MOLDOVA COMPETITIVENESS PROJECT

QUARTERLY PROGRESS REPORT

OCTOBER 1 – DECEMBER 31, 2019
PHOTO CAPTION: Owners of "Casa din Lunca" rural guesthouse and the diplomatic community decorate the Christmas tree.
PHOTO CREDIT: MCP

DISCLAIMER

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<th>Description</th>
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<tbody>
<tr>
<td>AGLT</td>
<td>Association of Guides, Lecturers, and Translators</td>
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<tr>
<td>ANTRIM</td>
<td>National Association for Inbound Tourism</td>
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<td>APIUS</td>
<td>Employers Association of Light Industry</td>
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<td>ASW</td>
<td>Association of Small Wineries</td>
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<tr>
<td>ATIC</td>
<td>Moldovan Association of Private ICT Companies</td>
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<tr>
<td>B&amp;B</td>
<td>Bed &amp; Breakfast</td>
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<td>B2B</td>
<td>Business to Business</td>
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<tr>
<td>B2C</td>
<td>Business to Company</td>
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<tr>
<td>BSCI</td>
<td>Business Social Compliance Initiative</td>
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<td>CEED</td>
<td>Competitiveness Enhancement and Enterprise Development</td>
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<tr>
<td>CIS</td>
<td>Commonwealth of Independent States</td>
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<td>COP</td>
<td>Chief of Party</td>
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<tr>
<td>COR</td>
<td>Association of Creative Companies</td>
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<tr>
<td>DCFTA</td>
<td>Deep and Comprehensive Free Trade Agreement</td>
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<td>DCOP</td>
<td>Deputy Chief of Party</td>
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<td>DO</td>
<td>Development Objective</td>
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<td>EU</td>
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<td>FCL</td>
<td>Future Classroom Lab</td>
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<td>Future Fashion Alliance</td>
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<td>FOB</td>
<td>Free on board</td>
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<td>FW</td>
<td>Fall Winter collection</td>
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<td>FY</td>
<td>Fiscal Year</td>
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<td>HOT</td>
<td>Hands on Tourism Guide Training</td>
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<td>ICT</td>
<td>Information and Communications Technology</td>
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<td>IFAB</td>
<td>Independent Fashion Advisory Board</td>
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<td>IoT</td>
<td>Internet of Things</td>
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<td>ISO</td>
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<td>K</td>
<td>Thousands</td>
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<td>LAG</td>
<td>Local Action Groups</td>
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<td>LPA</td>
<td>Local Public Authorities</td>
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<td>LOP</td>
<td>Life of Project</td>
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<tr>
<td>M</td>
<td>Millions</td>
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<tr>
<td>MBW</td>
<td>Moldova Business Week</td>
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<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>MIA</td>
<td>Moldovan Investment Agency</td>
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<td>MoEI</td>
<td>Ministry of Economy &amp; Infrastructure</td>
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<tr>
<td>MICE</td>
<td>Meetings, Incentives, Conferences, and Events Tourism</td>
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<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>OH&amp;S policy</td>
<td>Occupational health and safety policy</td>
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<td>ONVV</td>
<td>National Office of Vine and Wine</td>
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<tr>
<td>PDO</td>
<td>Protected Designation of Origin</td>
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<tr>
<td>PGI</td>
<td>Protected Geographical Indication</td>
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<td>PMU</td>
<td>Project Management Unit</td>
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<td>PPP</td>
<td>Public Private Partnership</td>
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<tr>
<td>PR</td>
<td>Public Relations</td>
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<td>PQUP</td>
<td>Product Quality Upgrading Program</td>
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<td>Q</td>
<td>Quarter</td>
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<tr>
<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>SEED</td>
<td>Sector, Engagement, Enhancement, and Development Fund</td>
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<tr>
<td>SMART</td>
<td>Streamline Manufacturing, Accountability, Resource Efficiency, and Transparency</td>
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<tr>
<td>SME</td>
<td>Small and Medium Size Enterprise</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>STEAM</td>
<td>Science, Technology, Engineering, Arts and Math</td>
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<td>STTA</td>
<td>Short-term Technical Assistance</td>
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<td>TBD</td>
<td>to be determined</td>
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<td>TIC</td>
<td>Tourism Information Center</td>
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<tr>
<td>TOT</td>
<td>Training of Trainers</td>
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<tr>
<td>ToL</td>
<td>Tree of Life</td>
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<tr>
<td>TUM</td>
<td>Technical University of Moldova</td>
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<tr>
<td>TIS</td>
<td>Tourism Industry Strategy</td>
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<tr>
<td>TtT</td>
<td>Train the Trainer Training</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>USD</td>
<td>United States Dollar</td>
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<tr>
<td>USG</td>
<td>United States Government</td>
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<tr>
<td>WFTGA</td>
<td>World Federation of Tourist Guide Associations</td>
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<tr>
<td>WoM</td>
<td>Wine of Moldova</td>
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<tr>
<td>WSET</td>
<td>Wine &amp; Spirit Education Trust</td>
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<td>Y</td>
<td>Year</td>
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EXECUTIVE SUMMARY

WINEGROWING INDUSTRY

In Q1Y5, MCP continued to improve the quality of Moldovan wine production through technical trainings and mentoring. With MCP assistance, Moldovan wineries won 799 awards at international competitions. The project invested in viticulture research and knowledge development for key decision makers and initiated the development of a sectorial strategy to ensure the sustainable growth of Wine of Moldova on foreign export markets.

**Increasing productivity, quality and skills:** MCP kicked off its winemaking assistance during the 2019 harvest season under the Association of Small Winemakers Mentorship Program and Product Quality Upgrade Program (PQUP), and deployed marketing support for quality program graduates. The project also invested in the winegrowing sector, training 20 Moldovan sommeliers and winery sales and marketing specialists through the internationally recognized Wine & Spirit Education Trust (WSET) certification program and provided over 40 industry professionals with updated knowledge on various subjects from three world renowned sommeliers.

**Improving market linkages:** Wine of Moldova continues to diversify export destinations and strengthen its position on key export markets. New market linkages were established, and Moldovan wine won 9 new medals at international competitions reaching an impressive total of 799 awards in 2019. Preliminary export statistics show continuous growth in volumes shipped to key export markets, especially to China (+47.1%).

**Strengthening business enabling environment:** MCP contributes to improving the regulatory and legislative framework impacting Moldova’s wine industry and continues to strengthen the National Office of Vine and Wine by increasing its accountability and transparency. MCP relaunched the development of the National Wine Strategy, leading Moldova’s winegrowing sector towards sustainable growth.

Photo caption: Attendees experience Moldovan wines at Stockholm food and wine festival. Photo credit: Wine of Moldova, Facebook
TOURISM INDUSTRY

In Q1Y5, MCP continued to strengthen Moldova’s tourism hospitality infrastructure, increase awareness of the country as a new tourism destination, facilitate the creation of direct market linkages for local tourism businesses, and create a new strategic vision for Moldova’s tourism industry.

**Increasing productivity, quality, and skills:** MCP initiated the second phase of the Wine Trail project, which will install around 150 new road tourism signs before June 2020. The project assisted the launch of two guest houses in Orheiul Vechi and Stefan Voda regions, and improved tourism experiences with the establishment of new soft adventure routes in the Stefan Voda region. As a result of project support, two wineries improved their hospitality services, with one developing new accommodation spaces. Over 100 tourism specialists were trained in product development and new marketing tools by MCP international consultants within the Moldova Tourism Strategy development process and Moldova Business Week. Moreover, MCP supported 25 guides to obtain international World Federation of Tourism Guides Associations (WFTGA) accreditation, and employees from 19 hotels benefited from MCP-supported hotel industry trainings.

**Improving market linkages:** The project focused on expanding international awareness about Moldova as a tourism destination through worldwide media coverage. MCP organized seven press trips for more than 60 journalists from target markets in collaboration with the National Inbound Tourism Association (ANTRIM) and Wine of Moldova. With support from MCP, in partnership with ANTRIM and Moldovan Investment Agency (MIA), Moldova was also promoted at three major tourism fairs in Italy, Poland and Scandinavia during the reporting quarter.

**Strengthening business enabling environment:** MCP continued the intense effort on the new Tourism Industry Strategy (TIS) and action plan for Moldova by providing world class experts to assist the work of the Moldovan government. The parties involved finalized Moldova’s 2030 TIS vision as well as its general and strategic objectives. MCP also continued its assistance in the Purcari region by supporting the consolidation of the tourism potential within local public authorities (LPA) and local action groups (LAG).

Photo caption: The Benzing family welcomes guests with bread and salt at the opening of an additional facility at “Casa din Lunca” guesthouse. Photo credit: MCP
In Q1Y5, MCP investment in skills development strengthened the competitiveness of emerging fashion entrepreneurs, and a continued focus on improving manufacturing efficiency resulted in a 22% increase in productivity in beneficiary companies. MCP assisted the development of a comprehensive database of more than 120 light industry manufacturers, the majority of which are also members of the Light Industry business association APIUS.

**Increasing productivity and quality:** MCP continued to support the implementation of innovation in Moldovan apparel companies through new technology, organizational methods, and efficient implementation of Quality Management System and international social compliance standards. In addition, 23 Moldovan production specialists learned best practices in free on board (FOB) production, productivity enhancement methods and 3D fashion design software. As result of the MCP SMART program investments, Coralav-Lux experienced a 26% increase in productivity and 15% increase in salaries. In general, Moldovan apparel companies face many challenges with increasing productivity and as a result, continue to lag behind European countries. To increase labor productivity and competitiveness, MCP continues to introduce SMART program elements to the Moldovan apparel industry such as design, productivity, resource efficiency, social standards, and transparency.

**Improving market linkages:** Nine Moldovan designers, including one emerging designer, specialized in sustainable fashion, and slow fashion and handmade fashion accessories were promoted on niche German, Italian and Romanian markets. Moldovan designers made $31,000 USD worth of on-the-spot sales at B2C international sale exhibitions in Italy and Germany and at Pop-up shops in Romania.

**Strengthening business enabling environment:** MCP supports Employers Association of Light Industry (APIUS) and ZIPhouse to set strategies, build new partnerships and become financially sustainable institutions by enforcing the collection of membership fees and expanding the services rendered to their members and residents. In Q1Y5, APIUS attracted three new members. With MCP support, APIUS consolidated industry data into a single national fashion catalogue comprising more than 120 industry manufacturers. ZIPhouse has connected with 14 members of the Future Fashion Alliance in the UK, joining forces with fashion media platforms, while promoting local fashion brands and partnering up on future fashion events.
INFORMATION TECHNOLOGY, ENGINEERING AND CREATIVE SERVICES

MCP continued to strengthen Moldovan Science, Technology, Engineering, Arts and Math (STEAM) education through investments in skills development and education hubs. The project focused on industry ecosystem development, helping Moldova’s first virtual and physical IT Parks to begin recruiting members, and supporting the creative industries to grow their industry association.

Increasing productivity, quality, and skills: Educational Robotics teams won prizes at national competitions in Moldova and Romania, and two teams will go on to compete in Estonia and Detroit. 55 teachers and 21 coding mentors developed their technological and pedagogical skills to improve Moldovan STEAM education, and creative industry entrepreneurs improved design and business skills at courses in Moldova and Ukraine. Work progressed on the Balti Innovation Center, Chisinau Creative Hub, and Makers Space. Additionally, new IT and Engineering labs opened at the Technical University of Moldova (TUM) with public-private investment. Moldova’s first physical IT Park began advertising for tenants, strengthening the industry infrastructure and ecosystem.

Improving market linkages: Moldovan creative company Asto Studio fulfilled a graphics export contract to Hollywood following business to business networking activities in Q1 Y5. Also, the Youbesc production company established connections and developed partnerships at the 2018 Berlinale film festival in Germany.

Strengthening business enabling environment: Since its launch in January 2018, Moldova’s first Virtual IT park gained over 560 members to take advantage of its pro-business benefits. MCP continued to support amendments to the IT Sector Competitiveness Strategy and Law Nr. 77 on IT parks to ensure the whole sectoral ecosystem is supported. The new Creative Industries Association reached 30 members.
SECTION I

PROJECT TECHNICAL INTERVENTIONS DURING FY20 Q1

Chemonics International Inc. (Chemonics) and its partners, J. E. Austin Associates, Inc. and Bhavana World Project, are pleased to submit to the United States Agency for International Development (USAID), the Government of Sweden, and UK aid, this Quarterly Report covering the period from October 1 through December 31, 2019.

WINEGROWING INDUSTRY

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

PROGRAM 1. Upgrading quality and driving innovation in viticulture and winemaking

Activity 1.1 ASW (Association of Small Winemakers) Mentorship Program - support in emergence and development of small wine producers

MCP continues to assure the qualitative development of emerging small winemakers and start-up wineries during the 2019 production season

According to ASW Mentorship program design, MCP matched technological endowments (through grants) with technical support, allocating winemaking consultants to assist emerging small winemakers to upgrade form ‘peasant’ wine production to a level compatible with ASW quality. Considering the long equipment acquisition cycle, several of the new small winemakers within the third program intake (i.e. Wintage, GT Serghei Gherghelejiu, Rumix Stil, Miron Vladimir, Vasile Tataru, etc.) have not been able to use winemaking equipment purchased in previous years, so the 2019 production season was the first time that they were able to fully use modern equipment and winemaking practices. As such, MCP allocated over 160 level of effort days delivered by four consultants to assist the Mentorship program beneficiaries. Although the production season is not yet considered finalized, the feedback from consultants on the achieved quality leap is positive, and MCP expects that three to five new wineries will showcase their products at the spring edition of the bi-annual Wine Vernissage in 2020.
MCP deploys development of brand identities, label design and marketing plans for four Mentorship program ‘graduates’

As the logical next step in MCP assistance, and in consistent with the project’s general approach, the project provided marketing consultancy for four small wineries enrolled in the 3rd intake of the ASW mentorship program: Liust Crist, Tataru Vasile, Vladimir Miron and Vinaria Lupascu. The consultant visited the wineries, developed briefs for design companies and helped each small winemaker to select suppliers to develop their winery names, brand identities and labeling concepts. As a further step, MCP will cost share the production of corporate promotional materials with the wineries and will allocate funds for promotional activities depending on annual marketing plans developed by the project consultant.

Five new small winery projects identified and motivated to apply to MCP support

In Q1Y5, MCP, with the support of ASW and ONVV, identified five new prospective beneficiaries of the ASW Mentorship program and performed primary assessment visits. These small wine producers were evaluated during the grant’s selection committee in December, along with applications from 10 current beneficiaries. As such, the Winegrowing technical team has proposed that financing applications from 11 wineries be put forward. These are still under examination and pending a final decision from the selection committee. The new grant agreements are expected to be signed during Q2 and the implementation stage to be deployed during the upcoming two quarters.

MCP continues to strengthen ASW, launching its first “association level support services” to its members

In the reporting quarter, following an ASW executive team request, MCP deployed its first assistance through the association umbrella aimed at ensuring the compliance of small winemakers with current laws and normative documents that apply to the foodstuff and/or production industries. As such, 12 small wineries were supported to pass Moldova’s mandatory labor security trainings, resulting in a certified specialist within their stuff, and a further 15 ASW members have been assisted to develop the mandatory set of internal documents. MCP subsequently conducted initial appraisals and price evaluations on the costs of development of waste-water treatment schemes and the ecological levies.
calculation. This latter is still in the process of being implemented, and depending on the
general appraisal results and costs, MCP will decide upon further support offered to small
winemakers. These aspects are particularly important in the context of the sectorial strategy
development where ‘sustainability’ is viewed as a key pillar of the development of the
winegrowing industry, as small winemakers often serve as a model for larger enterprises,
MCP envisages that ensuring full compliance of ASW members with ecological norms will
have a cross-sector impact. Notably, in the current year the state has included water
purification and waste water management units in the list of eligible investments for
subsidies, thus incentivizing all sector participants even further.

**Activity 1.2. Strengthen and expand PQUP (Product Quality Upgrading Program)**

**MCP continues to ensure quality enhancement at ‘transitional wineries’ during
2019 harvest**

As per Product Quality Upgrading Program (PQUP) design, in the
2019 harvest season (September 2019 – February 2020), MCP exited
from top performing wineries where the majority of wines
produced under the supervision of Project’s consultants were
recognized as compliant with Wine of Moldova and/or Protected
Geographical Indication standards, or have received medals at
international wine competitions. By
common agreement with the beneficiaries, Vinaria Hincesti, Vinuri de Comrat and Podgoria
Vin ‘graduated’ from the program. However, MCP continues to assist these wineries via
other programs, particularly offering marketing support, assistance for tourism product
development and export boosting under the Export Support Program. MCP allocated
almost 130 level of effort days delivered by four winemaking consultants to continue quality
enhancement and conversion from bulk to bottled wine production to 12 mid to large
wineries, matching them with concomitant support on the development of new ‘premium’
wine ranges and/or winery brand development where needed. As such, during the winter
edition of the Wine Vernissage, which took place in December 2019, Saiti winery was
introduced to the public of wine connoisseurs under its new brand name Enoteria Platon
with MCP support, and was highly appreciated by all stand visitors.

**MCP started an ambitious brand uplifting and image enhancement program at
Milestii Mici**

Milestii Mici is one of the most important landmarks for wine tourism in Moldova, being a
Guinness World Record Bearer for the largest wine collection stored in the widest wine
cells in the world. This winery benefited from MCP assistance for quality enhancement
during the harvest seasons of 2016 and 2017, which brought remarkable results including
launching PGI compliant wines. However, MCP made the decision to put this support ‘on
hold’ due to a highly politicized management team that was also resistant to needed changes.
In Q1Y5, a new general manager was appointed after winning an open competition, and MCP resumed its long-reserved marketing support. After discussion with the new manager and reaching a common understanding that Milestii Mici needs an upgrade in terms of visual identity, labeling and product design, MCP has agreed (amongst other tourism and promotional activities) to re-offer its support. MCP has identified and mediated the contracting of one of the top branding and design agencies in Moldova, that has agreed to implement the project for a relatively modest budget. MCP will cost share a part of the anticipated works.

**Two new prospective grantees are expected to receive technological endowments under PQUP program**

In December MCP conducted a grant selection committee to identify of projects to be supported under the PQUP and ASW Mentorship program. MCP received three applications for the PQUP program, and after thorough analysis and consultations with the ONVV winemaking expert and quality programs lead Mrs. Elizaveta Breahna, the technical team recommended the selection committee to pre-approve two of them: Leuseni Vin – a transitional winery that is in the midst of an ambitious technological upgrade project, and Kazayak – PQUP beneficiary since 2018 whose previous application had been put on the waiting list. It is worth noting that even without the allocated grant for Kazayak, MCP has achieved impressive results in terms of quality enhancement during 2018 production season, proven by 37 awards at international competitions including a gold medal with a “Best of Show Moldova” mention at Mundus Vini Spring tasting 2018.

**PROGRAM 2. Building knowledge for future growth**

**Activity 2.1 Strengthen the WoM Academy to deliver workforce improvement skills**

Moldovan sommeliers and industry professionals receive internationally recognized Wine Service Training

During the lifetime of the project, MCP, in collaboration with the National Office of Vine and Wine (ONVV), has enabled more than 70 Moldovan sommeliers and over 200 local industry professionals to receive training in the basics of wine service and presentation. In Q1Y5, MCP organized a training for 20 sector professionals, facilitated by the Wine & Spirit Education Trust (WSET), one of the most renowned and respected wine education programs. Professional development of Moldovan sommeliers and industry personnel is critical to sustain and enhance Moldova’s wine and tourism sectors and increase exports. 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. Moldova now has over 90 sommeliers with internationally recognized qualifications, with some members of the
community achieving important successes in regional competitions, further contributing to the increased visibility of Wine of Moldova.

**Three world “Super Somms” conducted a seminar for Moldovan industry professionals**

The community of sommeliers is becoming increasingly important, influencing global wine consumption trends and consumer preferences. As such, ONVV, with MCP support, organized a three-day acquaintance visit for three of the world’s most important and renowned sommeliers, also known as “Super Somms”: Julia Scavo – Best Sommelier of the World (ASI 2017); Raimonds Tomson – Best Sommelier of the World (ASI 2019) and Best Sommelier of Europe and Africa (2017); Nelson Chow – Honorary President for 23 years of the Sommeliers Association of Hong Kong and Greater China. During their visit, ONVV organized a joint seminar on three subjects: “World wine trends. How to place Moldova on the global wine map”; “Strategies and recommendations: how to interest the Chinese consumer? Analysis of China’s wine market”; and “An intelligent approach to the HoReCa segment”. The seminar was highly attended by marketing and sales specialists from the sector as well as by specialized journalists from Moldova.

In addition to these activities, MCP partnered with Wine School NGO to organize two “Express Sommelier” courses aimed at the general public, with the objective of expanding wine culture among mass consumers.

**PROGRAM 3. Innovations and precision viticulture technologies to face climate change and ensure high quality grapes**

**Activity 3.1. “Best Grapes” and “FlaveDor” piloting innovations in vineyard management and grape quality improvement**

**ONVV organizes a National conference on phytoplasma diseases**

During years 2-4, MCP has supported ONVV in investigating two severe vine diseases, Flavescence Dorée and Bois Noir, by using cutting age technology: serial surveillance via drones, and laboratory tailored testing. Subsequently ONVV has continued to conduct researched and man-surveillance in the vineyards. In order to disseminate the lessons learned and knowledge across the sector MCP has organized a dedicated conference for vine growers and viticulture specialist, during which ONVV presented the intermediary research results and discussed with the present public possible means for quarantine and prevention. The key learning of this exercise will be also considered within the development of the National Winegrowing Sector Strategy “Wine of Moldova 2030”, as one of the
critical milestone of the FlaveDor project is to develop a national plan for the vine disease prevention and emergency intervention protocols in response of large-scale infections. **ONVV continues to disseminate agri-intelligence data based on “Best grapes” program findings**

Under the MCP supported “Best Grapes” program, ONVV seeks to create best practices in vine growing by implementing and observing different plantation schemes, rootstock, bush load etc. on 23 experimental plots, alongside the results of various vine care practices. This adds to the implementation of cutting-edge technology such as autonomous meteorological stations and other pest sensors that allow farmers to predict meteorological and disease infection risk, enabling them to optimize spraying and other vine caring operations in the face of climate change. During the reporting quarter, PGI Association Valul lui Traian and ONVV experts continued to monitor weather and pedoclimatic conditions that affect the vineyards. As a result, three extensive news bulletins were issued among the database of over 400 industry contacts to update them of the new findings and recommendations.

**OBJECTIVE 2. EXPANDED MARKET LINKAGES**

**PROGRAM 4. Wine of Moldova international promotion program support**

**Activity 4.1. Build WoM brand equity and foster business linkages**

10 Moldovan wineries exhibit at international Wine Fair in Poland

Ten of Moldova’s top exporters of high-quality bottled wine, all supported by MCP, exhibited their products in Poland at the first “Wine Experience Fair”, organized by one of the leading specialty beverage publications “Magazyn Ferment”. Attending wineries included Chateau Vartely, Asconi, Salcuta, Suvorov Vin, Purcari, Vinaria din Vale, Cricova, Equinox, Radacini, and Castel Mimi, who exhibited under the common umbrella “Wine of Moldova” stand, alongside other 150 exhibitors from 20 wine producing countries. More than 1,300 consumers and wine professionals attended the event and increased their awareness of Moldova’s wines during two presentations held by National Office of Vine and Wine (ONVV) experts.
Poland is one of the key export destinations for Moldovan wines, with 10% year-on-year growth in value in 2017 and 2018. Over the past year, MCP supported 83 wineries to attend 14 trade events in target export markets, including Poland, Romania, Germany, and China, and provided assistance to explore new markets such as South Korea and Japan. Assisted wineries recorded $10.3 million in new exports in 2019, 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.

11 wineries showcased at Stockholm Food and Wine Festival

MCP-supported wineries, Purcari, Cricova, Chateau-Vartely, Equinox, Pelican Negru, Kvint, Kazayak, Suvorov, Gitana, Gogu Winery and Bostovan, exhibited their products under the Wine of Moldova brand in Stockholm, at the Nordic Food and Wine Festival. More than 30,000 visitors gained exposure to Moldovan wines during the three-day event. Through the festival, Moldovan wineries obtained wine listing contacts with Sweden’s Systembolaget, which represents the state wine imports. To harness the opportunities to export Moldovan wines to Nordic countries, MCP and the National Office of Vine and Wine organize targeted activities to establish contacts in the market and build awareness among wine professionals. MCP supports increased exports by aligning winery marketing strategies through the Wine of Moldova country brand and facilitates participation in multinational trade events. In 2018, 77% of Moldova’s total wine exports were to non-traditional markets, with a total value of USD $56 million.

24 wineries exhibited at Interwine Guangzhou, in China

Moldovan wineries, supported by MCP, exhibited at Interwine Guangzhou, China International Wine, Brewery and Beverage Processing Technology & Equipment Trade Fair. Participation in the event established new linkages between Moldova and the Asian market. China is the fastest-growing market for Moldovan wine imports. According to published statistics issued by ONVV, after a slight decline in exports in 2018, China registered a record breaking 47.1% growth in export value in the first nine months of 2019 versus similar period of the previous year.1

10 Moldovan winemakers met with Dutch industry professionals to discuss export opportunities

Ten Moldovan wineries met with 11 Dutch importers in the Netherlands to discuss export and marketing opportunities for Moldovan wines. Through support from MCP, the National Office for Vine and Wine organized the B2B matchmaking meeting to increase the visibility of Moldovan wines in the Netherlands. The Netherlands is ranked as the number one importer of wine in Europe, importing more than 340 million liters of bottled wine annually. In 2018 Moldova exported only 450 thousand liters of wine to the Netherlands, thus presenting an opportunity for increased exports. The meeting was preceded by a training for Moldovan winemakers with Fred Nijhuis, a Dutch wine critic and writer, who discussed the nuances of the Dutch wine market and consumer trends. MCP’s efforts to reorient Moldova’s 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 USD $56 million in 2018, including USD $37 million (52%) to Europe.

18 Moldovan wineries showcased at Amsterdam Expo generate leads for bulk export

The National Office for Vine and Wine (ONVV) supported 18 Moldovan wineries to participate at the World Bulk Wines Expo in Amsterdam. During the Expo, MCP and ONVV organized a wine tasting involving six international bulk wine experts and leveraged their feedback to promote Moldovan wines. The wines that received the highest scores were designated and showcased in a brochure that highlighted the best wines. One day before the exhibition, MCP sponsored a newsletter promoting the event, which reached all 6,000 exhibition attendees, containing information about Moldovan bulk wines and the country as a strong and reliable bulk wine sourcing partner. MCP saw
immediate results from their efforts as representatives from the most prominent wine brokerage companies in Europe, such as Ciatti and Vinex, expressed interest in Moldovan wines. Moldova also received a favorable review in one of the industry’s most renowned and authoritative specialist magazines: “The Buyer”.2

Moldova exports more than 70% of its wines in bulk to the CIS markets. International experts predict that Moldovan wines have the potential to sell bulk wines with higher profit margins in more competitive markets such as Chile, Italy, and Spain.

Nine new medals won by Moldovan sparkling wines at prestigious „Effervescent du Monde-2019” wine contest

To bring awareness to the improved quality of Moldovan wines, MCP and ONVV continue to incentivize wineries to participate in international wine competitions, through cost-sharing sample registration and transportation costs. As such, during the reporting quarter nine additional medals were won by Moldova sparkling wines, bringing the total amount of awards won in the calendar year 2019 to an impressive 799, which is almost 44% more than the previous year.

Activity 4.2. Increased wine sales on target markets through firm-level marketing support through the Export Support Program (ESP)

Complementing the Wine of Moldova marketing and promotion framework and in line with the national brand communication strategy, MCP has been implementing its firm-level Export Support Program since 2015. The implementation of this program is done through a tailored support package adapted to wineries’ size, export-readiness, and role in contribution to national brand equity in export markets as well as its anticipated effects on other beneficiaries and groups of beneficiaries. The marketing opportunities and support available is tailored to suit the diverse needs of the sector, from large exporters to small wineries, and requires at least 50/50 cost-share, based on realistic and executable marketing plans of beneficiary wineries. Project marketing assistance under the ESP benefits the WoM national brand image with spillover effects to other Moldovan winemakers. As such, MCP structured beneficiary wineries into three groups: 1st tier - small wineries and ASW Members; 2nd tier – “New Generation Wineries” with moderate or sporadic exports of quality products; 3rd tier – “Export Champions,” wineries with consistent export operations which commonly generate a significant share of gross bottled wine export.

2 http://www.the-buyer.net/insight/wbwe-2019-how-argentina-is-setting-the-price-for-the-rest-of-the-world/
Moldovan small winemakers featured in Romanian News, resulting from participation at GoodWine Bucharest trade fair

Following the participation of the Association of Small Winemakers (ASW) at the 24th annual GoodWine Fair in Bucharest, Moldovan wines received recognition from the famous Romanian wine critic, Catalin Paduraru, in the Financial Newspaper. To increase general awareness about Moldovan wines in Romania, MCP supports the National Office of Vine and Wine to focus on a systemic and cohesive approach for annual marketing communication in the neighboring country. Since the Russian embargo in 2013, Moldova’s wine exports to Romania have increased six times to reach USD $11.2 million in 2018, providing vital cash flow to cover the losses from the export bans. Many small and medium-sized Moldovan wineries leverage Romania as an export hub to facilitate access the EU’s free trade area.

MCP supports five wineries and one diaspora wine importer to increase penetration of Portuguese niche export market

Through the ESP, MCP also seeks to enlarge the export geography of Wine of Moldova to image-building markets such as Portugal. Following a request from a Moldovan diaspora-owned import company, endorsed by five wineries that are in its portfolio, MCP agreed to cover the costs of participation at the biggest trade fair in Portugal “Grandes Escolhas, vinhos e sabores”. This is the second year that MCP has allocated funds for this activity, and the results are outstanding. Thanks to MCP support, the quantities of Moldovan wine shipped to Portugal grew by 68% in first 11 months of 2019 (compared to a similar period in 2018), reaching 31,000 bottles of premium wine. Following the 2019 edition, the importer entered into negotiation with local representatives of the major European supermarket chain Aldi to list five stock keeping units (SKU) that, if they prove popular, will double the current level of imports (+ additional 30,000 bottles).

MCP-supported New Generation Wineries exhibit at the largest wine gathering in Eastern Canada

MCP-supported wineries, Fautor, Equinox and Gitana, exhibited their products at “La Grande Degustation de Vins de Montreal,” the largest grape and wine event in Eastern Canada. More than 13,000 wine connoisseurs and professionals attended the three-day event and increased their awareness of and tasted Moldova’s award-winning blends. Moldovan wines stood out among the other 200 wine producers, distillers and brewers from all around the world, as SAQ buyers (Société des alcools du Québec/ Quebec Alcohol Society), showed great interest for bio and indigenous wine varieties. As a result of their participation, Moldovan wineries established more than 300 contacts and prospective business partners.
Ana Beleavschi, Ambassador of the Republic of Moldova to Canada and Ina Ursan, Consul at the Embassy of the Republic of Moldova in Canada attended and supported the event. Since 2015 when MCP began supporting efforts to reorient Moldova’s wine production to meet higher EU quality standards, sales have reached USD $56 million in 2018 and wine bottle exports to the EU and other non-traditional markets have doubled. Wine exports to non-traditional markets, including the Asia-Pacific and North America experienced notable increases, specifically in Canada, which saw 64% growth from 2014 to 2018.

PQUP graduate Vinaria Hincesti is supported to continue penetrating the Romanian market

Vinaria Hincesti has been a PQUP beneficiary since the first year of the program's activity. Following the MCP approach of offering gradual, step-by-step technical support, and based on the action plan presented by Vinaria Hincesti, MCP decided to cost-share the participation of this winery at two trade events on the Romanian market: Expo Drink Bucharest and GoodWine Bucharest, where the winery was showcased with a separate stand. As a result, Vinaria Hincesti and its distributor entered into negotiations with a potential regional distributor, potentially expanding its geographic distribution within Romania. In the first 10 months of 2019, Vinaria Hincesti exported 307,000 bottles of wines compliant to PGI and WoM quality standards to Romania, almost equal to its total exports for the whole of 2018.

Fautor winery supported by MCP to enter the super-premium segment of the Romanian market via an ambitious promotion and communications plan

Fautor is one of the top performers in the Moldovan winegrowing industry in terms of product quality, and it has also been Moldova’s most awarded winery at international wine competitions two years in the row. High level, premium products like these have a spill-over effect over entire country image, so MCP supported the winery to implement an annual promotion and communication plan in Romania. For this purpose, MCP contracted a PR and a Social Media agency to implement a strategy of introducing Fautor to Romania’s top influencers, opinion formers and celebrities. In three month of the campaign, Fautor received positive endorsements form star singers Smiley and Marius Moga, participation of the winery in a high-class charity event “Hope and Homes”, a highlight was aired on one of the most rated TV series “Romania te iubesc” broadcast on one of Romania’s top TV channels ProTV, and a private event and winery presentation was organized for 10 VIPs.
MCP concluded the launch campaign for Timbrus wines on the Romanian market generating sales of over 80,000 bottles

Timbrus is another Moldovan player in the super-premium segment in Romania. Since the beginning of Y4, MCP has been working with this beneficiary to develop a plan of activities to penetrate Romanian market, capitalizing on other efforts to build a positive reputation for Moldovan wines, including those implemented by the umbrella brand of Wine of Moldova. As per the approved plan, including social media activities and several point-of-sales activations, by the end of 2018 the importer ordered enough stock to ensure the satisfaction of the potential demand. Following the 2019 communications campaign, Timbrus received several repeat orders and by the end of October 2019 had cumulatively exported over 80,000 bottles at the average EXW price of 5 Euro, twice as much as the average cost per bottle of Moldovan wine exported to Romania.

MCP hires a multinational export consultancy company to establish market linkages for beneficiary wineries

In the reporting quarter, MCP contracted Gateway and Partner to assist five of its beneficiaries, including New Generation wineries and/or PQUP program graduates, to establish market linkages and initiate exports to new markets. In close cooperation with MCP beneficiaries, the consultant identified target markets, developed the export profile and lists of potential business partners, and conducted business appointments negotiations for four out of the five companies (Vinaria Mileii Mici (Agrici), Gitana, Suvorov Vin and Doina Vin). Gateway and Partner also organized a business trip to China for Gitana which included highly productive business meetings with five potential importers. Based on the results achieved by all wineries in this first intake, MCP will decide upon the extension of the list to include more of its beneficiaries.

PROGRAM 5. Enhance wine culture and grow a mature local market

Activity 5.1. Develop the wine culture, quality and the sommelier profession

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.

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 1,000 medals at international wine competitions since 2017, demonstrating the effectiveness of MCP’s investments in quality upgrades within the industry.

**17th Winter Wine Vernissage held to boost domestic sales**

Fifty-five wineries from across Moldova, including 23 small winegrowers that are members of the Association of Small Winemakers, attended the 17th edition of the bi-annual event “Wine Vernissage” and displayed more than 300 red and sparkling wines under the “Wine of Moldova” national brand. The Winter Wine Vernissage profiled debuting wineries, such as the MCP-beneficiary Enoteria Platon. The event was attended by an audience of 1,700 wine enthusiasts, industry experts, members of the diplomatic community, and international media representatives. The Winter Wine Vernissage was organized by the National Office of Vine and Wine (ONVV) in partnership with the Ministry of Agriculture, and the four PGI wine associations, with support from MCP.
High profile events like the Wine Vernissage are key to strengthening the domestic market, serving as a platform to launch and test wine products, vintages, and winemaking innovations. The domestic wine market accounts for approximately 20% of industry sales, acting as a foothold for emerging small winemakers, and supporting tourism growth and increased employment opportunities in rural areas. Nearly 200,000 people are employed in the winegrowing sector, mostly in rural areas.

OBJECTIVE 3: IMPROVED SECTOR-ENABLING ENVIRONMENT AND INCREASED CAPACITY

PROGRAM 6. Policy Upgrades and Legal Regulatory Reforms in the Wine Industry

Activity 6.1. Support ONVV to continue policy, legal and regulatory reforms

ONVV and MCP continue to address legal and regulatory barriers within the wine industry

Over the last few years, the business enabling environment for the wine sector has demonstrated major improvements. Unparalleled reforms have been implemented, and ONVV and the National Wine and Vine Fund valued at $3.8 million were established to represent the wine industry, operating as a public-private partnership. MCP will continue offering technical assistance to ONVV for the development of legal regulatory proposals and position papers, acting as a watchdog for the wine industry policy and regulatory framework alongside industry business associations. In the reporting quarter, the Moldovan Government was dismissed, and a new formation was announced in November, thus temporizing the projects of legal and normative acts. However, ONVV, with MCP support, continued to work on continuous improvement of the regulatory framework by providing opinions to modification draft law 1100/2000 on the circulation of alcohol and alcoholic produce. ONVV was also consulted on the project draft of a government decree on wastewater management, and within the exercise of developing of the national winegrowing sector strategy, MCP and ONVV conducted numerous interviews with representatives of different types of wineries to identify major legal and regulatory barriers, that will be later proposed for elimination and/or amendment.

Activity 6.2. Finalize and promote with the government of Moldova the WoM 2030 strategy to guide long-term industry competitiveness

Since 2010, the Moldovan wine industry has implemented the strategic development concepts of the “Re-think Wine Industry White Paper”, widely endorsed by public-private stakeholders. This paper has served as an alternative to official policy, acting as the national program for the wine industry. Now the sector is in need of a new strategy, a governing document that will be approved on the Governmental level that can provide clear insights and directions for all stakeholders on the future development path of the Moldovan winegrowing industry.
ONVV and MCP make leaps forward in strategy development process in the reporting quarter

By common agreement with ONVV, MCP allocated 170 level-of-effort days of local and international consultants plus funds from the technical budget to complete the draft of the WoM 2020 by March – April 2020. In the reporting quarter, ONVV and MCP organized two workshops/sessions for the Marketing and Legal technical teams, during which a SWOT analysis was defined, and preliminary expert recommendations on on-trade and direct to consumer channel strategies were presented to the sector.

One of the stages of strategy development is evaluation of the normative - regulatory framework of the wine industry, in order to identify regulatory barriers, influence factors of the activity, and the submission of proposals for achieving the strategic and specific objectives. In this context, interviews were conducted with a wide range of representatives from the sector, from large to small wineries and representatives of companies that manage vine nurseries. Based on these interviews, and in order to increase the sample of respondents, MCP and ONVV developed a comprehensive questionnaire that was sent to all sector representatives.

MCP supports Moldovan Wine Quality Audit to strengthen its international reputation

MCP partnered with the National Office of Vine and Wine (ONVV) to facilitate the Moldovan Wine Quality Audit, which was conducted by six world-class experts from five countries. The audit is the largest activity dedicated to the winegrowing sector. It aims to identify strategies to strengthen the reputation of bulk wines produced in Moldova in the EU and Western markets and identify wines of interest to consumers and external buyers at specialized exhibitions. The audit took place over three days, during which the guests tasted 200 Moldovan wines. The international experts made recommendations regarding the packaging of wine bottles and the use of oak barrels for wine maturation. Experts also reinforced the importance of sustainability as an indispensable element for access to Western markets and Scandinavian countries. The conclusions from the audit will help inform the Wine of Moldova 2030 Strategy, supporting sector growth.

Activity 6.3. Develop and strengthen the PGI wine associations

According to European best practices, a PGI wine is traditionally sold with a 15-20% higher price than the same wine with a generic label. The four Moldovan PGI associations – Valul lui Traian, Stefan Voda, Codru, and Divin – have a leading role in promoting high-quality wines and regional wine traditions. However, given their limited experience and low
capacity, the Moldova PGI wine associations need support at various level to grow their capacities and gain trust of the members, in the first place.

**MCP finalizes the rebranding of the Stefan Voda PGI Association**

Following a request from the Stefan Voda PGI Association executive team, MCP allocated resources for the redesign of the Association’s logo, as a part of a bigger activity plan aimed to promote the concept of PGI wines and Stefan Voda PGI in particular. MCP viewed this as an opportunity to organize the members of the association to work together, thus creating unity within the association, and strived to organize the development process as inclusively as possible. In the reporting period, the new brand identity was formally approved by the Associations’ Coordination Counsel (its main decision-making body) and submitted for official registration of its intellectual rights.

MCP has also entered into discussion with PGI Codru for potential allocation of support to conduct labor security training and development of documentation on the subject as required by law. This activity will be implemented in the following quarter.

Excerpt from Stefan Voda brand guideline. Photo credit: 43Oz Studio
TOURISM INDUSTRY

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

PROGRAM 1. Start-up Tourism Moldova: product development, service quality upgrading and tourism offer diversification

Activity 1.1. Strengthen the Wine-Up Tourism Accelerator Program

MCP initiates the second phase of Wine of Moldova Route

To facilitate foreign visitors and domestic tourists’ access to 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 156 informative touristic road signs across Moldova. These signs direct travelers to 38 tourism destinations on the "Wine of Moldova Route" and will also increase the flow of tourists to the most important sights in each corner of the country. The National Wine Trail is an ongoing effort rolled out by MCP to encourage and support Moldovan wineries to initiate and develop tourism services. During Year 4, 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 was expanded by a MoEI order. Of the additional 24 wineries on the route, most are MCP beneficiaries. In Year 5, MCP initiated the second phase of the Wine Trail, which was agreed with ONVV and MoEI, and around 150 new road tourism signs will be installed before June 2020. In the reporting quarter extensive research was conducted by MCP to identify the most suitable destinations that should be included in the project, and the best ways to connect them within the Wine Trail. The installation of the new informative road signs will start in the second quarter of Year 5.

Tailored assistance provided to upgrade existing and/or develop new wine tourism services and facilities as part of Wine Route of Moldova

New rural accommodation facilities opened at Asconi winery. MCP provided individual support for product development via grants and technical assistance aimed to increase the number of wine tourism destinations in Moldova and enhance visitors’ experiences in key tourism destinations. As such MCP worked with ONVV and ANTRIM to complement the existing Wine Route of Moldova with the addition of more wineries offering tourism services in line with international standards, and diversifying Moldova’s unique selling proposition.

Thanks to an MCP incentivizing grant and associated technical assistance, Asconi winery opened its 8 boutique tourism houses providing tourist accommodation in October 2019. These new developments are situated in an authentic environment as part of the winery landscape, with typical rural architecture, modern hospitality standards, and a total overnight capacity of 36 people. As a result of this additional accommodation, Asconi will employ 15 more people, bringing the total number of employees solely employed by its wine tourism activities up to 60. As such, Asconi has become a flagship wine tourism facility, with a fully equipped tourism endowment that ensures high value tourism opportunities, hospitality and experiences, serving as an inspiration model for emerging wine tourism destinations.
With MCP support, another program beneficiary, Migdal-P, started modernizing its tourism infrastructure, significantly enlarging Moldova’s wine tourism offer.

Support offered through MCP grants aimed at reconstructing and arranging the Wine Museum at Chateau Cojusna contributed to a more attractive tourist experience for guests.

**Expanded wine tourism facilities in Gagauzia, within Vinuri de Comrat.** Since Gagauzia became an emerging tourism destination, MCP has deployed concentrated assistance to upgrade and explant regional wine tourism facilities, via its Wine Tourism Accelerator Program. After opening for tourists with a touring package paired with culinary experiences and a green terrace, Vinuri de Comrat winery has invested in countering tourism seasonality and expanding its tourism facilities by restoring its old and authentic 1895 wine cellar into a facility that can host approx. 65 tourists at the winery. Vinuri de Comrat is the leading wine tourism destination in Gagauzia and hosted about 2,000 tourists in the first four months after it opened in June 2019. With the new wine cellar operating as a restaurant and tasting room, the winery forecasts a growth of 50% of its tourism capacities.

**New vinoteque opened in Chisinau promoting wine culture experiences for tourists.** Incoming and domestic wine tourism is fueled by wine shops, wine bars and vinoteques that promote local wine culture experiences among tourists. MCP has been providing strategic assistance to emerging wine shops and vinoteques that serve the wine tourism circuits in the capital city, Chisinau, as well as connecting wine tourists with the wineries` facilities. A new vinoteque, ‘Decanter wine shop & café’ opened in December in the center of Chisinau, following best operational and hospitality practices: it includes a wine shop, a wine bar, wine cellar and wine & food pairing center. The local investor, a wine industry specialist and his wife, are committed to promoting wine heritage culture and promote wine tourism destinations. MCP provided an associated incentivizing grant for a wine dispenser service, wine & food pairing consultancy as well as mentorship on wine serving and wine tourism promotion. The vinoteque has a capacity for up to 60 customers and represents most of the small wine producers and premium wine brands of Moldova.
Activity 1.2. Support the Hospitality+ Moldova program: improving tourism hospitality infrastructure

Family of Moldovan Diaspora opens guesthouse in rural Moldova

Casa Veche, a guesthouse in rural Moldova, hosted its opening ceremony attracting the participation of more than 30 tour operators, supporting partners and journalists. Located in the Stefan Voda region, Casa Veche will begin to fill the need for additional overnight accommodation in the area to accompany the region’s growing number of wineries. MCP has supported the emergence of rural guesthouses and biking trails in the Stefan Voda wine region, building on and diversifying the flagship wine tourism industry. The owners of the guesthouse, former members of the Moldovan diaspora, learned about the availability of MCP assistance to open tourism businesses at home. The couple applied for this assistance and leveraged their experience working abroad to renovate their ancestral home and open Casa Veche guesthouse. MCP provided the family with complex financial and technical support to redevelop their childhood home into an attractive hospitality business. Leveraging an additional investment of US $50,000 from the owners, the resulting facility can accommodate 20 overnight guests and up to 50 diners and contributes significantly to the image of Moldova as a sustainable tourism destination.

Following strategic investments in rural tourism infrastructure and promotion, USAID-assisted guesthouses hosted more than 36,000 visitors in 2019, a 20% increase on 2018, providing increased employment and economic stability in rural areas.

“Casa din Lunca” guesthouse in Trebujeni village - ready to host more tourists in Old Orhei tourism hub

The first rural guesthouse in the Republic of Moldova, "Casa din Lunca" is ready to host a larger number of tourists. After it was relaunched three years ago, the guesthouse registered a significant increase in numbers of tourists, promoting the owners to expand their facilities and buy a traditional house which is over 100 years old. As a result of technical assistance from MCP consultants, the new guest rooms have a modern design and at the same time preserve the charm and authentic style of the house. Additionally, "Casa din Lunca" is now equipped with air conditioning and heating, which allows it to accommodate guests throughout the year. These new amenities now bring the rural accommodation unit in line with the highest international standards in the hospitality industry.
MCP offered a grant of $10,000 USD, which was used for this new phase of renovations to the house, decorating, and new furniture. However, to date the total financial support provided to Casa din Lunca by MCP to improve its accommodation facilities amounts to $26,000 USD. Since 2015, 14 rural pensions have been renovated with support from MCP, which has had a significant impact on the increase in the number of foreign visitors. By the end of 2021, another 22 accommodation units will be inaugurated, thus strengthening the sustainability of Moldovan tourism. Currently, 60% of the 33 rural pensions opened with MCP support are businesses are run by women, which offers jobs for people in rural areas, severely affected by the migration phenomenon.

Moldovan hotel industry employees receive hospitality training

In December, MCP, in association with the Inbound Tourism Association (ANTRIM), organized a series of trainings for professionals in the hotel and hospitality industry that were attended by employees from 19 different establishments. The trainings, led by international experts Danilo Di Pasquale and Vincenza Enzo, aim at upgrading the quality of services provided by the hotel businesses in Moldova, which are a key industry stakeholder. Each training module is tailored to specific employee needs, aiming to cover all operations and services offered by hotels, from management and marketing strategies, to housekeeping and good breakfasts. The skills developed by the attendees will add value to the entire tourism sector including travel agencies, tour operators, wineries, guesthouses, and the tourists they work with every day. This activity is especially inclusive for youth, since about 80% of the participants are young adults. A second round of trainings for the hotel industry will continue in January 2020, covering four more tailored modules.

In 2018, expenditure by foreign tourists visiting Moldova was valued at $500 million USD, 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.
Activity 1.3. Support the Go-Regional Tourism Development Program: emerging sustainable tourism destinations in Moldova’s key regions

MCP-supported Tourism Information Center (TIC) in Chisinau celebrates second anniversary

Tourism Information Centers are the gold standard in informing visitors about a region’s tourism offering, ensuring that tourism dollars reach both large and small service providers. MCP provided strategic support to tourism industry association ANTRIM in partnership with Chisinau Town Hall, the EU delegation, and UNDP to open Moldova’s first TIC in the heart of Chisinau in November 2017. In its second year of activity, the TIC recorded more than 8,000 visitors from 95 different countries, about 1400 of them being registered in the reporting quarter. The largest portion of tourists are from Germany, accounting for 17% of the total number of visitors. The other most popular source countries include Romania, France, Italy, UK, Russia, Poland and the USA. Besides offering valuable assistance to tourists, the TIC serves as an industry event platform, hosting trainings, master-classes and capacity building events. Likewise, the TIC organizes its own trainings for volunteers and launches touristic products in cooperation with local businesses like city bike tours.

To diversify Moldova’s experiential travel products, MCP supported the development of new soft adventure tourism itineraries, offering biking, birdwatching and gastronomic experiences, to capitalize on the rapidly growing global market for Soft Adventure tourism. One of these biking routes is “VIN cu bicicleta” (‘WINE by bike’) which connects Chisinau with the Purcari region. The final point of the bike journey is the village of Palanca, located on the border with Ukraine, where tourists from the Odessa region come to visit the south-eastern region of Moldova, Stefan Voda. The route covers a distance of 226 km, crosses 17 localities, and includes 28 tourist attractions (wineries, museums, hotels, rural guesthouses, churches, reservations and natural monuments) of which seven are key national tourist destinations, namely Asconi winery, Castel Mimi, Ciouburciu guesthouse, Purcari winery, Et Cetera winery, and Palanca guesthouse. The route was developed by the project grant beneficiary – Velo Point. MCP supports the development of 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.

Purcari region: growing a flagship wine tourism destination in Moldova’s oldest wine region

A series of events were organized in the Purcari region, designed to create a foundation for the development of the local economic community with tourism as a priority. The collaboration between the Local Public Authority and local economic agents was motivated by the current development of tourism in the region. The series of organized study visits (tourist routes, tourist pensions, honey houses, etc.) led to the development of a concept of tourism development in Palanca by the LPA, which will be carried out in the area of the
"Lunca Nistrului" Local Action Group. The first of these activities have already been organized: the installation of the first signs to the tourist attractions in Palanca and the development of a tour guide. MCP stimulated this consolidation by increasing the capacities of local tourism economic agents to raise awareness of the tourism potential within the LPA and LAG; by endowing the rural guesthouses with equipment; by developing the hospitality services in local wineries; by mounting signs to local tourist destinations; and last but not least, by developing adventure routes, namely the cycling route that crosses Purcari region.

Activity 1.4. Start-up Tourism program for inbound tour operators and tourist guides

Another 25 Moldovan tour guides gain international accreditation from the World Federation of Tour Guide Association (WFTGA)

The tourist guide is one of the most visible and important professions in the value chain of the tourism industry. To address the inadequate quality of tourism guide services in Moldova, MCP in association with ANTRIM and the Moldovan Association of Guides, Lecturers, and Translators (AGLT) organized a second round of intensive trainings under the aegis of the WFTGA in December 2019. Twenty-five Moldovan tourism guides completed the Hands on Tourist Guide Training (HOT) course, while nine of them took the next step and completed the Train the Trainer Training (TtT) accredited by WFTGA. The courses were conducted by Lead International Trainer Gennady Chudnovets, and by the holder of the Blue Badge Tour Guide distinction and Vice-President of the WFTGA, Mary Kemp Clarke. The trainings were organized as part of the MCP-supported Next Tourism Generation Academy platform, after the first session had a great success among Moldovan tourism guides in March 2019. During the training, participants learned best practices and developed practical skills on how to conduct walk, bus, and site tours. The long-term goal is to prepare and equip the Moldovan AGLT 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 with international quality standards.

In 2019, MCP supported Moldova to become a full member of WFTGA - the only global forum for tourist guides, which has members from more than 70 countries and represents over 200,000 individual tourist guides. High quality tour guides are a key component of a thriving tourism economy, and the skills developed by the new graduates will add value to the travel agencies, tour operators, wineries, and guesthouses, and ensure continuous education for other local guides, thus globally improving the image of Moldova as a tourism destination.
Graduates of WFTGA Train the Trainer cascade their knowledge to employees of top Moldovan wineries

As a direct result of the WFTGA tourism guide trainings organized by MCP in association with ANTRIM and AGLT, six local guides, graduates of the Train the Trainer courses in March 2019, delivered a second round of trainings to a total of 43 employees from four major Moldovan wineries: Milestii Mici, Chateau Vartely, Asconi and Purcari. These trainings are part of a series of efforts undertaken by MCP, ANTRIM and the Tourism Information Center (TIC) to upgrade the quality of tourism guide services in Moldova and to consolidate the tourism guide profession and are organized as part of the MCP-supported Next Tourism Generation Academy platform.

A second round of trainings will follow at the beginning of 2020, aiming to ensure the transfer of knowledge and skills from the graduates of WFTGA courses to other local guides, aligning them to international quality standards. Moreover, after gaining WFTGA accreditation this fall, another nine tourist guides are prepared to cascade their expertise nationally, thus upgrading the quality of the tourism guide services in Moldova, and as a result, of the entire Moldovan tourism industry value chain.

OBJECTIVE 2: EXPANDED MARKET LINKAGES

PROGRAM 2: “Tree of Life” Marketing Program: Building Awareness for Moldova Internationally

Activity 2.1. Build international awareness for Moldova’s Tourism

Moldova to be featured in prestigious international tourism publications

Five international journalists from top UK travel publications visited Moldova for a four-day tour of cultural attractions. With support from MCP, the National Association for Inbound Tourism (ANTRIM) organized the press trip to Chisinau featuring major tourist attractions such as the Fine Arts Museum and the central food market. Journalists also explored some of Moldova’s flagship wineries such as Cricova, home to the world’s second largest wine cellar, and Asconi Winery, which offered traditional food and
authentic rural tourism experiences to more than 75,000 tourists in 2019 alone. As a result, Moldova was featured in major publications like Luxury Lifestyle Magazine, Daily Telegraph Newspaper, Homes & Antiques Magazine, Daily Mail Newspaper, The Times Newspaper, Metro Newspaper, and Entrepreneur & Investor Magazine. More articles are scheduled in major publications like Sainsbury’s Magazine, The Arbuturian, Daily Mail Newspaper, and Daily Telegraph Newspaper. Collectively, these outlets reach more than 1.7 million readers in the UK alone.

**Moldova wine tourism offer promoted in media outlets across the globe**

With the occasion of the National Wine Day, a flagship Moldovan event, MCP organized personalized press trips for 43 international journalists and opinion formers from target markets like Italy, Poland, Japan, South Korea, and Romania in collaboration with ANTRIM and ONVV. The journalists were taken on tailored trips that featuring the main tourist attractions of the country combined with visits to Moldova’s top wineries and wine cellar. The journalists also had the opportunity to celebrate National Wine Day just like a local, tasting Moldovan wines and food and enjoying dancing in the Great National Assembly Square, where the main event was held. As a result, Moldova was featured in more than 15 publications in target markets, while the Japanese TV Channel Tokyo Mx released five episodes promoting Moldova as a wine tourism destination. More press coverage is to follow in 2020, following the organization of National Wine Day press trips. As a result of monumental marketing efforts by MCP and other tourism industry counterparts, Moldova is building on the classification as a “top tourism destinations to be discovered in 2018” according to New York Post. Moldova’s tourism offering was featured in more than 250 international articles, contributing to a 70% increase in international tourists.

**“Visit My Home for Wine Day” campaign reaches over 200,000 views**

During 1-15 October MCP, with support from ANTRIM, organized a second edition of the “Visit My Home!” campaign targeting the diaspora, this time emphasizing the National Wine Day event, as wine tourism continues to be a key driver for Moldova’s tourism sector. For this campaign Moldovans shared their favorite national wine experiences and holidays, inviting guests from abroad to visit Moldova, further spreading the already renowned country tourism slogan #BeOurGuest, and earning more than 200,000 new content views on social media, adding to the 400,000 interactions of the first campaign stage in August-September 2019.
“Come Visit My Home for Wine Day” is an extension of the international awareness campaign “Be Our Guest” which reached unprecedented success during 2017-2018 and promotes Moldova as a touristic destination under the aegis of the national tourism brand “Tree of Life”. To date, the “Visit My Home!” campaign has gathered over 600,000 views promoting Moldova as a tourist destination. Digital marketing campaigns like these boost Moldova’s international awareness, engage the diaspora and foster local pride, resulting in increased international visitors to Moldova, and more confidence in the potential of small tourism businesses to stimulate the rural economy.

Romanian journalists rediscover traditional values during the winter season in Moldova

As Moldova’s neighbor with a shared history, Romania is a major target market for Moldova’s tourism industry. Aiming to promote the country as an authentic destination where Romanian tourists can relieve their childhood memories and immerse themselves in its shared traditions and culture, in December MCP organized a four-day press trip for a group of 15 Romanian journalists and opinion formers, in collaboration with ANTRIM and ONVV. The Romanian journalists were invited to the launch of Casa Veche guest house in Trebujeni village, after which they attended the Wine Vernissage, another emblematic wine event in the Tree of Life (ToL) calendar, covered in the Wine section. During the weekend the journalists visited important Moldovan wineries like Castel Mimi, Milestii Mici and Asconi winery, sharing their experiences of the majestic winter holidays season in Moldova on their social media channels. A communications campaign was built around this activity, initiated in December and continuing into January, aiming to attract Romanian visitors to Moldova. It is estimated that at least 12 media mentions promoting Moldova as a touristic destination in Romania and thousands of social media interactions will result from this press trip and communication campaign.

2020 Tree of Life agenda updated with seven new emblematic additions

The Tree of Life tourism calendar was updated for 2020 during the reporting quarter, including an additional seven events, bringing the total number of events taking place this year to 37. The calendar, which is published under the national tourism brand Tree of Life, will be used to promote Moldovan tourism opportunities in target markets such as Romania, Poland, Italy allowing visitors to plan their trips around different festivals showcasing Moldovan wine, traditions, customs, and important tourist attractions. In 2020, 60% of the events will take place outside the capital, driving tourists towards rural areas where they bring valuable cash flow and stimulate the local economy. In Q1Y5 MCP supported the organization of Covorul Dorului, an event which highlights the carpet weaving traditions of Moldova. The project also organized press trips in collaboration with ANTRIM and ONVV for 58 international journalists and opinion formers.
during the National Wine Day and Wine Vernissage, events included in the ToL calendar. MCP’s assistance for the “Tree of Life” national tourism brand helped Moldova market itself as an emerging sustainable travel destination. In 2018, 1.7 million tourists visited Moldova and spent $500 million USD, which is an estimated 4.4% of Moldova’s GDP, demonstrating the importance of tourism to Moldova’s economy.

**PROGRAM 3. Foster business linkages and expand target markets**

**Activity 3.1. Enhanced country presentation at international tourism trade events**

**Five businesses present Moldova’s tourism opportunities at leading Italian Travel Expo TTG Rimini**

In collaboration with ANTRIM tourism association, MCP supported five Moldovan tourism enterprises – a tour operator – Tatra Bis, three wineries – Asconi, Cricova and Purcari, and a hotel – Bristol, to take part at one of Italy’s leading outbound travel expos - TTG Rimini, on October 9-11, 2019. With the support of MCP, the five delegates contracted Italian tourism marketing expert Nadia Pasqual to promote the country under the national tourism brand “Moldova: Discover the Routes of Life”. Moldova was advertised in TTG Italia Magazine, and presentations and wine tastings were organized for interested parties at the Moldovan stand. Italy is a target market for the Moldovan tourism industry, and participation in this expo increased Italian travel agents’ awareness of Moldova’s tourism opportunities, especially in wine and rural tourism. Due to continuous marketing activities targeting the Italian market, Moldova has begun to be perceived as a tourism destination with potential, included in tour operator packages, and Moldovan tour operators have established hundreds of new business contacts on the Italian market. For instance, after Moldova’s participation at BIT Borsa Milano fair in 2019, a leading Italian tour operator ‘Franco Rosso’ included Moldova in its 2019 tourism catalogue. In 2018, Moldova registered more than 46,500 border crossings from Italy, a 30% increase compared to 2015, a trend that continues in the first nine months of 2019.

**200 tour operators and journalists from Scandinavia learn about Moldova as a tourism destination**

Three of Moldova’s largest tour operators- Amadeus Travel, Tatra Bis and Solei Tourism took part in the “Meet the World” AVIREPS Nordic Roadshow in November 2019. The roadshow was one of the first marketing and promotional events for Moldova to tap into the Scandinavian market, a second-tier target market for promoting Moldova as a tourism destination. Moldova’s tourism offer was featured in four cities along the roadshow - Stockholm, Oslo, Helsinki, and Copenhagen Participation at the fair provided Moldovan tourism professionals with knowledge of travel preferences of the Scandinavian market, and
gave them access to an extensive network of more than 2,000 key industry players including tour operators, airlines, travel agents, MICE facilitators, corporates and influential media. ANTRIM technical director, Mrs. Natalia Turcanu assisted participating companies and promoted Moldova’s tourism sector by participating in B2B meetings and the roadshow opening ceremony; establishing contacts with main tourism industry stakeholders on the Swedish market and press and tourism influencers, in order to develop a PR campaign in Sweden and to organize press trips to Moldova in the future.

**Moldova promoted at major International Tourism Fair in Poland**

Moldova’s Tree of Life tourism brand was displayed at the major international tourism fair of Poland- TT Warsaw - one of the most important tourism tradeshows in Central and Eastern Europe. In collaboration with ANTRIM, MCP supported the participation of five Moldovan companies at the event: Asconi Winery, Milestii Mici, Tatra Bis, Corina Travel and Kayaking Tours. In the latest Moldovan tourism and marketing strategy, Poland was identified as a target market for international travelers, making it a priority for tourism marketing efforts. ANTRIM represented the national tourism brand among global tour operators to spark interest in Moldova as a travel destination. For this purpose, journalists were invited to “wine o’clock” meetings where they tasted Moldovan wines, tried the 360 virtual tours, and learned about Moldova’s touristic offer to further spread the message through Polish media outlets. Moldova’s Ambassador to Poland, Iurie Bodrug also visited Moldova’s country stand at TT Warsaw, demonstrating the support of the Government of Moldova for this emerging industry.

At TT Warsaw 2018 ANTRIM won best foreign entry in the Active Tourism competition with the newly launched soft adventure hiking trails at Orheiul Vechi. This prize further increased Moldova’s visibility in Poland and provided external validation for the quality of Moldova’s soft adventure offering, developed with support from MCP. At this edition of the fair, Moldova promoted kayaking activities as part of the country’s active tourism offer. Soft adventure tourism is one of the largest growing segments of the international tourism industry, and MCP invests in the development of this sector to attract high-spending foreign tourists into rural areas where they can stimulate the local economy.
Activity 3.2. Market intelligence to enhance sales competencies

Analysis of tourism data increases business intelligence across Tourism Sector

With MCP support, ANTRIM developed an inventory and map of active tourism attractions and businesses across Moldova. This exercise resulted in a Tourism Digital Registry, which has provided important insights during the development of the Tourism-2030 Strategy. Over 250 locations, companies and routes have been registered in an Excel file and Google Map, with appropriate classification on the readiness of the tourism locations to receive tourists, quality standards of accommodation units, as well as tourism venues planned for opening in 2020. MCP consultants involved in the Tourism – 2030 Strategy development process gathered and processed an important amount of data, statistics and international studies. The results of this analysis were delivered to ANTRIM for dissemination into the sector as a business intelligence service. ANTRIM and MCP have been involved in the development and review of a Market Segmentation Assessment, which will be initiated by MIA, with co-funding from the state budget, World Bank Competitiveness Enhancement Project and MCP. This study will precede the following Tourist-exit survey, planned for June 2020.

OBJECTIVE 3: IMPROVED SECTOR-ENABLING ENVIRONMENT AND INCREASED CAPACITY

PROGRAM 4. Sustainable Tourism Policies and Friendly Business Environment

Activity 4.1. Rethink the tourism industry: reformed policies and regulation to ensure sustainable development

Moldova’s 2030 Tourism Strategy vision and general and strategic objectives finalized and validated

Following the publication of the Tourism White Paper, the Ministry of Economy & Infrastructure (MoEI) requested MCP support to develop the National Program for Tourism Industry Development for 2030. MCP provided world class experts to assist the government in the development of a new 10-year strategy for tourism to position Moldova as an experiential and sustainable travel destination in the heart of Europe. As Moldova evolves from a start-up to a growing tourism destination, the new policies will replace the Tourism 2020-Strategy and will align with the emerging global trends focused on wine, rural life, cultural, and soft adventure experiences.
In the reporting quarter MCP worked intensely on Moldova’s 2030 Tourism Industry Strategy (TIS), representatives of MoEI, USAID, international experts and tourism industry stakeholders meeting on several occasions at MCP’s initiative, to discuss the main issues and perspectives of Moldova’s tourism sector, and to validate and finalize Moldova’s 2030 TIS vision, and general and strategic objectives, and to plan strategic actions for the achievement of these objectives. It is expected that the new tourism strategy and action plan will be approved by the government by May 2020.

With the right policies in place, by 2025 Moldova is expected to reach 5.8 million border crossings, a 25% increase compared to 2018. The tourism sector in Moldova has the potential to double in the next 10 years and contribute up to 7% in GDP growth by stimulating business development, rural growth, job creation and attracting foreign tourists.

**MCP drives agenda for Tourism Panel at Moldova Business Week, and provides technical assistance for the counties’ tourism product development**

Moldova Business Week is the flagship conference of the Moldovan Investment Agency (MIA) which serves as a National Tourism Organization, part of the Moldovan Government, and during the reporting quarter Moldova Business Week hosted a panel on tourism for the second time. MCP has driven the agenda for the Tourism panel since its inception. MCP provided the panel moderator, MCP Project Director Doina Nistor, and also provided technical assistance in the form of key international speakers Damian Cook and Jack Delf who held presentations and workshops for tourism industry representatives. This activity was especially important in the context of the elaboration of the National Strategic Tourism
program “Tourism-2030”, which looks at strengthening Moldova’s international position by using modern and innovative marketing tools, such as digital and e-marketing strategies and promoting sustainable tourism. Damian Cook, the founder and Managing Director of E-Tourism Frontiers, a major global initiative that develops online tourism in emerging markets, held a presentation for more than 200 Moldovan tourism industry stakeholders titled: “Deep Dive: Promotion Trends and Sales Tools via Digital and Social Media,” while the Co-founder of Black Mountain Montenegro Adventure Travel and international sustainable tourism expert Jack Delf talked about “Attracting high paying visitors to Moldova, from the experiential and active tourism segments.” The two experts also held two workshops for more than 70 tourism industry professionals emphasizing the importance of sustainability in tourism and the use of digital marketing for tourism destinations. Both topics are instrumental to the long-term sustainability and growth of the country’s tourism sector.

PROGRAM 5. Strengthen public-private dialogue and industry associations

Activity 5.1. Strengthen ANTRIM’s role

ANTRIM elects new president and welcomes three new members

MCP continues to support ANTRIM to become the leading inbound tourism organization in Moldova, and to become the main representative of Moldovan tourism abroad. In December ANTRIM held an extraordinary general meeting and board meeting, during which the association members elected a new president – Cristina Frolov, and vice-presidents – Afanasie Esanu, Sergiu Cebotari and Anatol Botnaru. Also, during the extraordinary meeting three new companies gained membership - Weekend Boutique Hotel, Milestii Mici and Ways Travel of ANTRIM. The members voted in favor of modifications to the statute of the organization so that the association can start on the path to self-sustainability, were updated with the report on the association’s activities during 2019 and MCP’s contribution to its activities, and discussed future participation at MATKA tourism fair in Finland in January 2020. During the reporting quarter, MCP also supported ANTRIM to update its website, which was no longer suitable for today’s market.
LIGHT INDUSTRY

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

PROGRAM 1. Strengthening ZIPhouse as the flagship institution in workforce development and fashion startup acceleration

ACTIVITY 1.1. Solidify ZIPhouse Institutional Capacity

ZIPhouse increases its sustainability with an expanded team, increased communications and international partnerships

MCP supports the consolidation of ZIPhouse institutional capacity and content development with an eye towards sustainability. During Q1Y5, ZIPhouse hired two new staff, one responsible for Communication and Social Media and another on Educational Programs. As result Facebook page followers have been increased from 5,200 followers to 6,500, and more than 600 subscribers now receive email updates with the latest fashion news and information about upcoming fashion events. MCP assisted ZIPhouse to acquire Constant Contact, which helps to systemize the monthly newsletters and promotional campaigns through social media. ZIPhouse also became one of the founders of the Future Fashion Alliance (FFA) together with 14 partners from 6 countries, including fashion media players, fashion consultancies and fashion platforms such as Elektro Couture, Fashion Innovation NYC, Fibre2Fashion, Independent Fashion Advisory Board (IFAB), INTERLACED, Noumena, Reshape, Technical Textiles, Wardrobe of Tomorrow, WTVOX, Women of Wearables, all having one common goal: fashion sustainability and cruelty free.

Moldova’s Fashion Community strengthened with increased trainings, study visits and events

In Q1Y5, MCP hired two project managers, strengthening the successful implementation of its technical activities under the grant, and supported a community visit to the Kiev Fashion Tech Summit, which welcomed 20 Moldovan participants, including two ZIPhouse staff. MCP also organized one factory visit to Premiera Dona in Balti, engaging two students and two fashion design professors from TUM so they can commonly design and launch two capsules for the Moldova Fashion Days Spring edition. ZIPhouse increased the number of events it organizes jointly with external partners, hosting three sales trainings on e-commerce, assortments of collections and sales logistics. An in-house paid training was launched on Fashion Design with a well-known and experienced fashion designer, starting in January. Throughout Q1Y5, ZIPhouse organized three key fashion events in partnership with industry association APIUS: Moldova in Fashion Conference, Best Window Display Contest and the Sparkling Event: DININIMA campaign, attracting more than 500 participants at two of them. Residents and participants of the ZIPhouse acceleration program benefited from MCP support, organizing one pop-up shop within the Sparkling event, along with other DININIMA brands. This approach aims to support community building for the fashion industry and strengthens ZIPhouse’s position as the flagship institution at the center of it all.
ACTIVITY 1.2. Boosting Creativity, Entrepreneurship and Building Community

Moldovan Fashion Entrepreneurs Gain Industry Expertise at Kiev Fashion Tech Summit

Twenty aspiring Moldovan designers from ZIPhouse fashion hub attended a Fashion Tech Summit in Kiev, Ukraine. The summit provided a platform for Moldovan designers to interact with and learn best practices from global tech fashion experts such as Snapchat, Pinterest, Stanford University, and Harper’s Bazaar, among others. The designers’ participation in the summit was made possible by MCP through its support for ZIPhouse, which helps startups create globally competitive fashion brands and products. More than 40 fashion startups have received acceleration support from ZIPhouse since 2016, increasing export sales and creating higher value-added jobs at home in Moldova, especially for women who make up 90% of the fashion manufacturing workforce.

14 Young Moldovan Designers Decorate Local Stores Windows for Christmas

14 designers took part in the “Best Window Display: Christmas Edition” competition, decorating local stores to help increase sales during the holiday season. During the competition, participants improved their skills in visual merchandising, based on international trends. With support from MCP, ZIPhouse, Moldova’s fashion business acceleration hub, organized the competition to support merchandising experts, interior designers, and other industry specialists. MCP invests in the fashion-sector to stimulate the industry and related fields such as merchandising and window displays to increase the competitiveness of local brands in the domestic market. In 2019, domestic sales of Moldovan companies assisted by MCP reached $9 million, an increase of 26% from 2018.

Moldovan Design Students Compete During ZIPhouse Hackathon

ZIPhouse, the Center of Excellence & Acceleration in Design and Technologies, hosted a Hackathon for 25 Moldovan design students. Supported by MCP, the Hackathon served as a platform to build a community among young designers and stimulate collaboration. Seven judges, including Moldovan designers, fashion journalists and design academics,
facilitated the 24-hour competition where students were tasked with creating an outfit based on the latest collection from esteemed brand Alexander McQueen. All participants received certificates, invitations to the upcoming “Moldova in Fashion” conference, fashion books, and vouchers to Fabric Studio.

The winning team received a three-month subscription to ZIPhouse, which provides access to shared production facilities, co-working space and inspirational resources. The judges were highly impressed with the designs created, which reinforced the strength and talent within Moldova’s fashion industry. USAID support for Moldova’s fashion industry has triggered its transition from simple manufacturing to the development of more than 80 stand-alone fashion brands. Moldova’s apparel industry employs more than 30,000 women, and continued investment in the sector contributes to curbing emigration and empowering women’s creativity and entrepreneurship.

Activity 1.3 Developing Industry Skills through Advanced Technical Education and Training

Sustainability of Moldova’s Fashion Sector Showcased at the National Business Forum

The fourth Moldova in Fashion conference was incorporated in the Moldova Business Week (MBW) conference (the most important business event in the country) and highlighted the significant impact that the fashion industry has on Moldova’s economy, accounting for 16% of national exports. Organized by ZIPhouse, with support from MCP, the conference focused on the theme of “Innovating for Sustainability” and featured six internationally renowned fashion experts, from the UK, Italy, Israel, and the Netherlands. Speakers shed light on nearshoring, automation, smart textiles, and sustainability in the global fashion manufacturing value chain, supporting Moldova’s fashion industry on a sustainable path. Recently, with MCP support, Moldova was featured in the WTVOX Magazine, an outlet known for raising awareness of sustainable and innovative fashion alternatives. MCP supports events like the “Moldova in Fashion” conference to develop a thriving fashion industry thereby, enhancing the
competitiveness of the sector, which employs 30,000 people, 85% of whom are women.

20 Moldovan Designers Trained at Italy’s Top Fashion University

Twenty young Moldovan fashion designers completed a Fashion Business Administration course in Milan at Polimoda, one of the top 10 fashion schools in the world. The designers learned important skills on how to sustain a fashion business, advance their brands, and other various aspects of fashion brand management. The participants are student designers and graduates of ZIPhouse, Moldova’s business acceleration hub. ZIPhouse successfully connects business owners, executives, leaders and other fashion professionals with global fashion leaders. To date, MCP has helped more than 70 professionals gain advanced training through courses in Fashion Design, Fashion Marketing, and Fashion Business Administration at Polimoda.

PROGRAM 2. SMART (Streamline Manufacturing, Accountability, Resource efficiency, and Transparency) Factory program

ACTIVITY 2.1 Implement Complex Innovative Methods to Streamline Manufacturing and Productivity Growth

MCP Supports Technology Upgrades at Moldovan Apparel Factory
MCP leadership toured Coralav-Lux, a mid-sized family-run women’s apparel clothing factory located in the northern region of Moldova. MCP helped the factory transition to high-end production engineering and automated pattern making, which significantly accelerated the design process. MCP support improved the factory’s operations and the work environment. As result, Coralav-Lux currently exports 95% of its production to the EU market and is no longer solely dependent on the Russian market. In addition, the average productivity of the apparel factory increased by 26%, leading to a 15% wage increase. The factory evolved from providing sewing-only services to offering a full-product range of services, including fabric sourcing, pattern making and full-service logistics, which secured manufacturing contracts for international clients such as the fashion house Max Mara Group. Employing 150 people, of which 85% are women, Coralav-Lux plans to expand production by adding 60 more jobs in the coming year. Since 2005, the USAID support for Moldova’s light industry has created value-added goods, preserved jobs, ensured fair wages and enhanced long-term sectoral competitiveness.

23 Moldovan Production specialists discover best practices in FOB production, productivity enhancement methods and 3D fashion design software

With MCP support, more and more Moldovan Apparel companies are moving to the FOB (Full product) business model. This business model is new to most companies. Latest changes in the global apparel industry require Moldovan Apparel Companies to rapidly move to higher value-added business models, increase productivity and production efficiency based on automated production of high-quality, customized garments and invest in resource-efficient, sustainable technology. To learn all this quickly, in December MCP organized a study tour for 23 production specialists and executive directors from 16 apparel companies to Dan International, a medium size garment company situated in Bacau, Romania. This company is one of Romania’s top fashion manufacturers, with high quality standards, combining new technology equipment and highly qualified operators. By visiting this company, Moldovan manufacturers had the opportunity to study best practices in production organization and productivity enhancement, to see the high technical level of the company, supported by investments in new equipment and new technology, and to learn from Dan International’s experience in sourcing fabrics, trims and accessories.

Moldovan specialists had the opportunity to visit a second apparel company, Pandora in Focsani, Romania, the biggest high value-added producer from sketch to manufacturing. It uses high quality sustainable fabrics and ensures that its manufacturing is conducted under fair wear standards. Following these visits, Moldovan companies understood that in order to attract orders with high value-added, which allow higher wages to be offered, it is necessary to invest in automation, to move from slow fashion to manufacturing high quality sustainable
products. They established a good relationship with the two Romanian manufacturers, so they can take orders from them in future.

**Three apparel manufacturers implement Integrated Quality Management Systems**

MCP began providing assistance to three Moldovan fashion companies ("Starline" SRL, "Portavita" SRL, and "NT Fashion Group" SRL) to develop and implement Integrated Quality Management Systems according international standards ISO 9001:2015 and ISO 45001:2018. All these companies currently provide manufacturing services for foreign clients. The project supported the development of ISO 9001:2015 Quality Management Systems in each company in line with their internal development policies and strategies, to enable them to meet customer production requirements and increase production efficiency. The companies also developed Occupational Health and Safety Management Systems in line with ISO 45001:2018 to effectively manage risks within the business, including company structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving, reviewing and maintaining the company’s OH&S policy. “Mobile” SRL Apparel Company, which was assisted to implement an Integrated Quality Management System became certified by SIMCERT, an international certification body. By demonstrating strong OHSAS policies, Mobile has increased its competitiveness on European markets, as European consumers seek manufacturers with good working conditions and health and safety procedures. As a result of OMS implementation, Mobile apparel company attracted a new French client VANESSA BRUNO, with a contract worth 60,000 Euro, which constitutes about 35% of the company’s exports.

**Activity 2.2 Create Brands and Products Aligned with Fashion Trends**

**Pattern design platform for light industry companies and foreign clients established**

Patternmaking is one of the most important processes in the apparel value chain. This process requires deep knowledge and skills that are quite costly, especially for small businesses, and emerging designers. At the same time, these services are still highly requested by foreign customers, who want to optimize their costs. MCP supported the creation of a pattern design platform for national and international markets. The platform includes four specialized small companies, which provides pattern design services for local companies and individual designers. Two of them also make samples, and one company started to provide pattern design services outside the country.
International design consultant supports seven fashion manufacturers to improve design skills

High-quality design skills are key for Moldovan apparel companies to attract new customers, improve product performance, cut production costs, and provide products with a strong competitive advantage in target markets. In Q1, Y5, MCP continued the “Flying Designers” program with a pool of seven firms (both four ongoing and three new candidates), focusing on women and children’s wear, as well as startup and early-stage manufacturers. This complements the focus on apparel in earlier years, ensuring that the full range of fashion products is supported. Through the Flying Designers program the international designer provided the first intermittent consultancy to Moldovan factories with the goal of improving designers’ skills and helping firms develop better collections. As a result of the first visit the Moldovan firms were assisted in the following areas:

<table>
<thead>
<tr>
<th>The brand</th>
<th>The assistance provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maicom</td>
<td>Began range plan and research for mood board Colorful Underwear and T-Shirt SS20 Capsule: brainstorming color pallet, theme research.</td>
</tr>
<tr>
<td>Arabadji</td>
<td>Began loose range plan, initial discussion of fabric selection for SS20 Collection and discussed some initial designs the designer had already begun. Stressed how important structure and planning is for a good collection, a strong identity and to control budget.</td>
</tr>
<tr>
<td>MilyMia</td>
<td>Discussed previous FW collection sales and difficulties. Raw material selection began.</td>
</tr>
<tr>
<td>Passer</td>
<td>Discussed importance of market research and how company does not currently do this. Importance of brand identity and not to change this identity which can lead to loss of sales, but strengthen it.</td>
</tr>
<tr>
<td>Ajoure</td>
<td>Discussed pre-production problems and solutions: washings, relaxing fabrics, testing for shrinkage and staining. Reviewed raw materials and collection fabrics for two capsules to emerge for SS20 Pajamas. Stressed how no structure and producing without specific planning can lead to loss in profits and a stock of unsold goods.</td>
</tr>
<tr>
<td>Vivi Art Boutique</td>
<td>Began to discuss collection structure, entry level, middle and high tiers and price points in collection; the importance of keeping a strong brand identity, added value, and finding her signature.</td>
</tr>
<tr>
<td>Crème Brulee</td>
<td>Discussed previous FW collection sales and difficulties. Raw material selection began.</td>
</tr>
</tbody>
</table>
OBJECTIVE 2: EXPANDED MARKET LINKAGES

PROGRAM 3. Expanding Market Opportunities

Activity 3.1 Reposition Moldova as a Full Product Manufacturing Partner and Support Internationalization of Moldovan Fashion Brands in Regional Markets

Moldovan Designers Gain Exposure at Annual Fashion Expo

More than 7,700 visitors attended Moldova’s largest Fashion Expo, gaining exposure to 96 Moldovan and international fashion producers from Romania, Ukraine, Russia, Spain, and Turkey. Designers from Moldova’s growing fashion sector were on display ranging from well-known brands to fashion startups curated by the MCP-supported Ziphouse fashion accelerator. MCP supported a pop-up shop where visitors from Moldova, China, Poland, Romania and Ukraine could purchase items from emerging Moldovan designers. Moldova’s garment and footwear exports hit $427 million in 2018, or 16.6% of national exports, being a front-runner among Moldova’s exporting industries. With USAID assistance, over 100 local brands have emerged in Moldova, and now export to regional markets, such as UK, Romania, Italy, France, Germany and Belgium. 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, and most importantly, ensure fair wages for factory workers.

MCP provided tailored support to nine Emerging designers and manufacturers to enter niche markets with niche products

MCP seeks to diversify and expand its presence and exports of local manufacturers on international markets. In Q1 MCP continued working with niche producers, namely fashion accessory companies, specializing in handmade textiles and beads, emerging designers producing design products, and bridal producers, by assisting them to exhibit at different international events. As such MCP supported:

- **Two emerging designers**, specialized on sustainable fashion to exhibit their Ramuri brand on the Dult - a Local Fun Fair which took place on Regensburg, Germany,
- **Two fashion accessory companies**, specializing in handmade jewelry to exhibit at International selling exhibition AF-L’artigiano, Fiera Italy,
- **Six local designers**, which design and produce based on slow fashion to participate at different Pop-up shops in Bucharest, Cluj and Iasi, Romania.
The main aim of this support was to promote local brands to enter new niche markets with niche products, and to understand the demand of the customers from those markets for Moldovan products. As a result of taking part in these events, Moldovan designers and manufacturers established 10 new contacts and signed contracts totaling over $32,000.

Activity 3.2 Promote the Din Inima Umbrella Brand and Expand Domestic Market

DININIMA promotional campaigns allow local companies to cast a wider net and introduce the national brand to more people. They also allow firms to compare and contrast with other brands, and demonstrate their products’ quality, style and price.

Women leaders promote DININIMA brands in seasonal campaign

Ten DININIMA brands promoted their special events outfits during the Sparkling Party, DININIMA campaign. Women leaders and various influencers acted as models and tested 2-3 outfits, while being photographed by professional photographers to be promoted across social media. About 200 participants got to know DININIMA brands and their special dresses for the Christmas holidays. Participating brands offered special discounts at the event which were able to be used until New Year’s Eve. More than 1,200 professional pictures were published on social media promoting DININIMA brands and identity, the organizers and partners of the event. The event increased the awareness of local producers under the DININIMA umbrella brand and the value of sales.
Annual competition leverages merchandising skills of 14 young designers

Visual merchandising as a retail strategy maximizes the aesthetics of a product with the intent to increase sales. Done well, it creates awareness while simultaneously increasing brand loyalty. Most importantly, it can draw customers in and close the sale – all based on the aesthetic quality of the store display. The 2019 Best Window Display Contest: Christmas edition, challenged 14 designers and students from TUM, AMTAP and Ion Creanga University to develop innovative seasonal window displays at 14 stores, six of which were DININIMA common stores and eight of which were brands within the DININIMA identity. The participants benefited from online training and coaching by Stella Arion, a merchandising specialist from London, during the entire contest. They were responsible for designing their own concepts, procuring the materials and arranging the design and fitting in the store. Taking part in the competition helps students, young designers, fashion entrepreneurs and store staff to enhance their merchandising skills, building on innovation and creativity and attracting potential clients to visit and receive an enhanced shopping experience. First place was assigned to MAXIKIDS on Mircea cel Batrin, Chisinau and the public vote was given to the store for Nicole Storm.

OBJECTIVE 3: IMPROVED SECTOR-ENABLING ENVIRONMENT AND INCREASED CAPACITY

PROGRAM 4: Assist APIUS to Become a Strong Professional and Industry Association

Activity 4.1. Strengthen APIUS institutional capacity

APIUS increases membership and launches new newsletter together with ZIPhouse

MCP works hand in hand with APIUS to devise strategies to increase its membership base and become a financially sustainable institution by enforcing the collection of its fees and services rendered to its members. In Q1Y5, APIUS managed to attract three new members (Sotropa, Nicov Rodica and Nicole Storm) engaging them during the commonly organized fashion events with ZIPhouse, Moldova in Fashion Conference, Sparkling Party DININIMA campaign and Christmas Networking event. To strengthen the fashion community, ZIPhouse and APIUS consolidated their efforts into a joint monthly newsletter informing more than 300 subscribers of the latest news in the fashion industry. The newsletter helps to keep members, young designers and fashion students informed of sectoral achievements, upcoming opportunities and institutional capacity.
New industry catalogue and APIUS website inform international firms of opportunities in Moldova

With MCP support, APIUS consolidated industry data in one fashion catalogue, the digital version of which has already been finalized, comprising more than 100 industry manufacturers from clothing, footwear, textile, accessories and individual designers. The industry catalogue offers a brief overview about the industry, including ten key advantages of sourcing in Moldova, a short overview of APIUS, ZIPhouse and their contact details, and attaches the contact lists of top industry manufacturers. The digital version will be promoted on the APIUS website and across digital media. The printed version will be distributed at fashion relevant events designed for potential buyers, partners and investors. Meanwhile, a new website was designed for APIUS with the support of MCP, highlighting the list of industry services the association has to offer as well increasing the visibility of the manufacturers, enabling potential partners to learn about their capacity and get in touch with relevant members.
INFORMATION TECHNOLOGY, ENGINEERING AND CREATIVE SERVICES

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

PROGRAM 1: Promoting STEAM Education and STEAM fields Careers

ACTIVITY 1.1. Pilot the Future Classroom (FCL) Concept in Moldovan schools

Memorandum of Understanding signed to expand Future Classroom Public-Private Partnership

MCP signed a Memorandum of Understanding (MoU) with existing and new members of the Future Classroom public-private partnership to mark an extension of the initiative and underline its continued support for Moldova’s digital innovation in education. The MoU aligns with Moldova’s 2030 National Development Strategy to support digital innovations in education. MCP is the key driver of the Future Classroom partnership, engaging both public and private partners - the Ministry of Education, Culture and Research, the Ministry of Digitalization, the Ministry of Defense, Orange Moldova Foundation, which represents Moldova’s largest private sector telecoms provider and Liechtenstein Development Service Foundation (LED), which recently joined the public-private partnership creating synergy with MCP donors USAID, Sweden and UK aid. The nationwide Future Classroom initiative seeks to bring smart technology to schools and empower youth with 21st-century Science, Technology, Engineering, Arts and Mathematics (STEAM) skills. The shared investment in the Future Classroom initiative from 2017 to 2019 is estimated at US $760,000, and the partnership is expected to grow to US $1.65 million by 2022. To date, MCP-supported digital skills programs are implemented in 135 schools, or 10% of all Moldovan schools, benefiting 18,000 youth across the country.

USAID Senior Deputy Assistant Administrator for Europe and Eurasia meets high-level officials from Orange Telecom at the Future Classroom National Center for Digital Innovation in Education

Margot Ellis, USAID Senior Deputy Assistant Administrator for Europe and Eurasia, and Scott Hocklander, USAID Mission Director, visited the MCP-supported Future Classroom National Center for Digital Innovation in Education and met with Francois Cosson, Executive Director of Orange’s Foundation and Solidarity Fund. With current funding
estimated at US $760,000, $300,000 of which was contributed by Orange Foundation, Future Classroom is one of the largest joint initiatives between the MCP and Orange telecom. The total funding resulting from the public-private partnership that leverages additional contributions from the Moldovan Government and Liechtenstein Development Service (LED), is expected to increase to $1.65 million by 2022. The USAID and Orange Telecom officials discussed the successful partnership and opportunities for future collaboration. Students from the center demonstrated digital technologies, including micro-circuits, digital laboratories, VR sets, and Ozobot sensors. To date, the Future Classroom initiative is implemented in 31 schools across the country and are equipped with modern transformative technologies, benefiting over 3,450 youth.

22 Moldovan Future Classroom teachers experience the Estonian education system model

A group of 22 Moldovan Future Classroom teachers participated in a 4-day study tour to Estonia, where they participated in interactive workshops and learned how digital innovations in education can be successfully implemented, based on the Estonian model. The Estonian educational system is ranked fifth globally and number one in Europe, according to the Program for International Student Assessment (PISA) study. Teachers visited four local schools, the Science Discovery Centre “Energiakeskus,” the Innovation Center “Mektory,” as well as “Robotex,” one of the largest international robotics festivals. During the visit, participants learned best practices and collaborated with fellow teachers who shared their experience of implementing innovative teaching and learning methods that make the classroom environment more engaging for students. Moldova’s FCL initiative aims to develop innovative educational partnerships and bring market-driven technologies to schools to enhance learning outcomes and develop practical skills in students within urban centers and rural regions. To date, the MCP-supported Future
Classroom initiative is implemented in 31 schools across the country and 275 teachers benefit from trainings.

**ACTIVITY 1.2. Expand Educational Robotics Program**

**Moldovan National Robotics Team wins three Gold Medals at FIRST Global Challenge robotics competition in Dubai**

The Moldovan National Robotics Team won three gold medals at the 3rd Annual International Robotics Olympiad – FIRST Global Challenge, held in Dubai. The team of six students, aged 15-18 years old, competed against 188 other countries and demonstrated the strength of their expertise across all elements of the competition, receiving three gold medals for:

- First Global Winning Alliance – awarded for collaborative efforts among national teams, including Moldova, Belarus, Norway and Team Hope (made up of Syrian refugees);
- Grand Challenge Award – awarded for the most points accumulated across the entire competition; and
- Ustad Ahmad Lahori Award – recognizing innovation in engineering

MCP co-funded Moldova’s participation in the competition alongside local Moldovan businesses, demonstrating vested industry interest to support the development of technology skills among Moldovan youth. Robotics provides an exciting, hands-on way for students to learn STEM and inspires them to pursue careers in the field. Children exposed to educational robotics are two times more likely to major in science or engineering and pursue high-quality jobs. The Educational Robotics Program in Moldova is deployed by MCP in partnership with the Moldovan Ministry of Education and ATIC business association. To date, over 18,000 youth across the country have benefited from the MCP-supported Educational Robotics program, which is implemented in 10% of all Moldovan schools.

**88 Robotics Teams demonstrate impressive STEAM skills at third SumoBot Challenge**

More than 175 Moldovan youth, aged 10 to 17 years old, took part in the third Moldova SumoBot Challenge. The competition, designed for K-12 students, is a national battle of Sumo robots, enabling Moldovan youth to explore LEGO Mindstorms robotics and demonstrate their STEM skills (Science, Technology, Engineering, and Math). The competition attracted 88 teams of young programmers from across the country, who were preparing for the competition for the preceding two months, developing complex strategies.
and building and programming high-performance robots to complete tasks during the competition. The Challenge tested the creativity, problem-solving, communication, and teamwork skills developed by the teams, and awarded the winners with trophies. MCP incorporates the SumoBot Challenge into its wide-reaching STEM education program, 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. SumoBot Challenge is one of the world’s premiere competition-based learning models, motivating, encouraging and supporting robotics enthusiasts to develop their engineering skills.

60 Moldovans advance engineering skills during annual Robotics Workshop

The second edition of the “Robot Factory Camp Mechatronic Symphony” brought together 60 Moldovan students to advance their engineering skills by building and programming a robotic arm from scratch. For five weeks, participants created a demo robotic arm with mechanisms used in various fields such as engineering, Internet of Things, 3D printing, construction and medicine. Mechatronic Symphony was held at FabLab Chisinau, a joint investment between MCP, financed by USAID, Sweden and UK aid, and the Technical University of Moldova. FabLab, a community center focused on advancing technology and engineering, engaged 745 students throughout 2019 to develop their ideas and digital projects. Investing in Moldova’s ICT sector leverages the fastest growing export industry in the country and the largest employer of youth. Since MCP began supporting the sector in 2015, over 30,000 youth developed coding, design, robotics, engineering, entrepreneurial and other cutting-edge skills, preparing them for 21st century careers at home in Moldova.
ACTIVITY 1.3. Support private initiatives for improving STEAM education and promoting STEAM careers

100+ participants test their digital skills in Moldova’s largest youth programming event

More than 100 youth, parents, teachers and mentors gathered at MegaDojo Chisinau 2019, to take part in Moldova’s largest IT education event. Organized during European Coding Week, MegaDojo brought together 20 tech industry volunteers and children between the ages of 9 and 17 to code and design simple games, mobile apps and websites. CoderDojo is a global, volunteer-led community of free programming workshops for young people. The six CoderDojo clubs in Chisinau are run by volunteer mentors from Moldova’s private sector, and more than 400 youth have benefited from these clubs since 2016. MCP invests in Science, Technology, Engineering, Arts and Mathematics (STEAM) learning activities like CoderDojo to equip Moldovan youth with the digital skills needed to access 21st-century careers.

Over 100 Moldovan youth join the global Hour of Code movement

More than 100 Moldovan children and teenagers participated in the global Hour of Code movement and engaged in interactive coding workshops to celebrate Computer Science Education Week. The Hour of Code is a one-hour introduction to computer science, designed to demystify "code", to show that anybody can learn the basics, and to broaden participation in the field of computer science. During the event, participants learned to code mobile apps, websites and robots. 30 volunteer-mentors from MCP-supported CoderDojo and Future Classroom initiatives facilitated the programming and coding activities. During a speech at the event, Vasile Grinciuc, developer at Pentalog IT company, encouraged children to create their own games, applications or websites, and revealed that creating technologies can be far more interesting and fun than just using them.
To keep parents engaged, La Strada, the Public Association International Center for Women Rights Protection and Promotion, facilitated an online security training focusing on personal data protection and prevention of cyber-attacks on children. The event was organized by the Moldova Competitiveness Project and Tekwill Academy Kids, as part of their STEM education and ICT workforce pipeline initiatives, which have benefitted 18,000 youth to date.

**PROGRAM 2: Build the Ecosystem for Workforce and Entrepreneurship Development**

**ACTIVITY 2.1. Develop and Strengthen National and Regional Innovation Centers**

**USAID MD tours Balti Regional Innovation Center & Free Economic Zone**

Scott Hocklander, USAID Mission Director, visited the Regional Innovation Center and Free Economic Zone in Balti to see the development of Moldova’s IT sector in the northern rural region. MCP supports Moldova’s regional economic potential, Balti being an excellent location for automotive technology, IT and engineering development. The potential for growth in these fields can lead to the creation of quality jobs in the North of Moldova, stimulating the economy and preventing a brain drain to Chisinau and abroad. The Regional Innovation Center is the first center of excellence to stimulate high-tech innovation outside Chisinau. Through USAID’s support, the Center was established through a partnership between academia, industry, and the government to provide 6,000 m² of labs, training and collaborative spaces for the tech, engineering, automotive, innovation in agriculture, fashion and other traditional sectors. The Free Economic Zone Balti is home to Gebauer Griller and Draexlmaier Group, renowned Austrian and German automotive component suppliers, and one of the largest employers in Balti area. USAID strategically partners with global corporations, the private sector, government, and other donors to jointly invest over USD $1 million in game-changing innovation centers like the Balti Innovation Center in order to increase Moldova’s economic competitiveness, strengthen its human capital, and enhance its business environment.
Students and young engineers engage in a Hackathon at FabLab Chisinau

11 teams of young programmers and engineers from Moldova, Romania, and Ukraine participated in the Mobile Robotic Systems and IoT (Internet of Things) Services Hackathon, hosted by the Technical University of Moldova (TUM) at FabLab Chisinau. With a “Home Alone” theme, the teams used CIRCLE Labs electronics equipment provided by MCP, to develop security system projects that prevent fire, smoke, temperature-humidity, and gas leaks. CIRCLE Labs is a USD $230,000 joint academia-donor-private sector investment and provides cutting edge technical labs at TUM, in partnership with Siemens and Bitdefender. MCP supports public private partnerships like CIRCLE labs to provide world class technical education at Moldovan institutions, and provide graduates with the skills they need to access jobs in Moldova’s growing ICT industry. ICT employs more than 23,000 people, mostly youth, and provides salaries four times the country average.

Artcor launches its educational pillar, announcing the Artcor School Program

Artcor School is a non-formal education platform driven by Artcor Center, that aims to develop hard and soft skills in the field of creative industries. The general objective is to raise the quality level of employees in Moldova’s creative industries and provide alternative learning opportunities that cover subjects lacking in the traditional education system. Following a skills gap analysis in the industry, Artcor will focus 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.
MCP supported COR Association to develop curricula for nine professional mid- and long-term courses (ranging from 20 to 40 hours). The courses cover fields such as: sound design, film production, interior design, graphic design, animation, storytelling and game design. Two of these courses, interior design and sound design, are already implemented at Artcor with 21 young professionals and students graduating from Artcor School.

Additionally, Artcor developed two more courses in order to fill industry demand. Graduates of the Sound Design course requested a follow on edition focused on Music Production, and the trainer, music composer Elias Tadeus, agreed to continue with a new course in Music Production starting early 2020. Artcor School aims to become a recognized educational center on the local and international market, which prepares, on the one hand, specialists with valuable theoretical and practical skills for companies, but also, on the other hand, entrepreneurs capable of developing their own business in the field. The objective is to cover the shortcomings of the formal education in correlation with market demand and to offer an alternative education, as interactive and current as the local context, directed to export.

Nine young Sound Specialists complete the Artcor Sound Design course

Following a 3-month course on sound design conducted by the renowned Moldovan composer and music producer Elias Tadeus, a group of nine young sound specialists and freelancers received their completion certificates in sound engineering. Participants developed skills in generating and manipulating sound waves, record and process sound, and how to discern between the frequency and the amplitude of sound. Elias has previously written music for Disney movies and worked with the German film score composer and record producer Hans Zimmer. Following the course, one of the participants collaborated with Elias Tadeus to write the music for a TV advertisement, and was hired by a sound production company. This is the first generation to graduate from the Artcor School, an alternative learning platform in creative industry fields.
Artcor hosts Urban Conference highlighting Chisinau’s restoration potential

More than 80 Moldovan architects, urbanists, and interior designers attended the Urban Conference hosted by Artcor to highlight the variety of historical buildings in Chisinau and discussed the development potential of its classical, eclectic, modern, and modernist architecture.

The conference was attended by international speakers, architects and designers from Italy, Russia, and Moldova, who discussed the role of heritage in daily life, its preservation, and how other countries infuse culture with urban design. Urban Conference is the first educational and community building event for architects and interior designers, which represent a large sub-sector of the creative industry covered by Artcor. MCP supported the creation and development of Artcor Creative Center to offer space for ideation, creation, co-working and collaboration for the nascent creative businesses in Moldova.

Activity 2.2. Developing the Digital Media Production Hub

New MEDIACOR public private partnership to strengthen emerging digital media sector

In the summer of 2021, the Moldova Competitiveness Project will launch MEDIACOR, the new digital media hub in Chișinău, Moldova. Designed to meet the needs of the country’s emerging digital media sector, MEDIACOR will include a state-of-the-art production pavilion, pre- and post-production facilities, and accessible co-working and learning areas. MEDIACOR will have an enabling management in place to foster collaboration among startups, established producers, and other stakeholders in this space. This collaboration will catalyze the digital media community and facilitate the development and scaleup of next-generation media products and services. Moldova State University will host MEDIACOR at its main campus in downtown Chișinău, with an estimated cost of development and launch of $2.67 million. The hub will operate as a public-private partnership, with MDL 3 million (equivalent to $170,000 according to October 2019 rates) allocated by the University for the construction of the pavilion. This
cash contribution and the building value bring the university’s contribution to 32% of the total projected MEDIACOR-launch cost. Using the principles of public-private engagement, MCP will facilitate a partnership between the university and the Association of Creative Companies (COR). COR has already opened its membership to stakeholders from the digital media product and services industry, including stakeholders in film, video, animation, and sound production and postproduction as well as in new emerging subsectors, such as virtual reality and artificial reality, three-dimensional animation, digital visual effects, and video game development. COR will leverage its experience with ARTCOR governance and management to initiate a similar governance and management model for MEDIACOR. The private sector’s estimated contribution to MEDIACOR’s startup is 17% of the total projected cost.

MEDIACOR business plan outlines its future sustainability

MCP engaged Manisha Aryal, Chemonics’ technical director for digital development to prepare a business and operational concept for the Media Production Hub, as well as the private sector engagement mechanism for its development, endowment and future management. The business and operational concept articulates a successful and sustainable model for the Media Production Hub, outlining the initial feasibility, the building layout at the State University, the initial space functionality requirements articulated by the private sector, and the architectural concept that is currently being developed.

<table>
<thead>
<tr>
<th>SPACE</th>
<th>FUNCTIONALITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Pavilion</td>
<td>Multi-functional studios (with 400 square meters and ceilings up to 8 meters for large-scale production); Cyclorama studio for photography and video; Chroma key studio; motion capture studio for virtual reality and artificial reality production and animation; small TV studio for shows and series; storage space for various equipment/furniture/filming props; production prep spaces; storage and data.</td>
</tr>
<tr>
<td>Post-Production Spaces</td>
<td>Sound: Mixing studios for audio/music mastering and mixing; dubbing studio for dubbing, voice over, subtitling, and content localization; recording studios for sound recording, mixing, and audio production; Foley studio for sound effects.</td>
</tr>
<tr>
<td></td>
<td>Video: Color correction and grading for fixing color issues such as contrast, saturation, black level, color detail; sound editing; visual effects studio; data center and storage.</td>
</tr>
<tr>
<td>Capacity Development</td>
<td>Training areas; meeting spaces (small and large); screening area for client showcase of final media products (trailers, films, videos, etc.)</td>
</tr>
<tr>
<td>Networking Spaces</td>
<td>10 small offices for emerging creative businesses; meeting and networking areas; parking and outdoor green areas.</td>
</tr>
</tbody>
</table>

Photo caption: Table from the MEDIACOR business and operational concept outlining the functionality of the MEDIACOR building. Photo credit: Chemonics

MEDIACOR facilities co-designed with digital media private sector and COR industry association

The project also developed the design and functionalities of the future MEDIACOR, in close collaboration and consultation with private sector representatives and the COR creative industry association. The current design bases MEDIACOR in two buildings on 60, Mateevici street. The plan includes refurbishing the four-story library block and constructing a new production pavilion adjacent to it. Based on multiple meetings and three site visits with private sector players (a mix of production, game development, and multimedia effects companies), basic functionalities were incorporated into the MEDIACOR space design.
The production pavilion will be a seven to ten-meter-tall structure accessible from the street. It will have a 400 square meter pavilion, a 120 square meter corner with Chromakey and Cyclorama, and preparation rooms. The pavilion will connect to the first floor of the Library Block and provide elevator access to all four floors. Each floor of the Library Block will have functionalities that meet specific requirements of the sector.

**Activity 2.3. Building Community and Support Professional Events**

**Advancement within Moldova’s Creative Industries featured during Business Week**

The importance and promise of the creative industries were discussed for the first time at the four-day Moldova Business Week conference. Moldova’s Minister of Education, Culture and Research, and international and local business leaders spoke about the development potential of the sector. While the creative industries account for 7% of the world’s GDP, in Moldova, like in many developing countries, this figure is under 1%, presenting untapped economic potential. Ukrainian experts underscored Moldova’s cinema, video, and TV post-production potential and the niche opportunities it offers for regional collaboration. This MCP-supported panel served as a platform for discussions and exchange of international best practices in order to catalyze the development of the creative sector. The creative service industry creates jobs that cannot replace machines and technologies, as they depend on human creativity and emotional intelligence. MCP supports the creative industries since 2017 to create opportunities for youth employment.

**100 Moldovan Cinematographers receive advanced training in Filmmaking**
MCP supported the second edition of the “Make it Like a Pro (MILAP)” workshop, which convened more than 100 filmmakers and cinema professionals. MILAP is a platform to advance cinematography skills among Moldovans. The workshop allowed participants to take part in free educational sessions over 10 days, and provided theoretical lessons and practical activities, such as fieldwork, filming and post-production equipment use. Guest speakers from Moldova, Romania and Ukraine discussed a wide range of topics such as acting, coloring, and sound systems. Participants produced a six-minute movie sequences to apply skills learned. MCP supports the development of Moldova’s creative services industries as they offer youth high-quality employment opportunities with salaries four times greater than the national average, mitigating against the drivers of migration.

200 Media and Film professionals attend annual “Fix it in Post” conference to advance Moldova’s creative potential

The second annual “Fix it in Post” conference was held in Moldova, bringing together more than 200 media and film video and sound post-production professionals. As a burgeoning sector, Moldova’s IT and creative industry is poised for significant growth. The conference, supported by MCP, strengthened communication between media and film industry professionals and established a collaborative dialogue between neighboring countries, Romania and Ukraine. Discussions reinforced the possibility of co-production, outsourcing industry services, technical skills development and business interest to new markets. The event hosted workshops on special video effects (VFX) production and sound design, laying the foundation of a new, strong community of post-production specialists. Moldova has the potential to be a global hub for creative industries, building on its fast-growing IT industry. According to MCP estimates, in 2018 Moldova exported creative services worth $61M and 11,000 people were employed in various creative verticals, mostly youth.
MCP supports Moldova’s IT and Creative Services to realize their unique role in creating quality jobs and addressing brain drain.

**OBJECTIVE 2: EXPANDED MARKET LINKAGES**

**PROGRAM 3: Grow Moldova as an IT and creative services industry destination**

**Activity 3.1. Assist Foreign Market Entry for Domestic Tech & Creative Firms and Tech-based Investors to Moldova**

The first Technology Park, Digital Park, opens in Moldova

U.S. Ambassador, Dereck J. Hogan, alongside Moldova’s Prime Minister, attended the opening ceremony of Moldova’s first state-of-the-art technology park, Digital City, located in downtown Chisinau. The Moldovan Government provided the land for the technology park and StarNet, Moldova’s preeminent internet and telecommunications company, is leading the development of Digital City. MCP provided StarNet with critical investment coaching, including market intelligence and funding models, as well as a portable risk guarantee from the U.S. Treasury via USAID’s Development Credit Authority to access $8.9 million in loans. The opening of Digital City’s first office tower marks the completion of phase one of a multi-phase project, which will host more than 2,500 jobs and 50 technology firms. By 2025, the total investment for the park is expected to exceed $35 million creating a Silicon-Valley type environment and establishing Moldova as a catalyst for ICT competitiveness. Digital Park is in the process of obtaining the first green building certification in Moldova. Since 2005, Moldova’s IT sub-sector recorded exponential development, with software exports growing 40-fold. In 2018 alone, the sector had $164 million in revenues, a 40% growth compared to 2017. Moldova’s ICT sector is poised for continued rapid growth and provides increased wages for employees while improving the country’s economy, governance, and society.
**Creative companies attend European trade shows and industry events**

MCP supported members of COR Creative Industries Association, like Imago advertising company and Amigo IT development company, to travel to France and Portugal to attend tradeshows and conferences such as MIPCOM and Websummit. At inspirational events, Moldovan creative industry entrepreneurs attended talks by managers at IKEA, Sky, CNBC, and Facebook, learning how to adapt their brand and company to new tech trends.

**Moldovan Cinematography and Creative Industry awarded at International Film Festival**

The second annual RAVAC International Film Festival took place in the capital city, Chisinau, celebrating Moldova’s creative sector and recognizing more than 40 films, including 12 short films and animations made in Moldova. The first Moldovan virtual reality animated film, “Aripile” (Wings), won awards in the categories of Best Music, Best Sound, and audience-driven award for Best Animation. The film has also won prizes at prestigious international film and animation festivals “Festival du Film Merveilleux et Imaginaire” in France and the “International Independent Film Awards” in the U.S., putting Moldova on the map as a regional creative and production hub. The festival was organized by Moldovan creative company, YOUBESC, in partnership with Wine of Moldova and with support from MCP.
OBJECTIVE 3: IMPROVED SECTOR-ENABLING ENVIRONMENT AND INCREASED CAPACITY

PROGRAM 4: Legislative and capacity building support for IT and creative services industry

Activity 4.1. Moldova IT Park Support and Legislation Improvement

Moldova Virtual IT Park recognized as a Global Best Practice Model

United Nations International Telecommunication Union recognized Moldova Virtual IT Park as one of the world's best IT ecosystems for promoting and developing entrepreneurship and business opportunities. Moldova IT Park is a virtual park that enables its residents to benefit from world-class services, talent and business incentives. Members are entitled to a 7% flat tax on company turnover, compared to the national 15% tax rate, and improved access to visas/work permits for foreign tech employees. To date, more than 500 companies have registered in the IT Park, of which 122 are international businesses from 32 countries, such as the U.S., Romania and the UK. With 81% of the revenue generated through exports, Moldova's IT sector is quickly becoming both a regional and a global hub. Moldova's IT exports rose 40-fold to US $164 million in 2018, creating well-paid jobs for more than 23,500 people, mostly young adults. MCP provided strategic technical assistance to the Moldovan Government and Moldovan Association of Information and Communications Technology Companies (ATIC) in drafting the legislation to enable the development and opening of the first virtual IT park. More than 20 IT companies from the Balti region became residents of the Moldova IT Park. The number of residents from the IT and Creative Services industries exceeded 500 companies. During the reporting period MCP initiated the development of an ex-post impact assessment of the Law on IT Parks, which will serve as a basis for the Government to improve the law and make it more attractive for local and foreign IT companies.

Activity 4.2. Support the Implementation of the IT Industry Innovation Strategy

MCP supports the delivery of the Moldovan Strategy for Developing the IT Industry and Digital Innovation Ecosystem

The Strategy for Developing the IT Industry and Digital Innovation Ecosystem approved by the Moldovan Government contains 38 strategic actions which must be accomplished by 2023. These actions include the development of new regulations, and industry development activities to be performed by Government institutions and private sector and development partners. During the reporting period, MCP supported the Ministry of Economy at different stages of Strategy Action Plan development, including:
- monitoring and assessment of the Law on IT Parks;
- holding meetings with Industrial Park “Tracom”, Free Balti Economic Zone and private sector investors regarding the creation of physical IT Park Infrastructure;
- holding discussions with representatives of the Ministry of Economy and Infrastructure and Ministry of Education, Culture and Research regarding the creation of the institutional framework for implementing IT development initiatives;
- developing IT entrepreneurship activities with private partners such as ATIC, ACETI, NGO Microlab, and the !Yep Incubator;
- supporting the organization of consultations with the private sector to identify legal constraints and solutions for IT industry development;
- supporting the organization of IT career promotion activities, particularly in Balti region;
- supporting the development of the network of trainers for alternative IT education training through the Future Classroom initiative;
- promoting STEAM education in schools through the Future Classroom and Robotics programs;
- providing support to regional innovation and prototyping centers (FabLabs).

During Q2, MCP will continue to support the Ministry of Economy and Infrastructure to implement the IT Industry and Innovation Development Strategy.

**Activity 4.3. Capacity Building for COR and APIP Business Associations**

**Artcor Creative Center establishes a fully functional team able to drive the content for its educational, entrepreneurial and community pillars**

In order to operate as a center for the Creative Industries sector, Artcor completed the recruitment of its team of young professionals, including an Education and Skills Program Manager, an Operations and Partnerships Manager, and Space Coordinator, Logistics and Events Manager and a Brand Manager. With support from MCP, Artcor posted job announcements and conducted interviews under the management of COR executive director Vasile Braga and Artcor executive director Viorica Cerbusca. The five members team is a young motivated team, results oriented and with a deep understanding of the creative sector and it’s necessities:

- **Executive Director Viorica Cerbusca** has a more than 10 years experience in implementing entrepreneurship programs for youth via the YEP regional initiative in Ukraine and Moldova. She has wide experience working with donors and state institutions and is a good leader and team manager.

- **Brand manager and community events coordinator Misha Turcanu** is an informal community leader of the Moldovan creative industry, starting his own hub in Chisinau Moldova called Tipografia 5. The hub closed due to its high rental costs, but Misha brings Artcor his extensive experience of events and community building within the creative sector.

- **Education and Skills Program Manager Anna Vasina** graduated in Arts and has three years of professional experience as a graphic designer. She has good organizational skills, and is known in the creative community for her involvement on a volunteer base in organisation of pecha kucha, exhibitions or film screenings.

- **Operations and Partnership Manager Nicu Covalenco** is one of the community leaders in the game development sector in Moldova and has good organisational skills from his past experience organizing the Tekwill, Fix it in Post conference for post-production specialists.
• **Logistics and Events Manager Oxana Berzan** holds a masters from London in the fashion and creativity field and set the basis for ZIPhouse, a fashion industry excellence Center funded by MCP.

**Artcor enhances its procedures with support from international mentorship in European Network, and from Slovenian based entrepreneur and expert in hubs management**

MCP supported Artcor by connecting the Center with hubs across the European Network of Creative Hubs. Luka Piskoric is one of the founders of Poligon, a Slovenian based hub, who mentored Artcor during its six month inception period, building the hub’s institutional capacity by developing its operations manuals and guidelines needed to ensure proper management of the hub; developing the list of commercial and non-commercial services to be provided by Artcor; drafting the necessary procedures for the operation of the hub; and building capacity of COR to define and prioritize the activities of the hub that will lead to achieving the Center’s primary goals and ensuring its sustainable development.

**APIP business association establishes collaboration with the Association of Electronic Communications and Information Technologies.** Both associations work with the IT, engineering and automotive companies in the North region and have the objective of developing the engineering and IT industries in the Northern region of the country. According to the MOU for establishing the Balti Innovation Center, APIP will provide operational management of the Center. This will ensure that the activities of the Center will be aligned with the needs of the private sector. To achieve this goal, both associations require support to build their capacity and skills for implementing industry development initiatives especially for workforce and innovations development. In this context, MCP provided support to APIP and ACETI in implementing the following activities:

- **IT Weekend Morning** is a weekly workshop for university and VET students as well as pupils from schools that take place at the premises of the companies in Balti. The subjects of the workshops are dedicated to different IT subjects and have the objective of delivering an introduction to specific IT fields, and to promote IT careers.
- **“Informatics Professors – IT Ambassadors from North”** is a large conference with the participation of more than 200 professors from schools, VET institutions and Universities. The conference objective was to promote IT and engineering areas and establish a network of IT professors and teachers to develop educational and experience exchange initiatives in the North region of the country.
- **Round table** with the participation of IT professors from Balti University and VET institutions in the Balti region to discuss the challenges and solutions needed to improve ICT and engineering education in Moldova.

**DELIVERABLES**

During the reporting quarter, the project submitted the following deliverables to USAID as per contract requirements:

1. Annual Report, FY19
SECTION II

PROJECT-LEVEL OUTCOMES AND RESULTS

Sector Engagement, Enhancement, and Development (SEED) Fund

During the quarter, the team continued to focus on implementing the recently increased SEED Fund budget of US $6.3 million. MCP has a grants pipeline tracker in place which tracks existing grants (obligated and actual spent amounts), closed grants (reflects actual amount expended at the time of the grant closure), and grants to be awarded i.e. upcoming grants in our pipeline. MCP updates this tracker on a monthly basis with actuals to prevent any fund utilization issues. In October-December 2019, the SEED Fund disbursed a total of US $239,994 covering 32 existing grant beneficiaries across all industries. To date, the SEED Fund has disbursed a total of US $4,309,843 or 68% of the total $6.3 million USD. The SEED Fund allocated the following with USAID approval:

- **One new grant in the light sector to:** Chivamax SRL (G-SIM-068) with the main office located in Soroca and three production sites: Ignateni village in the Rezina district, Scortini village in the Telenesti district, and Volovita village in the Soroca district. The purpose of this grant is to improve factory efficiency and product quality by expanding the quality of production, mainly for foreign clients, and by equipping the factory with equipment to include an embroidery machine and a fabric doubling machine.

- **One new grant in the wine tourism sector to:** Vinaria din Vale S.A. (G-SIM-074) with administrative office in Chisinau and a tourism facility to be developed by the winery located in Slobozia Mare village in Cahul district and Valul lui Train region. The purpose of this grant is to improve the infrastructure, offer visitors wine tastings directly at the winery, and increase the volume of the Grantee’s wine production. The opportunity to visit the winery will greatly increase consumer confidence in the product, which will lead to an increase in the number of loyal consumers and the development of a sustainable business.
Local Capacity Building Program

MCP continues to invest in building business associations’ capacities

MCP continues to work with 11 business associations to stimulate inter-industry cooperation, consolidate private sector vision and voice, and increase their role in quality, skills and/or trade support, all of which would further enhance the overall competitiveness in targeted industries. By working with associations and member-based organizations, MCP can build their capacity to advocate for legal and regulatory changes, serve as clearinghouses for information, coordinate initiatives within targeted industries, and provide services such as organizing trade and investment missions, trainings, and/or conferences for their members.

MCP directs most of its workforce development and trade assistance through these industry associations to enable them to grow their capacity, relevance and ensure self-reliance upon the project’s completion. Additionally, support for and integration among the sectorial associations plays a vital role in the development of each industry to ensure their sustainability, despite the changes in Moldova’s government. Combined, the 11 associations have more than 1,000 members. To date, MCP’s total core grant support for the five flagship business associations is worth US $2.1 million.

USAID Mission Director Met with MCP-Supported Industry Business Associations

USAID Mission leadership and the five industry associations supported by MCP– the Association of Small Winemakers (ASW), the National Inbound Tourism Association of Moldova (ANTRIM), the Employers Association from Light Industry (APIUS), the Moldovan Association of ICT Companies (ATIC), and the Creative Businesses Association (COR) – met to discuss USAID’s commitment to advance sustainable economic growth and partnerships in Moldova. Support and capacity building for industry associations has been at the core of MCP’s efforts to enable associations to become advocates for the industries they represent and foster long-term development. This is also part of the Mission’s ‘Journey to Self-Reliance’ approach for Moldova. MCP works with 11 business associations that together boast more than 1,000 members. To date, MCP’s total core grant support for the five flagship business associations is worth US $2.1 million. MCP directs most of its workforce development and trade assistance through these industry associations to enable them to grow their capacity and relevance, and ensure self-reliance upon the project’s completion. Additionally, support for and integration among the sectorial associations plays a vital role in the development of each industry to ensure their sustainability, despite the changes in Moldova’s government.

MCP-supported associations meet to discuss economic growth and collaboration among the sectors. Credit: MCP
Environmental Protection

During the quarter, MCP developed and received USAID approval for Environmental Review Checklists (EMMP) and Environmental Mitigation and Monitoring Plan (EMMP) for:

- 13 grant beneficiaries in the tourism sector: GT Ciutac Sergiu Andrei, Agro-Tiras SRL, Ecoferm Lux SRL, GT Russu Rodica, GT Aghenie Tudor, Fabrica de Vinuri din Saratenni Vechi SA, Il Buzila Ludmila, Il Iurie Ardasan, Feramenta SRL, Vigalval SRL, Tehno AB SRL, Lukberg Trade SRL,
- One grant beneficiary in the wine tourism sector: Salcuta SRL,
- 16 grant beneficiaries in the light sector: Allert&Co SRL, Artizana Factory SRL, Chivamax SRL, Coralav Lux SRL, Haskel Design SRL, Intercentru-Lux SRL, Lady Couture SRL, Lis Tex SRL, Loz-Textil SRL, Milymia Trade SRL, Portavita SRL, Saltoianca SRL, Velitextil-Prod SRL, Viomas Tex SRL, Casa Cristea SRL, SC Dicton AS SRL
- Two business association grant beneficiaries: Inbound Tourism Business Association (ANTRIM), Association of Small Wineries (ASW), and
- One grant beneficiary in the ICT sector – University Alecu Russo from Balti.

Following the conclusion of several grants, MCP is working with the Grantees on generating environmental monitoring reports. Furthermore, the wine industry RFA concluded in September 2019, which will result in an inflow of new potential grantees. These will also be vetted by ERC and most will require EMMP as well.

Anti-Corruption

During the quarter, MCP continued to support increased transparency of operations in the selected industries, by advocating for appropriate and transparent policies that reduce government rent seeking. MCP similarly advocates for a level playing field among firms, large and small, to better ensure that firm growth and profits are based on enterprise productivity and innovation, not connections. Furthermore, Chemonics and its employees maintain high standards of ethical conduct in the selection, award, implementation, and oversight of Project activities. MCP employees complete on an annual basis the mandatory Chemonics training on “Code of Business Conduct.

Access to finance through Development Credit Authority

The first Technology Park opened in Moldova as result of accessing funds through DCA

MCP provided StarNet with critical investment coaching, including market intelligence and funding models, as well as a portable risk guarantee from the U.S. Treasury via USAID’s Development Credit Authority to access $8.9 million in loans for the creation of the state-of-the-art IT business park – Digital City. The opening of Digital City’s first office tower on December 4, 2019 marks the completion of phase one of this multi-phase project, which will host more than 2,500 jobs and 50 technology firms. To date, StarNet accessed $505,618 for the completion of this first tower construction. The remainder of the loan will be disbursed and used in the coming year to fund the construction of the Park’s second tower. MCP provides Starnet and MAIB with support for the implementation of the DCA agreement, and maintains regular communication activities linking partners with project
donors. By 2025, the total investment for the park is expected to exceed $35 million creating a Silicon-Valley type environment and establishing Moldova as a catalyst for ICT competitiveness. Digital Park is also in the process of obtaining the first green building certification in Moldova.

**Ongoing support provided to financial institutions with DCA agreements**

MCP assists the implementation of the Development Credit Authority (DCA) loan guarantee program, which is a USAID special mechanism to increase access to finance. DCAs cost-share the risks of providing long-term loans, allowing local companies or individuals to have access to financial resources that are otherwise difficult to obtain. MCP continued its ongoing support to Moldovan financial institutions, and submitted the required accrual reports to USAID. To date, no borrowers have defaulted on their loans, and USAID has received zero claim requests from the financial institutions with DCAs supporting targeted industries (that no longer place loans under guarantee) and energy efficiency. In Q1Y5, the DCA in energy efficiency with Prime Capital saw three additional loans of $12,765 USD placed under guarantee and disbursed to the new borrowers. To date, the financial institution has placed 65 loans under guarantee valued at $823,369, of which $809,235 (98 per cent) have been disbursed.

**Public-Private Partnerships**

40 public-private partnerships (PPPs) designed to encourage systemic and sustainable change leveraged USD $45.6 million worth of resources

MCP integrated several different kinds of PPPs into the program, including STEM education partnerships, centers of excellence, industry branding and marketing alliances, which involve various partners including 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). In total, MCP facilitated 40 public-private partnerships, which collectively leverage $45.6 million USD worth of resources for shared objectives in reform, trade promotion, workforce development, and economic growth. The sustainability of these PPPs is ensured by maintaining strong relationships with government ministries, educational institutions and private partners.
<table>
<thead>
<tr>
<th>Industry</th>
<th>PPP name</th>
<th>Progress in the quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winegrowing Industry</td>
<td>ONVV</td>
<td>During Q1Y5, the PPP organized a session of the ONVV Coordination Council to report the results of the previous quarter. ONVV organized the submission of wine samples to Effervescences du Monde international contest, and the PPP supported Moldovan wine companies to participate in four trade fairs and one B2B matchmaking sessions.</td>
</tr>
<tr>
<td>Winegrowing Industry</td>
<td>WoM Marketing Platform</td>
<td>The PPP organized the participation of WoM in trade events in Warsaw, Poland; Stockholm Sweden; and Amsterdam, the Netherlands.</td>
</tr>
<tr>
<td>Winegrowing Industry</td>
<td>WoM Academy</td>
<td>The PPP organized one training for WSET certification and one seminar to increase the skills and knowledge of 59 sector specialists.</td>
</tr>
<tr>
<td>Winegrowing Industry</td>
<td>Best Grapes</td>
<td>Under this PPP, three news bulletins were disseminated across the sector containing critical agri-intelligence data.</td>
</tr>
<tr>
<td>Winegrowing Industry</td>
<td>FlaveDor</td>
<td>One national conference on phytoplasma diseases was organized to provide viticulture specialists with knowledge about the current situation, and best means of prevention and control.</td>
</tr>
<tr>
<td>Winegrowing Industry</td>
<td>ASW</td>
<td>Five new small winery projects were identified and recommended for MCP support, which are envisaged to join ASW in the future. The first member services were launched to help them comply with labor security and ecological legislation.</td>
</tr>
<tr>
<td>Winegrowing Industry</td>
<td>PQUP</td>
<td>Two new transitional wineries identified and recommended for MCP grant support.</td>
</tr>
<tr>
<td>Winegrowing Industry</td>
<td>WoM Strategy</td>
<td>Two workshops/sessions of Marketing and Legal technical teams organized. Extensive consultations on legal barriers were conducted.</td>
</tr>
<tr>
<td>Tourism</td>
<td>Tree of Life events calendar</td>
<td>During the reporting quarter, the Tree of Life tourism calendar was updated for 2020, showcasing an additional 7 events, and bringing the total number of events in the 2020 calendar to 37. In Q1Y5 MCP supported the organization of Covorul Dorului, an event which highlights the carpet weaving culture of Moldova. The project also organized press trips for 58 international journalists and opinion formers during the National Wine Day and Wine Vernissage events, delivered in collaboration with ANTRIM and ONVV.</td>
</tr>
<tr>
<td>Tourism</td>
<td>Tourism Information Center (TIC)</td>
<td>In Q1Y5, the TIC celebrated its second year of activity, recording more than 8,000 visitors from 95 different countries during 2019, with about 1,400 of them being registered in the reporting quarter. The largest portion of tourists are from Germany, Romania, France, Italy, UK, Russia, Poland and USA. In addition to its core role of aiding tourists, the TIC serves as an industry event platform,</td>
</tr>
</tbody>
</table>

<p>| Table. PPP progress in Q1 FY5 |</p>
<table>
<thead>
<tr>
<th><strong>Tourism</strong></th>
<th><strong>Wine Road Signages</strong></th>
<th>ONVV, in partnership with MCP, developed a list of additional 25 wineries to include in the Wine Road Signage project. MCP then initiated the second phase of the activity by doing extensive research on the best locations to be included in the Wine Trail, and best ways of connecting them through informative road signs. The installation of the signs is planned to begin in March 2020.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Light Industry</strong></td>
<td><strong>DININIMA promotional campaigns</strong></td>
<td>During the reporting period, the DININIMA initiative developed targeted PR, communication and advertising campaigns, combined with special events, offers and popups. The PPP collaboration generated two industry events organized by APIUS, ZIPhouse and other partners: the Moldova in Fashion conference which targeted APIUS members, and Sparkling Party, a Christmas DININIMA promotion campaign involving more than 10 DININIMA brands. MCP contributions constituted 30% of the total amount, with APIUS and private sector contributions covering the remaining 70% by sharing the cost of the events.</td>
</tr>
<tr>
<td><strong>Light Industry</strong></td>
<td><strong>ZIPhouse Design and Technology Center</strong></td>
<td>All members of the PPP continued to support and invest in ZIPhouse to secure its institutional capacity and ensure its continued content development. TUM contributed by providing the space, paid workforce, utilities and other additional materials needed to organize and deliver activities and industry events. APIUS provided opportunities for ZIPhouse residents to participate with the pop-up shop during the Sparkling Party DININIMA promotion campaign, at a reduced price.</td>
</tr>
<tr>
<td><strong>IT, CSI and PE</strong></td>
<td><strong>Virtual IT Park</strong></td>
<td>Membership of the Virtual IT Park “Moldova IT Park” reached more than 500 IT and creative companies. 126 residents are companies with foreign capital from 32 different countries.</td>
</tr>
<tr>
<td><strong>IT, CSI and PE</strong></td>
<td><strong>Future Classroom Lab</strong></td>
<td>MCP signed a Memorandum of Understanding (MoU) with existing and new members of the Future Classroom public-private partnership to mark an extension of the initiative and underline its continued support for Moldova’s digital innovation in education. The Ministry of Education, Culture and Research and Orange Moldova Foundation confirmed their continued support to the initiative, and a new partner, Liechtenstein Development Service Foundation (LED), joined the public-private partnership creating synergy with MCP donors USAID, Sweden and UK aid. USAID Senior Deputy Assistant Administrator for Europe and Eurasia met high-level officials of Orange Telecom at the</td>
</tr>
</tbody>
</table>
Future Classroom National Center for Digital Innovation in Education to confirm the continued support for the initiative. Within the provisions of the MoU to support the newly selected schools for the expansion of the FCL initiative, MCP organized a study visit to Estonia – the European leader in education, to facilitate learning of best practices in the digital transformation of education. The visit allowed the Moldovan school teachers and principals to deepen their understanding of the Future Classroom Lab concept and clarify their vision on how it could be implemented in their schools.

| IT, CSI and PE | FabLab in Cahul | MCP endowed the three regional FabLabs with additional equipment and provided strategic guidance to support their activities. As a result, more than 3,000 people now benefit from FabLabs activities in the regions, engaging about 30 volunteers. These regional FabLabs are on their way to becoming fully autonomous as a result of MCP support. |
| IT, CSI and PE | FabLab in Ungheni |
| IT, CSI and PE | FabLab in Drochia |
| IT, CSI and PE | Robotics PPP | MCP supported the Moldovan National Robotics Team to participate in the FIRST Global Challenge Robotics Competition in Dubai. It was a tremendous success, with the team winning three Gold Medals, outscoring 187 teams from around the world. With the Ministry of Education, Culture and Research, MCP supported ATIC to organize SumoBot Moldova 2019, the third edition of the National Robotics Competition for youth aged 10-17. 88 robotics teams, composed of 175 youth, demonstrated impressive STEAM skills during the competition. |
| IT, CSI and PE | CIRCLE Lab at TUM | MCP supported the Technical University of Moldova (TUM) to organize the Earth Rover competition for students at TUM plus students from universities in Ukraine and Romania. The competition took place using equipment from the CIRCLE laboratory cluster endowed by MCP. The theme selected for the competition was Robotics and the Internet of Things. |
| IT, CSI and PE | Creative Hub | MCP awarded a grant of $227,000 USD to the Association of Creative Industry Companies in Moldova (COR) to manage the Creative Center. Artcor is expected to become a fully functioning institution, with a strong and professional team, and a developed array of content and services. The Center will strengthen its position as a platform for the creative community, fostering innovation and creative entrepreneurship, and developing industry-sought skills. During Y5Q1 Artcor completed its team of local professionals. Artcor launched its Educational Pillar and successfully organized two professional courses – Interior Design Basic and Sound Design – with 21 youth graduating from Artcor School in the reporting period. Over 30 other educational, |
entrepreneurship and community building events were organized by Artcor, including a Conference for architects, workshops on video production, copywriting, game design, animation, comics drawing, music production and others. Artcor also hosted creative industry events such as MILAP, RAVAC, Telefilm and Animest film festivals, exhibitions and concerts.

| IT, CSI and PE | Balti Innovation Hub | Based on the blueprints developed by MCP, the Regional Development Agency “North” initiated the procurement process for construction works of the Balti Innovation Center. The construction contract is expected to be signed in January 2020. While the infrastructure is in the process of being finalized, the APIP Association that will be responsible for managing the Center in partnership with the North IT Association conducted a series of events in Balti for IT companies and students. These events were designed to promote IT careers and public workshops on various IT subjects, to raise the awareness of IT education and IT careers. |
| IT, CSI and PE | StartNet IT Park (Digital Park) | Starnet Digital Park was launched on December 4, 2019, with 80% of the total space occupied by IT companies. The next stage of the Digital City IT Park development will be the construction of additional infrastructure for offices and co-working areas. By 2025, the total investment for the park is expected to exceed $35 million USD, creating a Silicon-Valley type environment and establishing Moldova as a catalyst for ICT competitiveness. |
| IT, CSI and PE | Law on IT Parks | More than 20 IT companies from the Balti region became residents of the Moldova IT Park. The number of residents from the IT and Creative Services industries exceeded 500 companies. MCP initiated the development of an ex-post impact assessment of the Law on IT Parks, which will serve as a basis for the Government to improve the law and make it more attractive for local and foreign IT companies. |
| IT, CSI and PE | Moldova IT Park | The United Nations International Telecommunication Union recognized Moldova Virtual IT Park as one of the world’s best IT ecosystems for promoting and developing entrepreneurship and business opportunities. Moldova IT Park is a virtual park that enables its residents to benefit from world-class services, talent and business incentives. Members are entitled to a 7% flat tax on company turnover, compared to the national 15% tax rate, and improved access to visas/work permits for foreign tech employees. |
| Academy Plus | The project is not conducting any further work on this PPP. |
| IT Career promotion | The project is not conducting any further work on this PPP. |
Inclusive Development

MCP recognizes and affirms our donors’ commitments to inclusive development and provides all project beneficiaries with equal opportunities to participate in its activities and to benefit from project-funded assistance. 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. 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.

Inclusive Development Highlights,
Q1Y5 results

➢ 55 per cent of participants in capacity building programs are women
➢ 78 per cent of activity participants are youth
➢ 40 per cent of the total 237 firms assisted in Q1Y5 are women-owned
➢ 11 companies from Gagauzia and Transnistria involved in MCP supported activities

Economic empowerment of women

In Q1Y5, MCP expanded its outreach to a further 40 enterprises, of which 18 are women-owned. The project now assists an impressive 800 enterprises, 266 or 33 per cent of which are women-owned. The disaggregation by MCP assisted industries reveals that the light industry has the highest share of women-owned companies – 56%. In tourism and winegrowing industries, the share of women-owned companies assisted by MCP is 32% and 19% respectively, while in the IT cluster it is 16%. In respect to Q1Y5, 237 enterprises participated in MCP activities to improve knowledge, processes, technologies and practices and 95 enterprises were women-owned.

In tourism, the two guest houses launched by MCP beneficiaries during the reporting period, Casa Veche and Casa din Lunca, are administered by women. These rural guest houses
employ young people (80% of the employed staff) from rural regions in which they operate, in this case Stefan Voda, Palanca village and Orhei, Trebujeni village. Currently, 60% of the 33 rural pensions opened with MCP support are businesses run by women and they offer jobs for people in rural areas severely affected by migration.

In light industry, three women-owned companies joined APIUS, benefiting from MCP support during organized fashion events such Moldova in Fashion conference, along with all women-owned companies that participated in activities during the reporting quarter. MCP also supported a woman-owned business, Yulia Efros to open a new brand store in the center of the city, providing inside and outside lighting for the store.

**Creating opportunities for Women and Youth involvement**

MCP designs its activities using a non-discriminatory approach, with the goal of including groups that have been historically excluded or disadvantaged, especially women and youth. Project activities are designed to interest and attract women and youth, and motivate them to develop themselves and their careers in-country, providing an attractive alternative to migration.

All MCP programs focusing on the **winegrowing industry** seek inclusive development of women and youth. In this respect, the project’s 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, Vinaria Lupascu, Pumusoria Dulcisoara). In addition, under the Wine of Moldova Academy initiative, in Q1Y5 MCP supported knowledge upgrade activities and trainings for 135 industry professionals, 68% of which were youth and 39% of which were women.

**MCP programs focusing on Tourism** seek to inclusively develop women and youth. In this respect, 165 tourism specialists of which 55% were youth and 70% were women enhanced their job skills in Q1Y5. The tourism specialists were trained in product development and new marketing tools by MCP international consultants within the Moldova Tourism Strategy development process and Moldova Business Week. Moreover, MCP supported 25 guides to

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<table>
<thead>
<tr>
<th>Description</th>
<th>Total participants</th>
<th>Women</th>
<th>Youth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light industry</td>
<td>397</td>
<td>351</td>
<td>275</td>
</tr>
<tr>
<td>Winegrowing Industry</td>
<td>135</td>
<td>53</td>
<td>92</td>
</tr>
<tr>
<td>Tourism</td>
<td>165</td>
<td>116</td>
<td>91</td>
</tr>
<tr>
<td>IT cluster</td>
<td>1,225</td>
<td>530</td>
<td>1,033</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,922</strong></td>
<td><strong>1,050</strong></td>
<td><strong>1,491</strong></td>
</tr>
</tbody>
</table>

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*Participants in MCP-supported capacity building programs, by sectors, up to date*
obtain international World Federation of Tourism Guides Associations (WFTGA) accreditation, and employees from 19 hotels benefited from MCP-supported hotel industry trainings.

In Light Industry, the project provided technical assistance to and supported activities at the innovative hub ZIPhouse - a platform for students, young designers, start-up companies and professionals in Moldova’s light industry. MCP supported the implementation of eight work-skills development activities, which resulted in knowledge upgrades of 397 participants, 88% of which were women and 69% were youth. As part of the ZIPhouse activity plan for Y5Q1, MCP assisted ZIPhouse to launch a new fashion contest, Fashion Hackathon which targeted young people and spurred their motivation to innovate and overpass the time challenge, while creating fashion pieces from scratch. The competition was open to young talents from the Technical University of Moldova and other young designers and students of art and design.

In the IT cluster, 14 activities targeting youth and women were carried out in Q1Y5: seven in IT, one in Precision Engineering and six in the Creative Services subsector. In IT, three teacher trainings for Future Classroom Laboratories were delivered and a study visit in Estonia for FCL teachers organized, developing the skills of the key workforce supporting Moldovan youth. In addition, in IT a MegaDojo IT training and 2019 Hour of Code and Online Security Training were organized. Together with ATIC, MCP organized the fifth FIRST LEGO League Moldova competition, where 32% of team members and coaches were women, and 80% were youth. One of the competing teams from the town of Ialoveni was composed entirely of girls, and guided by two female teachers. The team delivered a remarkable performance, qualifying for the final and winning first place in the Core Values Category of the competition, demonstrating great team spirit and motivation. In Precision Engineering, over 40 engineering students enrolled in a bootcamp to design self-driving prototype cars, and three workshops were organized during the reporting quarter to enhance job skills in the Creative Industries. Moldovan creative industry representatives participated in conferences, trainings and entrepreneurial activities. In total, MCP-supported activities in the IT cluster had 1,225 participants, 84% of which were youth and 43% were women.

Support economic development of Transnistria and Gagauzia

In the winegrowing industry, MCP provided technical assistance to nine wine companies from the Gagauzia region and one wine producer from Transnistria to participate in project activities. Seven companies from Gagauzia (Tartcomvin, Bostavan, DK intertrade, CGL Prim, Vinuri de Comrat, Winetage and Kazayak Vin) and one from Transnistria (Kvint) participated in “National Wine Day 2019”. Six companies from Gagauzia (Tomai Vinex, Vinuri de Comrat, Tartcomvin, Bostavan, Kazayak, Invinprom) participated at Interwine trade fair in Guangzhou, China. Three companies participated in the 2019 benchmarking and bulk tasting (Tomai Vinex, Tartcomvin, Kazayak Vin). Vinuri de Comrat was supported to participate in B2B matchmaking sessions in Amsterdam, Netherlands. Four Gagauzian companies participated in the World Bulk Wine expo (Invinprom, Tartcomvin, Kazayak Vin and Tomai Vinex). Kvint, based in Transnistria, was supported to participate at Grandes Escholas e Sabores in Portugal

In Light Industry, MCP supported two Transnistrian apparel companies – Vestra and Odema – to visit Dan International and Pandora, the leading apparel manufacturing
companies in Romania, in order to learn how to move faster to higher value-added business models; increase productivity and production efficiency based on automated production of high-quality, customized garments; and invest in resource-efficient and sustainable technology. MCP also supported Intercentre Lux Apparel Company from Transnistria and Andal plus Apparel Company (designer Ala Arabadji) from Gagauzia to participate at B2C events in order to enter Romanian niche market with niche products.

**Monitoring & Evaluation**

**Complex M&E activities were implemented to present FY19 results**

During the quarter, significant efforts were made to collect comprehensive data from monitored companies, covering sales, exports, investments, finance accessed, and number of employees. All financial data was entered into the MCP M&E database, while in parallel a rigorous verification of the data’s accuracy was conducted. Information on activities implemented throughout FY19 (such as trainings, exhibitions, promotional campaigns, etc.) was gathered, reviewed and included in the M&E database. Reports were generated and disaggregated for each indicator (mainly by targeted industry, company size, and gender). In addition, MCP prepared and submitted an updated MCP trade events tracker to USAID, including data on new exhibitions attended by assisted companies, new contacts, new contracts and new sales realized. Special attention was paid to reporting progress within public-private partnerships, including objectives, duration, partners, and their total contribution. Detailed information on FY19 achievements and cumulative contributions on all PPPs was prepared and submitted to USAID. The analysis and evaluation of the results achieved demonstrates the high-level performance of MCP activities - the project met or exceeded Year Four targets for all indicators. An internal Data Quality Assessment (DQA) for FY19 results was conducted, and DQA checklists were completed for each indicator.

**MCP prepared PPR info on FY19 assisted enterprises, sales and innovations indicators**

During the quarter, PPRs for a number of MCP indicators were prepared and submitted to USAID: indicator #2 “Increased value of sales facilitated on behalf of assisted enterprises”; indicator #4 “Number of enterprises receiving assistance to improve knowledge, processes, technologies and practices”; indicator #19 “Number of innovations supported through USG assistance”; and indicator #20 “Number of innovations supported through USG assistance with demonstrated uptake by the private or public sector”. Following this, the DQA checklists on these four indicators were presented and were discussed during a working meeting with the USAID COR.

**MCP created the first GIS map in light industry to showcase the importance of this supported industry in preserving jobs for women**

MCP recognizes the importance of geo-referencing data and presenting data within a geographic context. Consequently, the Project maintains geographic information in connection with M&E, relevant technical and management data. To date, MCP has created five maps illustrating project impact, which are annually updated with new achievements. This newly created map presents the location and details on the location of 241 light industry companies assisted by MCP over the past four years (FY15-FY19). It highlights the total number of companies assisted to create businesses with greater value-added and
delivering more jobs with fair wages and safe working conditions. In addition, the geomap delineates the share of women employed in each assisted company. The average employment of women in assisted light industry companies is 87%. Every second SME in Moldova’s 420 light industry companies is owned or managed by a woman. MCP assistance expanded to 241 companies or 57% of the total companies in this industry, and 134 or 56% are woman-owned. MCP targets assistance to the industry that is the largest employer of women. MCP assisted companies employ over 12,000 women, while 25,000 women work across the entire industry. Through their support for the Moldova Competitiveness Project, USAID, Sweden, and UK Aid 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.

MCP CREATED MAPS

- Building Enterprise and Workforce Competitiveness
- DCA in Energy Efficiency
- Cultivating Skills for Youth through National Robotics Program
- Bringing Tourism Dollars to Regions
- Empowering Women and Creating Jobs in Rural Areas in Light Industry
New achievements registered by MCP in Q1Y5

MCP expanded its outreach to a further 40 enterprises, either directly or through its association counterparts. The project now assists an impressive 800 enterprises, 266 or 33% of which are women-owned. Out of these 800 enterprises, MCP assistance has helped 375 unique SMEs increase their sales and make 15,834 new market linkages.

In Y1Q5 alone, MCP implemented 28 sales facilitation activities benefiting 125 companies, of which 13 are new companies, with a total of 309 event participations resulting in 339 market linkages. These results were achieved by supporting assisted companies to participate in international exhibitions, B2B matchmaking sessions, press trips and local promotional activities such as Wine Vernissage, local festivals and pop-up shops.

MCP develops public-private partnerships and implements initiatives to provide sustainable and scalable local solutions to grow assisted industries. In Q1Y5, MCP achieved the following to strengthen the Moldovan business enabling environment:

- MCP-facilitated 40 transformational PPPs collectively leveraging over $45.6M USD. Each Partnership’s sustainability is ensured by strong relationships with government ministries, educational institutions and private partners.
- Nine project-assisted public-private sector dialogue platforms were conducted to improve the sector-enabling environment. Four platforms are in the winegrowing industry and are related to the Wine of Moldova 2030 Strategy elaboration, and five are in tourism, related to the Tourism 2030 Strategy update.

Illustrative international trade shows and B2Bs in Q1Y5

- **Winegrowing Industry:** La Grand Degustation du Montreal, Grandes Escolhas Vinhos & Sabores 2019, Interwine Guangzhou, Wine Experience Fair in Warsaw, matchmaking sessions in Netherlands
- **Tourism:** TTG RiminiTravel Expo, International Tourism Fair in Poland, World AVIREPS Nordic Roadshow
- **Light Industry:** Fashion Philosophy Bucharest
PERFORMANCE MONITORING: TARGET VS. ACTUAL

MCP INDICATORS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Life of Project (LOP) Target</th>
<th>YEAR 5</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cumulative Target</td>
<td>Cumulative Result</td>
<td>Cumulative Target versus Result</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 700 650 800 150 40

5 Assisted enterprises applying improved knowledge, processes, and technologies 370 345 355 10 16

6 Assisted enterprises following recognized product or process standards

7 Individuals receiving job skills aligned with industry needs

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 190 185 Data reported annually N/A N/A

11 Financing accessed by assisted enterprises $120,000,000 $114,000,000 Data reported annually N/A N/A

Sub-IR 2.2.2: Expended Market Linkages

2 Increased value of sales facilitated on behalf of assisted enterprises $250,000,000 $190,000,000 Data reported annually N/A N/A

9 Number of enterprises with sales facilitated through USG assistance 350 335 375 40 13

3 Value of new private sector investment in assisted enterprises $170,000,000 $165,000,000 Data reported annually N/A N/A

12 Number of assisted enterprises in targeted industries with increased investment 250 220 Data reported annually N/A N/A

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 38 42 4 0

14 Number of Public-Private Partnerships established 40 40 40 0 1

15 Value of Public-Private Partnerships established $35,000,000 $33,000,000 $45,607,105 $12,607,105 $3,960,748

16 Improved capacity of local institutions** +60% over baseline +50% over baseline Data reported annually N/A N/A

17 Project-assisted public-private sector dialogue platforms conducted 50 48 65 17 9

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**Data reported annually
## OTHER INDICATORS COLLECTED BY MCP

### 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**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Life of Project (LOP) Target</th>
<th>YEAR 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage change in specified productivity measure (sales per employees)</td>
<td>20%</td>
<td>24%</td>
</tr>
</tbody>
</table>

#### Objective 2. Expanded Market Linkages

**IR 2.1: Improved Private Sector Competitiveness in Selected Industries**

**Sub-IR 2.2.2: Expended Market Linkages**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Life of Project (LOP) Target</th>
<th>YEAR 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value of domestic and export sales in targeted sectors*</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased number of market linkages established with donor assistance*</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

#### 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**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Life of Project (LOP) Target</th>
<th>YEAR 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of innovations supported through USG assistance</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of innovations supported through USG assistance with demonstrated uptake by the private or public sector</td>
<td>90</td>
<td>90</td>
</tr>
</tbody>
</table>
Project Communications

**Site Visits and Industry Events.** During this quarter MCP actively informed USAID, Sweden and UK aid of the material impacts of the project through a regular series of site visits, which are in turn covered by the media to reinforce the role of USAID, Sweden and UK aid in the project’s achievements and its target industries. A regular program of industry events also serves this purpose. As the coordinator of industry events and site visits, MCP plays an instrumental role in developing scene setters and briefers for USG, Swedish Government and British Embassy representatives, providing detailed timelines, technical expertise, background knowledge, and talking points/key messages. MCP ensured high-level participation in key project events, as follows:

<table>
<thead>
<tr>
<th>High-level participation in MCP supported events in Q1Y5</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Ambassador James D. Pettit</strong> (USG) – National Wine Day (Oct. 5), Digital Park launch (Dec. 4)</td>
</tr>
<tr>
<td>• <strong>Ambassador Anna Lyberg</strong> (Sweden) – National Wine Day (Oct. 5), opening of the “Casa Veche” rural guesthouse (Oct. 18), Moldova Fashion Conference (Nov. 16), Robot Factory (Nov. 16), extension of the “Casa din Lunca” rural guesthouse (Dec. 13), Wine Vernissage (Dec. 13)</td>
</tr>
<tr>
<td>• <strong>Ambassador Steven Fisher (UK aid)</strong> - Digital Park launch (Dec. 4)</td>
</tr>
<tr>
<td>• <strong>British Embassy Deputy Head of Mission Gary Davies</strong> – opening of the “Casa Veche” rural guesthouse (Oct. 18), Awarding ceremony for Moldovan Tourism Guides who received WFTGA trainings (Dec. 16)</td>
</tr>
<tr>
<td>• <strong>Swedish Head of Development Cooperation Adam Amberg</strong> - opening of the “Casa Veche” rural guesthouse (Oct. 18), Moldova Fashion Conference (Nov. 16), Robot Factory (Nov. 16), extension of the “Casa din Lunca” rural guesthouse (Dec. 13), Wine Vernissage (Dec. 13).</td>
</tr>
<tr>
<td>• <strong>British Embassy Head of Programmes Chris Perkins</strong> – MegaDojo coding event (Oct. 12), opening of the “Casa Veche” rural guesthouse (Oct. 18), Digital Park launch (Dec. 4), Hour of Code (Dec. 15)</td>
</tr>
<tr>
<td>• <strong>British Embassy, Eugeniu Burdelnii</strong> – Moldova Business Week Creative panel (Nov. 14), MILAP (Nov. 21)</td>
</tr>
<tr>
<td>• <strong>Prime Minister, Ion Chicu</strong> - Digital Park launch (Dec. 4)</td>
</tr>
<tr>
<td>• <strong>Acting Minister of Education, Culture and Research, Liliana Nicolaescu-Onofrei</strong> – signing of the Future Classroom Memorandum of Understanding (Oct. 7)</td>
</tr>
<tr>
<td>• <strong>Acting Minister of Agriculture, Regional Development and Environment, Georgeta Mincu</strong> - National Wine Day (Oct. 5)</td>
</tr>
</tbody>
</table>
**USAID Mission Director met with MCP-supported industry business associations**

MCP facilitated a meeting between USAID Mission Director Scott Hocklander and the five industry associations supported by MCP—the Association of Small Winemakers (ASW), the National Inbound Tourism Association of Moldova (ANTRIM), the Light Industry Employers Association (APIUS), the Moldovan Association of ICT Companies (ATIC), and the Creative Businesses Association (COR)—to discuss USAID’s commitment to advancing sustainable economic growth and partnerships in Moldova. During the meeting, the USAID Mission Director learned about the activities undertaken by each association and how they ensure sustainability and the continued development of the industry, despite the changes in Moldova’s government. MCP directs most of its workforce development and trade assistance through these industry associations to enable them to grow their capacity, relevance and ensure self-reliance upon the project’s completion. Support and capacity building for industry associations has been at the core of MCP’s efforts to enable associations to become advocates for the industries they represent and foster long-term development. This is also part of the Mission’s ‘Journey to Self-Reliance’ approach for Moldova.

**Swedish Ambassador honored award-winning National Robotics Team**

Swedish Ambassador, Anna Lyberg, hosted a reception to celebrate the six-member Moldovan National Robotics Team, who won three gold medals at the 3rd Annual International Robotics Olympiad – FIRST Global Challenge in Dubai. The reception was attended by MCP donors who had supported the national team’s participation, including Scott Hocklander, USAID Mission Director and Chris Perkins, Head of Programs at the British Embassy, as well as representatives from MCP and the Moldovan Association of ICT Companies. During the reception, the winning-team shared their experience of participating in the competition and presented a short demo of the robot they created. Nicolae Mihalache, national robotics team member, shared that “robotics is an important part of STEAM education, and it can determine youth’s future.” MCP supports Moldovan youth to take part in robotics competitions like FIRST Global, as they encourage participants to design and program robots and develop real-world engineering projects, acting as a catalyst to a 21st century STEAM career.

**USAID Senior Deputy Assistant Administrator for Europe and Eurasia met with high-level officials at Orange Telecom**
As part of the Future Classroom public-private partnership, which is also the largest joint initiative between MCP and Orange Telecom, the project facilitated a meeting between Margot Ellis, USAID Senior Deputy Assistant Administrator for Europe and Eurasia, and Scott Hocklander, USAID Mission Director with Francois Cosson, Executive Director of Orange Foundation and its Solidarity Fund. During the meeting, the USAID and Orange Telecom officials witnessed a demonstration of Future Classroom technologies, including micro-circuits, digital laboratories, VR sets, and Ozobot sensors and discussed opportunities for future collaboration. As part of the discussions, Francois Cosson stressed that Future Classroom is one of the few joint initiatives where Orange partners with other donors. With current funding estimated at US $760,000, the total funding resulting from the public-private partnership that leverages additional contributions from the Moldovan Government and Liechtenstein Development Service (LED), is expected to increase to $1.65 million by 2022.

**USAID and British leadership visit MCP-beneficiaries in Balti**

During the reporting period, MCP organized a progress visit for donor representatives from USAID and British Embassy to project-beneficiary “Coralav-Lux” apparel factory. This is a mid-sized family-run factory located in the city of Balti, specializing in women’s apparel. Galina Ghiletcaia, director of Coralav-Lux apparel factory, welcomed USAID Mission Director Scott Hocklander, USAID Senior Project Management Specialist Steven Welker and British Embassy Head of Programmes Chris Perkins on a tour of the manufacturing facility and showed the factory’s cutting area, sewing and finishing rooms. The delegation interacted with seamstresses and machinists benefitting directly from donor investments and witnessed first-hand the improvements in efficiency and product quality resulting from MCP’s support for the purchase of a pattern plotter and digitizer. As result of MCP assistance, the factory transitioned to high-end production engineering and automated pattern making, thus significantly accelerating the design process and enabling it to export 95% of its production to the EU market. In addition, with MCP assistance, Coralav-Lux has developed its own formal and bridal wear brand “I’lette”. The company opened a showroom in Balti city and receives and fills orders for Moldovan and Romanian clients.
The visit to the apparel factory was complemented by a tour of the Free Economic Zone and the Regional Innovation Center in Balti. The Rector Natalia Gasitoi showed the visitors the 6,000 m² of space which will be used as labs, training and collaborative spaces for the tech, engineering, automotive, innovation in agriculture, fashion and other traditional sectors, and explained that they are in the process of signing a contract with the general contractor, who will undertake construction works in 2020.

Given that Balti is an excellent location for automotive technology, IT and engineering development, USAID and British Embassy leadership had a meeting with the chief administrator of the Balti Free Economic Zone Marin Ciobanu, and representatives of Gebauer Griller and Draexlmaier Group automotive component suppliers, some of the largest employers in Balti area. During the meeting, participants discussed the potential for growth in these fields that can lead to the creation of quality jobs and prevent a brain drain to Chisinau and abroad.

**Media - a tool to promote industry competitiveness and high-impact project activities.**

The project targets all media – TV, on-line, written press, and radio. Through its outsourced local communications agency, the Project issues press releases, news, articles, and announcements. MCP invites journalists to Project events to grow their understanding and knowledge of highly technical subjects. In Y5Q1, **30 national media channels** produced **over 100 press materials** about the Project activities, reflecting industry highlights. This is an impressive result, and helps increase the visibility of USG, Sweden and UK aid’s assistance, as MCP promotes USAID, Sweden and UK aid at large, without any specific reference to the project name.

To ensure visibility on social media platforms, the project developed short videos about the launch of two newly-renovated rural guesthouses (“Casa Veche” and “Casa din Lunca”) to promote tourism offers and donor support for the development of the tourism industry in Moldova. The project also developed a video promoting the success of the national robotics team at FIRST GLOBAL Challenge and highlighting donor support for the ICT sector and robotics educational programs for youth. The videos were disseminated via the donors’ Facebook pages.

**Branding.** In Y4Q1 the project updated the existing branding plaques mounted at MCP-beneficiaries’ premises to reflect the new partnership with UK aid. In addition, the project developed branding plans for apparel factories, wineries and tourism B&Bs. All equipment purchased with MCP funds is branded in line with USAID, Sweden and UK aid regulations.
SECTION III

HIGHLIGHTS OF ACTIVITIES PLANNED FOR FY20 Q2
(JANUARY-MARCH 2020)

Winegrowing Industry

- Prepare for participation in and deployment of communication campaigns around Prowein and China Food and Drink Fair exhibitions (int. STTA - Robert Joseph, associated costs - $20,000);
- Organize WSET level II courses for local sommeliers and winery sales and marketing staff (associated costs - $20,000).

Tourism Industry

- Implement Wine Tourism Accelerator Program activities to upgrade booking systems and digital presence of wine tourism products (int. STTA - Diana Isac, associated costs - $3,000);
- Organize the second session of trainings for the hotel industry (associated costs - $16,300);
- Trade shows - MATKA, BI Milano, TTR Bucharest, ITB Berlin (associated costs - approximately $40,000);
- Initiation of the renewed Moldova.travel website (associated costs - $10,000);
- Publication of the final draft of the TIS 2030 (associated costs - $2,000);
- Organization and promotion of ToL events – Wine Run Milestii Mici, Underland festival, Martisor festival (associated costs - $3,000);
- Organization of ANTRIM events to enhance the tourism industry and profession – Moldova Tourism Fair, Incoming Tourism Forum, Tourism Guides International Day (associated costs - $5,000).

Light Industry

- Support streamlined manufacturing and productivity growth, accelerating the shift to higher value-added business models; increase production efficiency based on automated production of high-quality, customized garments; and invest in resource-efficient, sustainable technology (local STTA - Demian Usanli, associated cost - $300);
- Support three light industry companies (Portavita, Starline and NT Fashion Grup) in implementation of Integrated Quality Management System (local STTA - Ala Oberst, associated cost - $300);
- Support based on cost sharing the certification of Integrated Quality Management System at Oldcom Apparel Company (associated cost - $1,000);
- Assist apparel companies to visit the international sourcing exhibitions Interfiliere, Premier Vizion, Texworld and Intertextile Shanghai apparel fabrics (associated cost - $15,000);
- Assist the implementation of the “Flying Designers” program in 7 companies (int. STTA - Kelly Denooyer);
- Support creation of a pattern design platform for light industry companies and foreign clients (associated cost - $8,000);
• Support to promote and penetrate niche markets with niche products and grow exports through participating at international fairs (associated costs - $14,000);
• Support light industry business association APIUS to finalize updates for its website and develop a database of APIUS members and industry companies (associated costs - $4,000);
• Support of boosting creativity and entrepreneurship during Fashion Hackathon and Z Generation (associated costs - $3,000);
• Support for the launch of the Acceleration Program Level Up for six or seven shortlisted young designers from previous acceleration program editions (associated costs - $16,000);
• Support for ZIPhouse and APIUS staff to attend three relevant international events (associated costs - $1,500);
• Support for the organization of Moldova Fashion Days Spring edition (associated costs - $1,500).

**IT cluster**

• Finalize the endowment of the new Future Classroom Lab schools (associated costs - $60,000);
• Organize Students Innovation Camp, in partnership with Junior Achievement and National Center for Digital Innovation in Education “Future Classroom Lab” (associated costs - $5,000);
• Work on the development of an Online Educational Resources Platform (associated costs - $5,000);
• Select the schools for expansion of the Educational Robotics program (associated costs - $40,000);
• Organize STEM teachers’ conference (associated costs - $5,000);
• Organize FIRST LEGO League Moldova 2020 Robotics Competition (associated costs - $5,000);
• Conduct the selection of partners for expansion of the regional FabLab network (associated costs - $32,000);
• Launch the Pre-Acceleration Program at Artcor and support the organization of professional courses and community events (associated costs - $26,000);
• Sign the Memorandum of Understanding for MediaCor Digital Media Hub development.
SECTION IV

PROJECT ADMINISTRATION

Level of Effort Report

The following table provides a summary of the project LOE utilization and estimated expenditures.

<table>
<thead>
<tr>
<th>LABOR CATEGORY</th>
<th>CONTRACT TOTAL (work days)</th>
<th>Y5Q1 LOE (December estimate)</th>
<th>Cumulative LOE</th>
<th>Remaining LOE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Term Technical Assistance - Key personnel</td>
<td>3,019</td>
<td>132</td>
<td>2,110.875</td>
<td>908.125</td>
</tr>
<tr>
<td>Long-Term Technical Assistance - Expatriate (Includes TCNs)</td>
<td>1,384</td>
<td>77</td>
<td>1,037</td>
<td>347</td>
</tr>
<tr>
<td>Short-Term Technical Assistance - Expatriate (Includes TCNs and professional technical assistance from Chemonics and J.E. Austin Associates home office staff)</td>
<td>2,526</td>
<td>168.60</td>
<td>2,104.875</td>
<td>421.125</td>
</tr>
<tr>
<td>Long-Term Technical Assistance - CCN</td>
<td>14,679</td>
<td>726.86</td>
<td>10,560.245</td>
<td>4,118.755</td>
</tr>
<tr>
<td>Short-Term Technical Assistance - CCN</td>
<td>7,619</td>
<td>269</td>
<td>6,227.625</td>
<td>1,391.375</td>
</tr>
<tr>
<td>TOTAL</td>
<td>29,227</td>
<td>1,374.46</td>
<td>22,040.62</td>
<td>7,186.380</td>
</tr>
</tbody>
</table>

MCP Budget and estimated expenditures

<table>
<thead>
<tr>
<th>Contract Value</th>
<th>Obligation</th>
<th>Y5Q1 Expenses</th>
<th>Expenses to Date</th>
<th>Percentage of Obligation Spent</th>
<th>Forecasted Expenses*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$28,491,382</td>
<td>$22,654,401.85</td>
<td>$1,426,027</td>
<td>$20,338,606</td>
<td>90%</td>
<td>$928,318</td>
</tr>
</tbody>
</table>

*The forecasted expenses include estimated expenditures only for the second Quarter of FY2020.

Administration and Finance

During the quarter, the project’s administrative and financial systems continued to run smoothly with key, professional and support positions aligned to the needs of the Project. In October, the project hired a long-term Operations Coordinator and in November, the project onboarded a new Operations and Seed Fund Director. MCP’s budget assimilation is balanced and the resources well-distributed across the remaining years with 71%* of the total contract ceiling expended through December 2019. However, per the Y5Q2 forecast, MCP’s current obligation – which is at 90% – is not sufficient to implement the planned activities beyond the second quarter. SEED Fund absorption is also on par with the total contract expenditures with 68% of the total US $6.3 million SEED Fund already expended. Remaining funds will be utilized across the remaining period of implementation through September 2021.
## ANNEX I. RISK ASSESSMENT

<table>
<thead>
<tr>
<th>Risk description</th>
<th>Risk Category</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Risk</th>
<th>Risk mitigation</th>
<th>Change since last quarter</th>
</tr>
</thead>
</table>
| Political climate is uncertain, and fragility of pro-European vector threatens economic reforms and development in MCP-target industries | Political/External | Moderate to High | Moderate to High | Moderate | Implementing partner will promote business-driven reforms by working with and strengthening business associations in target industries. The implementing partner will work with business associations to improve their advocacy skills, build formal and informal channels of public-private dialogue for bettering business environment and aligning with EU framework. Stronger collaboration between businesses and government will provide direct input to policy decisions. | The 2019 Government changes directly impact the MCP-led policy initiatives. MCP worked with the Maia Sandu-led Government and is now re-introducing sectorial policies and flagship initiatives to the recently appointed Dodon-led Government.  
- The appointment of new Ministers and state secretaries causes an information gap and loss of institutional memory. USAID and Sweden articulated the MCP-driven policy priorities in tourism, ICT, winegrowing and workforce development during its courtesy calls with the new Government.  
- The MCP-led tourism industry legal/fiscal policy improvements and industry strategy were (re)introduced to the new team of the Ministry of Economy, and subsequently prioritized by the Ministry. As a result, the efforts of developing the new Tourism Moldova 2030 strategy remain uninterrupted. This initiative will be advanced in the following quarter.  
- MCP’s flagship initiatives in STEAM – Robotics and Future Classroom – are advancing well, given strong support at the department level of the Ministry of Education and the Orange telecom sponsor (private sector) that transcends political re-appointments. In November 2019, MCP signed a new MOU with the Ministry of Education alongside all initiative partners for the national phase of Future Classroom and Robotics through 2022.  
- MCP initiated a new ex-post impact analysis of the Virtual IT Park law and its 7% single tax incentive. The policy impact analysis will be done with international expertise, in partnership with the Ministry of Economy and ATIC. |
| Public funding committed for the joint initiatives, such as ARTCOR, Balti Innovation Center, Future Classroom and/or trade promotion, is not disbursed | Delivery      | Moderate   | Moderate | Moderate | Implementing partner will assist the relevant Government counterpart with budgeting, public procurement and other steps to ensure allocation and disbursement of funding. Mitigation measures will be included in the activity budget, that enable to complete activity with reduced funding. | ARTCOR – The Academy of Fine Arts is honoring its financial commitment for ARTCOR operational costs.  
MEDIACOR – The State University approved 3 million lei as co-funding for the new digital media hub. Future commitments will be negotiated with the newly appointed Minister and State Secretary for Culture.  
Balti Innovation Center (Tekwill extension) – The Ministry of Agriculture and Regional Development and Regional Development Agency North reconfirmed their commitment to co-fund the |
Center’s infrastructure alongside MCP funds. In September 2019, they launched the public acquisition for 11.7M lei for Balti Center reconstruction out of the regional development funds. The acquisition is still ongoing. MCP is working with the Ministry to overcome the delays.

**Moldovan Investment Agency** is struggling with institutional capacity, lack of experienced personnel, and adequate funding, which is impacting their capacity to strategically align to consistent and impactful marketing activities, in particular for tourism, IT and light industry. The risk is that the modest public funds are not invested efficiently in trade promotion, resulting in dispersed efforts. MCP is working towards strengthening the business associations to provide their capacity in trade promotion to MIA. ANTRIM and APIUS are implementing MIA funds for international tradeshows and press work, merging with MCP funds, for joint efforts and stronger end result. MIA experienced budget delays, which impacts its capacity to timely co-finance the tourism and fashion tradeshows. MCP is mediating the risk by stepping in to cover funding gaps.

<table>
<thead>
<tr>
<th>Industry associations and other key local counterparts display institutional weakness</th>
<th>Delivery</th>
<th>Moderate</th>
<th>Major</th>
<th>Major</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementing partner will work with the strongest and most representative business associations in the assisted industries. It is key that these are not politically biased. Robust capacity building will be provided, including embedded expertise, trainings, coaching. Through a targeted OCA (Organizational Capacity Assessment) tool, the Implementing Partner will screen each institution on an annual basis to ensure transparent governance, strong executive body, and financial sustainability, as well as progress on their performance improvement plan. Grants to local counterparts will comprise conditionalities related to institutional strengthening.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**New executive leadership in APIUS.** APIUS light industry association is going through change of its Executive Director. MCP is supporting this transition to minimize institutional gaps and the learning curve by working with the APIUS Board and the existing executive team.

**COR Creative Industries Association expands team.** MCP continued to support capacity building of the young COR Association, that is critical for driving future development of Moldova’s creative potential. Efforts are focused on governance, internal procedures and team capacity. The COR Association hired the full team (7 people) to lead and manage the newly launched ARTCOR Creative Industries Center. MCP has also engaged Luka Piskoric, co-founder of successful Slovenian-based Poligon Creative Center, for executive coaching & mentoring of ARTCOR during the startup phase. This mitigates and prevents the ARTCOR institutional risks associated with industry, technological and resource uncertainty. The end goal is to develop an array of ARTCOR services and content that are in-demand by the industry and have market potential, thus ensuring its long-term sustainability.
Project Assumptions

Context:
Moldova has experienced tremendous political and economic turbulence over the last two years, with the funneling of more than $1 billion USD out of three Moldovan banks in 2014 and the replacement of five governments in 2015 alone. Moldova’s economy is led by private consumption and is fueled by remittances. Moldova faces a sharp demographic decline, requiring structural reforms for private sector growth and job creation. The ongoing political crisis adds political barriers to improving economic performance.

Economic Development Challenges and Risks:
With the June 2014 signature of the Association Agreement (AA) and the Deep and Comprehensive Free Trade Agreement (DCFTA) with the European Union (EU), Moldova opened duty-free access to one of the world’s most prosperous markets. Moldova’s alignment with the EU has the potential to promote increased investment and modernization, create a more transparent business climate, and spur innovations through heightened competition and exposure to new technologies. While Moldova’s trade with EU is building up, reaching an impressive 70% of its exports in 2018, entering these EU trade agreements brings high risks to Moldovan businesses that are used to sell product and services to Russia and other low-value added CIS markets. Moldovan enterprise and industries are still not as strong as they need to be to withstand external economic shocks and face tough global competition. To compete in higher-value markets, the Moldovan government and the business community need to make critical investments to adjust legislation, product quality and marketing in line with new market requirements. Moreover, many businesses and even industries in Moldova engage low-value added business models, leading to low wages and investments. For instance, the garment industry, the third largest exporter and top employer of women, is dominated by ‘cut-and-make’ sewing services, with an estimated 80 percent of industry’s $400 million exports being low cost labor for Western brands.
Workforce Development Challenges and Risks:
Moldova is torn by heavy (e)migration and brain drain, especially of its younger population. One quarter of Moldova’s population lives abroad either temporarily or permanently, which makes Moldova among the countries with the highest migration per capital in the world. Many Moldovan citizens are still leaving the country to pursue education and higher-wage jobs elsewhere. Although sluggishly increasing, the average monthly wage in Moldova remains low, 6,800 lei in 2019 (approx. 350 Euro), making insufficient household income to meet living standards. Employers and industry associations in Moldova agree that their primary challenge, outside of Moldova’s need for business regulatory reforms, is to find sufficient skilled workers. This underscores the need for the public and private sectors to come together to prioritize economic development, availability of better paying jobs, and most importantly enhancing skills of the workforce.

Opportunities:
Continued and focused improvements of Moldovan SMEs to diversify production, expand trade, increase quality and productivity will lead to exponential gains for Moldova’s competitiveness, especially in European and other high-value added markets. Many Moldovan SMEs displayed readiness to transition to higher value-added business models, such as original designs in the garment industry that result in seamstress wages 10 to 50 percent higher compared to country average. Emerging innovation-based industries in Moldova have strong growth and high earning potential. Such as Information Technology (IT) that recorded exponential development, with software exports having grown 20-fold since 2005, striking $164 M in 2019 (40% increase vs. 2018), while industry’s tech engineers earning $1,500 per month in 2019 or 4 times the country average. IT, clustered together with other non-traditional emerging industries, such as Engineering and Creative Services, have a unique role in creating quality jobs and addressing brain drain. Tourism is another overlooked industry, with untapped potential in Moldova, that is fast growing worldwide. Moldova is the least visited country in Europe, and yet its rich heritage, distinctive culture and reputation for warm hospitality, are sound footing for developing a thriving tourism economy, in even in the most remote rural regions, contributing to a reduction in poverty and migration.