strengthen the bank's ability to provide loans to Starnet to develop the Digital City IT Park. At the end of Y4, Starnet finalized the construction and endowment of the Phase I of the Digital Park, and signed lease contracts for 90% of the available office space with local and international IT companies. During the reporting period, the Park began to host events for the IT industry, including Startup Campus "Yep! I can"; Academia de Weekend; Student Fest 2019; and Female Founders of the Future.

Photo credit: Digital Park Photo caption: Digital park tower to open doors in December 2019



The official launch of the Digital Park is expected to take place in December 2019.



Photo Caption: (left to right) Razvan Savu, IDC Romania, Thomas Alveteg, First Secretary Embassy of Sweden, Daniel Thomson USAID EG Director, Chiril Gaburici, Minister of Economy and Infrastructure at the launch of the IDC report "Moldova IT Players Priming for Worldwide Presence" Photo Credit: MCP

OBJECTIVE 3: IMPROVED SECTOR-ENABLING ENVIRONMENT AND INCREASED CAPACITY

ACTIVITY I. IMPLEMENTATION OF THE LAW ON IT PARKS

Achieved Outputs:

- Moldova IT Park administration strengthened
- **400** new residents of the Digital IT Park registered
- Digital IT Park promoted abroad at **4** international events
- **475** residents of the Virtual IT Park are incorporated with foreign capital

Achieved Outcomes:

- Improved business environment for local tech-driven firms and investors
- Business incentives implemented for Moldova's tech industry private sector players through new IT Parks law

During the reporting period, MCP worked with the Moldova IT Park Administration and Moldova Investment Agency to promote the Law on IT Parks to local and foreign companies. MCP conducted information sessions for the members of COR Association of Creative Companies regarding the benefits of joining Moldova IT Park, following amendments in July 2018 to allow companies from the creative services

industry (e.g. graphic design, animation and visual effects) to benefit from the single 7% tax included in the provisions of the Law on IT Parks. As a result of the cooperative efforts between MCP, the Moldova Investment Agency and the Ministry of Economy and Infrastructure, there were more than 470 residents in Moldova IT Park by the end of Y4, 402 of which have foreign capital and 140 are newly created companies. 8,501 IT specialists work for companies residing in the IT park, with a growth rate of 12% per year. Foreign employees hired by the residents of Moldova IT Park benefit from a simplified procedure to obtain visas and work permits called “IT Visa”. IT specialists from Russia, France, India, Italy, Ukraine and Sweden have taken advantage of this process to come to Moldova and get hired by Moldovan IT companies.

ACTIVITY 2. STRENGTHEN AND UPDATE INDUSTRY STRATEGIES

Achieved Outputs:

- Creative Services industry profile developed
- IT Competitiveness Strategy approved by the Government

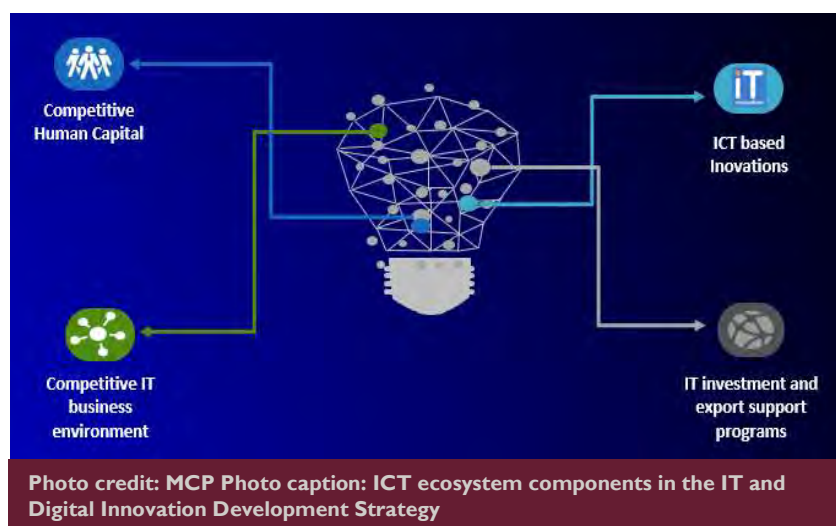
Achieved Outcomes:

- Updated strategic vision for furthering the competitiveness of Moldova’s ICT and creative services sectors
- Strengthened understanding and awareness on the economic potential of the creative services sector

Sub Activity 1. Support the Ministry of Economy and Infrastructure to obtain Government approval of the IT Industry Competitiveness Strategy (2019-2023)

IT Industry & Digital Innovation Development Strategy 2019-2023 published and launched.

The IT Industry & Digital Innovation Development Strategy (2019-2023), also known as IT Industry Competitiveness Strategy V2 was published on November 9, 2018. The strategy was developed with the support of MCP and focuses on four strategic pillars: Competitive Human Capital, Competitive IT Business Environment, ICT Based Innovations, and IT Investment and Export Support Programs. The strategy was originally developed in 2017, but the government approval process took more time than was initially expected. The government approved the document in September 2018, and it became effective in November 2018 following publication.



The Ministry of Economy and Infrastructure also initiated several policy initiatives to strengthen Moldova’s ICT sector during the reporting period, but these were put on hold as a result of Parliamentary elections and resulting political instability in Moldova. The list of initiatives included optimizing public procurement regulations to increase the consumption of local IT products and services; simplification of export

procedures for IT services; and development of a policy framework for future IT excellence and innovation centers.

Sub Activity 2. Develop the Creative Services Industry Profile

The 'creative industries' and 'creative economy' refer to a range of economic activities which are concerned with the generation or exploitation of knowledge and information. The creative industries are gaining more and more economic power worldwide, creating value-added jobs, especially for youth. In Moldova, 'creative services industry' is a relatively new term, and there is no clear classification of the sector's verticals, few statistics and data on employment in the field, and ambiguous legislation relating to its regulation and growth. MCP, in partnership with COR Creative Industries Association and the Moldova Investment Agency, started the process of data collection to develop the Moldova Creative Services Profile. The document will contain the main micro- and macroeconomic indicators and statistics about the industry, as well as verticals, key players and initiatives. This data will be provided to relevant government organizations, donors, and business support organizations to raise awareness and facilitate communication around the creative services industry and its perspectives, in addition to highlighting potential investment promotion opportunities. In 2019, COR's main goal was to launch and run the Artcor Center, so the process of developing the Creative Services Profile will continue into 2020, as the industry association grows in numbers and increases its capacity.

ACTIVITY 3. CAPACITY BUILDING FOR ATIC AND COR BUSINESS ASSOCIATIONS

Achieved Outputs:

- At least **5** new members added to the COR Association

Achieved Outcomes:

- Increased capacity of ATIC and COR in organizing sector promotion events
- Institutional capacity of COR Association of Creative Companies increased

Sub Activity 1. Mentoring ATIC for sustainable institutional development

The Association of Private IT Companies (ATIC) is an important player in implementing activities for developing the IT industry in the areas of advocacy and policy making, development of the IT ecosystem, IT export promotion and IT education. As a consequence of the change in executive management of ATIC and election of new board members of the association, MCP focused its assistance on providing strategic guidance and capacity building for the new association management. MCP supported ATIC in conceptualizing the main activities and services for its members for 2019-2020. MCP coached ATIC management in ongoing and future strategic initiatives, target markets, ways to support IT companies to enter foreign markets, advocacy initiatives and member services. MCP also provides support to ATIC to implement the grant agreement for the Educational Robotics program, and define activities for the regional development of the IT sector and cooperation on the development of export promotion programs.

Sub Activity 2. Mentorship, capacity building, and representation for COR

The Creative Industry Association COR plays an important role in unifying the voice of the private sector and promoting creative services. However, with limited expedience and low institutional capacity COR

Association needs support to organize its internal procedures and manage the newly launched Artcor Center.

MCP assisted COR Association of Creative Industries to build its capacity to manage the newly launched Artcor. Executive teams from both COR and ARTCOR were trained and consulted during the process of developing their internal procedures for procurement, accounting, hiring and contracting. MCP provided support for the institutionalization of the partnership between the association and the academy by preparing and facilitating the signing of the Cooperation Agreement and Management Contract between the COR association and Academy of Fine Arts (AMTAP). MCP also assisted the Association to develop internal documents to ensure the smooth operation of the Hub, including templates for labor agreements, cooperation agreements, office rent agreements, service provision contracts, etc.

With the support of the international consultant Luka Piskoric, owner of Poligon co-working hub in Slovenia and board member of the European Network of Creative Hubs, Artcor developed the list of services, house rules, operations manual, templates and check-lists for events, contracts for residents and co-workers and put in place service provision at Artcor.

MCP plays an active role in mentoring the COR and Artcor executive teams in management of their relationships with stakeholders, including the Academy of Fine Arts, the COR board, and other excellence centers and hubs. With strategic guidance from MCP, COR and Artcor invested in their brand, positioning and image, including the development of a monthly newsletter, the first edition of which was sent out in early September.

Feature story

COR creative association and Academy of Arts elect Artcor coordination council

The Creative Hub Artcor operates as a partnership between the COR creative association and the Academy of Arts. The two institutions came together to sign a management agreement outlining the basis for Artcor's legal functioning, and enabled the hub to hire an Executive Director, Viorica Cerbusca. COR and the Academy of Arts also elected a coordination council for the Hub, strengthening its governance. The Hub is drafting a list of services, prices and projected operating costs to support key management decisions. Externally, the Chisinau creative community was invited to a presentation of the Artcor concept, and members of COR and freelancers from Moldova's cinema, theatre and advertising industries visited Artcor to get to know the facilities and services it will offer following the completion of its refurbishment and construction. The creative community has registered the Hub's first events, including Moldova Design Week and Fetele Rocketele, which will take place at the center once it becomes fully functional in spring 2019.



Photo caption: ARTCOR Coordination Council meeting, February 1, 2019.

**SECTION III:
PROJECT LEVEL
OUTCOMES AND RESULTS**

SECTOR ENGAGEMENT, ENHANCEMENT, AND DEVELOPMENT (SEED) FUND

MCP's \$6.3 million SEED Fund acts as the underlining instrument for some of the Project's most visible and impactful technical activities across all supported industries. Following an increase of the SEED Fund total from \$5 million to \$6.3 million in FY19 Q3, Y4 marked the full consolidation of the grants program, with increased attention paid to the quality of implementation, and a ramping up of new awards and disbursements with the goal of allocating the significantly larger \$6.3 million fund. This resulted in a cumulative total of **147 grants representing \$5.01 million* or 80% of the total SEED Fund, and disbursements of nearly \$4.1 million or 65%.**

- Of the 147 awarded grants, 128 or 87% are for enterprises, the majority of which are small and medium size (SMEs) with an average grant value of \$16,800*.
- Of the total disbursements of nearly \$4.1 million, 40% or \$1.69 million are for SME-level grants.
- While the majority of grant beneficiaries are enterprise-level, the majority SMEs, MCP has supported seven business associations across all sectors via the SEED Fund including Protected Geographic Indications (PGI), five NGOs, one Excellence Center in light industry (ZIPhouse), and three higher education institutions (Technical University of Moldova, Balti State University, and Academy of Music, Theatre and Fine Arts).
- In FY19, the SEED Fund awarded 48 new grants of which 46 were for enterprises including SMEs with a total value of \$610,000*: 15 in light industry, two in wine, 21 in rural tourism and 10 in wine tourism.
- The SEED Fund launched six Request for Applications (RFAs): to support the development of FabLab Chisinau content; the development of authentic rural and wine tourism products and services; quality upgrades in wine sector under PQUP and ASW mentorship programs; and in light industry under the Streamline Manufacturing, Accountability, Resource Efficiency, and Transparency (SMART) factory program.
- Industry associations championed export and workforce development initiatives, through SEED grants, growing capacity and value for members. This MCP approach is the most sustainable and transformational in the long run. For instance, APIUS implemented DININIMA campaigns and built partnerships with other donors; ATIC was the main partner for the expansion of the educational Robotics program; and ANTRIM promoted Moldova under the umbrella brand "Tree of Life" as a tourism destination at important tradeshows, hosted media trips and positioned the first Tourism Information Center.
- Flagship collaborative and educational spaces are supported through SEED grants such as the ARTCOR Creative Industries Center within the Academy of Music, Theatre and Fine Arts, Chisinau Fab Lab within the Technical University of Moldova, and others.

SEED Fund Highlights

80% of total \$6.3 million awarded
65% of total \$6.3 million paid
81% of awarded grants paid

As in previous years, MCP focused its approach on innovation, adoption of new technologies, and capacity building to enhance the competitiveness of MCP-supported industries via higher-value added products, trade development and access to EU and other mature markets. SEED Fund initiatives – which are wholly interconnected with the rest of the project's technical activities - resulted in a mix of "soft" and "hard"

grants: respectively, for business associations, excellence centers, and NGOs in order to enhance organizational capacity, quality of services, content consolidation, and advocacy; and for SMEs and enterprises through the procurement of equipment, software and other goods and materials for quality and productivity enhancement.

MCP support is used as a catalyst for growth and quality enhancement and is conditioned by **grantee buy-in and contributions**, which ensure long-term sustainability. This is achieved by **securing grantee and third-party contributions and private-public investments** when possible to promote innovative ideas, collaborate on marketing and promotion, assist with international quality standard certifications, and conduct workshops, training events, and public awareness initiatives. **For every \$1 invested in grants, the Project has leveraged nearly \$2 in grantee contributions, which underscores the sustainability of the Project interventions. The results are even more impressive for enterprises including SMEs, where the Project was able to leverage to date \$3.3 in grantee contributions for every \$1 invested.** Enterprise and SME level contributions through the end of FY19 amount to \$5.1 million, while total contributions presented by all grant recipients including enterprises and SMEs to date amount to \$6.4 million, at the exchange rate of 1 USD = 17.55 MDL. This speaks of the “seed” role MCP plays in incentivizing grantees to invest their own funds in their business, generating dedication to a continued focus on quality, and differentiating higher-value added products that appeal to local as well as international markets.

LOCAL CAPACITY BUILDING PROGRAM

Support for industry associations remains the core focus for MCP, aimed at building the capacity of these institutions to provide quality member services and become advocates for the industries they represent. In FY19, along with the original flagship grant recipients across all sectors—business associations ANTRIM, APIUS, ASW, ATIC, three regional PGI associations, two cross-cutting business associations AmCham and EBA and fashion excellence center ZIPhouse – MCP consolidated its support for the the creative services association COR under a fixed award amount (FAA) grant for the management of the newly opened ARTCOR creative industries center. To grow local capacity and sustainability, MCP directs the majority of its trade and workforce development assistance through these industry associations, to enables them to grow capacity, relevance, and value to members. This is accomplished through advocacy, mentorship, communication and governance technical assistance provided by MCP, and support for participation in various international trade shows and exhibitions; organization of key events such as Moldova Fashion Days, DescOPERA and Wine Vernissage; and press tours, conferences, competitions, etc. For example, ATIC’s grant for the implementation of the Educational Robotics program expanded the program to a total

of 140 educational institutions (including CoderDojo), thus not only meeting MCP’s contractual obligation to equip 50 educational institutions with robotics kits during the life of the Project but firmly exceeding it. Furthermore, grant beneficiary ANTRIM led the efforts on the “BeOurGuest” and “Visit My Home” digital campaigns promoting tourism in Moldova. Thanks to coaching and guidance provided by MCP, APIUS played a lead role in unifying Moldova’s light industry around common trade & marketing goals and leveraging funding with the Moldova Investment Agency.

In FY19, the MCP SEED Fund continued utilizing the reimbursement mechanism for Association grants, where grantees use their financial resources to implement a small portion their activities and then present reimbursement requests documenting the procurement process. This enables the grantees to develop and follow procedures, become more confident in their abilities to implement project with limited MCP supervision, build stronger financial and administration teams, and incentivizes the members of the Associations to pay their annual membership fees to ensure the availability of cash flow.

Assessment of the improvement in the Associations’ capacities is conducted via the Organizational Capacity Assessment tool (OCA), which allows key supported sector associations – APIUS, ATIC, ANTRIM, ASW and as of FY19, COR Association – to reflect upon their successes and areas of improvement by assessing themselves on a yearly basis against a list of criteria such as governance, management, strategic vision, member services and satisfaction, etc. The self-evaluation scores across three project years (see below) show significant improvements in the overall capacities of the Associations to serve their members, advocate for regulatory and legislative changes, secure new sources of revenue to ensure the sustainability of MCP investments and make streamlined management decisions. OCA allows the project to compare scores and determine the required level and areas of targeted interventions. MCP will conduct OCA self-evaluations again in Q2 of Y5, to measure improvements and/or determine capacity areas that need improvement, and will work with the associations to determine the manner of intervention.

**Average OCA scores per self-evaluation
presented by supported business associations**

Supported Associations	Averages of OCA self-evaluation tool				% increase in capacities 2016 vs. 2019
	2016	2017	2018	2019	
ANTRIM	1.73	2.05	2.9	3.07	77%
APIUS	1.60	2.28	2.33	2.77	73%
ASW	1.68	2.22	2.60	2.65	58%
ATIC	2.93	3.18	3.68	3.78	29%
COR	n/a	n/a	n/a	1.15*	n/a
Average	1.99	2.43	2.88	3.07	

* 2019 is the benchmark OCA year for COR Creative Services Industry Association, against which MCP will evaluate the Association's progress in Y5 and Y6. The Association's 2019 scores are not included in the 2019 averages as the comparison across the years would be skewed.

For highlights of the institutional capacity improvements in beneficiary business associations during FY19, please see industry specific sections.

ENVIRONMENTAL PROTECTION

MCP monitors environmental compliance in accordance with the environmental threshold determinations included in the Initial Environmental Evaluation (IEE) DCN-2016-MOL-006. Per the approved IEE, none of the MCP interventions are expected to have significant effects on the environment (as defined in 216.2 (d)(1)) and only two environmental threshold determinations apply to MCP:

1. Categorical Exclusion, which do not require any further environmental mitigation and monitoring measures, and
2. Negative Determination with conditions, which require the development of Environmental Mitigation and Monitoring Plans (EMMP).

MCP used the environmental review checklist (ERC) to screen all proposed SEED fund interventions and other proposed interventions/activities to identify potential environmental impacts of project activities and processes with a view to ensure that they lead to no adverse environmental impact. If, following the ERC screening, the proposed activities do not result in potential impact and fall in the categorical exclusion threshold determination, no further action is required on the part of the Project. If, however, per the ERC screening, there is potential for adverse impact, mitigation measures are incorporated in the design and specific mitigations measures are recommended in EMMP.

In FY19, MCP SEED Fund developed and presented for approval to COR, Mission Environmental Officer (MEO) and Environmental Bureau Officer (BEO) more than 28 ERC/EMMP for grant beneficiaries in all sectors supported by the Project, specifically: four in light industry, two in wine, nine in tourism, and 13 in wine tourism. Monitoring of the implementation of the mitigation measures included in the EMMPs is conducted jointly by the SEED Fund team and the technical leaders on an ongoing basis during the life of the grant agreements and technical activities. MCP conducts site visits to ensure compliance with technical and environmental guidelines and grantees present photos, videos whenever possible, and self-certifications of progress made. Through FY19, the SEED Fund has developed and received COR, MEO and BEO approval for over 108 grant activities for which EMMPs were developed.

PUBLIC-PRIVATE PARTNERSHIPS (PPPs)

MCP facilitates critical partnerships that collectively leverage multi-million resources for shared objectives in reform, trade promotion, workforce development and economic growth. Through the end of Year 4, with the support of MCP, **39 transformative partnerships were conceptualized, supported, and launched with a reported value of \$41.6 million USD.** The PPPs increase the grade of their sustainability each year. The supports and sustains the PPPs, especially in the first years post launch when targeted support is crucial for a great start. According to this model, the MCP four-year cumulative contribution decreased to 16% of total value, compared to three-years cumulative contribution of 38%. At the same time, private and local public donor contributions increased to 83% (59% - private sector and 24%- local public sector), while other donors' contributions (other international organizations) remains the same -1%. The partnerships and cumulative contributions by partner type are included in Attachment IV.

MCP ESTABLISHED PARTNERSHIPS, by industries

PPPs in Winegrowing industry:	PPPs in IT, Engineering and Creative cluster:
<ol style="list-style-type: none"> 1. National Office for Wine and Vine (ONVV) 2. Best Grapes 3. FlaveDor 4. Terroir 5. WoM Marketing Platform 6. WoM Academy 7. WoM Advocacy platform 8. National Strategy in Wine and Vine Sector consultation platform 9. WoM viti-vini platform 10. PQUP 11. ASW Mentorship Program 	<ol style="list-style-type: none"> 1. Educational Robotics 2. Future Classroom Lab 3. Academy Plus 4. IT Career promotion 5. Regional Innovation Center in Balti 6. Creative Hub -ArtCor 7. CIRCLE Lab at TUM 8. FabLab in Chisinau 9. FabLab in Ungheni 10. FabLab in Cahul 11. FabLab in Drochia 12. StarNet IT Park (Digital City) 13. IT Strategy 14. Law on IT Parks

	15. Moldova virtual IT Park 16. Moldovan IT Industry External Promotion Platform
<p style="text-align: center;">PPPs in Tourism industry:</p> <ol style="list-style-type: none"> 1. Orhei Vechi- Heritage Tourism Hub 2. Descopera Tree of Life festivals calendar 3. 'Tree of Life' festivals [national tourism events agenda] 4. Chisinau Tourism Info Center 5. Purcari Tourism Site Development Region 6. Tourism Development Platform 7. National Wine Road Indicators 	<p style="text-align: center;">PPPs in Light industry:</p> <ol style="list-style-type: none"> 1. ZIPhouse Design and Technology Excellence Center 2. Din Inima promotional campaigns 3. Din Inima common stores 4. Moldova Fashion Days 5. Din Inima International market



USAID
FROM THE AMERICAN PEOPLE



MOLDOVA
COMPETITIVENESS
PROJECT

MOLDOVA ICT
EXCELLENCE CENTER

CUTTING-EDGE INNOVATION CENTERS

empower Moldovan youth with forward-looking skills and harness competitive entrepreneurship ecosystem

embolden STEAMED, technology, fashion manufacturing, engineering and creative sectors

7 University-based excellence centers

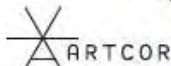
- BALTI Regional Technology & Innovation Center
- CIRCLE IT and Engineering Labs at TUM
- FUTURE CLASSROOM Center for Digital Innovation in Education
- TEKWILL ICT Excellence Center
- ARTCOR Creative Hub
- ZIPHOUSE Fashion, Design & Technology Center
- FABLAB Chisinau

3 Regional FabLabs in community libraries

- DROCHIA FabLab
- UNGHENI FabLab
- CAHUL FabLab

4 Coworking spaces

- 404 Not found
- Generator Hub
- iHub Innovation & Entrepreneurship Center
- Dreamups Innovation Campus



High-impact, collaborative and cutting-edge innovation centers are developed as sustainable and systemic solutions to boost youth entrepreneurship, employability and skills in Moldova, and upgrade Moldovan industries for long-term competitiveness.

MCP integrated several different kinds of PPPs into the program, including STEM education partnerships, centers of excellence, and industry branding and marketing alliances, which involve various partners such as public sector organizations (i.e. Ministry of Economy, ONVV, Ministry of ICT), educational institutions (schools and universities), and private sector companies (e.g. Microsoft, CISCO). To underline MCP support for the creation of industry innovation centers by establishing PPPs, the infographic “Cutting-edge Innovation Centers” was developed in Y4.

ACCESS TO FINANCE THROUGH DEVELOPMENT CREDIT AUTHORITY

Since its launch, MCP has been assisting the implementation of the Development Credit Authority (DCA) loan guarantee program in Moldova, which encourages lending by reducing risk and builds lending capacities for financial institutions. **DCA allows for leveraging of private sector resources for a greater and more sustainable impact on economic growth.** It promotes private-sector investment through its guarantees that cover part of the associated risks of a new loan for which financing was otherwise inaccessible or unavailable. DCA enables the financial institutions to improve access to finance for Moldovan SMEs, empowering Moldovan entrepreneurs to grow their businesses and increase competitiveness, and for individuals, to improve their living standards. MCP served as a bridge between the DCA contractual partners and supporting financial institutions with contract implementation. MCP provides regular communication and support when requested on implementation requirements, such as reporting loans into the Credit Management System (CMS), reminders for report submission, and support for payment of the utilization fee, etc.

Key facts on Moldova DCAs

DCA in active phase of implementation

- **\$8.9 million USAID DCA loan guarantee** for the creation of a state-of-the-art IT business park, with StarNet and Moldova Agroindbank
Timeframe: December 2018 -2030
Final date for placing loans: September 2022
Utilization: 5.67%
- **\$3.5 million USAID-Sweden guarantee** with Prime Capital to support **lending for energy efficiency**
Timeframe: September 2013 -2028
Final date for placing loans under guarantee: September 2027
Utilization: 23% (62 loans worth \$796,808)

DCA in passive phase of implementation

- **\$3.9 million in SMEs lending** as result of USAID DCA guarantee with Comertbank, Prime Capital and Rural Finance Corporation to promote industry growth in Moldova
Timeframe: September 2011 - 2018 (for RFC), 2020-for Comertbank and 2026 -for Prime Capital)

A DCA loan guarantee Enables Multimillion Local Investment in Moldova's First Business Enabling IT Park

[Please refer to IT cluster technical section for additional technical details on the IT Park initiative.]

MCP facilitated a DCA loan guarantee worth \$8.9 million to enable a Moldovan internet provider to mobilize local financing for the creation of a state-of-the-art IT business park. Known as Digital Park, the facility is being developed by StarNet, Moldova's leading internet provider, and is made possible due to the innovative Law on IT Parks enacted with MCP support in 2016. USAID Moldova and MCP worked hand in hand with DCA Washington to close this complex, multi-party financial transaction and in December 2018, USAID Moldova entered into a guarantee agreement with Moldova Agroindbank (MAIB) to reduce lending risk and scale up the financing of Moldova's first IT Park. In January 2019, MAIB disbursed the first tranche of \$505,618 (€420,000) for the completion of the first tower



Photo caption: First Tower of Digital Park. Photo credit: MCP

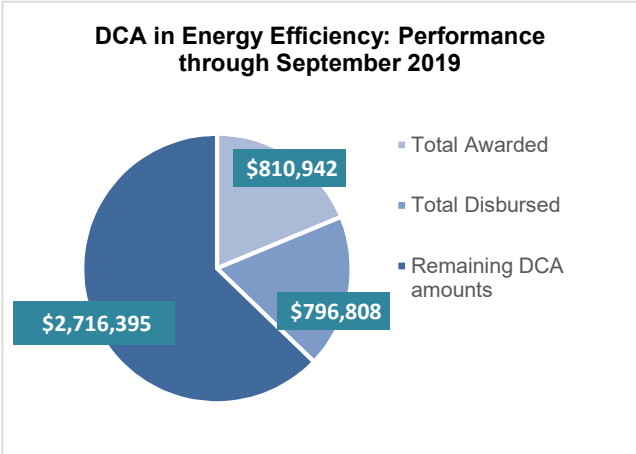
construction, setting in motion the \$8.9 million USD loan guarantee sealed between USAID, Starnet and MAIB the course of 2018. The remainder of the loan will be disbursed and used in the coming years to fund the construction of the Park's second tower, and finalized its design during Y4. MCP provides support on DCA agreement implementation to Starnet and MAIB and maintains regular communication with both, linking partners with project donors.

Digital Park will host over 2,500 jobs and 50 technology firms, creating a Silicon Valley-type working environment to support Moldova's competitiveness and attract investment and new entrants from the region. Total investment in the Digital City park is \$17 million and features two buildings. As of September 30, 2019, StarNet's total investment in the project is valued at \$7.5 million, \$4.8 million of which is loan financing from MAIB, and \$2.7 million is equity financing from their own funds. The first tower of Digital City IT Park is at 100% completion, 90% of total space being assigned to renting companies. The official launch event will be in December 2019.

DCA in Energy Efficiency and SME lending improves private sector competitiveness and increases living standards

The **DCA in Energy Efficiency** signed with Prime Capital strengthens this financial institution to finance loans to entrepreneurs and individuals engaged in energy efficiency and renewable energy sectors in Moldova, stimulating economic growth. The guarantee is a **15-year \$3.5 million** agreement and each participating agency (USAID and Sweden) takes on 25% of the risk – allowing both parties to guarantee larger lending facilities and promote mutual development goals. The coverage date for placing loans under guarantee will expire in 2027, and to date the financial institution has absorbed 23% of the DCA amount.

During Y4, Prime Capital placed four new loans under guarantee valued at \$50,300 and disbursed \$70,962 for new and existing loans. To date, the financial institution has placed 62 loans under guarantee valued at \$810,942, of which \$796,808 (98%) has been disbursed.



Borrower name: Ecobripil-Plus SRL
Purpose of loan: business development - procurement of raw material to produce briquettes and pellets with energy efficiency impact.

The **DCA in SME lending** was successfully implemented to improve private sector competitiveness. It operated with three financial institutions (Comertbank, Rural Finance Corporation and Prime Capital) from September 2011 through March 2016, the final date for placing loans under guarantee. It enabled \$3.9 million in lending. To date, USAID has received zero claim requests for defaulted borrowers. Comertbank, Rural Finance Corporation and Prime Capital will continue to monitor these loans until maturity, while the RFC coverage period was finalized in FY18.

INCLUSIVE DEVELOPMENT

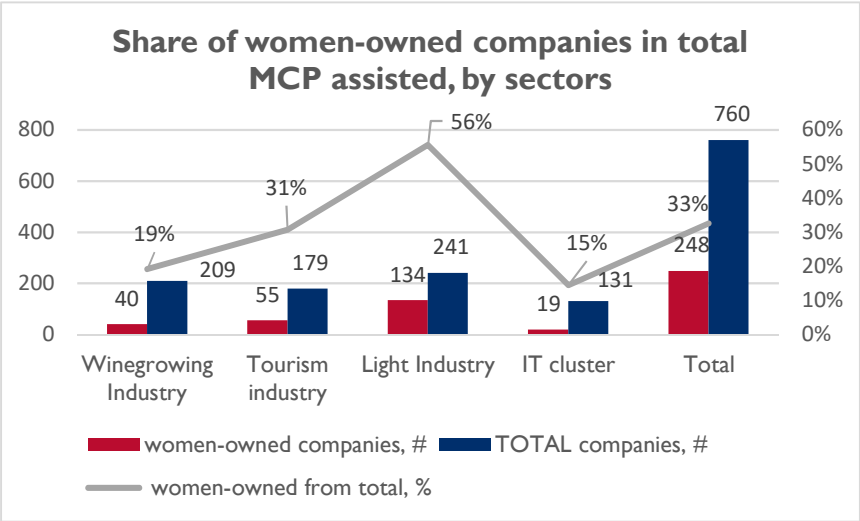
FY16-FY19 Inclusive Development Highlights

- **248 or 33%** of the total 760 firms assisted are **women-owned**
- **In Light Industry**, every second MCP assisted apparel company is **women-owned**
- **41,003 participants** in capacity building programs, of which **49%** are **women** and **82%** are **youth**
- **24 companies** from **Gagauzia and Transnistria** involved in MCP supported activities
- **2 schools** from **Gagauzia** implementing Educational Robotics program

Through its activities, MCP aims to reduce gender disparities in economic opportunity by empowering women to enhance their careers, increasing the capacity of women and girls, and cultivating leaders in business. MCP also focuses on youth, as this group demonstrates the highest level of outmigration. Therefore, Project activities are designed to interest and attract youth, motivate them to develop themselves and their careers in-country, and to create opportunities for youth involvement.

Economic empowerment of women

MCP targets assistance to women-owned enterprises in target industries to foster women’s economic empowerment. Through Year 4, MCP assisted 248 women-owned companies, which represent 33% of the total 760 assisted firms, adding 57 new assisted women-owned companies in Year 4 alone. The calculated number of women-owned companies refers only to companies whose owners are exclusively women. Thus, the remaining 70% of assisted companies include men-owned companies and men & women owned companies.



Disaggregation by MCP assisted industries reveals that the light industry has the highest share of women-owned companies. Out of 248 assisted companies, 134, or 54%, or every second assisted company is women-owned. In tourism and winegrowing industries, the share of women-owned companies assisted by MCP is 31% and 19% respectively, while in the IT cluster it is 15%.

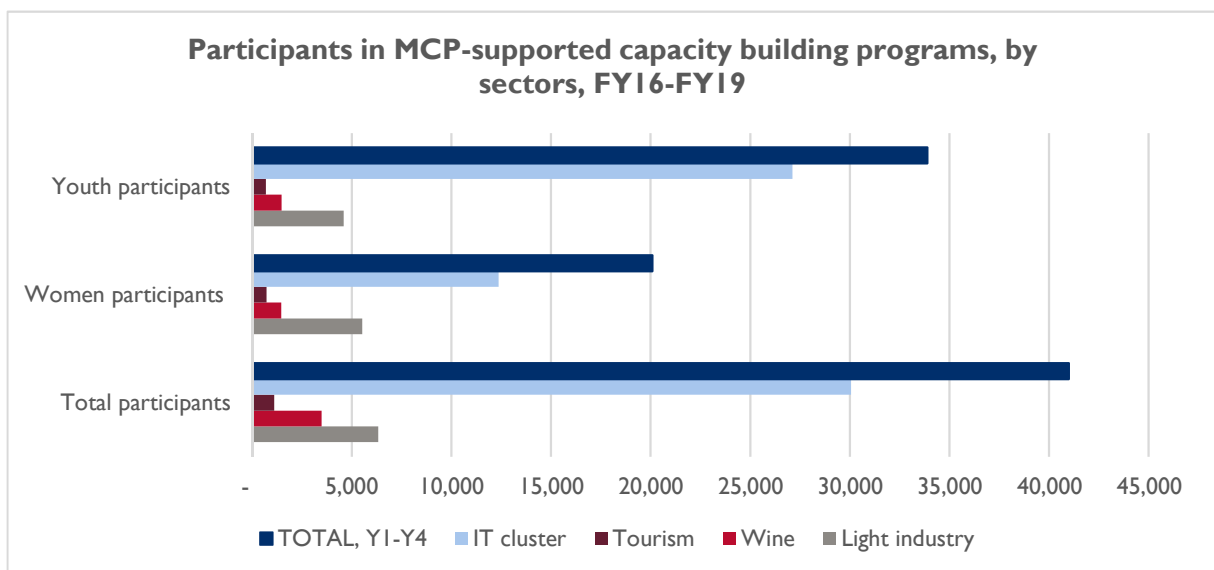
Women Succeeding as Entrepreneurs (Access to Capital, Markets, Networks, and Mentorship)

- MCP supports female entrepreneurship within Moldova’s light industry manufacturing, cultivating strong role models and nurturing local fashion design talent. To date, every second SME from the 420 companies in Moldova’s light industry is owned or managed by a woman. MCP-supported fashion innovation hub ZIPhouse runs a six-month acceleration program for aspiring fashion designers, the majority of whom are women. In two years, the program assisted an impressive 40 startups to kick-off their fashion labels and grow sales. Among the startups, 17 designers created 45 new jobs and registered their first export sales to Cyprus, France, Romania and other international markets. This places Moldova’s fashion industry on the global fashion map and inspires transformation across the entire industry.
- MCP supports sustainable tourism development in Moldova, facilitating a business enabling environment to spur rural economic growth. To date, 60% of the 33 rural guesthouses assisted by MCP are owned and managed by women, fostering rural employment opportunities and creating a sustainable industry attractive to international tourists.

Building skills and knowledge for women and youth

In Year 4, MCP maintained a **high rate of women and youth involvement** in project activities. During FY19, 14,133 people participated in workforce and capacity building programs, of which 6,750 or 48% were women and 12,367 or 88% were youth. Across four consecutive years, MCP engaged **41,003 participants** in its activities, of which **49% are women** and **82% are youth**.

Women and Youth Prospering in the Workforce (Workforce Development, Vocational Education and Skills Training)



- MCP supports **light industry**– one of the country’s largest exporters (\$400 million or 16.6% of total exports) and employer of women – to create businesses with greater value-added and **deliver more jobs with fair wages** and safe working conditions. Moldova’s light industry protects more than 27,000 jobs, 90% of which are occupied by women mainly in rural areas. More than half of the 420 active apparel factories operate in rural areas, providing a key alternative to migration away from rural regions, and allowing women to earn money while staying at home with their families. By supporting Moldovan light industry enterprises to transition to higher value-added business models, grow exports, and implement social compliance standards, MCP ensures wages for seamstress 30-75% higher than the industry average of \$295/month.
- An excellent example of an initiative that supports both women and youth **in light industry** is **ZIPhouse Acceleration Center** - a platform for students, young designers, start-up companies, and professionals from **light and creative industries**. The Center’s activities, such as - Fashion

Acceleration Program, Fashion Leadership Program and ZIPhouse Fashion Academy, and trainings for beginners and professionals - aim to stimulate creativity and entrepreneurship and to develop the necessary technical skills and abilities for professional development. As a private-public partnership in an academic environment, it creates a favorable collaboration between students, teachers, professionals and employers. In Y4, 936 people participated in knowledge and community building events, of which 87% are women and 80% are youth. In four years, 6,336 have people participated in light industry activities: 73% of whom are youth and 87% women.

- In the **winegrowing industry**, all MCP programs seek inclusive development of women and youth. In this respect, the **ASW Mentorship program** is designed to stimulate young winemakers to launch small wineries and/or to support the development of emerging small wineries (Carpe Diem, Minis Terrios, Gogu Winery, Atu Winery, Crama Mircesti, Unicorn Estate, Teba Prim). The **Export Support Program for New Generation Wineries Tier** mainly targets the new generation of winemaking families, most of whom have studied abroad, and who are willing to engage and implement modern marketing approaches to penetrate export markets (Gitana Winery, F'ator, Vinaria din Vale). Under **Wine of Moldova Academy** and **Wine Friendly initiatives**, MCP supported knowledge upgrades and trainings for 1,565 professionals, 57% of whom are youth and 44% are women. To date, 3,492 people participated in winegrowing industry activities: 42% youth and 41% women.
- All MCP programs focusing on the **Tourism Industry** seek to inclusively develop women and youth. ANTRIM designed and implemented the Next Tourism Generation Academy to respond to the continuous need of qualified professionals in the field of tourism. Therefore, in partnership with the State University (the Department of Economy, Marketing and Tourism) and with MCP support, ANTRIM organized practical open lectures with guests from the tourism field over the course of two weeks in February, attended by more than 100 students. NEXT Tourism Generation Academy acted as a platform that connecting private actors in the tourism industry with young professionals. As a result of these lectures around 10 students obtained internships and job placements at wineries, rural guest houses and tour operators, all members of ANTRIM. In addition, building skills and knowledge for women and youth was achieved through trainings for Moldovan tourist guides. MCP organized a set of trainings under the auspices of the World Federation of Tourist Guides Association (WFTGA) for 23 professionals. The main objective of this activity is to initiate a complex professional development program for Moldovan tourism guides, and to consolidate the tourism guides profession in Moldova. Of 362 participants in Year 4, 82% were youth and 77% of the trained people were women. To date, from 1,110 people participated in tourism industry activities, including 63% youth and 65% women.
- The **IT cluster** (IT, creative services and precision engineering) registered the **highest participation of youth and women** from all supported industries. In Year 4, IT cluster activities supported by MCP recorded 11,270 participants, the majority (93%) of whom were youth (school pupils or students) and 44% of whom were women. To date, 30,065 people participated in IT cluster activities: 90% youth and 41% women. MCP's innovative initiatives in Science, Technology, Engineering, Arts and Math (STEAM) aim to raise digital skills and prepare Moldovan young women, especially from underserved communities, to pursue education and careers in IT and engineering fields. In an industry traditionally dominated by men, MCP reduces the gender gap and promotes STEAM youth education through two flagship initiatives - Future Classroom and Educational Robotics – that are spearheaded in 140 or 11% of the country's schools. These programs are instrumental in shifting mentalities and improving knowledge industry-wide. In addition, MCP kept supporting other IT activities - Lego Robotics, SumoBot Challenge Moldova, and MegaDojo Chişinău children's programming biggest event. International studies show that children exposed to digital education from an early age are three times more likely to pursue STEAM careers.
- In **creative industries**, MCP supported the organization of the “Fix In Post” conference; workshops to develop cinematography; organized a design camp in a village; and supported

participation of creative companies at the Digital Agency Expo Conference in New York and “Mastering the Music Business Conference” in Bucharest, Romania. In **Precision Engineering**, the Internet of Things summer school and Christmas Hackathon were organized for high school and university students, along with the Autonomous Driving Camp and Autonomous Vehicle Technology Expo 2019. The development of **industry excellence centers**, such as Fablabs (in Chisinau, Drochia, Ungheni, and Cahul), Artcor Creative Hub and Balti Innovation and Technology Center, was accelerated in Year 4, as a sustainable and systemic solution for improving skills. These are positioned to embolden, tech, engineering and creative sectors, which primarily attracts youth, and will benefit over 10,000 students annually.

Women Enabled in the Economy (Remove Restrictive Legal, Regulatory, and Cultural Barriers)

- MCP is assisting apparel factories to implement social compliance, occupational safety and integrated quality management systems (ISO 9001 and 45001), which ensure workplace conditions compliant with International Labor Organization conventions and national labor law. Good manufacturing working conditions reduce staff turnover, lead to higher productivity, commitment, and wages. Providing fair jobs for women in their home villages contributes to reduction in outmigration and keeps families together.

Support economic development of Transnistria and Gagauzia

MCP assistance is inclusive of Transnistria and Gagauzia, engaging prominent and emerging enterprises in target industries, expanding youth development activities, and promoting tourism in these regions. In Year 4 MCP provided technical assistance to **24 Gagauzia and Transnistria-based companies from the winegrowing, tourism and light sectors**, primarily focused on product quality, factory efficiency and/or trade growth. The enterprises benefited from assistance in production management and productivity enhancement, as well as participation at tradeshows leading to growing exports. This assistance is provided at the firm-level and via industry organizations, namely ONVV, and industry associations ANTRIM and APIUS. Two schools from Gagauzia are also part of Educational Robotics Program.

Transnistria and Gagauzia-based companies benefiting of MCP assistance in Year 4

- In the **winegrowing industry**, MCP supported nine Transnistria and Gagauzia-based companies to participate at international tradeshows (Vinexpo New York, Prowein 2018, China Food and Food and Drink Fair, International Wine Show Prague 2017, GoodWine Bucharest; Interwine Guangzhou) and important local events - Wine Vernissage 2018, National Wine Day 2017. The companies from these two regions have also benefited from trainings organized under the Wine of Moldova Academy and received SEED grants.

Winegrowing industry

Companies from Gagauzia

- Tomai Vinex
- Tartcomvin
- Vinia Traian
- DK Intertrade
- Vinuri de Comrat
- CGL Prim/Kara Gani
- Combinatul de Vinuri Taraclia
- Kazayak
- Invinprom

Companies from Transnistria

- Kvint
- Buket Moldavii

Tourism industry

Companies from Gagauzia

- Gagauz Sofrasi RURAL GUESTHOUSE

•

Companies from Transnistria

- Casa Karaman RURAL GUESTHOUS
- Aquatir sturgeon farm

Light industry

Companies from Transnistria

- Floare
- Tighina
- Tellus
- Tellus-A
- Odema
- IntercenterLux
- Artex Grup

Companies from Gagauzia

- Ridiager
- Andal Plus

IT cluster

Schools from Gagauzia

- Avdarma village school
- Theoretical Lyceum "G. Gaidarji" Comrat

- MCP assistance to grow Moldova's **light industry** competitiveness is inclusive of seven apparel and footwear firms from Transnistria and Gagauzia that are also large employers in this region, collectively employing over 3,000 people. These firms benefit from assistance in job skills development, as well as participation in leading international tradeshows.

- In the **tourism industry**, MCP continues to support the integration of Transnistria into key tourism routes – organizing international and local press tours, and information trips for tourism agencies to visit Transnistria to promote tourism in this region.
- In the **IT cluster**, Educational Robotics program is implemented in two schools from Gagauzia, with 28 youth benefiting from robotics classes.

HIGHLIGHTED MCP SUPPORTED ACTIVITIES TARGETING TRANSNISTRIA AND GAGAUZIA REGIONS

Winegrowing Industry

17 international **exhibitions & B2B** events

186 participations in **57** activities

8 international wine **contests**

21 Study trips & trainings

3 promo events on local market

■ **Product Quality Upgrading Program (PQUP)**

5 enterprises adopting the 'quality over quantity' paradigm

Vinuri de Comrat Tartcomvin Tomai Vinex Vinia Traian Kazayak

■ **ASW Mentorship program**

2 enterprises developing and improving their production capacity

GCL – Prim (Kara Gani) Winetage

■ **20+ Wine of Moldova Academy trainings, such as:**

- Coursework for Accreditation for **Certificate of European Sommelier**
- **Study visit** to Rioja- a Spanish DOP region
- **Trainings** on: soil management and vineyard fertilization and vineyard protection; olfactory analysis; best practices in wine bottling, wine service and food pairings

Vinuri de Comrat Tomai Vinex Tartcomvin Vinia Traian DK Intertrade Bostavan
CGL Prim/Kara Gani Buket Moldavii Kvint Invinprom Winetage Kazayak

■ **Local Promo activities to increase wine culture and boost sales:**

- **National Wine Day**

Tomai Vinex DK-Intertrade Tartcomvin Vinia Traian Kvint

- **Wine Vernissage, 2018 Winter & 2019 Spring editions**

Kazayak Bostavan Vinuri de Comrat CGL -Prim (Kara Gani)

■ **International wine competitions, such as Mundus Vini, Decanter, International Wine Contest Bucharest**

Tartcomvin Tomai Vinex Bostavan Vinuri de Comrat CGL Prim (Kara Gani)
DK-Intertrade Kazayak Kvint Vinia Traian

In FY 19, Gagauzia-based wineries won **152 awards at international wine contests**, demonstrating progress in quality

■ **18 International tradeshows, festivals and B2B events, i.e.:**

- **Prowein 2018** DK Intertrade, Vinia Traian, Tomai Vinex, Vinuri de Comrat
Tartcomvin, Bostavan, Kazayak, Invinprom
- **China Food and Food and Drink Fair** Bostavan, Tomai Vinex, Tartcomvin, Vinuri de Comrat, Kazayak,
Invinprom
- **Interwine Guangzhou** Vinia Traian, Invinprom, Tomai Vinex, Bostavan, Vinuri de Comrat
- **Kiev Wine Festival** Tartcomvin, Vinuri de Comrat
- **WoM Festivals in Romania** Bostavan, Kazayak, Tomai Vinex, Tartcomvin, Vinuri de Comrat
- **Kongress Rynki Alkoholowe B2B event, Matchmaking sessions in Belgium** Bostavan

HIGHLIGHTED MCP SUPPORTED ACTIVITIES TARGETING TRANSNISTRIA AND GAGAUZIA REGIONS

Tourism

- **Inclusion of Transnistria and Gagauzia regions in MCP-supported international press trips and info tours to promote Moldova**
 - **5 press trips** with **36 foreign journalists** from Italy, Romania, Poland, and UK.
 - a **familiarization tour** to Moldova for **9 travel operators from Italy**
 - In FY 19, Moldova was featured in over 70 articles in UK, Polish, Italian, Romanian and other internationally renowned travel media, out of which **10 articles were exclusively dedicated to Transnistria and Gagauzia** in such prestigious publications as Vice and The Telegraph.
 - Visited key tourism sites in Transnistria: Tighina Fortress, Tiraspol (city tour), Kvint winery, Akvatir Sturgeon Farm, Casa Karaman, Kumanek restaurant)
 - Visited key tourism sites in Gagauzia: Kara Gani (C.G.L.-Prim) winery, Gagauz Sofrasi (Moroi SRL), and Vinuri de Comrat
- **Transnistria and Gagauzia were featured and promoted as part of the Hai la Mine Acasa digital campaign targeting the Moldovan diaspora**
 - MCP, in collaboration with ANTRIM, conducted an **online marketing campaign targeted at the Diaspora** and encouraging them to discover Moldova with their friend from their new location. Key-attractions from Transnistria and Gagauzia were among the destinations promoted in the campaign, including Kvint, Kara Gani, Vinuri de Comrat, Gagauz Sofrasi, Akvatir Sturgeon Farm, Tiraspol and Tighina.
- **Tree of Life” calendar of cultural events**
 - July 6, 2019 - **la Mania** – a festival of arts born out of Moldovan traditions attracted 6,000 local and foreign tourists in search of authentic experiences (Dubasari, Holercani village)
 - August 18, 2019 – **Hodina** – a festival of collective rest targeted the diaspora community returned home, which gathered over 5,000 local and foreign tourists at its first edition (Pohrebea, Dubasari)
- **Enhanced promotion of tourist destinations in Transnistria and Gagauzia**
 - MCP supported ANTRIM in producing **the first Italian Travel Guide about Moldova as a travel destination**. The 48-page Guide to Moldova & Romania will be published in the Italian language by Touring Club Italiano in their "Guide Verdi" series, and distributed through all Italian bookstores and online stores (also in an e-book edition) by spring 2020. **A full chapter is dedicated to Transnistria** covering more than **20 destinations**. Additionally, the guide will also include about **10 attractions from Gagauzia**. This publication will increase the visibility and perception of Transnistria and Gagauzia as authentic tourism destinations in Moldova for both leisure and business purposes.
- **Assistance to rural guesthouses to improve their tourism facilities and product offering:**
 - Casa Karaman (Transnistria) and Gagauz Sofrasi (Gagauzia) are both **grant recipients** of the program **Hospitality+ Moldova** aiming at upgrading the accommodation offer and restaurant services. As a result, Gagauz Sofrasi was launched in the spring of 2019 with a new wine bar area and an increased capacity in the restaurant from 100 to 200 guests. Casa Karaman will open in 2020 with improved hospitality services including a new gastronomic masterclass area and a children’s playground, doubling the capacity of serving the tourists from 20 to 50 people.
- **All MCP- supported tour-operators included Transnistria and Gagauzia in their tourism packages**

HIGHLIGHTED MCP SUPPORTED ACTIVITIES TARGETING TRANSNISTRIA AND GAGAUZIA REGIONS

Light Industry

- **Participation at international tradeshows to increase sales**

- | | | | | |
|---|-------------|----------|-------------|----------|
| - Leather&Shoes exhibition, Kyiv, Ukraine | Floare | Tighina | Tellus | Tellus-A |
| - Next Season International Exhibition in Bucharest, Romania | Tellus | Tellus-A | Intercentre | Lux |
| - Moldova Prezinta exhibition in Iasi, Romania | Intercenter | Lux | Tellus | |
| - Central Asia Fashion Expo in Almaty, Kazakhstan | Intercenter | Lux | | |
| - ModExpo , Bucharest, Romania | Intercenter | | | |
| - Baby Fashion exhibition in Kyiv, Ukraine | Floare | | | |

- **Strengthen factory sourcing skills for building higher value added**

- **Premier Vision** and **Texworld** International raw materials exhibitions
Tellus

- **Texprocess Manufacturing Technology Exhibition**

Odema Tighina Artex Grup

- **Promotion events on local market**

- Participation at **Moldova Fashion Days** (Spring and Autumn editions) and "Fashion Soiree 2019" catwalk:
Ridiager Intercenter-Lux Andal Plus
- Participation in the **digital photoshoot campaign** "VARA DIN INIMA":
Ridiager

- **Study trips and trainings**

- **Study visit to Tannex** apparel company in Romania to learn best practices in production organization
Ridiager
- Trainings on **Fashion Management** and **Product Range Strategies**
Intercenter-Lux

- **Assistance to open DININIMA multi-brand store in Chisinau**

Andal Plus

HIGHLIGHTED MCP SUPPORTED ACTIVITIES TARGETING TRANSNISTRIA AND GAGAUZIA REGIONS

IT cluster

- **Educational Robotics program**

- **Theoretical Lyceum G. Gaidarji** in Comrat
- **Avdarma village school**, Gagauzia. Pupils at these two schools have access to Educational Robotics classes, which are proven to have a transformative impact on beneficiaries.

MONITORING AND EVALUATION

For the fourth consecutive year, MCP registered remarkable results, making progress in sales, investments and other key quantitative impacts

MCP supports USAID/Moldova's Development Objective (DO) — Increased Investment and Trade in Targeted Sectors — and the two intermediate results (IR) beneath it: Improved Economic Foundation for Growth (IR 2.1) and Improved Private Sector Competitiveness in Selected Industries (IR 2.2), by generating economic opportunities in targeted sectors and working at industry- and firm-level to increase trade and investment, thus growing host country economic competitiveness.

ANNUAL HIGHLIGHTS

- All **PMP targets achieved** by MCP

Objective 1: Increased Productivity and Quality (Better Workforce and Adopted Innovation)

- **760 companies** assisted by MCP across four years with **143 new companies** in Year 4.
- **248 or 33%** of the total 760 assisted companies are **women-owned**.
- **154** assisted enterprises are **following recognized product or process standards**, with 44 new enterprises in Year 4
- **339** of the assisted companies are **applying improved knowledge, processes, and technologies**
- **14,133+ youth and professionals improve their job skills** aligned with industry needs in Year 4, bringing the three-year participants total to **41,003**.
- **24% average productivity increase** over each year of monitored companies.

Objective 2. Expanded Market Linkages

- **A record \$188m new sales** generated by assisted companies through MCP direct and indirect support in just Y4 brings to the four-year cumulative new sales indicator to **\$364m**.
- **Sales facilitated** for **362 unique SMEs** resulting in **15,495 new market linkages**.
- Every **\$1 dollar spent** on technical assistance contributed to **\$19 in sales growth** and **\$10 in new investments** of assisted SMEs.
- **93% growth of commercial services exports of MCP- assisted industries IT & TOURISM across 2018/2015.**
- **35% growth of merchandise exports in MCP- assisted industries WINEGROWING & LIGHT Industry across 2018/2015.**
- **41% export growth over previous year in the IT sector, the highest** export growth in all MCP-assisted sectors in 2018.

Objective 3. Improved Sector –Enabling Environment and Increased Local Capacity

- **39 Public-Private Partnerships (PPPs)** established with **\$41.6M** reported contribution.
- **42 regulations** and **administrative procedures** eliminated, streamlined or simplified
- **56** project-assisted **public-private** sector dialogue **platforms** conducted
- **59% average increase** over baseline assisted associations' institutional **capacity**
- **11 business associations** with **2,770+ members**, collaborating with MCP to stimulate inter-industry cooperation

MCP expanded outreach to another 143 enterprises in FY19, and collectively assists an impressive **760 SMEs** to adopt new technologies, increase targeted marketing, and make critical investments in equipment and their workforce. This number exceeds the year four target by 38% and the life-of-project target by 9%, demonstrating an exceptionally robust project outreach.

MCP continued to effectively facilitate expansion to regional and global markets, and development of domestic trade with sustainable growth and tangible impact on sales. MCP assistance helped small and medium businesses achieve a record **\$188.2 million growth in sales in FY19** (\$364M -four-year cumulative result) on regional, global and domestic markets: \$45.3 million in FY19 (or \$113.3M cumulative) -increase on local market and \$142.9 million in FY 19 (or \$250.7M cumulative)- increased value of exports. Most of these exports are to the EU, strengthening Moldova's trade ties with Europe and generating higher value added. MCP effectively approached highly competitive markets, such as Asia (China, Japan and South Korea) for Moldovan wines, EU for apparel and footwear, U.S. for creative services, and the UK and Italy for tourism. This denotes MCP's remarkably sound and efficient technical approach for business quality and trade growth assistance, allowing Moldovan producers to access these otherwise unattainable markets, lacking the required technology, product quality and marketing.

New investments generated by MCP-assisted firms added up to **\$65.7 million in FY19** (\$200.9M cumulative four-year result), used for essential upgrades of production facilities, new equipment, and quality improvements. For instance, MCP's wine and rural tourism guesthouse prototypes generated a quality breakthrough in Moldova's tourism sector, gearing to the sought-after Western traveler, and positioning Moldova as a rising sustainable tourism destination.

MCP's workforce development initiatives helped **41,003** youth and professionals improve their job skills to align with industry needs, contributing to economic competitiveness of the country. In **FY19 alone, 14,133 people participated in MCP activities** for improving job skills. MCP successfully focused on digital skills for youth, through its flagship programs in robotics, future classroom, and industry excellence centers.

A key differentiator is **MCP's innovative approach to Public-Private Partnerships**. MCP succeeded in forging new strategic partnerships between Government, Academia and the private sector that collectively leverage multi-million resources for shared objectives in reform, trade promotion, workforce development and economic growth. To date, the reported value of PPPs has reached an impressive **\$41.6 million**, whereas \$21.4 million (84%) are contributed cash and in-kind by local and international partners, furthering visibility and sustainability of USG efforts. MCP's flagship PPPs are in workforce development, and are critical not only for economic growth, but also for the democratic aspirations of Moldova. The newly launched Artcor Creative Center is a flagship, state of the art project for the creative industry, and will act as a new infrastructure and ecosystem for Moldova's graphics, design, sound, animation, arts, and music industries, alongside other creative subsectors with high export potential. ZIPhouse Design and Technology Excellence Center provided professional trainings and community-building events as a flagship institution in workforce development, supporting industry transition to higher value added by developing critical skills in fashion technology, design, marketing, and business. Digital City, Moldova's premiere IT Park developed by local private investor, StarNet, will open its first tower in December 2019, underpinned by a DCA loan-guarantee and indispensable investor coaching from MCP leadership and USAID mission.

Considering 'assistance dollars' to companies' sales and investment growth as a way to measure the impact of donors' assistance on economic development, we can conclude that over four Project implementation years, **every \$1 dollar spent on technical assistance contributed to \$19 in sales growth and \$10 in new investments of assisted enterprises (direct and indirect support).**

Comprehensive M&E system facilitates the management of results, improved performance and demonstrated impact

The Project implements a well-developed Monitoring, Evaluation and Learning Plan (MELP). As a result of project extension to FY21, in Year 4 the MELP was revised, establishing new annual targets and life-of-project targets based on the updated MCP Expanded Results Framework included in the project contract modification. The MELP integrates the Project's technical approach, organization, and M&E system under a unified strategy, demonstrating rigor, feasibility, and consistency. A complex M&E database serves as the main tool for accurate reporting of quantitative indicators. Since the M&E database has a strong query functionality, all Project indicators are disaggregated by gender, target industry, women-owned enterprises, and other options depending on the indicator. The strength of the project's M&E lies in its ability to provide timely performance information enabling MCP to manage for results, improve project performance, and demonstrate impact. Analysis and communications are important elements of performance management. As such, in Year 4 MCP conducted an internal Data Quality Assessment (DQA) of all its indicators. The M&E system monitors progress against project targets, facilitates reporting of achieved results and provides data for reporting to Project donors. Project results at the indicator level are reported in this Section below, while the disaggregated results are included in Appendix III. For a complete description of the project's M&E system and indicator definitions, please refer to the project MELP.

MCP met or exceeded all performance indicators underpinned by robust assistance programs for all target industries

MCP has had excellent performance during its four year of activity, driven by robust assistance programs for all target industries. For collected quantitative indicators, the project met or exceeded all cumulative targets for three years, as summarized in the table below.

MCP INDICATORS

Indicator		Life of Project (LOP) Targets	YEAR 4			
			Cumulative Target	Cumulative Result	Cumulative Target versus Result	Year 4 Result
Project Purpose: Grow and Expand Targeted Competitive Industries						
Objective 1: Increased Productivity and Quality (Better Workforce and Adopted Innovation)						
IR 2.2: Improved Private Sector Competitiveness in Selected Industries						
Sub-IR 2.2.1: Increased Productivity						
4	Number of enterprises receiving assistance to improve knowledge, processes, technologies and practices	700	550	760	210	143
5	Assisted enterprises applying improved knowledge, processes, and technologies	370	290	339	49	58
6	Assisted enterprises following recognized product or process standards	180	150	154	4	44
7	Individuals receiving job skills aligned with industry needs	40,000	28,500	41,003	12,503	14,133
Objective 2. Expanded Market Linkages						
IR 2.2: Improved Private Sector Competitiveness in Selected Industries						
Sub-IR 2.1.2: Increased Access to Finance						
10	Number of assisted enterprises in targeted industries with increased financing	190	160	161	1	54
11	Financing accessed by assisted enterprises	\$120,000,000	\$91,000,000	\$126,286,250	\$35,286,250	\$ 39,193,265
Sub-IR 2.2.2: Expanded Market Linkages						
2	Increased value of sales facilitated on behalf of assisted enterprises	\$250,000,000	\$190,000,000	\$363,995,066	\$173,995,066	\$188,214,432
9	Number of enterprises with sales facilitated through USG assistance	350	310	362	52	62
3	Value of new private sector investment in assisted enterprises	\$170,000,000	\$150,000,000	\$200,853,154	\$50,853,154	\$65,720,109
12	Number of assisted enterprises in targeted industries with increased investment	250	180	272	92	83
Objective 3. Improved Sector – Enabling Environment and Increased Local Capacity						
IR 2.1: Improved Economic Foundation for Growth						
Sub-IR 2.1.1: Improved Business and Trade Enabling Environment						
13	Number of regulations & administrative procedures eliminated, streamlined or simplified with USG support	45	28	42	14	5
14	Number of Public-Private Partnerships established	40	39	39	0	1
15	Value of Public-Private Partnerships established	\$35,000,000	\$25,000,000	\$41,646,357	\$ 16,646,357	\$10,908,707
16	Improved capacity of local institutions	+60% over baseline	+50% over baseline	+59% over baseline	+9%	+59% over baseline

17	Project-assisted public-private sector dialogue platforms conducted	50	43	56	13	17
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OTHER INDICATORS COLLECTED BY MCP

Indicator	Life of Project (LOP) Target	YEAR 4				
		Cumulative Target	Cumulative Result	Cumulative Result versus Target	Y4 Result	
Project Purpose: Grow and Expand Targeted Competitive Industries						
Objective 1: Increased Productivity and Quality (Better Workforce and Adopted Innovation)						
IR 2.2: Improved Private Sector Competitiveness in Selected Industries						
Sub-IR 2.2.1: Increased Productivity						
8	Percentage change in specified productivity measure (sales per employees)	20%	24%	24%	0	11%
Objective 2. Expanded Market Linkages						
IR 2.1: Improved Private Sector Competitiveness in Selected Industries						
Sub-IR 2.2.2: Expanded Market Linkages						
1	Value of domestic and export sales in targeted sectors	N/A	N/A	N/A	N/A	\$1,286,810,015
18	Increased number of market linkages established with donor assistance*	N/A	N/A	15,495	N/A	5,867
Objective 3. Improved Sector –Enabling Environment and Increased Local Capacity						
IR 2.1: Improved Economic Foundation for Growth						
Sub-IR 2.1.1: Improved Business and Trade Enabling Environment						
19	Number of innovations supported through USG assistance	100	100	154	54	13
20	Number of innovations supported through USG assistance with demonstrated uptake by the private or public sector	90	90	132	42	20

MCP assistance in target sectors is complex, transformational and builds effectively on sustained donors support

MCP's objective is to grow and expand the targeted competitive industries through increased productivity and quality, expanded market linkages and improved sector-enabling environment. Below are presented main achieved results, by project objectives.

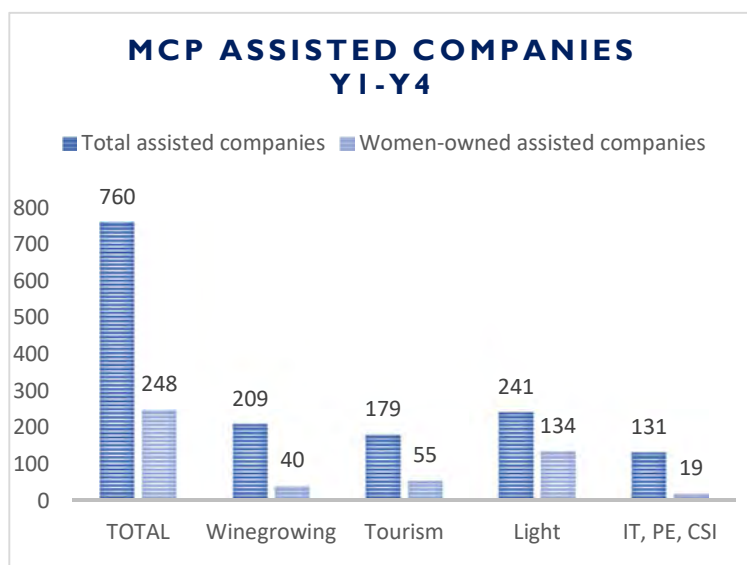
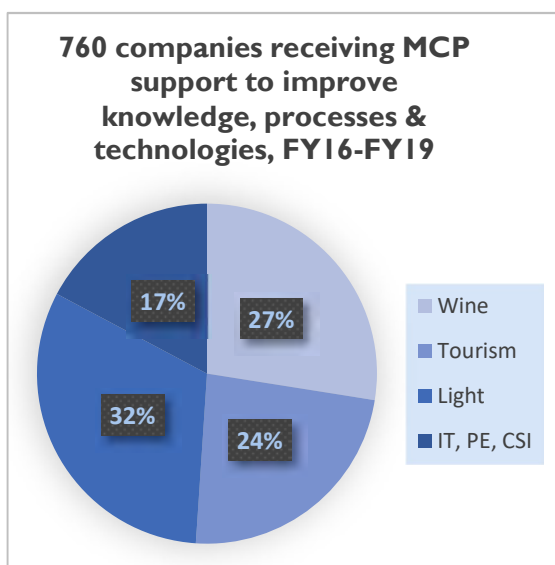
US\$ 566 million	US\$ 542 million	US\$ 2.706 billion	US\$ 1.468 billion	US\$ 19.35 trillion	US\$ 5.79 trillion
MCP-assisted sectors merchandise exports in 2018	MCP-assisted sectors' commercial services exports in 2018	Moldova merchandise exports in 2018	Moldova commercial services exports in 2018	World merchandise exports in 2018	World commercial services exports in 2018

Calculated based on data from National Statistics <http://www.statistica.md/> for Moldova's data and from World Bank <https://data.worldbank.org/country/moldova> for world data

➤ **Increase productivity and quality (better workforce and adopted innovation)**

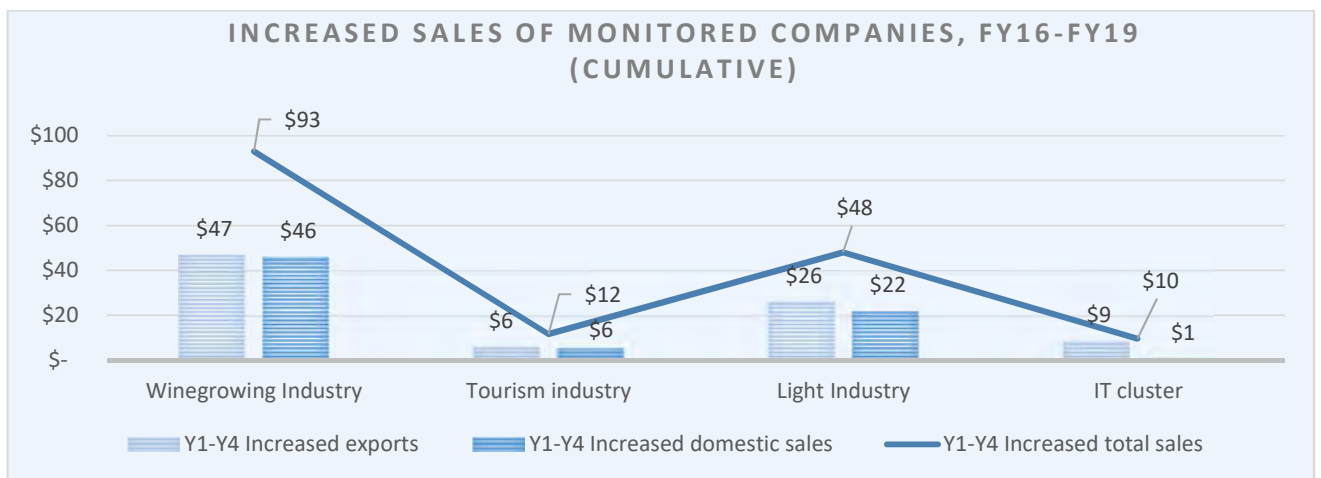
MCP expanded outreach to another 143 enterprises. Over the course of four years, MCP assisted 760 enterprises either directly or through its counterparts, to improve knowledge, adopt new technologies, increase targeted marketing, and make critical investments in equipment and their workforce. **This exceeds the six-year target of 700 enterprises by 9%.** Of the 760 assisted companies, **248 or 33% are women-owned.** This outreach was possible due to the Project's dedication to working with industry associations, that is both sustainable and impactful in the long-run and enables MCP to reach a wider number of enterprises. MCP's robust assistance to enterprises focused on advancing their knowledge and technologies, improving the quality of their products and services, as well as growing sales domestically and abroad. Growing product quality is key to preparing Moldova's private sector to compete on EU and other high-value markets, also enabling Moldova to take advantage of EU DCFTA benefits.

- MCP now **assists 760 enterprises**, exceeding the six-year target of 700 enterprises receiving assistance for improving knowledge, processes, technologies and practices by 9%
- **248 or 33%** of total firms are **women-owned**
- **339 enterprises are applying improved knowledge, processes and technologies**, exceeding Y3 target (210 companies) by 33%
- **110 firms are following recognized product or process standards**, exceeding Y3 target (70 companies) by 57%



Monitored companies increased productivity by 24%. All industries have recorded a positive average growth in productivity, the highest being registered in winegrowing industry (34%), followed by tourism industry (24%) and light industry (16%).

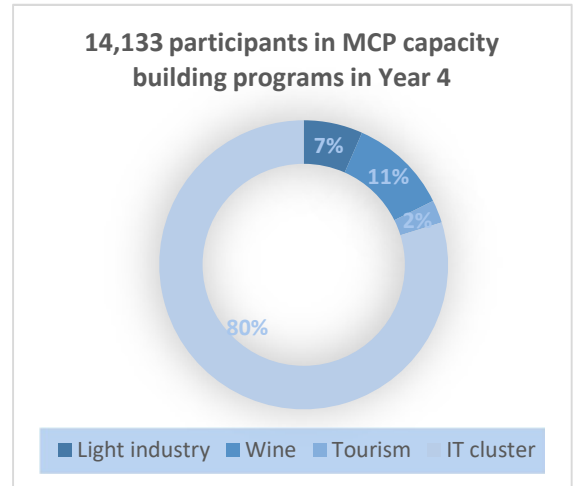
A record \$188m new sales were generated by assisted companies through MCP direct and indirect support in Y4 alone, bringing the four-year cumulative new sales indicator to \$364 m. The cumulative target of \$190m increased sales was overachieved by 92%. Disaggregated by type of trade, \$250.7m new sales or \$586m total sales are exports and \$113.3m new sales or \$316m total sales are domestic sales. Disaggregated by type of assistance (direct and indirect), \$162.2m increased sales are from direct support and \$201.8m are from indirect support. The direct assistance to monitored companies resulted in increased exports and domestic sales of \$28m while indirect assistance generated another \$160Mm(99.8% in IT cluster) in the reported year due to IT virtual park records. Gender analysis indicates that in four years, women owned companies contributed \$60.2m or 37% of this \$162.2m positive growth (increased sales), and \$234.2m or 33% of \$699.3m total sales.



Indirect support generated \$201.8m in four years, with \$160.5m in Year 4 only. A huge increase of 99.8% is due to the IT cluster, from IT virtual park sales. The first IT virtual park opened on January 1, 2018, with MCP support. Members can be physically located anywhere in Moldova, but membership of the virtual park provides pro-business benefits such as a 7% flat tax, compared to 15% of company turnover.

The cumulative value of investments in assisted companies reached \$200.9m, with \$65.7m new investments in Y4. The amount of \$200.9m is composed from \$188.4m investments generated as result of direct assistance to the monitored companies and \$12.5m investments generated as result of indirect assistance to the IT industry, namely: investments by Starnet in construction of the IT Digital Park and investments from IT companies who are residents of the virtual IT park, created with MCP support. Women owned companies contributed with \$49.1m cumulative (or 26% of total investments) and \$20m Year 4 (or 33% of total investments), indicating the tendency of women-owned companies to make more investments. The investments were directed to increasing productivity and product quality, and procurement of new technologies and equipment to grow businesses to position on higher value-added markets.

Over 41,000 professionals and youth benefited from MCP supported workforce development initiatives in four years. In Year 4 alone, the Project had remarkable outreach in its capacity building programs. **14,133 people developed their skills** as result of participation in Project educational activities, trainings and community building events. This is the highest result in all the years of MCP assistance. IT cluster activities gathered most reported participants (80% of total participants in Year 4). This result included the multiple multi-million dollar public-private partnerships in workforce development developed by MCP, like Educational Robotics and FCL in schools, Creative Hub, IT Park, all of which ensure the long-term sustainability of USAID and Sweden's investments. These programs are instrumental to securing a mentality shift and improve knowledge across industries.



➤ **Expanded market linkages**

To date, MCP assistance facilitated sales for **362 unique SMEs, which also made 15,495 new market linkages. In Y4 alone**, 218 companies participated over 1,200 times in 98 sales facilitation activities (of which 51 are tradeshows), with following results:

- Winegrowing industry:** 83 wineries participated in 36 local and international activities aiming to facilitate sales. Companies attended 14 international tradeshows and B2B events, generating a **\$15.2 million increase in high-value exports** to the EU and new non-CIS markets, up 61% compared to Y1. Total wine sales increased 7% compared to Year 3, **with exports and domestic market up 7%**, due to MCP investment in developing Moldovan wine culture. Moldovan wines won **780 awards** at international wine competitions, proving WoM quality. In addition, due to organized press trips, Wine of Moldova was featured in **308 articles** building brand equity in target markets.
- Tourism Industry:** Moldova showcased its offer at **five leading travel expos** in key markets under the Discover the Routes of Life national brand, generating over 770 market linkages. MCP also organized press trips for journalists from the USA, UK, Italy, and Poland, resulting in **70 foreign media mentions**. In total 27 tour-operators, B&Bs and other companies from the tourism value-chain participated in **15 activities with sales facilitation**.
- Light Industry:** **102 companies** were supported by MCP to participate in **45 sales facilitation** activities organised on the local or international market, generating over 1,660 market linkages. The companies attended 33 international trade shows and B2B events, generating over **\$750,000** in new export contracts. MCP assisted producers to export own-brand products to regional markets, which were defined as a priority because they are open to new brands.

Illustrative International trade shows attended

- Winegrowing:** Kiev Wine Festival, Moldova presents" trade fair in Brasov, B2B Matchmaking in Chicago and New York, Prowein, China Food and Drinks Fair.
- Tourism:** BIT Milano 2019, TTR Bucharest 2019, ITB Berlin 2019.
- Light Industry:** Holde Textil Expo, Fashion Central Asia, HOMI tradeshow, Leather&Shoes exhibition, Supreme Body&Beach exhibition, Bijorhca tradeshow.

Illustrative Local events organized

- National Wine Day, Wine Vernissage, City Day, festivals (Mai Dulce, etc.), fairs, pop-ups

➤ Improved sector-enabling environment and increased local capacity

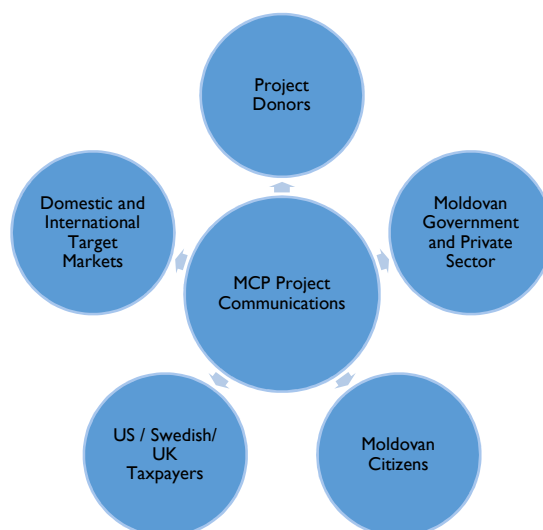
MCP succeeded in developing public-private partnerships and implemented initiatives providing sustainable and scalable local solutions for assisted industries' growth. In Year 4, with MCP support, the following results were achieved towards strengthening the Moldovan business enabling environment:

- One new PPP in IT was developed: the Moldovan IT Industry External Promotion Platform. MCP started to collaborate with the Ministry of Economy and Infrastructure, Moldova IT Park, Moldova Investment Agency, GIZ, Association of Creative Companies, etc. in order to promote the Moldova IT and Creative Services Industry internationally, starting with Romania. This includes targeted communication campaigns with participation at the main IT events in Romania such as Bucharest Technology Week and Mobile Dev.
- In Year 4, the 39 supported PPPs reported 11 million in additional investments. The total value of these transformative partnerships exceeds \$41 million, and their sustainability is ensured by strong relationships with government ministries, educational institutions and private partners.
- MCP focused on strengthening business associations and increasing their role in industry development. To date, MCP worked with 11 business associations with a total 2,770 members to stimulate inter-industry cooperation, and consolidate the private sector vision and voice. MCP monitors the progress of institutional capacity in four associations. Year 4 registered a 59% average increase over baseline in the overall capacities of participating associations to serve their members, advocate for regulatory and legislative changes, secure new sources of revenue to ensure MCP investment sustainability and make streamlined management decisions.
- Five new regulations and administrative procedures were eliminated, streamlined or simplified with MCP support, four in the winegrowing industry and one in tourism.
- Seventeen public-private dialogue platforms were organized with MCP involvement, 13-in the winegrowing industry, two in tourism and two in the IT cluster.
-

COMMUNICATIONS

In Year 4, MCP continued to deliver an active communications schedule, tailored to its stakeholder network. In addition to providing traditional donor communications to report on progress, important milestones, challenges and successes, the project performs crosscutting communications activities targeted at the Moldovan public.

MCP delivered an **ambitious and complex communications portfolio** to keep donors informed about the project's successes, and to raise awareness among the Moldovan public about the project's activities, target industries and donors. The communication team focused on promoting the project's flagship initiatives and offering targeted support to the project's key industries, thus working on the entire value chain, from drafting briefs and speeches to liaising with the media, stakeholders, donors and Government officials and beneficiaries.



Project Donors	Moldovan Government and Private Sector	Moldovan Citizens	US / Swedish/ UK Taxpayers	Domestic and International Target Markets
<ul style="list-style-type: none"> • Scene Setters and Briefers • Project Fact Sheets • Events and site visits • Newsletters, and Monthly/Quarterly/Annual reports 	<ul style="list-style-type: none"> • Meetings • Events and site visits 	<ul style="list-style-type: none"> • Use of donor branding (plaques and other collateral) at project beneficiaries • Media coverage (press articles, interviews) • Social media campaigns • Industry awards ceremonies 	<ul style="list-style-type: none"> • Social media campaigns • Content for donor social media • Content for blogs and other English language platforms 	<ul style="list-style-type: none"> • Flagship industry events (National Wine Day, DescOPERA, Moldova Fashion Days) • Press trips • B2B delegations • Participation in Moldovan and international trade expos

Communication support focuses on **promoting the impact** of project activities on industry competitiveness, **highlighting accomplishments** through the publication of success stories, and **promoting the role of women in the economy**. The project’s communications activities target the public and private sectors to motivate **behavior change** that will increase industry competitiveness, provide information about the **role of USAID, Sweden and UK** in key successes, and perform advocacy, through a combination of events and media outreach.

Communications activities are linked to technical activities, and include **informational campaigns** in print and online **media, internet and social media platforms**, and TV and radio broadcasts to highlight different events and outcomes.

Tools and Communications Channels

Mass-media. MCP actively uses media to promote high-impact project activities and industry competitiveness pillars, to stimulate confidence building and changes in mentality. The project targets all media – **TV, on-line, written press, and radio** – issuing press releases, news, articles, and announcements, and inviting journalists to Project events to deepen their understanding and knowledge of highly technical subjects. In Y4, more than 35 national and local media outlets broadcasted and featured MCP flagship initiatives, such as the launch of Artcor and the National Center for Digital Innovation in Education “Future Classroom”, and high-level events, such as National Wine Day, Wine Vernissage, DescOpera, the launch of rural guesthouses in Trebujeni (Valea Stancii) and Palanca (Casa Veche), Moldova Fashion Days, Moldova Fashion Conference, and the Educational Robotics events. This is an impressive result, and helps increase the visibility of USG, Sweden and UK assistance, as MCP promotes USAID, Sweden and UK aid at large.

The project is represented in the media by a wide range of stakeholders. MCP provides these representatives with extensive briefing materials to prepare them for TV and other media appearances.



Photo caption: Captures of MCP donors and representatives’ media appearances.

Online platforms. Clear, accurate, and user-friendly online platforms are a must-have communications tool in the 21st century. MCP works in this space by providing **USAID and the Swedish and British Embassies** with content to promote Project activities and accomplishments on their platforms (through Project Fact sheets, Industry Fact Sheets, Success Stories, video success stories about the project and supported industries). The project also publishes content about key achievements and activities on the website and blog of its implementing company, Chemonics.



Photo caption: Captures of MCP posts on the USAID, Embassy of Sweden and British Embassy Chisinau Facebook pages.

Facebook. The importance of Facebook in the Moldovan context cannot be underestimated. It is one of the primary means of communication for youth and adults, and Moldovans often use Facebook chats for professional conversations. The Project posts **regular updates** on the **USAID, Swedish and British Embassies Facebook pages**. MCP shares links from Moldovan media highlighting Project activities, events, pictures, and pages and campaigns. During Y4, the Facebook pages for USAID and the Sweden and UK Embassies actively promoted MCP activities, and posts generated by the project received high organic reach. **Videos, pictures, and links** posted about the Project activities were actively liked and shared on social media.

Branding. All equipment purchased with MCP funds is branded in line with USAID, Sweden and UK aid regulations. MCP is developing branded plaques to be displayed in all MCP-assisted beneficiaries (rural guesthouses and wineries, schools participating in the FCL and Educational Robotics programs, apparel factories etc.) highlighting the investments made by donors. Anecdotal evidence indicates their effectiveness at informing American, Swedish and British visitors about the impact of their taxes and informing local communities about the support from the US, Swedish and UK governments.



Photo caption: Unveiling the branding plaque at the launch of the "Casa Veche" rural guesthouse in Palanca village
Photo credit: MCP

The project has worked hard in Y4 to update project branding to reflect the new partnership with UK aid, including social media, banners, fact sheets, success stories, project documents and reports, and existing plaques.

Site Visits and Industry Events. MCP keeps USAID, Sweden and UK aid actively informed of the material impacts of the project through regular Site Visits, which are in turn covered by the media to publicly reinforce the role of USAID, Sweden and UK aid in the successes of the project and its target industries. A regular program of industry events and product launches also support this objective. As the coordinator of Industry Events and Site Visits, MCP plays an instrumental role in developing Scene Setters and Briefers for USG, Sweden and UK representatives, providing detailed timelines, technical expertise and background knowledge.



Photo caption: U.S. ambassador Dereck J. Hogan visits MCP-beneficiary RiDiager apparel company
Photo credit: MCP

MCP ensures high level participation at events, including regular attendance by the Diplomatic community and the Moldovan Government officials. Media coverage of this level of partner participation signals the project’s credibility and builds confidence among the local population.

Under the international media spotlight: MCP wins USAID 2018 Digital Development Award



Photo caption: ‘Making-of’ photo shoot with Colby Gottert at Mircesti and Salculta wineries.
Photo credit. Olese Galusca, MCP

In Y4, MCP was named one of the five winners of the USAID [2018 Digital Development Award](#), highlighting the important role of digital technologies in accelerating the attainment of the sustainable development goals. Selected from more than 140 applications from around the world, MCP won the award for its innovative Drone Vine Disease Detection Pilot, harnessing the power of digital tools and data-driven decision making to protect Moldova’s valuable heritage vineyards.

The project communications team played a key role in achieving this result, coordinating both the entry to the competition and the follow-up visit of the international photographer, journalist and filmmaker Colby Gottert, who reported on the progress in Moldova’s wine industry resulting from USAID and Sweden investment. In December 2018, MCP organized a 5-day trip around Moldova’s wineries for Mr. Colbert, and supported him to showcase the positive impact of using 21st century technologies to deploy international best practices in vineyard management. The resulting interviews and photos profiled MCP-supported wine industry beneficiaries, and captured people from rural areas who facilitate the different stages of the winemaking process, from tending grape vines in the field, to working on a bottling line in a modern factory.

As part of this award, the 2018 Digi winners were recognized at a special ICT4Drinks reception in Washington D.C. in early 2019, increasing the profile of the project and its achievements in the United States.

Targeted Communications Assistance for America Days Moldova Public Outreach

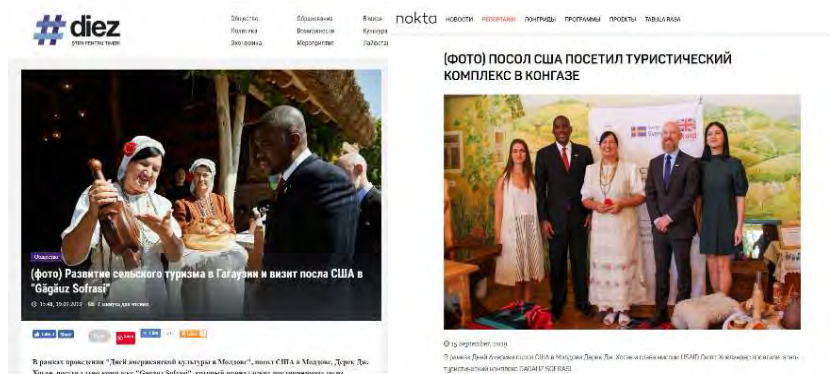


Photo caption: MCP-supported associations ASW, ANTRIM and APIUS take part in America Days Public Outreach to highlight the productive bi-lateral relationship between the U.S. and Moldova, and ongoing support from the U.S. Government.
Photo credit: USAID Moldova, Facebook.

The communications team facilitated the participation of MCP-supported associations APIUS, ASW, ANTRIM in the America Days Moldova Public Outreach event, organized by the U.S. Embassy, to highlight the productive bilateral relationship between the U.S. and Moldovan Governments, and reinforce the partnership by creating people-to people programs and opportunities for interaction. The event served as a great platform to inform the general public about the activities of each association and their successes to date, as a result of USAID support and assistance.

The MCP-supported associations showcased their successful collaboration with, and support from, the U.S. Government, developing exhibitions of DININIMA brands, wine bottles and tourism information brochures in both Chisinau and Comrat. To ensure proper visibility, the communications team assisted the MCP-supported associations with the development of a wide range of branded promotional materials including banners, roll-ups, success stories and factsheets.

As part of the America Days event, MCP facilitated a visit of U.S. Ambassador Derek J. Hogan to Gagauz Sofrasi, the flagship rural guesthouse in the Gagauz Autonomy, to witness the impact of USAID investment in Moldova’s tourism industry. The visit showcased USG strategic assistance for Moldova’s tourism industry and provided a firsthand perspective on one of the major cultural sites in the Gagauz autonomy, developed with support from USAID. The visit was covered by national and local media, and showed how USAID is supporting the integration of Gagauzia and Transnistria into Moldova’s map of tourism destinations by breaking down stereotypes regarding safety issues in these regions.



Captures of U.S. Ambassador Derek J. Hogan at Gagauz Sofrasi rural guesthouse media appearances.

MCP FINANCIAL SNAPSHOT

MCP's budget assimilation is balanced and the resources well-distributed across the years. In Year 4, MCP ramped up overall contract expenditures reaching through September 2019 a total of \$18,898,847* or 66% of the new total MCP contract value of \$28,491,382. Out of the total expended, \$4,068,282 or 22% were utilized by the SEED Fund (grants). Remaining budget of \$9,592,535* or 34% will be utilized across the remaining two years of implementation. Year 5 will see also robust expenditures of approximately 18-20% of the contract ceiling while remaining funds will be expended in Project's final Year 6, which will act as the year of consolidation of MCP's support and will focus on strengthening beneficiary and counterpart ability to take full ownership of all key and flagship activities including ARTCOR, FabLab, the Educational Robotics and Future Classroom programs, Tourism Information Center, Din Inima, among others. This approach meets MCPs performance strategy and is in line with best implementation practices allowing the Project to continue conducting quality implementation while meeting its contractual financial obligations.

As of the end of FY 2019, the SEED Fund awarded 147 grants representing \$5.01 million at the exchange rate of 1 USD = 17.55 MDL or 80% of the total SEED Fund of \$6.3 million and disbursements of nearly \$4.1 million or 65%. The remaining 35% will be expended mainly in Year 5 of the Project. Funds of about \$270,000, which are not currently contracted, will be awarded to new or existing grant beneficiaries via funded modifications, thus ensuring the full allocation of the total ceiling of the SEED Fund of \$5 million.

SEED Fund Ceiling (grants)	\$6,300,000	Percentage of Fund ceiling
Expenditures thru September 2019*	\$4,068,282	65%
Total SEED Funds Remaining*	\$2,231,718	35%

LOE utilization was also on the rise in FY 2019 with a total of 20,661.924 work days or 71% utilized to date across all labor categories. Remaining LOE of 8,565.076 or 29% of the total contractual ceiling of 29,227 work days will be split across years 5 and 6 of the Project. It is important to note that LOE utilization to date of 71% is on par with the total contract and SEED Fund expenditures of 65% and 66% respectively, underscoring the fact that MCP utilizes its financial resources in a careful and balanced manner ensuring all budget categories are consumed equitably and also dynamically to respond to technical implementation needs. In FY 2019, MCP conducted a LOE realignment approved by USAID, as detailed below, that permits the Project additional flexibility in the hiring of short-term technical assistance as well as the retainer through April 2021 of the long-term expatriate who is responsible for operations and SEED Fund management.

LABOR CATEGORY	CONTRACT TOTAL (work days)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	REMAINING LOE	%
Long-Term Technical Assistance - Key personnel	3,019	425	512	520	522	1,040	34.45%

Long-Term Technical Assistance - Expatriate (Includes TCNs)	1,384	242	240	240	238	424	30.64%
Short-Term Technical Assistance - Expatriate (Includes TCNs and professional technical assistance from Chemonics and J.E. Austin Associates home office staff)	2,526	452	772	369	340	593	23.48%
Long-Term Technical Assistance - CCN	14,679	2,024	2,674	2,603	2,531	4,847	33.02%
Short-Term Technical Assistance - CCN	7,619	903	2,202	1,536	1,318	1,660	21.79%
TOTAL	29,227	4,046	6,399	5,268	4,948.80	8,565.076	29.31%

APPENDIXES

APPENDIX I

REPORTS AND DELIVERABLES, FY19

During FY19, the Project submitted the following deliverables per contract requirements:

Deliverable Name	Submission Dates
Annual Report: Year Three	November 20, 2018 (draft version); November 27, 2018 (full and detailed version)
Monthly Report, October 2018	November 14, 2018
Monthly Report, November 2018	December 13, 2018
Quarterly Report, October-December 2018	January 14, 2019
Monthly Report, January 2019	February 12, 2019
Monthly Report, February 2019	March 13, 2019
Quarterly Report, January-March 2019	April 12, 2019
Monthly Report, April 2019:	May 13, 2019
Monthly Report, May 2019	May 14, 2019 and May 28, 2019
Quarterly Report, April-June 2019	July 12, 2019
Monthly Report, July 2019	July 8, 2019 and July 23, 2019
Monthly Report, August 2019	August 6, 2019 and August 20, 2019
Activity Monitoring, Evaluation and Learning Plan for MCP Revised	May 23, 2019 original submission July 19, 2019 revised submission incorporating USAID comments
Annual Work Plan: Year Five	August 30, 2019 original submission October 11, 2019 revised submission incorporating USAID comments

APPENDIX II

MCP INDICATOR PERFORMANCE

Table. Description of MCP Indicator Progress against Targets, FY19 (cumulative results)

Performance Indicators	Comments & Explanatory Notes
Project Purpose: Grow and Expand Targeted Competitive Industries	
Objective 1: Increased Productivity and Quality (Better Workforce and Adopted Innovation)	
IR 2.2: Improved Private Sector Competitiveness in Selected Industries	
Sub-IR 2.2.1: Increased Productivity	
<p>4. Number of enterprises receiving assistance to improve knowledge, processes, technologies and practices</p>	<p>TARGET ACHIEVED. The four-year cumulative results are impressive. MCP assisted 760 unique companies (adding 143 new assisted companies in FY19) against the established target of 550 unique companies to improve knowledge, processes, technologies and practices. Through this, the cumulative target is exceeded, with a total of 138%. This total also exceeds the life-of-project contractual indicator by 9% (700 target firms), demonstrating an exceptionally robust project outreach.</p> <p>Disaggregation by target sectors shows that 241 companies or 32% of the total 760 companies are from light industry, 209 companies or 27.5% from wine sector, 179 companies or 23.5% from tourism and 131 companies or 17% from the IT cluster. Disaggregated by company size, micro and small companies (595) remained the most actively involved in project activities (335 and 260 respectively), followed by medium companies (134) and large companies (31). Disaggregation by gender shows that 33% of assisted companies are purely women-owned (248 out of 760 companies), increasing from the 30% previously reported.</p>
<p>5. Assisted enterprises applying improved knowledge, processes, and technologies</p>	<p>TARGET ACHIEVED. Of the 760 unique companies assisted since the project launch, 339 companies or 45% of the total assisted have applied improved knowledge, processes and technologies, demonstrating the effectiveness and high levels of adoption of the delivered technical assistance by beneficiary companies. Thus, the four-year target of 290 was overachieved by 17%.</p> <p>The biggest progress was made by the companies from light industry (151 companies or 45% of assisted companies), followed by wine companies (101 companies or 30% of assisted companies), tourism (71 companies, 21%) and IT cluster (16 companies, 5%).</p> <p>Disaggregating by size reveals the following percentage applications for improved knowledge, processes and technologies, compared to the same disaggregation by assisted companies:</p> <ul style="list-style-type: none"> - applied in 42% micro companies: (in 141 from 335 assisted); - applied in 40% small companies: (in 105 from 260 assisted); - applied in 53% medium companies: (in 71 from 134 assisted); - applied in 71% large companies: (in 22 from 31 assisted). <p>Disaggregation by size shows that the application of improved knowledge, processes, and technologies is higher the bigger the company is. Large companies have a qualified workforce, with more competent specialists in different fields, who are more informed and have a better system for applying the improved knowledge processes and technologies.</p>

Performance Indicators	Comments & Explanatory Notes
	<p>Small and micro companies apply their improved knowledge based on the capabilities of their directors, and the decision-making chain is reduced to one-two people that are not necessary specialists in the field.</p> <p>It is important to mention that women-owned companies have a higher percentage of implementation of improved knowledge, processes and technologies – 52% (128 companies implemented from 248 assisted) compared to men-owned companies – 41% (211 implemented from 512 assisted).</p>
<p>6. Assisted enterprises following recognized product or process standards</p>	<p>TARGET ACHIEVED. From a total of 760 unique assisted companies over the four project years, 339 companies have begun to apply improved knowledge, processes and technologies, while 154 companies have begun to follow recognized product or process standards and production methodologies. Thus, the four-year target of 150 was overachieved by 3%.</p> <p>Disaggregated by sector, 98 are winegrowing companies (47% from the total assisted in this industry), 42 from light industry (17% from total assisted), 12 from the tourism sector (7% from total assisted), and 2 from the IT cluster (2% from total assisted). Disaggregated by company size, 51 are micro enterprises, 42 are small and 47 medium-sized companies, and 14 are large enterprises. From a total of 154 supported enterprises, 52 companies or 34% of the group now following recognized product or process standards are owned by women.</p>
<p>7. Individuals receiving job skills aligned with industry needs</p>	<p>TARGET ACHIEVED. In four years, 41,003 individuals participated in activities to receive job skills aligned with industry needs. The four-year cumulative target of 28,500 was overachieved by 44%. The majority of participants, 30,065, are in the IT cluster (73%), which has strengthened and expanded its innovative STEAM initiatives that contribute to upgrading technology education and preparing youth for 21st century careers, instrumental to shifting mentalities and improving knowledge. The IT cluster is followed by light industry, with 6,336 or 15% of the total number of trained beneficiaries, winegrowing, with 3,492 or 9% of total beneficiaries, and finally tourism, with 1,110 or 3% of the total.</p> <p>Of the 41,003 people attending skills training activities, 33,892 or 83% are youth (the highest percentage to date), and 20,084 are women (49%), demonstrating that through targeted trainings, the project is managing to motivate and attract these groups.</p> <p>The highest participation of women was registered in the IT cluster, 12,374, as the project area with the greatest number of participants. This is followed by light industry, which traditionally creates jobs for women (over 90% of total employees within the industry), training 5,529 women in four years (87% of the total 6,336 trained people in this industry).</p> <p>The project's trainings and workshops totaled 50,468 hours, mainly due to the expansion of the Educational Robotics program nationwide to 140 schools (which delivered 46,009 hours). Of the 41,003 project beneficiaries, 3,803 attended community building events, 1,731 in light industry, and 2,072 in the IT, PE, and CSI.</p>
<p>Objective 2. Expanded Market Linkages</p>	
<p>IR 2.2: Improved Private Sector Competitiveness in Selected Industries</p>	
<p>Sub-IR 2.1.2: Increased Access to Finance</p>	
<p>10. Number of assisted enterprises in targeted industries with</p>	<p>TARGET ACHIEVED. The four-year target of 160 unique companies was overachieved by 1%. In total, 161 unique companies accessed financing, of which seven companies are under the umbrella of the DCA activity. Disaggregation of the 154 companies receiving direct assistance indicates that the most active companies were in the winegrowing industry (60, or 39% of the total), followed by companies from light industry (32%), tourism (25%) and IT (4%). Disaggregated by size, 68 or 44% are small companies, 38 or 25% micro, 34 or</p>

Performance Indicators	Comments & Explanatory Notes
increased financing	22% medium, and 14 or 9% large. Disaggregated by gender, 59 or 38% are women owned companies.
11. Financing accessed by assisted enterprises	<p>TARGET ACHIEVED. The financing accessed by assisted companies in the four years of the project reached \$126.3, exceeding the annual target of \$91m by 39%. Direct assistance leveraged \$125m in new investments from and by assisted enterprises, and the remaining \$0.8m was accessed through DCA in energy efficiency, with SMEs and individuals as the qualifying borrowers. Monitored companies disaggregated by industry show the following results: winegrowing industry accessed \$100M or 80% of total, followed by light industry companies with \$20.8m or 17%, and the remaining 3% is shared between tourism and the IT cluster: \$2.8m or 2% and \$1.7m or 1%, respectively. Disaggregated by company size, medium companies, followed by large companies access the most financing for investment purposes to extend their business (50% and 38%, respectively). Gender analysis indicates that a good share of these companies are women-owned, totaling 30% of accessed finance.</p>
Sub-IR 2.2.2: Expended Market Linkages	
2. Increased value of sales facilitated on behalf of assisted enterprises	<p>TARGET ACHIEVED. Overall, four years of MCP direct and indirect support to companies from target industries has generated \$364m in increased sales or \$902m total sales for these companies. The cumulative target of \$190M increased sales was overachieved by 92%. Disaggregated by type of trade, \$250.7m of new sales or \$586m of total sales are exports, \$113.3m are new sales, and \$316m of total sales are domestic sales. Disaggregated by type of assistance (direct and indirect), \$162.2m of increased sales are due to direct support and \$201.8m are from indirect support. These achievements contributed the greatest amount to Year 4 results: \$188m increased sales or \$373m total sales. Direct assistance to monitored companies resulted in increased exports and domestic sales of \$28m, while indirect assistance generated \$160M (99.8% in the IT cluster) in the reported year due to new memberships in the IT virtual park.</p> <p><u>Direct support</u> to 140 monitored enterprises resulted in \$162.2m positive growth (increased sales). At the same time, total sales of assisted enterprises in four years achieved \$699.3m (of which \$212m was in Y4). Disaggregation by market shows that assisted companies registered in four years:</p> <ul style="list-style-type: none"> - \$87.5m export growth, from \$423m total exports (cumulative); - \$74.7m domestic sales growth from \$276m total domestic sales (cumulative). <p>In Y4 alone, the complex support provided to assisted companies generated the following results in sales:</p> <ul style="list-style-type: none"> - \$12.4m export growth out of \$128.9m total export value; - \$15.4m domestic sales growth out of \$83.3m total domestic sales value. <p>Disaggregation by target industries indicates that in four years of MCP assistance, winegrowing companies are responsible for \$93.1m of increased sales, followed by light industry, with \$48.3m increased sales, tourism -\$11.3m and IT cluster -\$9.5m. The impressive growth in the winegrowing industry is due to trade support provided by MCP within the public-private partnerships for encouraging systemic and sustainable change, reorientation of exports to EU, Japan and China market, stimulating exports of the high value-added wines (PGI wine) and providing complex promotion within Wine of Moldova Marketing Platform. The important achievements in light industry are the result of the fact that firms recorded new sales for high value-added products, continuing to shift the industry from export of labor to export of product. The tourism sector keeps increasing its sales, while IT was excluded from direct monitoring in Year 4 because MCP focused on assisting this sector more at the industry level than company level, thus the company sales included for Year 4 are generated by indirect assistance.</p> <p>Of the increased exports of \$87.5m over four years, the winegrowing industry made the biggest contribution with \$47.2m increased exports or 54% of total exports, followed by</p>

Performance Indicators	Comments & Explanatory Notes
	<p>light industry (\$25.9m or 30%), which is consistent with their position as the largest exporting industries. Tourism industry export growth is \$5.8M, or 7% of the total export growth in assisted companies. This is due to sustained MCP assistance in promoting Moldova as a tourism destination, the development of new tourism products, support for the emergence of rural guesthouses, to unlock tourism sector growth. Companies monitored in the IT sector registered \$8.6m exports increase in three years, with Year 4 being excluded from direct monitoring.</p> <p>On the domestic market, total four-year sales increase on the domestic market was valued at \$74.7m, while in Year 4 assisted enterprises registered \$15.4M of increased sales. The leading sectors are the wine industry (\$45.9m or 61% of total increased sales) and light industry (\$22.4m or 30% of total increased sales), underpinned by joint promotion efforts of umbrella national brands DININIMA and Wine of Moldova; Wine Festivals; Moldova Fashion Days and other important activities raising consumer awareness about locally made products.</p> <p>Disaggregated by enterprise size, the highest contribution to four-year sales growth was made by large companies (\$72.5m increased sales or 45%), followed by medium (\$62.8m or 39%), small (\$22.2m or 14%) and micro (\$4.7m or 3%). Gender analysis indicates that in four years, women owned companies contributed \$60.2m or 37% to the total \$162.2m positive growth (increased sales), and \$234.2m or 33% to the \$699.3m total sales.</p> <p><u>Indirect support</u> generated \$201.8m in four years, with \$160.5m in Year 4 alone. 99.8% of this huge increase is due to sales within the IT virtual park. The first IT virtual park opened on January 1, 2018, with MCP support. Members can be physically located anywhere in Moldova, but membership of the virtual park provides pro-business benefits such as a 7% flat tax, compared to 15% of company turnover.</p>
<p>3. Value of new private sector investment in assisted enterprises</p>	<p>TARGET ACHIEVED. The cumulative value of investments in assisted companies reached \$200.9m, exceeding the target for four years of \$150m by \$30m. The total amount of \$200.9m is composed of \$188.4m of investments generated as result of direct assistance to the monitored companies and \$12.5m of investments generated as result of indirect assistance to the IT industry, namely: investments of Starnet internet service provider in the construction of IT Digital Park, and the investments of the IT companies resident in Virtual Park, created with MCP support. In Y4 alone, companies invested \$65.7m, \$61.2m in direct assistance and \$4.5m in indirect assistance. These investments were directed to increasing productivity and product quality, to procurement of new technologies and equipment to grow companies' businesses and to reorient towards producing higher value-added products. For this purpose, and to underline the investments determined by MCP, the high working capital was excluded from several large companies in the wine industry. If these investments are taken into account, the total three-year cumulative value reaches more than \$345m).</p> <p>Disaggregation of direct support by targeted industry indicates that the winegrowing industry is the leader in investments, with \$102.2m cumulative total direct investment (or \$36.2m in Year 4). In part this is due to the high number of monitored companies in the wine sector, including micro and small companies focused on making investments to create and/or develop a new winery. This industry is followed by light industry, with \$52.7m cumulative (or \$23.2m in Year 4). Investments in tourism represent \$4.4m cumulative (or \$1.8m in Year 4). In the IT cluster the cumulative investments of monitored companies represents \$29m, with zero in Year 4. This is because starting from Year 4, IT cluster data are only collected indirectly, with all eight monitored companies being excluded. This is because in the first two years of the project, MCP worked at the company level, but to generate more results and make a greater impact on the entire sector, the project has focused on industry-level initiatives over company-level initiatives for the past two years. As</p>

Performance Indicators	Comments & Explanatory Notes
	<p>a result, MCP indirect assistance in the sector generated \$12.5m cumulative investments and \$4.5m in Y4 alone. This includes the investments generated by companies in the IT Virtual Park, (over 430 in Year 4), generating \$3.2m cumulative or \$2.9m in Year 4, and Starnet's investments in IT Digital Park construction, -\$9.3m cumulative or \$1.6m in Year 4.</p> <p>Disaggregated by enterprise size (direct assistance), the highest contribution was made by medium companies (\$105m cumulative and \$22.5m in Year 4); followed by large companies (\$36m cumulative and 20.6m in Year 4). Small companies' investments are \$32.1M cumulative and \$11.3M in Year 4. Micro companies have low investment potential thus their contribution to this indicator is \$14.89M cumulative and \$6.7M in Year 4.</p> <p>Gender analysis indicates that women-owned companies contributed \$49.1m cumulative (or 26% of total investments) and \$20m in Year 4 (or 33% of total investments), indicating the tendency of women-owned companies to make more investments.</p>
<p>9. Number of enterprises with sales facilitated through USG assistance</p>	<p>TARGET ACHIEVED. During the first four years of MCP implementation, the Project contributed to sales facilitation 362 unique companies on local or on international markets, exceeding the cumulative target of 310 unique companies by 52 companies or by 17%. The project implemented activities facilitating sales for: 163 companies from light industry, 91 companies from the winegrowing industry, 80 companies from the tourism sector and 28 companies from the IT, PE and CSI cluster. Micro and small companies were the most interested in cost-share and participating in project activities aimed at increasing sales (155 companies or 43% and 117 companies or 32%, respectively), followed by medium and large enterprises (69 companies or 19% and 21 companies or 6%, respectively). At the same time, 39% of companies with facilitated sales are women-owned. These great results were achieved as a result of supported participation of assisted companies at international exhibitions, B2B and B2C events and local events facilitating sales (almost 100 such events in Year 4, for details please see activities from section II, under objective 2 for each industry).</p>
<p>12. Number of assisted enterprises in targeted industries with increased investment</p>	<p>TARGET ACHIEVED. Starting from Year 4, MCP began calculating the number of unique enterprises with increased investments, instead of non-unique enterprises as reported in the previous three years. The cumulative four-year result is 272 unique enterprises, exceeding the annual target by 51% and LOP by 9%. From 272 enterprises, 152 are from direct assistance and 120 from indirect assistance. Industry disaggregation for direct assistance is as follows: 61 - in winegrowing industry, 35 - in tourism, 48 - in light industry and 8 – in IT cluster. When disaggregated by size, there are 57 micro, 42 small, 37 medium and 16 large companies with investments. From the total number of companies with investments, 54 or 36% are women owned. In indirect assistance, DCA activity contributed 7 enterprises, while IT Virtual Park contributed 113.</p>
<p>Objective 3. Improved Sector –Enabling Environment and Increased Local Capacity</p>	
<p>IR 2.1: Improved Economic Foundation for Growth</p>	
<p>Sub-IR 2.1.1: Improved Business and Trade Enabling Environment</p>	
<p>13. Number of regulations and administrative procedures eliminated, streamlined or simplified with USG support</p>	<p>TARGET ACHIEVED. Forty-two regulations and administrative procedures were eliminated, streamlined or simplified with MCP support, exceeding by 14 the four-year target. The wine industry is the leading in terms of implementing policy documents for improving business, with 22 documents reported, followed by the tourism industry – with 12 documents and then with IT – 8 documents. In Year 4, five new documents were reported under this indicator, four in the winegrowing industry and one in tourism, as follows:</p> <ul style="list-style-type: none"> • Modification of rules for production and circulation of viticulture planting material (December 12, 2018);

Performance Indicators	Comments & Explanatory Notes
	<ul style="list-style-type: none"> • Amendments to distribution of funds from National Rural Agriculture Development Fund (April 24, 2019); • Amendments to legislation regarding protection plant and quarantine plant health (April 3, 2019); • Empowering ANSA with control functions over PGI/PDO wine and vineyards quality compliance (May16, 2019); • Modification of the Land Code – allowing the construction of tourism facilities on agricultural land without payments (November 17, 2018).
14. Number of Public-Private Partnerships established	<p>TARGET ACHIEVED. In four years, MCP facilitated conceptualization and/or development of 39 transformative partnerships, reaching the four-year cumulative target. Disaggregated by industry, there are: 11 PPPs in wine industry; 7 PPPs in tourism; 5 PPPs in light industry; 16 PPPs in the IT, PE, CSI cluster. The partnerships and cumulative contributions by partner type are listed in Attachment IV.</p>
15. Value of Public-Private Partnerships established	<p>TARGET ACHIEVED. The value of Public-Private Partnerships established in four years of project activity reached \$41.6m, greatly exceeding the cumulative target of \$25m and LOP of \$35m. The PPPs are increasing their sustainability grade each year. The project works to sustain these PPPs, especially in first years of their launch when support is crucial for a great start. As a result, in Y4 the MCP four-year cumulative contribution decreased to 16% of total value, compared to the three-year cumulative contribution of 38%. At the same time, private and local public donors' contributions increased to 83% (59% - private sector and 24%- local public sector), while other donor contributions (other international organizations) is the same -1%. The partnerships and cumulative contributions by partner type are listed in Attachment IV</p>
16. Improved capacity of local institutions	<p>TARGET ACHIEVED. A 59% increase of capacities compared to baseline was registered by monitored associations. The association with the greatest increase is the tourism association ANTRIM -with 77%, followed by the Association of Small Winemakers with 58%, light industry association APIUS with 73% and the Association of Private ICT Companies from Moldova - 29%. Thus, the cumulative target of 50% over baseline was overachieved by an additional 9%.</p>
17. Project-assisted public-private sector dialogue platforms conducted	<p>TARGET ACHIEVED. During its first four years, the Project proactively conducted a total of 56 public-private sector dialogue platforms: 27 in the winegrowing industry, 16 in tourism, 11 in the IT cluster and 2 in light industry. Thus, the cumulative target of 43 platforms was exceeded by 30%. Examples of public-private sector dialogue platforms conducted in Year 4:</p> <ul style="list-style-type: none"> • Memorandum of Understanding with French INAO Institute for sharing experience on implementation of PDO, aiming to develop quality signs and facilitate Moldovan winemakers' access to international markets; • Wine of Moldova 2030 strategy development - top exporters & ONVV Board session; • Presentation of Wine of Moldova and Moldova as a touristic destination in European Parliament; • Working Group Meeting for the 2030 Tourism Strategy Development; • Public-private dialogue between Academy of Arts & COR Creative Association for election of ARTCOR coordination council.

OTHER MCP INDICATORS' PERFORMANCE

Table. Description of MCP Indicators' Progress against Targets, FY19 (cumulative results)

Performance Indicators	Comments & Explanatory Notes
Project Purpose: Grow and Expand Targeted Competitive Industries	
Objective 1: Increased Productivity and Quality (Better Workforce and Adopted Innovation)	
IR 2.2: Improved Private Sector Competitiveness in Selected Industries	
Sub-IR 2.2.1: Increased Productivity	
8. Percentage change in specified productivity measure (sales per employees)	TARGET ACHIEVED. Measured as average sales per employee, the four-year cumulative increase in productivity was 24%, achieving the cumulative target. All industries have a positive average growth, the highest in the winegrowing industry (34%), followed by tourism (24%), light industry (16%) and IT (2%) (IT companies were not monitored in Year 4).
Objective 2. Expanded Market Linkages	
IR 2.2: Improved Private Sector Competitiveness in Selected Industries	
Sub-IR 2.2.2: Expended Market Linkages	
1. Value of domestic and export sales in targeted sectors	<p>TARGET N/A. This indicator reflects industry-level statistical data. The annual data provided by local statistics are for the Moldova fiscal year (January–December), thus the reported data are for 2018. MCP reports non-cumulative data for this indicator. As such, the statistics show that the total value of domestic and export sales in targeted sectors in 2018 was almost \$1,286.8m, of which \$11,108.1m (86%) are for exports and \$178.7m (14%) are for domestic sales. The established target of \$550m was achieved by a factor of two.</p> <p>Disaggregated by industries and types of trade (export and domestic sales):</p> <ul style="list-style-type: none"> - Wine: \$227.7m in 2018 with \$138.6m for exports and \$89.1m for domestic sales; a 15.4m increase versus 2017, with both export and domestic sales contributing to this increase - \$9.4m export increase and \$6m domestic sales increase; - tourism: \$377.8m in 2018, with 65.8m increase versus 2017 (all related to exports since there is no official data on domestic sales); - light industry: \$497m in 2018 with \$427.5m in exports and \$69.5m in domestic sales; a \$30m increase versus 2017, with both export and domestic sales contributing to this increase - \$26m exports increase and \$4m domestic sales increase; - IT: \$184.2m in 2018, with \$164m in exports and \$20m in domestic sales; a \$67.6M increase versus 2017 - \$47.4M exports increase and \$20.2m local sales. Due to the creation of the IT Virtual Park, it was possible to determine local sales for the first time as reports are generated by the IT Virtual Park. <p>Global exports of services have increased by 8% compared to the previous year, while Moldova's exports increased by 18%. At the same time, MCP-supported sectors increased the exports of services by 26%, of which 21% in tourism and 41% in IT. In addition, commercial services' exports of MCP- assisted industries IT & tourism in 2018 increased by 93% compared to 2015. Non-assisted sectors registered a 40% increase in commercial service exports. Global commercial services exports grew by 19% in three years.</p>

Performance Indicators	Comments & Explanatory Notes
	Global merchandise exports have increased by 9% compared to the previous year, while Moldova's exports increased by 12%. At the same time, MCP-supported industries increased their export of services by 7%, of which 7% in light industry and 8% in wine. This slower increase is because the data are calculated over the previous year, and the increase was higher in last two years. Thus, in comparison to 2015, global merchandise exports increased by 21%, while Moldova's exports increased by with 38%, with the increase of light industry and winegrowing totaling 35%.
18. Increased number of market linkages established with USG assistance¹².	TARGET N/A. Over the four years of the project, assisted companies established 15,495 market linkages as a result of MCP support for participation in about 300 international and local exhibitions, B2B and B2C events and marketing campaigns. Under "market linkages" MCP reports any contacts, formal or informal, entered by the assisted enterprise(s) with an existing and/or new client, as a result of MCP assistance. The MCP assistance included marketing-related support, such as participation or exhibition at trade shows, business-to-business (B2B) and business-to-consumer (B2C) events, brand development, promotion, and other. Disaggregated by industry, there were 9,521 market linkages in the winegrowing industry; 1,666 in tourism; 3,996 in light industry and 312 in the IT, PE and CSI cluster.
Objective 3. Improved Sector –Enabling Environment and Increased Local Capacity	
IR 2.1: Improved Economic Foundation for Growth	
Sub-IR 2.1.1: Improved Business and Trade Enabling Environment	
19. Number of innovations supported through USG assistance¹³.	TARGET N/A. In total, 154 innovations were supported by MCP, of which 115 innovations are derived from the SEED fund and 39 from PPPs). Disaggregated by industry, there are: 64 innovations in the wine industry; 29 innovations in light industry; 32 innovations in tourism and 27 innovations in the IT, PE, CSI cluster, while two innovations are cross-cutting. Of the 13 innovations in Y4, 12 are derived from the SEED fund (6 in winegrowing and 6 in tourism) and one from PPPs, in the ICT cluster. SEED Fund initiatives champion innovations in productivity enhancement, export and workforce development, resulting in grants for SMEs and enterprises for the procurement of innovative and groundbreaking equipment such as unmanned aerial vehicles (UAVs) for detection of vineyard health; robotics equipment kits advancing Science, Technology, Engineering and Mathematics (STEM) education across Moldova; 3-D printers and computer-aided design (CAD) for fashion and accessory manufacturers and leather processing, embroidery and special finishes, ink-jet plotters for light industry; and highly performing wine equipment such as chillers, pumps, and double-jacket tanks for the wine sector, all ensuring higher-quality production and productivity across all sectors. The SEED Fund also provides grants for business associations, excellence and innovation centers, collaborative and educational spaces, Protected Geographic Indications (PGI), and other NGOs designed to enhance organizational capacity, quality of member services, content consolidation, and advocacy.

¹² Indicator 18 Increased number of market linkages established with MCP assistance is not part of Project PMP, but is calculated by MCP per USAID purposes.

¹³ The Indicator 19 "Number of innovations supported through USG assistance" is not an MCP PMP indicator. It is calculated per USAID request starting Y3.

Performance Indicators	Comments & Explanatory Notes
<p>20. Number of innovations supported through USG assistance with demonstrated uptake by the private or public sector¹⁴.</p>	<p>TARGET N/A. In total, 154 innovations were supported by MCP, of which 132 demonstrated uptake by the private or public sector. Of the 132 innovations with demonstrated uptake, 113 are derived from the SEED Fund and 39 innovations are implemented from other than SEED fund resources, in partnership with educational institutions, and public and private actors. In Year 4, 13 innovations were supported by MCP, and 20 innovations demonstrated uptake. This result is because some innovations supported by MCP in previous years demonstrated their uptake in the reported year. From these 20 innovations with demonstrated uptake, 17 are in the winegrowing industry, 1 in tourism and 2 in the IT cluster.</p> <p>The results-based SEED Fund and developed partnerships serve as a catalyst to leverage additional private and public investment and focus on capacity building, innovation, quality and productivity enhancement, significantly contributing to the overall direction set by MCP towards higher-value added products, trade development, and access to new markets. The SEED Fund is structured on the premise of investment sustainability through grant recipients' buy-in, demonstrated by self-contributions which exceed MCP financing. For every \$1 invested in grants, the Project has leveraged nearly \$2 in grantee contributions, which underscores the sustainability of the Project interventions. The results are even more impressive for enterprises, including SMEs, where the Project has leveraged \$3.3 in grantee contributions for every \$1 invested to date.</p> <p>MCP facilitated critical partnerships that collectively leverage multi-million resources for shared objectives in reform, trade promotion, workforce development and economic growth. The project facilitates 39 PPPs, from flagship industry leaders like the National Office of Vine and Wine, to sectoral centers of excellence like ZIPhouse, FabLab and Creative Hub-ArtCor, and marketing alliances under country brands (Wine of Moldova, DinNima, and Tree of Life). The total value of these transformative partnerships exceeds \$41.6 million in four years. While Project and other donors' contribution represented 31% of the total amount (MCP -16%, public partners-24%, other donors-1%), the private sector has contributed 9%.</p>

¹⁴ The Indicator 20 "Number of innovations supported through USG assistance with demonstrated uptake by the private or public sector" is not an MCP PMP indicator. It is calculated per USAID request starting Y3.

APPENDIX III

DISAGGREGATED CUMULATIVE RESULTS OF MCP INDICATORS

Indicator	Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achievement, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result	
Project Purpose: Grow and Expand Targeted Competitive Industries									
Objective I: Increased Productivity and Quality (Better Workforce and Adopted Innovation)									
IR 2.2: Improved Private Sector Competitiveness in Selected Industries									
Sub-IR 2.2.1: Increased Productivity									
4	Number of enterprises receiving assistance to improve knowledge, processes, technologies and practices	700	550	760	210	138%	60	109%	143
Target industry disaggregation				760					143
	Wine Industry			209					35
	Tourism			179					47
	Light Industry			241					55
	IT, PE, CSI			131					6
Size disaggregation				760					143
	Micro			335					104
	Small			260					25
	Medium			134					14
	Large			31					-
Gender disaggregation				760					143
	Female ownership			248					64
	No Female ownership			512					79
5	Assisted enterprises applying improved knowledge, processes, and technologies	370	290	339	49	117%	- 31	92%	58
Target industry disaggregation				339					58
	Wine Industry			101					16
	Tourism			71					5

Indicator		Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achievement, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result
	Light Industry			151					36
	IT, PE, CSI			16					1
Size disaggregation				339					58
	Micro			141					41
	Small			105					10
	Medium			71					7
	Large			22					-
Gender disaggregation				339					58
	Female ownership			128					20
	No Female ownership			211					38
6	Assisted enterprises following recognized product or process standards	180	150	154	4	103%	- 26	86%	44
Target industry disaggregation				154					44
	Wine Industry			98					13
	Tourism			12					12
	Light Industry			42					18
	IT, PE, CSI			2					1
Size disaggregation				154					44
	Micro			51					28
	Small			42					7
	Medium			47					9
	Large			14					-
Gender disaggregation				154					44
	Female ownership			52					18
	No Female ownership			102					26
7	Individuals receiving job skills aligned with industry needs	40,000	28,500	41,003	12,503	144%	1,003	103%	14,133
Target industry disaggregation				41,003					14,133
	Wine Industry			3,492					1,565
	Tourism			1,110					362
	Light Industry			6,336					936

Indicator		Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achievement, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result
	IT, PE, CSI			30,065					11,270
Youth disaggregation				41,003					14,133
	Youth participants			33,892					12,367
	Other participants			7,111					1,766
Gender disaggregation				41,003					14,133
	Female ownership			20,084					6,750
	No Female ownership			20,919					7,383
7A	Number of Training HOURS for Individuals receiving job skills			50,468					14,343
Target industry disaggregation				50,468					14,343
	Wine Industry			761					412
	Tourism			341					160
	Light Industry			2,212					532
	IT, PE, CSI			47,154					13,239
7B	YOUTH receiving job skills aligned with industry needs			33,892					12,367
Target industry disaggregation				33,892					12,367
	Wine Industry			1,475					897
	Tourism			694					296
	Light Industry			4,597					745
	IT, PE, CSI			27,126					10,429
7C	Women receiving job skills aligned with industry needs			20,084					6,750
Target industry disaggregation				20,084					6,750
	Wine Industry			1,459					687
	Tourism			722					277
	Light Industry			5,529					810
	IT, PE, CSI			12,374					4,976
Objective 2. Expanded Market Linkages									
IR 2.2: Improved Private Sector Competitiveness in Selected Industries									
Sub-IR 2.1.2: Increased Access to Finance									

Indicator		Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achievement, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result
10	Number of assisted enterprises in targeted industries with increased financing	190	160	161	1	101%	- 29	85%	54
10A	Number of assisted enterprises in targeted industries with increased financing DIRECT ASSISTANCE			154		-			53
Target industry disaggregation				154					53
	Wine Industry			60					19
	Tourism			39					22
	Light Industry			49					12
	IT, PE, CSI			6					-
Size disaggregation				154					53
	Micro			68					32
	Small			38					12
	Medium			34					7
	Large			14					2
Gender disaggregation				154					53
	Female ownership			59					18
	No Female ownership			95					35
10B	Number of assisted enterprises in targeted industries with increased financing through DCA			7					1
	DCA			7					1
11	Financing accessed by assisted enterprises	\$120,000,000	\$91,000,000	\$126,286,047	\$35,286,047	139%	\$6,286,047	105%	\$39,193,062
11A	Financing accessed by assisted enterprises Direct assistance			\$125,519,980					\$39,122,100
Target industry disaggregation				\$125,519,980					\$39,122,100
	Wine Industry			\$100,191,244					\$31,697,104

Indicator		Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achievement, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result
	Tourism			\$ 2,855,470					\$ 277,481
	Light Industry			\$20,791,058					\$ 7,147,516
	IT, PE, CSI			\$1,682,208					\$ -
Size disaggregation				\$125,519,980					\$ 39,122,100
	Micro			\$3,829,453					\$ 1,249,874
	Small			\$11,339,852					\$ 1,691,811
	Medium			\$62,191,211					\$ 16,308,142
	Large			\$48,159,465					\$ 19,872,273
Gender disaggregation				\$125,519,980					\$ 39,122,100
	Female ownership			\$37,926,461					\$ 11,443,434
	No Female ownership			\$87,593,519					\$ 27,678,666
IIB	Financing accessed by enterprises_Indirect assistance			\$766,067					\$ 70,962
	DCA			\$ 766,067					\$ 70,962
Sub-IR 2.2.2: Expended Market Linkages									
2	Increased value of sales facilitated on behalf of assisted enterprises (TOTAL)	\$250,000,000	\$190,000,000	\$363,995,066	\$173,995,066	192%	\$113,995,066	146%	\$ 188,214,432
	TOTAL Sales			\$902,459,954					\$ 373,303,316
2A	Increased value of exports facilitated on behalf of assisted enterprises - DIRECT & INDIRECT ASSISTANCE			\$250,662,374					\$ 142,861,513
	TOTAL Exports			\$586,385,730					\$ 259,422,409
2B	Increased value of domestic sales facilitated on behalf of assisted enterprises - DIRECT & INDIRECT ASSISTANCE			\$113,332,692					\$ 45,352,920
	TOTAL Domestic Sales			\$316,074,224					\$ 113,880,907
2.1	Increased value of sales facilitated on behalf of assisted enterprises (DIRECT ASSISTANCE)			\$162,208,474					\$ 27,739,010

Indicator	Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achievement, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result
Target industry disaggregation			\$162,208,474					\$ 27,739,010
Wine Industry			\$93,104,054					\$ 20,652,015
Tourism			\$11,271,400					\$ 2,830,728
Light Industry			\$48,340,375					\$ 4,256,267
IT, PE and CSI			\$9,492,643					\$ -
Size disaggregation			\$162,208,473					\$ 27,739,010
Micro			\$4,678,134					\$ 1,778,677
Small			\$22,206,554					\$ 3,950,180
Medium			\$62,786,387					\$ 15,941,350
Large			\$72,537,398					\$ 6,068,804
Gender disaggregation			\$162,208,473					\$ 27,739,010
Female ownership			\$60,246,277					\$ 13,914,585
No Female ownership			\$101,962,196					\$ 13,824,425
TOTAL Sales of assisted enterprises			\$699,272,149					\$ 212,220,009
Target industry disaggregation			\$699,272,149					\$ 212,220,009
Wine Industry			\$419,449,620					\$ 143,173,174
Tourism			\$27,971,038					\$ 8,934,562
Light Industry			\$225,289,215					\$ 60,112,273
IT			\$26,562,275					\$ -
Size disaggregation			\$699,272,149					\$ 212,220,009
Micro			\$13,924,818					\$ 6,025,231
Small			\$65,444,176					\$ 19,715,729
Medium			\$287,977,015					\$ 92,544,147
Large			\$331,926,140					\$ 93,934,902
Gender disaggregation			\$699,272,149					\$ 212,220,009
Female ownership			\$234,228,220					\$ 73,037,595
No Female ownership			\$465,043,929					\$ 139,182,414
2.1 A Increased value of exports facilitated on behalf of assisted enterprises (DIRECT ASSISTANCE)			\$87,549,882					\$ 12,359,289
Target industry disaggregation			\$ 87,549,882					\$ 12,359,289
Wine Industry			\$ 47,206,906					\$ 10,361,853

Indicator		Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achievement, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result
	Tourism			\$ 5,764,089					\$ 539,217
	Light Industry			\$ 25,947,429					\$ 1,458,219
	IT cluster			\$ 8,631,458					\$ -
Size disaggregation				\$87,549,882					\$ 12,359,289
	Micro			\$1,165,514					\$ 231,200
	Small			\$10,982,337					\$ 801,722
	Medium			\$44,907,981					\$ 10,320,865
	Large			\$30,494,050					\$ 1,005,501
Gender disaggregation				\$87,549,882					\$ 12,359,289
	Female ownership			\$34,066,445					\$ 8,957,692
	No Female ownership			\$53,483,436					\$ 3,401,597
TOTAL Exports of assisted enterprises				\$ 23,273,238					\$ 128,920,185
Target industry disaggregation				\$ 423,273,238					\$ 128,920,185
	Wine Industry			\$ 64,228,391					\$ 90,281,525
	Tourism			\$ 15,254,543					\$ 4,750,550
	Light Industry			\$ 33,824,012					\$ 33,888,110
	IT cluster			\$ 9,966,293					\$ -
Size disaggregation				\$ 23,273,238					\$ 128,920,185
	Micro			\$ 2,894,610					\$ 1,163,660
	Small			\$ 34,130,207					\$ 10,329,581
	Medium			\$ 88,804,261					\$ 62,776,169
	Large			\$197,444,161					\$ 54,650,775
Gender disaggregation				\$ 423,273,238					\$ 128,920,185
	Female ownership			\$154,996,423					\$ 46,552,087
	No Female ownership			\$268,276,815					\$ 82,368,097
2.1 B	Increased value of domestic sales facilitated on behalf of assisted enterprises (DIRECT ASSISTANCE)			\$ 74,658,592					\$ 15,379,722
Target industry disaggregation				\$ 74,658,592					\$ 15,379,722
	Wine Industry			\$ 45,897,149					\$ 10,290,163
	Tourism			\$ 5,507,312					\$ 2,291,511
	Light Industry			\$ 22,392,946					\$ 2,798,048
	IT cluster			\$ 861,185					\$ -

Indicator	Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achievement, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result
Size disaggregation			\$ 74,658,592					\$ 15,379,722
Micro			\$ 3,512,620					\$ 1,547,476
Small			\$11,224,217					\$ 3,148,458
Medium			\$17,878,406					\$ 5,620,485
Large			\$42,043,348					\$ 5,063,303
Gender disaggregation			\$74,658,592					\$ 15,379,722
Female ownership			\$26,179,832					\$ 4,956,893
No Female ownership			\$48,478,760					\$ 10,422,828
TOTAL Domestic Sales of assisted enterprises			\$ 275,998,911					\$ 83,299,825
Target industry disaggregation			\$ 275,998,911					\$ 83,299,825
Wine Industry			\$ 155,221,230					\$ 52,891,649
Tourism			\$ 12,716,496					\$ 4,184,013
Light Industry			\$ 91,465,203					\$ 26,224,163
IT cluster			\$ 16,595,982					\$ -
Size disaggregation			\$ 275,998,911					\$ 83,299,825
Micro			\$ 11,030,209					\$ 4,861,571
Small			\$ 31,313,969					\$ 9,386,149
Medium			\$ 99,172,755					\$ 29,767,978
Large			\$ 134,481,979					\$ 39,284,127
Gender disaggregation			\$ 275,998,911					\$ 83,299,825
Female ownership			\$ 79,231,797					\$ 26,485,508
No Female ownership			\$ 196,767,114					\$ 56,814,317
2.2 Increased value of sales facilitated on behalf of assisted enterprises (INDIRECT ASSISTANCE)			\$201,786,592					\$ 160,475,422
Target industry disaggregation			\$201,786,592					\$ 160,475,422
Wine Industry			\$ -					\$ -
Tourism			\$ -					\$ -
Light Industry			\$ 1,053,530					\$ 368,445
IT, PE and CSI			\$ 200,733,062					\$ 160,106,977
TOTAL Sales			\$ 203,187,805					\$ 161,083,307
Target industry disaggregation			\$203,187,805					\$ 161,083,307
Wine Industry			\$ -					\$ -
Tourism			\$ -					\$ -
Light Industry			\$ 2,454,743					\$ 976,330

Indicator		Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achievement, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result
	IT, PE and CSI			\$ 200,733,062					\$ 160,106,977
2.2 A	Increased Exports			\$163,112,492					\$ 130,502,224
	Virtual IT Park			\$163,112,492					\$ 130,502,224
	TOTAL Exports			\$ 163,112,492					\$ 130,502,224
	Virtual IT Park			\$ 163,112,492					\$ 130,502,224
2.2 B	Increased Domestic Sales			\$ 38,674,100					\$ 29,973,198
	DinNima new common shops			\$ 1,053,530					\$ 368,445
	Virtual IT Park			\$ 37,620,570					\$ 29,604,753
	TOTAL Domestic Sales			\$ 40,075,313					\$ 30,581,083
	DinNima new common shops			\$ 2,454,743					\$ 976,330
	Virtual IT Park			\$ 37,620,570					\$ 29,604,753
3	Value of new private sector investment in assisted enterprises	\$170,000,000	\$150,000,000	\$200,853,154	\$50,853,154	134%	\$30,853,154	118%	\$65,720,109
3.1	Value of new private sector investment in assisted enterprises (DIRECT ASSISTANCE)			\$188,360,484					\$ 61,170,975
	Target industry disaggregation			\$188,360,484					\$ 61,170,975
	Wine Industry			\$102,214,811					\$ 36,166,967
	Tourism			\$4,432,132					\$ 1,828,565
	Light Industry			\$52,740,613					\$ 23,175,444
	ICT			\$28,972,928					\$ -
	Size disaggregation			\$188,360,484					\$ 61,170,975
	Micro			\$14,921,629					\$ 6,723,359
	Small			\$32,077,478					\$ 11,285,756
	Medium			\$105,367,207					\$ 22,553,427
	Large			\$ 35,994,169					\$ 20,608,433
	Gender disaggregation			\$188,360,484					\$ 61,170,975
	Female ownership			\$49,115,601					\$ 19,999,527
	No Female ownership			\$139,244,883					\$ 41,171,448
3.2	Value of new private sector investment in assisted			\$12,492,670					\$ 4,549,134

Indicator		Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achievement, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result
enterprises (INDIRECT ASSISTANCE)									
Target Activity				\$ 12,492,670					\$ 4,549,134
	Starnet Investments in IT Digital Park			\$ 9,254,010					\$ 1,636,756
	Investments of residents of IT virtual Park			\$ 3,238,660					\$ 2,912,378
9	Number of enterprises with sales facilitated through USG assistance	350	310	362	52	117%	12	103%	62
Target industry disaggregation				362					62
	Wine Industry			91					17
	Tourism			80					9
	Light Industry			163					32
	IT, PE, CSI			28					4
Size disaggregation				362					62
	Micro			155					47
	Small			117					10
	Medium			69					5
	Large			21					-
Gender disaggregation				362					62
	Female ownership			141					26
	No Female ownership			221					36
12	Number of assisted enterprises in targeted industries with increased investment (DIRECT & INDIRECT ASSISTANCE)	250	180	272	92	151%	22	109%	83
	Number of assisted enterprises in targeted industries with increased investment (DIRECT ASSISTANCE)			152					23
Target industry disaggregation				152					23

Indicator		Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achievement, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result
	Wine Industry			61					9
	Tourism			35					14
	Light Industry			48					0
	IT, PE, CSI			8					-
Size disaggregation				152					23
	Micro			57					17
	Small			42					5
	Medium			37					-
	Large			16					1
Gender disaggregation				152					23
	Female ownership			54					5
	No Female ownership			98					18
Number of assisted enterprises in targeted industries with increased investment (DIRECT ASSISTANCE)				120					60
	DCA			7					1
	IT Virtual Park			113					59
Objective 3. Improved Sector –Enabling Environment and Increased Local Capacity									
IR 2.1: Improved Economic Foundation for Growth									
Sub-IR 2.1.1: Improved Business and Trade Enabling Environment									
13	Number of regulations and administrative procedures eliminated, streamlined or simplified with USG support	45	28	42	14	150%	- 3	93%	5
Target industry disaggregation				42					5
	Wine Industry			22					4
	Tourism			12					1
	Light Industry			0					-
	IT, PE, CSI			8					-
14	Number of Public-Private	40	39	39	0	100%	- 1	98%	1

Indicator	Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achievement, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result
Partnerships established								
Target industry disaggregation			39					1
Wine Industry			11					-
Tourism			7					-
Light Industry			5					-
IT, PE, CSI			16					1
15 Value of Public-Private Partnerships established	\$35,000,000	\$25,000,000	\$41,646,357	\$16,646,357	167%	\$6,646,357	119%	\$ 10,908,707
Target industry disaggregation			\$41,646,357					\$ 10,908,707
Wine Industry			\$ 20,274,198					\$ 6,009,305
Tourism			\$ 2,588,028					\$ 711,271
Light Industry			\$ 2,318,774					\$ 742,965
IT, PE, CSI			\$ 16,465,357					\$ 3,445,166
Contributor's disaggregation			\$ 41,646,357					10,908,707
Project contribution			\$ 6,670,557					\$ 1,435,344
Private Partners contribution			\$ 24,612,448					\$ 5,464,141
Public Partners contribution			\$ 9,954,492					\$ 3,868,796
Other Donors contribution			\$ 408,860					\$ 140,426
16 Improved capacity of local institutions*	+60% over baseline	+50% over baseline	+59% over baseline	+9%	118%	-1%	98%	+59% over baseline
Target industry disaggregation			59%					59%
Wine Industry (ASW)			58%					58%
Tourism (ANTRIM)			77%					77%
Light Industry (APIUS)			73%					73%
IT (ATIC)			29%					29%
17 Project-assisted public-private sector dialogue platforms conducted	50	43	56	13	130%	6	112%	17
Target industry disaggregation			56					17
Wine Industry			27					13
Tourism			16					2
Light Industry			2					-
IT, PE, CSI			11					2

DISAGGREGATED CUMULATIVE RESULTS OF OTHER MCP INDICATORS

Indicator	Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achieved, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result	
Project Purpose: Grow and Expand Targeted Competitive Industries									
Objective 1: Increased Productivity and Quality (Better Workforce and Adopted Innovation)									
IR 2.2: Improved Private Sector Competitiveness in Selected Industries									
Sub-IR 2.2.1: Increased Productivity									
8	Percentage change in specified productivity measure (sales per employees)	20%	24%	24%	0%	100%	120%	120%	10.95%
8A	Number of employees	N/A	N/A	N/A					10,068
	Target industry disaggregation			4-years average					
	Wine Industry, Productivity (in %)			34%					18%
	number of employees								3,856
	Tourism, Productivity (in %)			24%					6%
	number of employees								313
	Light Industry, Productivity (in %)			16%					6%
	number of employees								5,899
	IT, Productivity (in %)			2%					N/A
	number of employees								0
	Size disaggregation			4-years average					
	Micro, Productivity (in %)			44%					26.55%
	number of employees								471
	Small, Productivity (in %)			19%					-0.95%
	number of employees								933
	Medium, Productivity (in %)			16%					7.17%
	number of employees								3,804
	Large, Productivity (in %)			13%					-3.01%
	number of employees								4,860
	Gender disaggregation			4-years average					
	Female ownership, Productivity (in %)			23%					19.83%
	number of employees								3,724
	No Female ownership, Productivity (in %)			27%					11.86%
	number of employees								6,344
Objective 2. Expanded Market Linkages									

Indicator	Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achieved, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result
IR 2.2: Improved Private Sector Competitiveness in Selected Industries								
Sub-IR 2.2.2: Expended Market Linkages								
17	Value of domestic and export sales in targeted sectors in 2018	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1,286,810,015
	Target industry disaggregation							\$ 1,286,810,015
	Wine Industry							\$ 227,700,753
	Tourism							\$ 377,840,000
	Light Industry							\$ 497,041,031
	IT, PE and CSI							\$ 184,228,231
	Value of exports in targeted sectors							\$ 1,108,081,684
	Wine Industry							\$ 138,594,666
	Tourism							\$ 377,840,000
	Light Industry							\$ 427,587,018
	IT, PE and CSI							\$ 164,060,000
	Value of domestic sales in targeted sectors							\$ 178,728,331
	Wine Industry							\$ 89,106,087
	Tourism							\$ -
	Light Industry							\$ 69,454,013
	IT, PE and CSI							\$ 20,168,231
18	Increased number of market linkages established with USG assistance	N/A	N/A	15,495	N/A	N/A	N/A	5,867
	Target industry disaggregation			15,495			-	5,867
	Wine Industry			9,521				3,423
	Tourism			1,666				777
	Light Industry			3,996				1,660
	IT, PE, CSI			312				7
Objective 3. Improved Sector –Enabling Environment and Increased Local Capacity								
IR 2.1: Improved Economic Foundation for Growth								
Sub-IR 2.1.1: Improved Business and Trade Enabling Environment								
19	Number of innovations supported through USG assistance	N/A		154	154	N/A	N/A	13
	Target industry disaggregation			154			-	13
	Wine Industry			64				6
	Tourism			32				6
	Light Industry			29				0
	IT, PE, CSI			27				1
	Cross-cutting			2				0

Indicator	Life of Project (LOP) Target	YEAR 4 Cumulative Target	YEAR 4 Cumulative Result	YEAR 4 Cumulative Result versus Target	YEAR 4 Cumulative Target achieved, %	Cumulative Result versus LOP	LOP achievement, %	Y4 Result
20 Number of innovations supported through USG assistance with demonstrated uptake by the private or public sector	N/A		132	132	N/A	N/A	N/A	20
Target industry disaggregation			132			-	-	20
Wine Industry			57					17
Tourism			22					1
Light Industry			28					0
IT, PE, CSI			24					2
Cross-cutting			1					0

