



MOLDOVA
COMPETITIVENESS PROJECT



FINAL REPORT

MOLDOVA COMPETITIVENESS PROJECT

October 1, 2015 - September 30, 2021



MOLDOVA
COMPETITIVENESS PROJECT

YEAR SIX ANNUAL REPORT

OCTOBER 1, 2015 - SEPTEMBER 30, 2021

September 30, 2021

Prime Contractor:

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

Partners:

J. E. Austin Associates, Inc.
<http://jeaustin.com>

Bhavana World Project
<http://bhavanaworldproject.com>

Contract No. AID-117-C-15-00001

This report was prepared under the coordination and leadership of Chief of Party, Doina Nistor, in partnership with Moldova Competitiveness Project technical team, namely Diana Lazar, Deputy Chief of Party, Wine and Tourism Industry Team Leader, Alexei Burciu, Wine Industry Manager, Diana Prisacaru, Tourism Industry Specialist, Valentina Ceban, Events and Tourism Product Development Coordinator, Sergiu Rabii, IT, Precision Engineering and Creative Services Cluster Team Leader, Ionela Titirez, ICT Education and Entrepreneurship Development Manager, Olesea Galusca, Creative Industry Development Manager, Ion Mocanu, Engineering & Creative Services Industry Specialist, Veronica Esanu, ICT Education and Operations Coordinator, Maria Gheorghita, Light Industry Team Leader, Svetlana Dimitrioglo, Light Industry Development Manager, Ruxanda Cheibas, Monitoring and Evaluation Manager, Access to Finance Coordinator, Diana Zaldastanishvili, Operations and SEED Fund Director, Ana Railean, Grants and Capacity Building Manager, Ecaterina Culev, Grants and Procurement Specialist, Lorina Cernogal, Communications Specialist.

COVER PAGE PICTURE:

Photo credit: Igor Rotari

Photo Caption: (left to right) Adam Amberg, Head of Development Cooperation, Embassy of Sweden; Gary Davies, Deputy Head of Mission, British Embassy; Anna Lyberg, Ambassador of Sweden; and Scott Hocklander, USAID Mission Director attending a cooking masterclass at the opening of the refurbished rural guesthouse "Casa Veche" in Palanca village.

DISCLAIMER

The report was prepared by the Moldova Competitiveness Project. The contents are the responsibility of the creator and do not necessarily reflect the views of the U.S. Agency for International Development, the U.S., Swedish or UK Governments.

” Thanks to MCP support and mentorship via the Association of Small Winemakers' Mentorship Program, we now have access to modern equipment and improved labeling and marketing services, which enables us to produce higher-quality wine, marketed at higher prices. Through MCP support, a small wine producer like us can reach a four-fold increase in our income from a kilogram of grapes used for producing high-quality bottled wine. Today, I am proud to build our small business at home together with my two sons and leave it as a legacy to them.

-Anatolie Dumitras,
Owner of Dumitras winery



FabLab offers me the opportunity to explore and advance my creativity and engineering skills. I enjoy prototyping and testing new ideas together with a community of passionate engineers who use digital fabrication to bring innovative creations to life.

-Vladimir Scutelnic,
Engineer at FabLab Chisinau

” We care for the women that work in our factory. We want to create better working conditions so that they stay home in Moldova and take care of their families. With MCP support, we obtained ISO and social audit certifications that have steadily attracted quality-conscious European buyers, securing safe jobs and providing higher salaries to over 140 workers at our factory.

-Silvia Lazu,
Founder of Bombonici apparel factory and President of the APIUS Light Industry Employers' Association



” We are pleased to welcome local and foreign guests to our guesthouse and share our rich rural life, traditions and cuisine. Learning of successful rural guesthouses in Moldova, we decided to return home after 15 years of work in Russia to weave our own story. MCP strongly believed in and supported our dream. With project support, we succeeded in transforming our ancestral home in Trebujeni village into an attractive rural tourism complex, where we experience new adventures alongside our guests!

-Svetlana Senin,
Owner of Vales Stancii rural guesthouse in Trebujeni village, Orheiul Vechi





I don't see sustainability as a challenge. When I launched my own brand, I decided to focus on product quality. The apparel I create have a longer shelf life, beyond one season. I often use cotton, linen and wool, dyed with natural substances, including berries or fruits. I work with fabric factories from across Switzerland, UK, Portugal and Italy. We have an all-local production workshop and 50% of the process is by hand. This innovative business model focused on quality and sustainability is known as "Slow Fashion", and while not without risks in generating consumer awareness, it is a proven model to be rewarding in the long-run.

-Constanzia Yurashko,
Fashion designer// Graduate
of the ZIPhase Acceleration Program



I want to pursue a career in IT and become a web developer in the future. To achieve my dreams, I will continue exploring robotics and STEAM education programs, supported by MCP. In 2019, our National Robotics team won 3 medals at the international competition "FIRST Global" in Dubai, which was an exciting and inspiring experience for me. We had the amazing opportunity to meet like-minded peers from all over the world and to tackle global problems by applying creativity, teamwork, and our programming skills.

-Dorina Levca,
Member of the National Robotics Team,
Republic of Moldova



I am grateful for the opportunity to develop animated films at home in Moldova as a channel to promote our country world wide. Alongside my team at Simpals Studio, we are extremely proud to have created the first Moldovan animated VR movie "Aripi", which received great recognition and praise at prestigious international and regional film and animation festivals, such as the "Festival du Film Merveilleux et Imaginaire" in France and the "International Independent Film Awards" in the U.S. I will continue to advance my animation skills and encourage youth to explore their creativity through the 2D animation course I lead at Artcor School. Together, we hope to position Moldova as a creative and production hub in the region.

-Lev Volosin,
2D animator at Simpals Studio
and mentor at Artcor



CONTENTS

ACRONYMS AND ABBREVIATIONS	1
EXECUTIVE SUMMARY	3
SECTION I: PROJECT OVERVIEW AND GENERAL APPROACH	23
Project Background	24
Project Goals and Objectives	24
Project Implementing Principles	26
Project Organization	27
SECTION II: TECHNICAL SUMMARY INTERVENTIONS	29
Winegrowing industry	30
Tourism	45
Light industry	59
Information Technology, Engineering and Creative Services	70
SECTION III: PROJECT LEVEL OUTCOMES AND RESULTS	99
Sector Engagement, Enhancement, and Development (SEED) Fund	100
Local Capacity Building Program	101
Environmental Protection	102
Public-Private Partnerships (PPPs)	103
Access to Finance through Development Credit Authority	108
Inclusive Development	116
Monitoring and Evaluation	135
Project Communications	145
Financial Snapshot	152
SECTION IV: PROJECT TECHNICAL INTERVENTIONS	153
Wine industry	154
Tourism	218
Light industry	272
Information Technology, Engineering and Creative Services	325
APPENDIXES	374
Appendix I. Reports and deliverables, FY21	375
Appendix II. MCP indicators' performance against targets.	376
Appendix III. PMP disaggregated cumulative results	386
Appendix IV. Risk Mitigation and Assessment Plan	398

ACRONYMS AND ABBREVIATIONS

AAMT	Advanced Analytical Method Training
AIM	Agency for Investment of Moldova
AmCham	American Chamber of Commerce
AMTAP	Academy of Fine Arts of the Academy of Moldova
ANTREC	National Association for Rural, Ecological and Cultural Tourism of Moldova
ANTRIM	National Association for Inbound Tourism
APIT	Tourism Industry Employers' Association
APIUS	Employers Association of Light Industry
ASE	Association of European Sommeliers
ASW	Association of Small Wineries
ATIC	Moldova Association of ICT Companies
B2B	Business to Business
B&B	Bed & Breakfast
B2C	Business to Consumer
BSP	Business Service Provider
CAGR	Compound Annual Growth Rate
CBI	Ministry of Foreign Affairs of Netherlands' Centre for the Promotion of Imports from Developing Countries
CEED I & II	Competitiveness Enhancement and Enterprise Development I & II
CEO	Chief Executive Officer
CIS	Commonwealth of Independent States
COP	Chief of Party
COR	Association of Creative Industries Companies in Moldova
COVID-19	Coronavirus-19
C&M	Cut-and-Make
DCA	Development Credit Authority
DCFTA	Deep and Comprehensive Free Trade Agreement
DCOP	Deputy Chief of Party
DMO	Destination Management Organization
DO	Development Objective
EIB	European Investment Bank
EU	European Union
FCL	Future Classroom Lab
FPTM	Federation for Tourism Promotion of Moldova
GDP	Gross Domestic Product
FY	Fiscal Year
ICT	Information and Communications Technology
ICTCE	ICT Center of Excellence (Tekwill)
IR	Intermediate Result
JAA	J.E.Austin Associates
LOP	Life of Project
MARDE	Ministry of Agriculture Rural Development and Ecology
MCCI	Moldovan Chamber of Commerce Industries
MCP	Moldova Competitiveness Project
M&E	Monitoring and Evaluation
MICE	Meetings, Incentives, Conferences, and Events Tourism

ACRONYMS AND ABBREVIATIONS

MIEPO	Moldova Investment and Export Promotion Organization
MOE	Ministry of Economy
MoEI	Ministry of Economy and Infrastructure
MOU	Memorandum of Understanding
MW	Master of Wine
NGO	Non-Governmental Organization
NTA	National Tourism Agency
ONVV	National Office of Vine and Wine
PDO	Protected Designation of Origin
PGI	Protected Geographical Indication
PIRS	Performance Indicator Reference Sheet
PMP	Performance Monitoring Plan
PMU	Project Management Unit
PPP	Public Private Partnership
PQUP	Product Quality Upgrading Program
PR	Public Relations
REFA	Reichsausschuss für Arbeitszeitermittlung- a German system for checking working hours
RFP	Request for Proposal
SAM	Standard Allowed Minute
SEED	Sector, Engagement, Enhancement, and Development Fund
SME	Small and Medium Enterprise
STEAM	Science, Technology, Engineering, Arts and Mathematics
STTA	Short-Term Technical Assistance
TCB	Tourism Country Brand
TIC	Tourism Information Center
TIFF	Transylvania International Film Festival
TMF	Tourism Marketing&Promotion Framework
ToL	Tree of Life
TOT	Training of Trainers
TUM	Technical University of Moldova
TV	Television
UK	United Kingdom of Great Britain
UN	United Nations
UNDP	United Nations Development Program
UNWTO	United Nations' World Tourism Organization
US/USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
USG	United States Government
USP	Unique Selling Proposition
VAT	Value Added Tax
VET	Vocational Education Training
W6M	Wine of Moldova
WTAP	Wine Tourism Accelerator Program
Y	Year

EXECUTIVE SUMMARY

MOLDOVA COMPETITIVENESS PROJECT

YEAR 6 IMPACT

EXECUTIVE SUMMARY

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

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

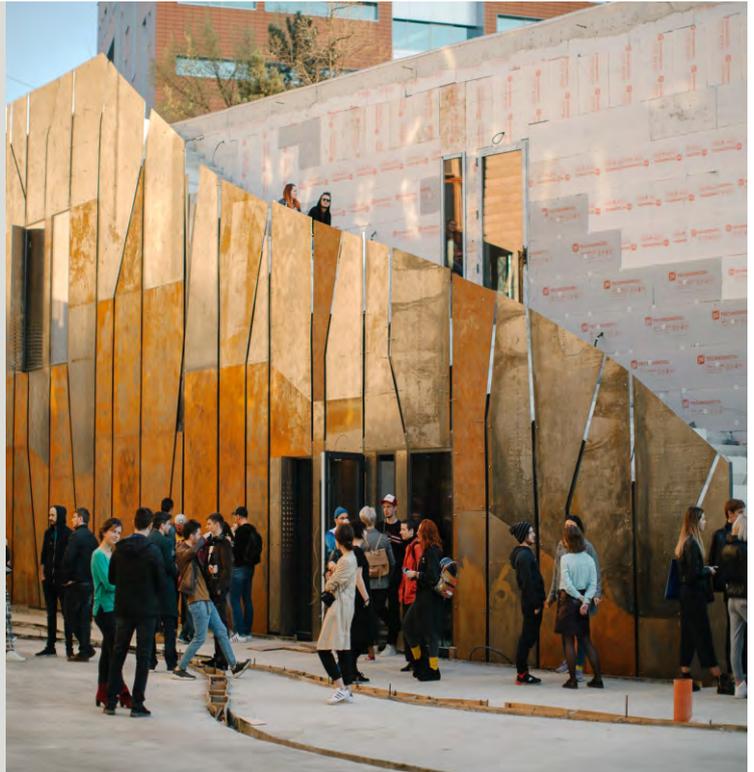


Photo Caption: Artcor Creative Industries Center
Photo Credit: MCP

Every
\$1 invested
in this Project

generated
around **\$19**
in new domestic
sales and exports

and **\$11**
in new
investments.

A flagship economic growth project, MCP is transformational and results-driven, building on 15 years of support from USAID and now Sweden and the UK. MCP is changing the development trajectories of assisted industries to increase economic resilience and trading ties to Europe and other higher-value markets; empowering Moldovans with forward-looking skills; and building Moldovans' confidence in a free market economy. The market systems development approach, coupled with innovation, private sector engagement and digital transformation, are the core tenet of MCP's approach, and enables to drive and sustain outcomes that impact broadly business competitiveness, strengthen communities, empower women and youth. MCP helps shape market-based solutions that carry forward after ending project support, thus accelerating Moldova to self-reliance.

MCP has upgraded technology, skills, market linkages and the business enabling environment to increase SME revenues in target industries by \$527 million in six years

Throughout FY 2015-2021, MCP facilitated critical trade and investment opportunities, while supporting industries to cope with the COVID-induced crisis that disrupted value chains globally and domestically. In FY21, MCP expanded its outreach to another 46 firms, assisting directly and indirectly **a total of 988 SMEs** during the six years of the project, supporting them to adopt new technologies aligned to Western quality standards, increase marketing and trade domestically and overseas, and make critical investments in equipment and skills.

This number surpasses the life-of-project contractual indicator (700 target firms) by 41%, demonstrating an exceptionally robust Project outreach due to a strong focus on large scale industry-wide interventions, engaging industry organizations from business associations to the National Office of Wine and Vine and Moldova's first virtual IT Park. To enable Moldova to take advantage of EU DCFTA benefits, MCP increased product quality as the key to preparing Moldova's private sector to compete on EU and other high-value markets, continuing implementation of Protected Geographic Indication (PGI), sustainable viticulture/winemaking and traceability in the wine industry, productivity enhancement, automation technologies and social compliance standards for garment and footwear manufacturers, single tax mechanism and IT Parks that are attractive for technology investors, as well as Western hospitality standards and sustainable tourism products to drive demand in Moldova's rural tourism areas. MCP adapted its delivery model to support critical digital skills, business digitization, digital marketing and ecommerce as part of its COVID-19 rapid response initiatives.

New investments generated by MCP-assisted firms add up to \$287 million (\$28M in FY21), which have been used for essential upgrades to production facilities, new equipment, and quality improvements. The Project's SME innovation fund leveraged critical investments in new technologies to improve quality in line with higher-value market requirements. **For every \$1 invested by MCP in SME innovation grants, beneficiaries invest another \$3.2**, underscoring the commitment of the private sector, and the sustainability of these activities. In the apparel industry, MCP underpinned factory innovations in automation and premium finishes, such as computer-aided design and manufacturing, to improve productivity and access upscale European fashion houses. In the wine sector, MCP focused on quality upgrades to improve grape processing, traceability and marketing, which are vital for sustainable and Western oriented businesses formerly geared to the Russia market. MCP's wine tourism and rural guesthouse prototypes generated a quality breakthrough in Moldova's tourism sector, fine-tuned to the tastes of the sought-after Western traveler, and positioning Moldova as a rising sustainable tourism destination.

As a result of MCP-assisted trade initiatives during the six years of the project, **domestic and export sales increased by \$527M** in wineries, apparel factories, software firms, tourism agencies and other MCP assisted companies. Most of these exports are to the EU, strengthening Moldova's trade ties with Europe and generating higher value-added. In partnership with ONVV and industry associations, MCP continued to effectively approach highly competitive markets, such as Romania, Poland and Asia-Pacific (China, Japan and South Korea) for Moldovan wines, EU for apparel and footwear, and Italy, Romania, UK, Poland and Scandinavia for tourism. MCP assistance to the Moldovan Government to institute the virtual IT Park and **single 7% tax resulted in an impressive \$ 24M sales in 2020** for its resident tech, creative and engineering firms, mainly exports to the EU and Americas. The COVID-19 pandemics and the resulting disruption of global value chains and trade negatively affected Moldova's economic sectors and caused reduction of business sales and exports, especially in the tourism, clothing manufacturing and wine sectors, where exports dropped by 75%, 11% and 12% respectively. Amid retail shutdown, travel restrictions and social distancing measures, MCP re-directed support to impactful digital promotion helping businesses reach online millions of consumers in target markets, as well as **facilitated e-commerce with over 200 local businesses unlocking online sales**. As such, MCP-supported businesses proved more resilient, avoiding bankruptcy, continuing operations and preserving jobs.

MCP DEVELOPMENT OUTREACH,

cumulative six-year results

988 SMEs assisted to upgrade technology, skills, and market linkages

342 or **35%** of the total 988 assisted firms are **women-owned**

In Light industry, **every second** MCP- assisted apparel company is **women-owned**

51 SMEs and **7 schools** from **Gagauzia** and **Transnistria** are involved in MCP supported activities

\$527 million sales growth of SMEs through direct and indirect assistance, targeting EU, Asia Pacific, regional and domestic markets

Sales facilitated for **501 unique SMEs** resulting in **7,854 new market linkages.**

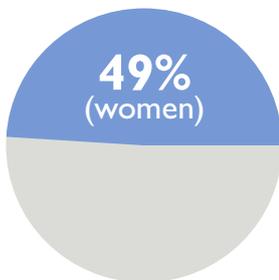
Every **\$1 dollar spent** on technical assistance contributed to **\$19 in sales growth** and **\$11 in new investments** of assisted SMEs.

\$287.4 million new investments made in assisted SMEs for modern technology, factory upgrades, quality improvements (\$28.2M FY21)

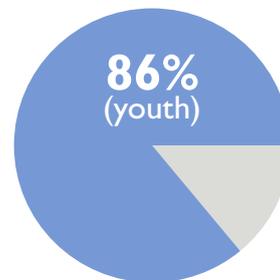
163 innovation grants worth \$5.48 million committed to Business Associations, Industry Excellence Centers, STEM skills programs and SME quality upgrades

\$3.2 co-invested by SMEs **for every \$1** invested by **MCP** in innovation grants

71,981 youth and professionals improved STEM, digital and job skills



49% of total participants in **capacity building** programs are **women**



86% of total participants are **youth**

50 Public-private partnerships worth \$58.1 million facilitated for shared development goals

from flagship organizations like the National Office of Vine and Wine (ONVV) to sectoral centers of excellence like ZIPhouse, FabLab, Artcor, Mediacor, Balti Innovation Center, and marketing alliances under country brands DININIMA, Wine of Moldova, and Tree of Life

\$46.6 (80%) is contributed by local and international partners

51 legal regulations streamlined or simplified to generate a pro-business environment, from tourism law reforms and virtual IT parks to EU wine traceability standards

MCP works with **11 business associations**, that boast **3,260+ members**, to stimulate inter-industry cooperation

This success highlights the effectiveness of MCP's market-based technical approach, as Moldovan firms were not previously able to tackle these markets on their own, lacking the necessary technology, product quality and marketing strategies. MCP masterfully powers **industry brands - DININIMA (fashion), Wine of Moldova (wine), and Tree of Life (tourism)** - as a collective effort between the Moldovan Government and private sector associations, to generate recognition for Moldova on international markets. For instance, MCP assistance under the Tree of Life national tourism brand helped Moldova market itself as an emerging sustainable travel destination, earning impressive ratings from influential international media such as **Lonely Planet, The Daily Mail and The Winerist, which included Moldova in the “Top Ten Travel Destinations for 2020”**. The Wine Routes of Moldova became the first Moldovan tourism route integrated into the European Cultural Routes certified by the Council of Europe. The DININIMA digital campaigns unlocked ecommerce and aligned Moldova's fashion with sustainability, green and eco trends.

MCP's workforce development initiatives helped **71,900 youth and professionals** improve job skills, contributing to the economic competitiveness and democratic aspirations of the country. MCP successfully focused on digital skills for youth, through its flagship Educational Robotics and Future Classroom programs and industry excellence centers, advancing forward-looking skills, technologies and youth entrepreneurship. To provide a quick solution for online learning during the lockdown period, **MCP facilitated a country-level partnership between the Moldovan Ministry of Education and Google that enabled over 20,000 teachers get digital skills and free access to Google's education tools and technologies**. In FY21, MCP supported the expansion of the National Center for Digital Innovation in Education **“Future Classroom” with an additional floor to ensure training rooms for Moldovan teachers**. In addition, MCP continued construction works at two new state-of-the-art innovations centers, **Balti Regional Innovation Hub and Mediacor Digital Media Center**, which will be launched in September 2021.

*Photo caption: Vineyards of the MCP-supported Crama Mircesti
Photo credit: MCP*



Building resilience to COVID-induced crisis

FY 2019-2020 has been a year of change for the world, Moldova and MCP. As the COVID-19 pandemic has nearly halted most economic activity for extended period of times, the shift to the global health supply chain and e-commerce has created opportunities for businesses to adapt in Moldova as well. MCP-supported industries are amongst the most severely affected sectors, witnessing drastic economic setbacks, exposing businesses to bankruptcy and putting at risk thousands of jobs. Moldova's tourism industry registered an 83 percent drop in tourist numbers in 2020, while clothing industry exports decreased 11 percent due to declining orders from EU clients. Severe drought leading to one of the lowest grape harvests in Moldova the recent ten years and declining global consumption affected the Moldovan wine industry exports that dropped by 12% in 2020. Moldova's emerging creative sector is also vulnerable, as micro firms that dominate the industry have partially or completely ceased operations, and all cultural and educational events were cancelled. The recovery perspectives are gloomy and will take years.

MCP has pivoted to support the needs of Moldovan SMEs and business associations aiming to provide assistance to their members during such challenging times.

MCP's Rapid Response to COVID-19

- **Pivoting e-commerce** for 200 SMEs in fashion, tourism and wine sectors, including new e-shops, booking and payment systems. This also serves as demonstration effect.
- **Deploying digital awareness campaigns on domestic and regional markets.** Tourism and Wine of Moldova campaigns reached over 5 million domestic, diaspora and regional consumers.
- **Facilitating business impact surveys** by business associations in May and June 2020, and finance liquidity assessment for wine sector
- **Facilitating country-level partnership with Google for Education** for online learning, securing 300,000 free accounts for Moldovan schools and training 20,000 teachers on digital skills
- **Educating businesses on sanitary and safety protocols;** including SafeTravels accreditation by World Travel and Tourism Council
- **Facilitating the development of a Strategic Roadmap for Recovery after COVID-19** for Moldovan Light Industry, in partnership with EURATEX.



Photo Caption: MCP assisted company Portavita received ISO certification and now produces protective equipment at Moldova Government request
Photo Credit: Portavita

Adopting digital innovation and e-commerce for continuity and sales recovery

The coronavirus crisis has accelerated the need for industries and businesses to embrace digital technologies as a critical tool for business continuity and recovering sales. MCP focused its efforts on accelerating and scaling up the digitization activities, including digital marketing, e-commerce and online learning. In FY19-FY21, MCP deployed high-impact digital promotion, especially in tourism, fashion manufacturing and wine sectors, to encourage domestic consumption and increase awareness of Moldovan products on international markets. The digital marketing campaigns **Discover Moldova online at 360, Rediscover Moldova, and MyWine** promoted the Moldovan cultural and soft adventure experiences, encouraging local and international discerning travelers to visit Moldova virtually and support local SMEs. To help wine and tourism SMEs face the COVID-19 challenges and attract new visitors, MCP helped them to integrate real-time booking and payment solutions that facilitate interaction with customers and improve the efficiency of online bookings. This complex digital assistance enabled cross-connection with major booking platforms and led to an increased number of visitors, as well as higher sales.

Up to 200 SMEs from tourism, wine, creative and fashion industries benefited from support to up their digital presence, develop online commerce and strengthen digital marketing to push sales to consumers. Key MCP-supported new e-commerce initiatives are **GoOnline** powered by Artcor Center, assisting local SMEs to set up basic e-commerce shops, and the **ZIPhouse Ecommerce acceleration** program pivoting e-commerce sales for emerging and mature Moldovan fashion designers. In addition, MCP supported the **integration of DININIMA brands on local marketplaces such as elephant.md, FromTheHeart.shop, and a1.md**. To ensure the sustainable recovery of Moldovan light industry, MCP partnered with Europe's largest Apparel and Textile Confederation (EURATEX) to support APIUS Light Industry Association in the **development of a post-COVID recovery strategic roadmap**. MCP engaged top notch expertise including EURATEX's Executive Director Dirk Vantghem to ensure that Moldova's recovery path is aligned with EU and global trends at large, and textile value chain disruption. The forward-looking strategy for the fashion industry is based **on sustainability, digitization, and fair trade**.

MCP assisted innovation centers ZIPhouse, Artcor, Future Classroom and FabLab to deliver digital content, including online trainings, educational tutorials, entrepreneurship and community events. To provide a quick solution for online learning during the lockdown period, in 2020, **MCP facilitated a country-level partnership between Moldova's Ministry of Education and Google** that trained **20,000 teachers (75% of the total number of school teachers in Moldova) on Google for Education applications** to ensure the continuity of education. The partnership enabled coverage for 1,100 schools, or 90% of the total number of Moldovan schools.



Photo Caption: Teachers exploring Future Classroom technologies and G Suite for Education applications at MCP-supported Future Classroom National Center
Photo Credit: Future Classroom National Center Facebook page

Building associations as legacy institutions for industry competitiveness

Support and capacity building for industry associations have been at the core of MCP's interventions and sustainability approach, enabling industry associations to become true advocates for the industries they represent and guide long-term industry development. Each of the four industries that MCP supports faces diverse challenges especially as they grapple with a global pandemic and member companies that have been strongly hit by the global economic decline.

MCP works with **11 business associations that together boast 3,260 members**. MCP directs most of its workforce development and trade assistance through flagship business associations – Moldovan ICT Association ATIC, Association of Creative Industries COR, Moldovan Inbound Tourism Association ANTRIM, regional Protected Geographic Indication Associations, Association of Small Winemakers, and the Moldovan Light Industry Employers Association APIUS – to enable them to grow their capacity, relevance, and value to members. This also ensures the associations' self-reliance and resourcefulness past the project's end date and is a sustainable exit strategy.



Photo Caption: USAID and MCP-supported associations meet to discuss economic growth and collaboration among the sectors.
Photo Credit: MCP

Membership of MCP partner business associations is increasing every year, demonstrating increased sustainability and increased private sector confidence in the value of the organizations themselves. Mature associations ATIC, APIUS and ANTRIM, representing the IT, light Industry and tourism sectors respectively, now represent Moldova on the international stage, and act as champions of the private sector at home, **lobbying for institutional reforms and managing national platforms to enable industry growth**. Newer associations COR (creative industry) and ASW (small winemakers) demonstrate impressive growth and industry confidence, gaining over 40 members each in just three and four years respectively. Each of the business associations made impressive leaps forward in organizational capacity in just a short period.

To help Moldovan firms overcome the challenges stemming from the COVID-19 pandemic, MCP supported business associations to plan rapid and long-term responses to maintain business continuity, ensure financial liquidity, and recover sales. Industry associations act as focal points for SMEs and represent the private sector in the Governmental dialogue focused on defining national and industry anti-crisis economic policies. As such, APIUS and ANTRIM submitted over 30 advocacy papers and ensured the flow of critical information regarding health and safety requirements to support the continuity of manufacturing operations and tourism sites, including Sanitary Protocols Guide and Safe Travels accreditation by World Travel and Tourism Council. With support from MCP, business associations conducted two surveys (in March and May 2020) and collected real-time data to assess the economic impact of COVID-19 on Moldova's light industry, tourism and creative businesses, voiced at the Prime Minister's Economic Council. ONVV and the Ministry of Agriculture were supported to assess the financial liquidity needs for wineries, with specific solutions for equity investment to support long-term recovery.

MCP develops University-based Excellence Centers for a future-ready workforce

As qualified workforce is the number one challenge for economic competitiveness voiced by Moldovan businesses, MCP support has focused throughout the years on establishing and strengthening cutting-edge centers of excellence at Moldova's key Universities that bring together the private sector and academia to shape the workforce of the future. These centers develop Moldova's fastest growing industries and bring forward-looking digital skills to traditional sectors, namely ICT, creative, media, engineering, and fashion. Among the main excellence centers are Tekwill (ICT), Artcor (creative), ZIPhouse (fashion), FabLab (engineering), and Future Classroom Lab (STEAM education). Two centers – the MEDIACOR Digital Media Center and Balti Regional Innovation Center – are currently in development, with MEDIACOR to be launched in September 2021. With a total joint investment exceeding \$10 million, these centers bring market-driven technologies and skills to students, preparing a future-ready workforce. This is the largest collaborative investment in developing Moldova's workforce of tomorrow. During FY21, MCP achieved marked progress for MEDIACOR and Balti Centers, finalizing the design, mobilizing partners, completing architectural blueprints and functionality requirements, securing initial funding for the infrastructure, and kicking off renovation works.



Photo Caption: Artcor Creative Industries Center, developed with MCP support
Photo Credit: Volker Kreidler

MCP facilitates 50 Public-Private Partnerships worth more than \$58 million

MCP facilitates critical partnerships that collectively leverage multi-million-dollar resources to realize shared objectives in regulatory reform, trade promotion, workforce development and economic growth. The Project facilitates 50 PPPs, from flagship industry leaders like the National Office of Vine and Wine, to sectoral centers of excellence like ZIPhouse, Future Classroom, FabLab and Artcor, and marketing alliances under country brands (Wine of Moldova, DININIMA (fashion), and Tree of Life (tourism)). The total value of these transformative partnerships exceeds **\$58 million, whereas \$46.6 million (80%) are contributed by local and international partners**. In FY21, MCP continued to effectively engage the wine industry for joint international marketing, precision viticulture and regulatory reform, leveraging \$3 million from the private sector and the Government for the National Office for Vine and Wine annual budget. Considerable progress was made for laying the groundwork for Mediacor Digital Media Center and Balti Regional Innovation Center in Northern Moldova, as well as for expanding the National Center "Future Classroom" with additional training spaces, leveraging over \$2 million for construction of the centers' infrastructure from the Moldovan regional development funds and University budgets. MCP continued the partnership for Future Classroom with leading telecom and technology corporation Orange, welcoming Google as a new technology partner. Liechtenstein Development Service joined Future Classroom initiative in 2019, raising the shared investment to \$1.1 million implemented during 2017-2020.

Inclusive Development

To support the economic empowerment of women, **MCP assisted 342 women-owned SMEs, which make up 35 percent of all assisted firms.** 173 firms were in light industry, where women are recognized economic leaders, followed by tourism (77), wine sector (50), and IT (42). Every second apparel company is owned or managed by a woman. MCP's assistance to improve productivity, implement social compliance standards and expand trade for apparel and footwear factories helps **preserve jobs for the 26,500 women** employed in this industry, increasing wages to meet basic living standards. MCP-assisted firms **increased seamstresses' wages as high as \$515 per month, compared to country average monthly income of \$325.** MCP's innovative initiatives in Science, Technology, Engineering, Arts and Math (STEAM) aim to raise digital skills among Moldovan young women, especially from underserved communities, to pursue education and careers in IT and engineering fields. In an industry traditionally dominated by men, MCP reduces the gender gap and promotes STEAM youth education through two flagship initiatives - **Future Classroom and Educational Robotics – that are spearheaded in 180 or 15% of the country's schools. More than 16,000 girls and young women (or 42% of all beneficiaries)** benefited from these initiatives by accessing transformational technologies such as robotics, coding, virtual reality sets. The tourism sector is also important for women's employment and economic empowerment, especially in the rural areas. To date, **60% of the 34 rural guesthouses assisted by MCP are owned and managed by women,** fostering rural employment opportunities and creating a sustainable industry attractive to international tourists.



Photo Caption: Seamstresses sewing clothes at MCP-supported apparel factory 'Gemeni Clothing'
Photo Credit: MCP

Gagauzia/Transnistria

USAID assistance is inclusive of Transnistria and Gagauzia, engaging prominent and emerging SMEs and promoting tourism in these regions. The assistance is provided at the firm-level and as part of industry organizations, namely the National Office for Wine and Vine and APIUS fashion business association. **51 wineries, tourism providers, garment and footwear factories benefited from assistance** in production management and productivity enhancement, as well as participation in tradeshow, leading to growing exports in non-traditional markets such as Ukraine, Romania, Germany, and China. This is inclusive of ten **leading garment and footwear factories in Transnistria and Gagauzia (over 2,000 jobs)**. Prominent wineries, like Vinuri de Comrat and Tomai Vinex in Gagauzia, and Kvint in Transnistria, are active members of MCP-supported PGI Associations and the National Office of Vine and Wine, adhering to quality standards, value-chain traceability, and international market requirements. MCP assisted integration of Gagauzia and Transnistria in Moldova's tourism product, building destination resilience through tourism and breaking international stereotypes regarding safety. These regions benefited from media exposure, being featured as part of MCP-assisted media trips. The wineries and guesthouses have been trained and guided under the ANTRIM COVID code of action and sanitary guide. The MCP-supported Gagauzian tourism sites are becoming the most popular tourism hotspots – Gagauz Sofrasi, Karagani, Vina Comrata. Gagauzia is part of the tourism road signage effort, deployed by MCP in partnership with the Ministry of Economy, ONVV and MIA. **Six clothing factories, wineries and guesthouses in Gagauzia and Transnistria are MCP grant beneficiaries.** Karagani and IVC Inter wineries are being assisted to develop websites for their wines and tourism services, implementing direct booking plug-ins to facilitate ecommerce.

Seven schools in Gagauzia and Transnistria are implementing educational robotics, with over 3,000 youth benefiting from robotics classes. Gagauzian teachers build critical digital skills to support school continuity as part of the national Digital Alphabetization program, launched by the Ministry of Education in partnership with Future Classroom Center, with support from MCP, Orange and Google.



Photo Caption: USAID Mission Director Scott Hocklander meets Ana Stanova, the owner of the MCP-supported rural guesthouse 'Gagauz Sofrazi' during a visit in Congaz village, Gagauzia.

Photo Credit: Igor Rotari.

TARGET INDUSTRY HIGHLIGHTS

WINEGROWING INDUSTRY

MCP focused on increasing wine quality and exports, especially to high-value markets in the EU and Asia Pacific, to strengthen the industry and helped the sector recover from the COVID-19 pandemic and the Russian Embargoes that caused an extensive recession and a three-fold shrinking of exports.

MCP supported **261 winegrowing SMEs, 80% of the total entities registered in the National Vine and Wine Registry.** These winemakers made \$126.3 million in new cumulative domestic and export sales.



Photo credit: Andrei Cibotaru
Photo caption: Harvesting season

- Moldovan wines have won **3,411 awards** demonstrating the leaps forward in wine quality caused by MCP investments in quality upgrades.
- MCP provided SEED grants to wine sector SMEs worth **\$1.1 million, leveraging \$4.5 million co-investment from beneficiary wineries. 21 'transition' wineries benefited from the MCP PQUP program, shifting to quality bottled wine production;** 4,485 viticulturists and winemakers were trained under Wine of Moldova Academy to improve viticulture, winemaking and marketing skills, climate change resilience, and vineyard innovations; and **123 wine growers were certified to produce PGI complying wines**, accounting for 15% of Moldova's total bottled wines.
- Under MCP, the number of **small wineries increased six-fold since 2014, reaching 47**, and enabling farmers to transition from selling low-earning grapes to producing high-quality wines and tourism services, earning **7 times higher value-added.** Small winemakers grew **EU exports by an estimated 46 percent in 2020**, demonstrating resilience.
- MCP supported **120 wineries to attend 200 trade events** in target export markets, including Poland, Romania, and China, and received assistance to explore new markets such as Canada, Portugal and Sweden. Assisted wineries recorded **\$7.9 million in new exports in FY21**, underpinned by complex marketing and trade support leveraged by ONVV and MCP.
- 'Best Grapes' pilot generates high precision agricultural data on vineyard management and climate change, using drones, autonomous weather stations and pest sensors.
- Moldova's flagship PPP, **ONVV, grew its annual budget to \$3 million**, funded jointly by the Government and private sector; 70 percent goes to international marketing.
- Wine of Moldova was featured in **670 international media publications**, such as Forbes, CNN, Fortune, The Independent, The Telegraph, The Times, Euronews, Deutsche Welle growing awareness and credibility
- Wine businesses were exempted from paying contributions to ONVV Fund in 2020 due to COVID19, causing ONVV budget cuts and austerity.

TARGET INDUSTRY HIGHLIGHTS

TOURISM INDUSTRY

Following years of sustained investment by MCP, Moldova has transitioned from being one of the least visited countries in the world, to being called a **“surprising country”** and **“a wine experience out of the ordinary”** by leading publications such as **Lonely Planet**. Expenditures by foreign tourists visiting Moldova was valued at **\$500 million, or 4.4% of GDP**, creating a **spill-over effect on the over 20,000 people** employed by the industry, mostly women and youth, and acting as a driver of economic growth in rural areas. However, the **pandemic outbreak severely affected the tourism industry, recording a 83% decrease in tourist numbers during 2020**. Recovery is expected starting in 2021, with 2018 tourism numbers expected by the end of 2025.



Photo Credit: Redescopera Moldova
Photo Caption: Travelers kayaking on Dniester river

- **34 (including 18 new start-ups) MCP-upgraded rural guesthouses** hosted over 36,000 visitors in 2019, a **20% increase versus 2018**, allowing to expand employment particularly of women. One third of these beneficiaries proved economic resilience in 2020 and recovered at least 70% of their turnover from before pandemics.
- The Wine Routes of Moldova **won the 2020 Destination of Sustainable Cultural Tourism Awards** organized by ECTN in partnership with the European Travel Commission.
- The MCP's Wine Tourism Accelerator Program spans over **45 wineries to develop vineyards as tourist destinations**, of which 35 wineries received direct MCP assistance in setting up tourist infrastructure, out of which 16 are small winegrowers.
- **2,177 individuals with improved job skills** aligned with the industry needs, within MCP tourism industry support programs, including from the 19 tour operators, 15 hotels, over 48 tourism guides trained and certified under the WFTGA standards, over 400 students, etc, which led to a 10% annual average growth of productivity in the MCP assisted tourism SMEs.
- Moldova's first **Tourist Information Center (TIC)** served over **18,000 tourists** from more than 90 countries in its first two years of activity, and over 500 in 2020 before the COVID-induced closure.
- The MCP-powered online platform – **360.moldova.travel** – was used to showcase virtual tours of flagship Moldovan tourism sites, **reaching over 940,000 interested travelers**, and keeping visitor interest during lockdown.
- Moldova improved its **Travel& Tourism Competitiveness Index by 14 points up** in 2019 edition, to the 103 place (out of 140), from the 117 ranking in the 2017 edition. 16 regulations and administrative procedures eliminated, streamlined, or simplified with MCP support.
- ANTRIM continues to be the leading tourism business association, with **75 members or 80% of the inbound tourism sector**, recognized by the Moldova Investment Agency as key counterpart for destination marketing
- The new **Moldova Tourism Development Program 2025** was developed with MCP support, using the market-driven approach and focus on value-added travelers and tourism products, to achieve sustainable tourism development as per the UNWTO standards in the post-pandemic conditions.

TARGET INDUSTRY HIGHLIGHTS

LIGHT INDUSTRY

(CLUSTERED APPAREL, FOOTWEAR AND ACCESSORIES)

MCP assisted Moldova's apparel and footwear sector, a vital exporter and employer of women, to focus on upgrading from export of stitching services to higher value-added manufacturing, thus creating quality jobs. **Despite the COVID-19 pandemic, the output of Moldova's light industry in 2020 totaled \$334 million**, only 5% less than the output in 2019, as a result of MCP assistance. Employment reached **26,500, of which 85 percent are women**. Despite COVID-19, light industry companies have managed to maintain productivity growth. In 2020, **productivity increased by 1.5% compared to 2019 and by 20% compared to 2018**, as result of the Streamlining Manufacturing Process



Photo Credit: Ana Maria Moroz
Photo Caption: Seamstress working at Portavita apparel factory in Chisinau

- **312 apparel, footwear and fashion accessories producers** have benefited to date from MCP assistance or 66.3% of the 470 industry SMEs.
- MCP's **SMART factory program assisted more than 140 companies** in Y1-Y6 (including 24 start-ups), 100 being unique apparel and footwear firms, with a spillover effect on 15,100 employees, or more than 57% of the total number of workers in the Moldovan Light Industry.
- **66 factories (of which 34 unique factories) improved productivity by up to 27%**, eliminated time loss up to 12%, reduced production cycle up to 20% in Y1-6, through implementation of Lean Management tools, MODAPTS, workplace engineering, and cost-cutting measures (waste reduction, time saving, energy efficiency), with a **spillover effect on their 6,800 employees**.
- **23 factories implemented Integrated Management Systems** and acquired international Social Compliance certification (Business Social Compliance Initiative and SMETA Social Audit), securing jobs for their 3,000 employees.
- MCP-assisted firms demonstrated higher wages, able to increase **seamstress wages up to \$515 in comparison to the industry average of \$325** (in 2019), or by more than 1.6 times.
- **\$1,040,000 was co-invested by 37 factories** since 2016 in technological innovations, automation and digitization, leveraged by **MCP's SEED grants worth \$500,000**, including over 400 units of high precision equipment, printing and embroidery machines, which increase quality and speed of production.
- **50 designers** from 36 Light Industry SMEs (including 15 start-ups and emerging designers) were assisted through the 'Flying designers' program and developed 72 new high – performance collections, including more than 1,750 styles, all oriented toward western market expansion.
- MCP supported light industry companies to participate in 84 editions of different EU and regional international exhibitions, which generated more than **\$20.3 million worth of signed contracts and over 3,200 business contacts**.

TARGET INDUSTRY HIGHLIGHTS

IT, CREATIVE & ENGINEERING SERVICES

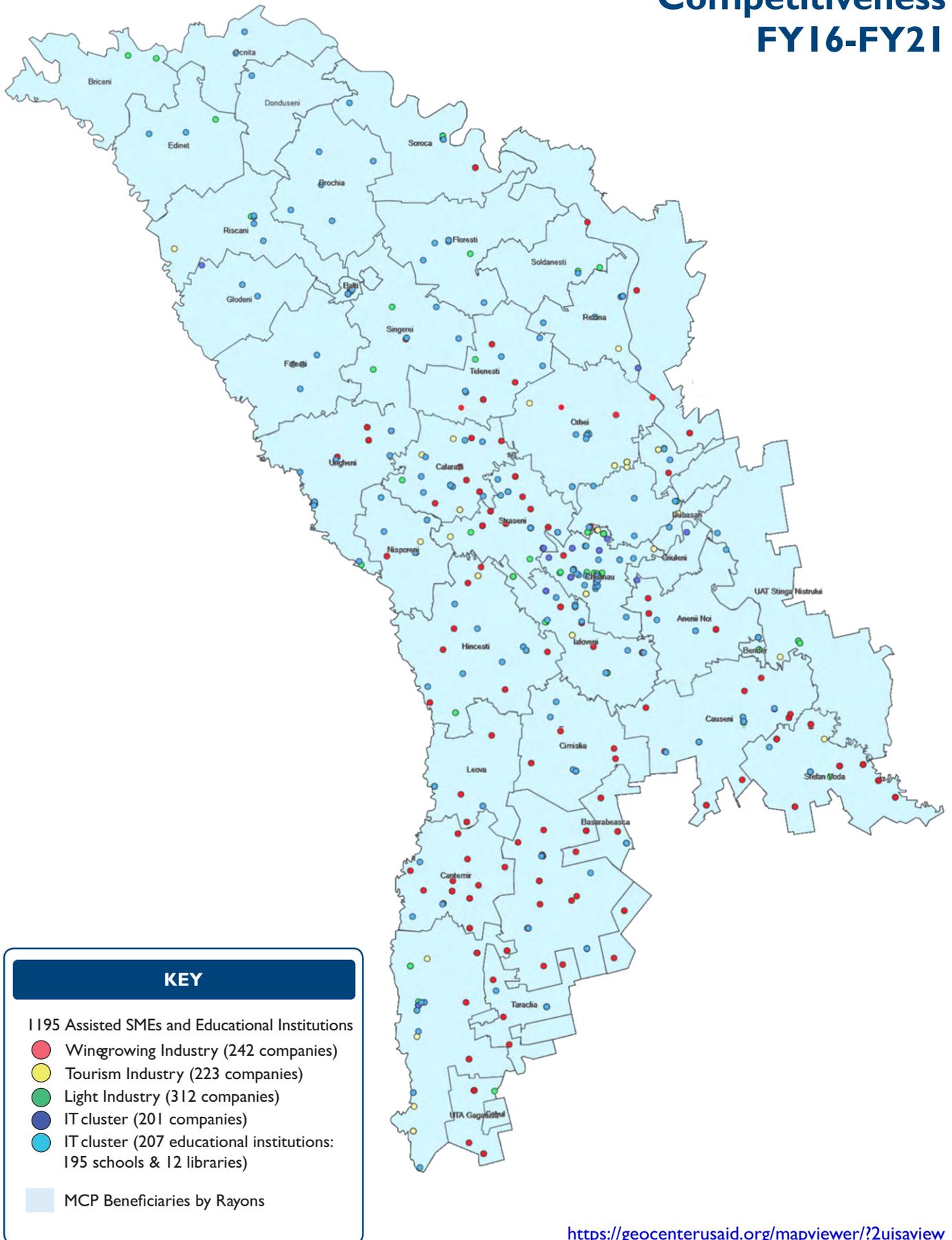
Since 2005, when MCP predecessor projects began investing in the industry, **Moldova's IT exports have risen \$258 million (2020)**, creating well-paid jobs for more than **29,500 people, mostly youth, with average monthly salaries of \$1,550 (2020)**, almost four times the country average. Moldova has the potential to be a global hub for creative industries and high-value added IT projects. MCP supports Moldova's IT and Creative Services to realize their unique role in creating quality jobs and addressing brain drain.



Photo Credit: Pascaru Production
Photo Caption: Practical training on camera shooting at the MILAP school at Artcor

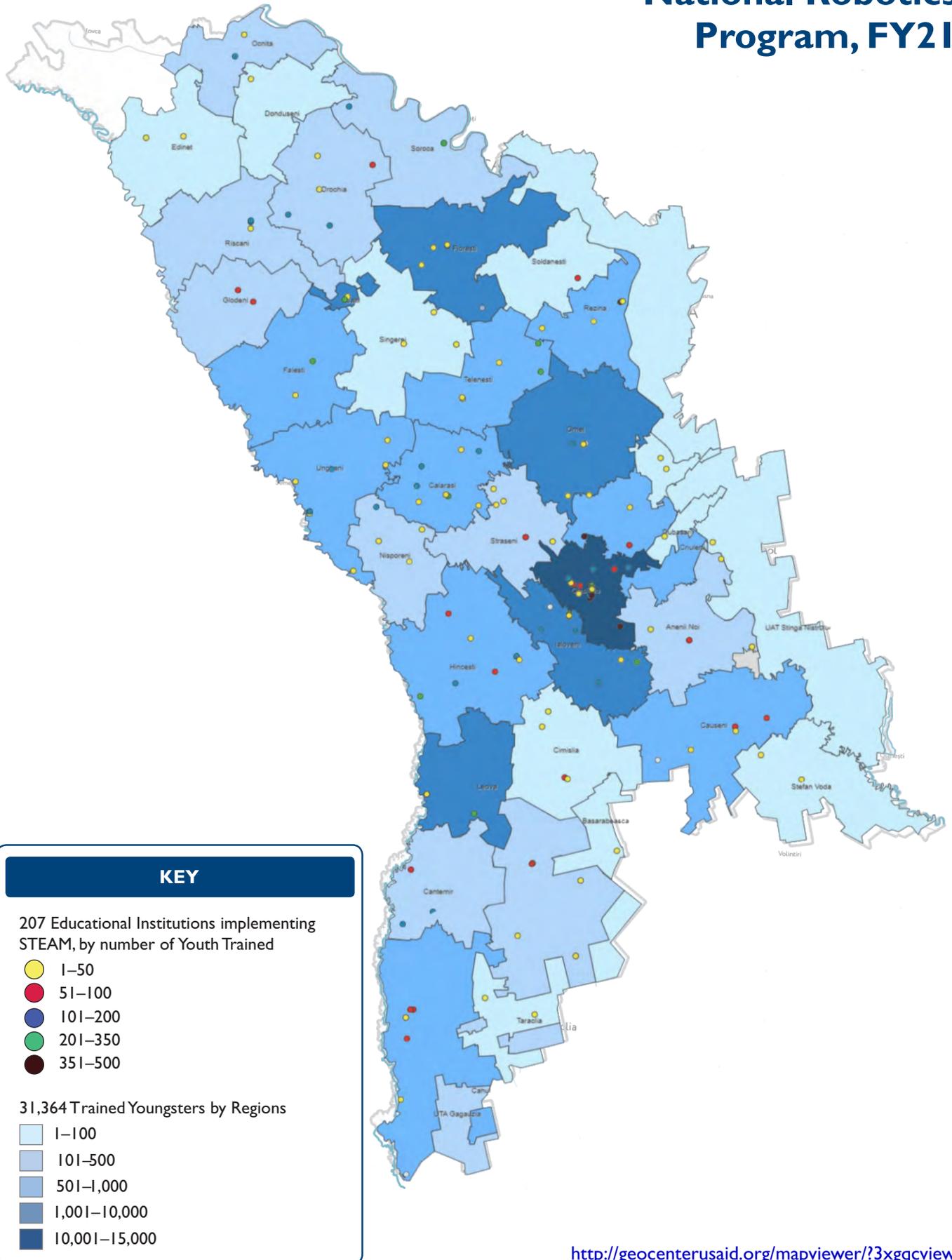
- MCP promotes STEAM youth education through its flagship initiatives: **Future Classroom Lab (FCL) and Educational Robotics**, which are both effective and scalable, and have benefited over **26,000 Moldovan youth**, being taught in 180 or 15% of country's schools.
- MCP facilitated a country-level **partnership with Google for Education**, enabling **300,000 free accounts for Moldovan teachers** and students to continue online learning amid COVID-19.
- The National Center for Digital Innovation in Education '**Future Classroom**' launched in partnership between MCP, the Ministry of Education, Culture and Research, and Orange Moldova Foundation, attracted new partners, Lichtenstein Development Service and Google. It became a leader of digital transformation in education and **trained 20,000 teachers within the COVID-response National Digital Literacy program**.
- **Artcor Creative Center** attracted over 10,000 beneficiaries in its first year of activity, via more than **100 educational, entrepreneurship and community events** to stimulate Moldova's creative industries.
- MOU signed and construction started for Moldova's first Media Technology Center, **MEDIACOR**, located at the State University. The University committed a **co-investment of 3 million lei (\$160K)**.
- Construction started on the **first Regional Innovation Center in the North of Moldova**. MCP mobilized **\$1.6M public funding** from the Moldovan Regional Development Fund.
- Moldova's first state-of-the-art technology park, **Digital Park**, was launched by local investor Starnet that invested over **\$8 million in the first tower**.
- The **Virtual IT Park reached 658 residents**, 145 of which are foreign-owned and 40% are newly created companies. Residents benefit from the **innovative 7% single tax**.
- The Association of Creative Companies (**COR**) **reached 40 members** from video, movies, sound, graphics, animation and video game development subsectors.

MCP Building Enterprise and Workforce Competitiveness FY16-FY21



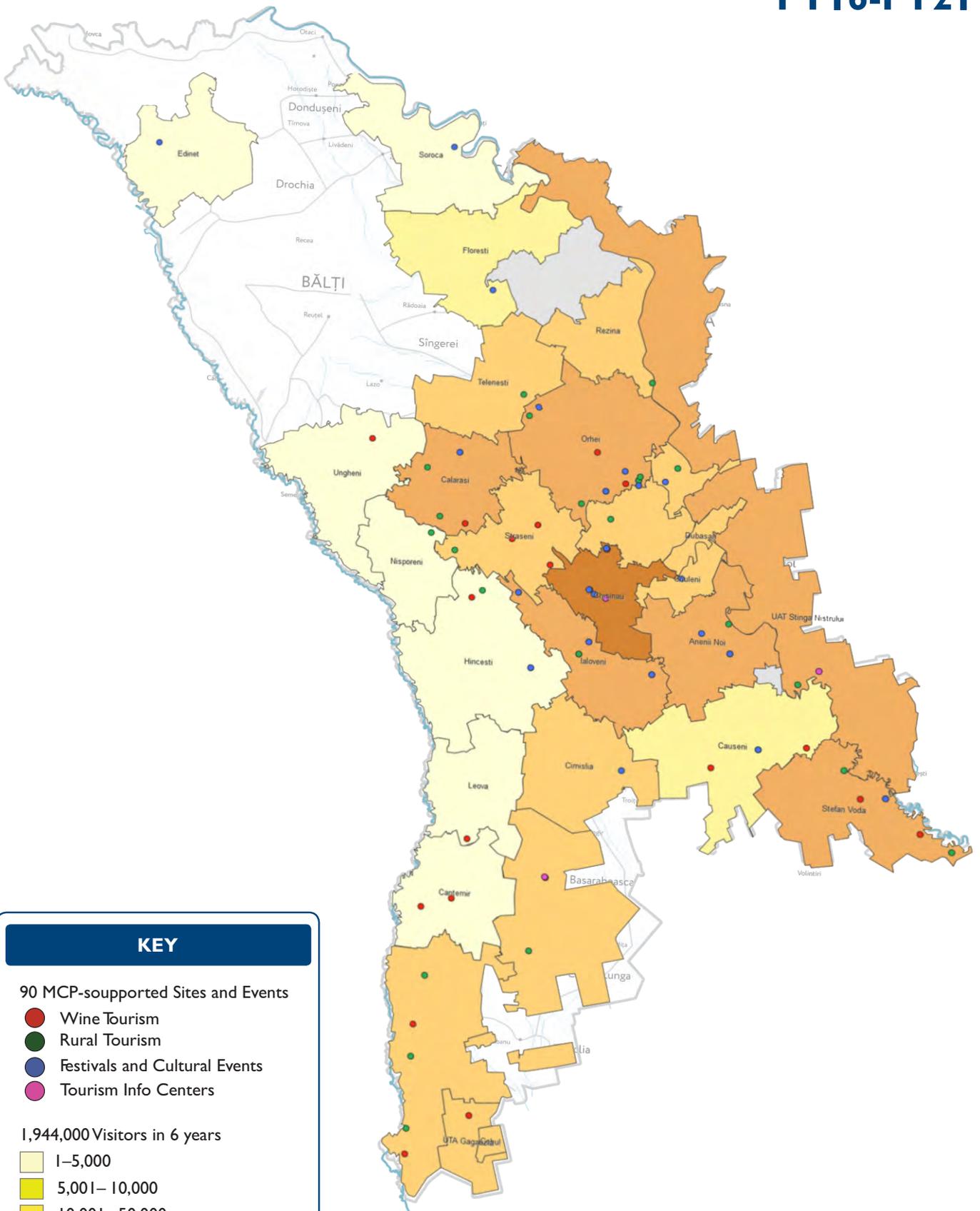
<https://geocenterusaid.org/mapviewer/?2uisaview>

Cultivating Skills for Youth through National Robotics Program, FY21



<http://geocenterusaid.org/mapviewer/?3xgqcvew>

Bringing Tourism Dollars to Regions FY16-FY21



KEY

90 MCP-supported Sites and Events

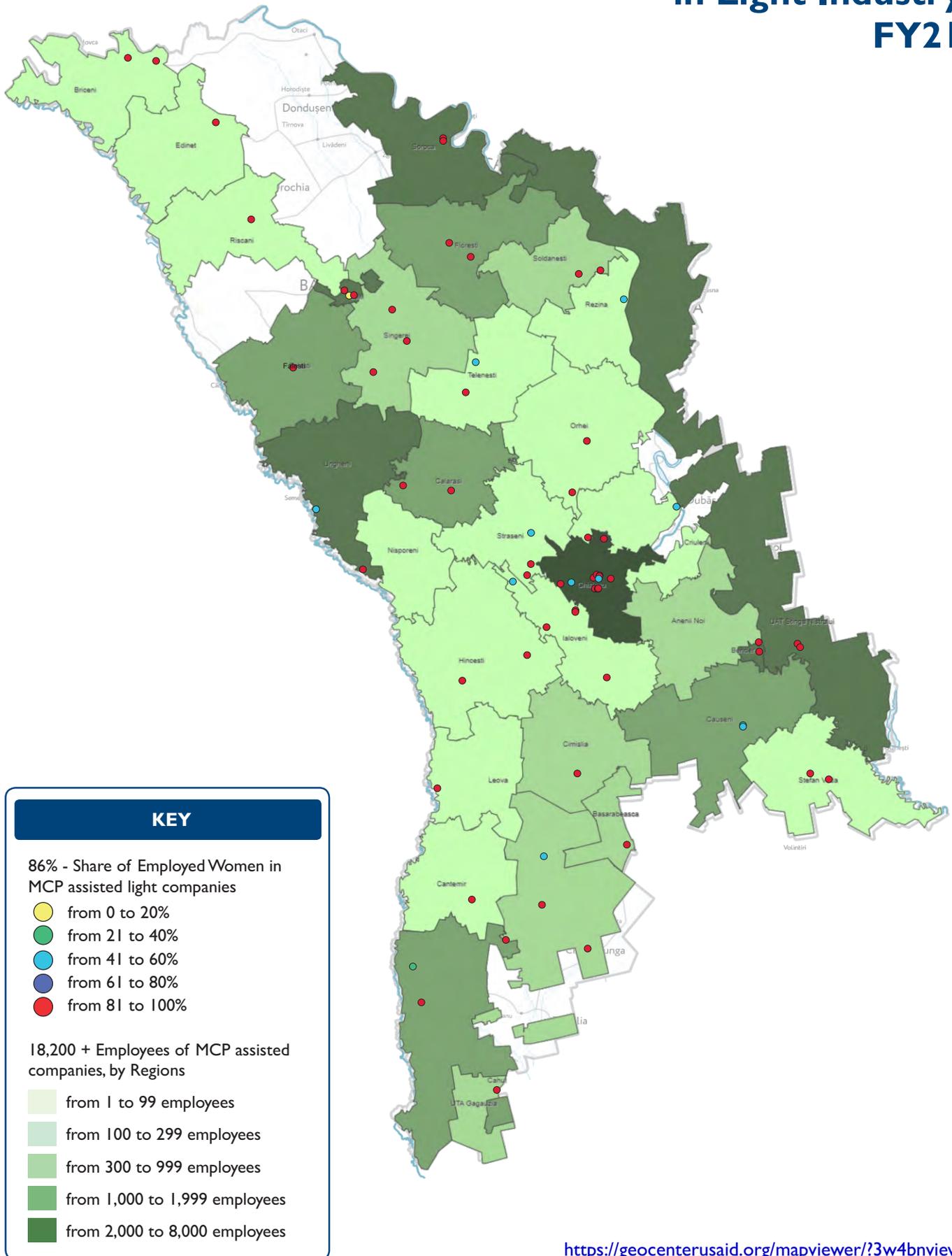
- Wine Tourism
- Rural Tourism
- Festivals and Cultural Events
- Tourism Info Centers

1,944,000 Visitors in 6 years

- 1–5,000
- 5,001– 10,000
- 10,001– 50,000
- 50,001– 200,000
- 200,001– 400,000

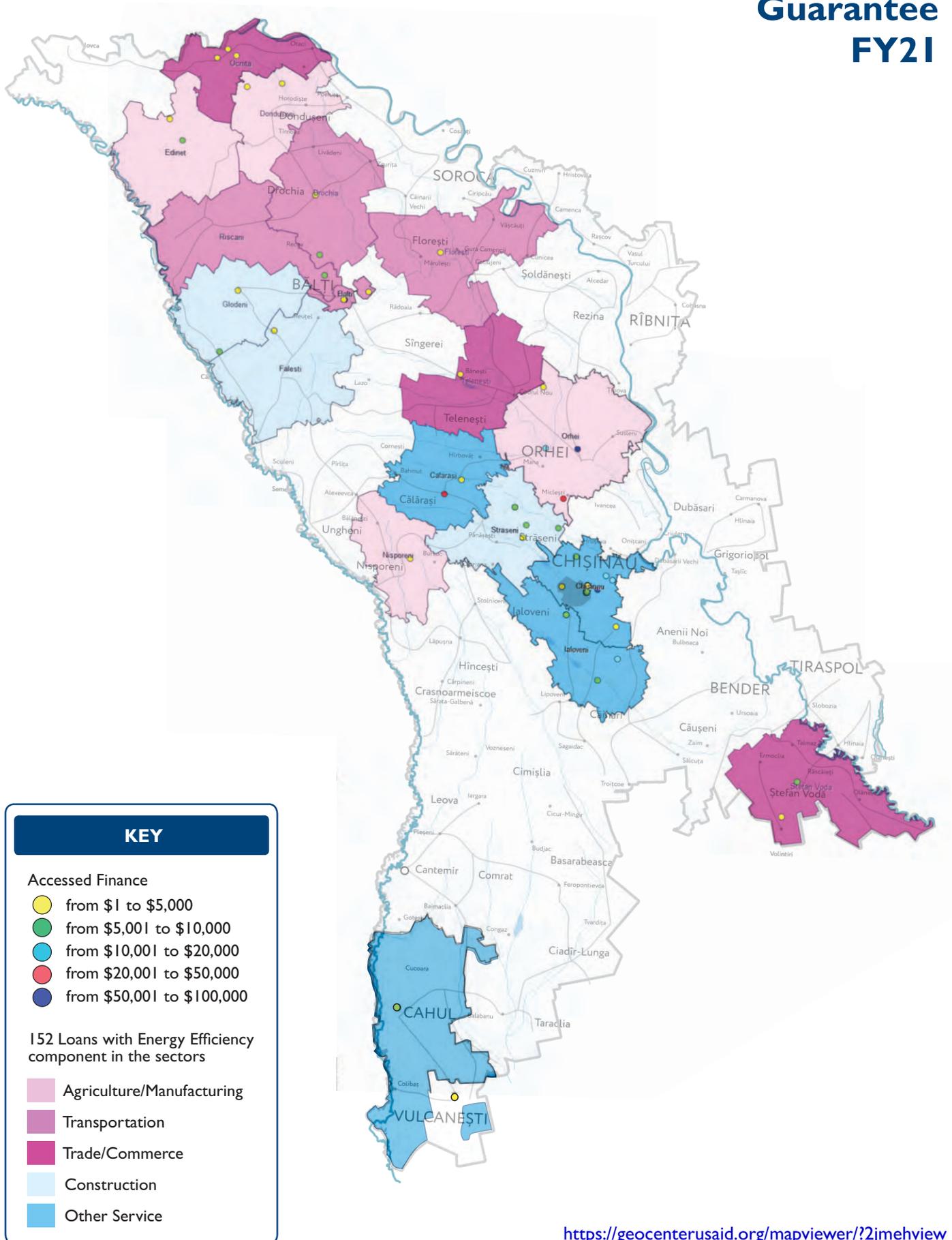
<https://geocenterusaid.org/mapviewer/?4ncfview>

Empowering Women and Creating Jobs in Rural Areas in Light Industry FY21



<https://geocenterusaid.org/mapviewer/?3w4bnview>

Accessing Finance through DFC Guarantee FY21



<https://geocenterusaid.org/mapviewer/?2jmehview>

SECTION I:

PROJECT OVERVIEW AND
GENERAL APPROACH

The Moldova Competitiveness Project (MCP) launched on September 30, 2015, implemented by Chemonics International Inc., and funded by the United States Agency for International Development (USAID), Sweden and the UK. MCP seeks to improve the competitiveness of key industries in Moldova in light of the June 2014 signature of the Association Agreement and the Deep and Comprehensive Free Trade Agreement (DCFTA) with the European Union. To compete in higher value European markets, the Moldovan government and the business community need to make costly investments. Meanwhile, the country continues to experience brain drain as citizens pursue higher-wage jobs elsewhere, which underscores the need for the public and private sectors to come together to prioritize the development of a more highly skilled workforce.

To maximize the benefits of the above-mentioned agreements, MCP focuses on improving the quality of Moldovan products and services as the key to preparing Moldova's private sector to compete on the EU and other higher-value markets.

The project promoted a strong, diverse, and export-oriented economy by improving competitiveness and efficiency in key Moldovan industries, thereby creating jobs, reducing emigration, alleviating poverty, and improving the economic well-being of all Moldovans. As the project closed, it incorporated a phased approach to ending technical assistance to each sector.

Key actions to promote Moldova on higher-value markets:

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

PROJECT GOAL AND OBJECTIVES

The project's overall objective is to increase sales and investment in targeted industries. MCP will grow and expand targeted competitive industries through increased productivity and quality, expanded market linkages, and improved sector-enabling environment. The industries supported by MCP have key economic and social significance, are export oriented, and collectively account for up to 12 percent of GDP and 35 percent of exports, including: wine production clustered with tourism; light industry (clustered apparel and footwear manufacturing); and information and communications technology (ICT), clustered with the creative services and engineering sectors.

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

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

Objective 1:

Increased productivity and quality (better workforce and adopted innovation)

Objective 2:

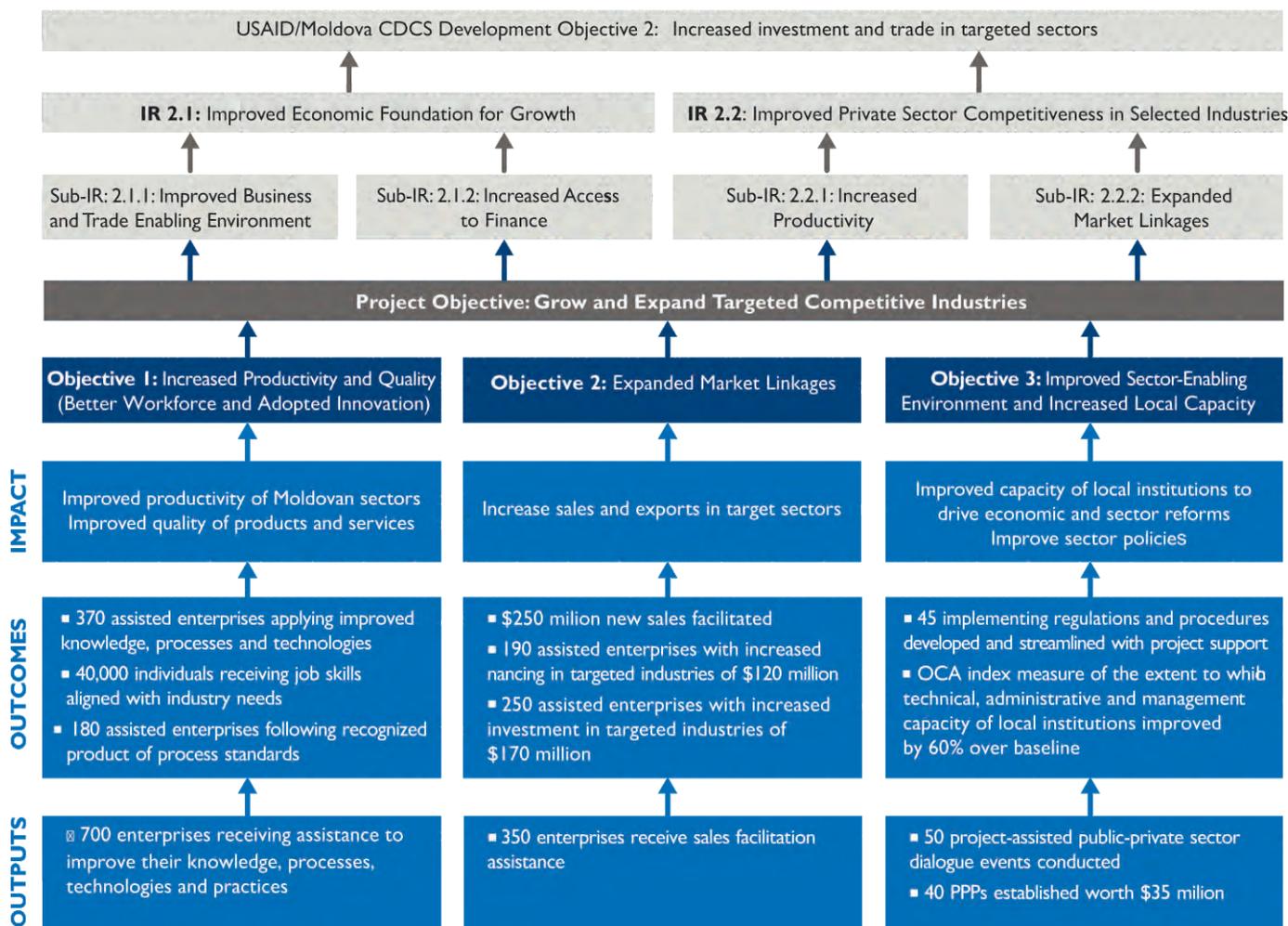
Expanded market linkages

Objective 3:

Improved sector-enabling environment and increased capacity

In Year 5 given the costed modification, MCP updated its monitoring and evaluation (M&E) plan based on the results framework (exhibit I below), to measure impact, continuously improve the effectiveness of interventions, allow the project to test hypotheses, receive early warnings to adapt interventions, ensure timely decision-making on resource allocation and activity implementation, and support USAID's internal reporting needs. MCP's performance indicators are aligned with USAID/Moldova's priorities and vision, including units of measure, disaggregation, data sources, collection methods, baseline and targets, and data collection frequency and schedules. No changes to the M&E plan are envisioned in the last year of the project.

Exhibit I. MCP expended Results Framework



PROJECT IMPLEMENTING PRINCIPLES

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

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

Balance competition and cooperation

As industries begin to grow, promoting a balance between competition and cooperation throughout the value chain enhances the performance, resiliency, and competitiveness of the industry. Stimulating competition requires working with multiple firms and encouraging a level playing field. Evidence indicates that firms that learn how to effectively collaborate to address joint constraints are more likely to remain competitive and foster a more competitive industry. Cooperation should be fostered, but not forced, as effective cooperation requires strong commitment by participants to resolve identified constraints.

Implement commercially viable solutions

The project facilitates access to commercially viable solutions to market inefficiencies. In addition, the use of multi-stakeholder partnerships is an effective way to develop local commitment and sustainability of the development solutions.

Integrate local context and priorities

All developing countries are faced with a wide range of issues that must be considered as part of any private sector project, including environmental degradation, effects of population health, and disadvantaged populations such as women and rural isolated communities. Proper consideration of these issues within the context of a viable private sector development strategy is critical to enhancing the longer-term impacts of the project.

Due diligence

The Project ascertains the reputation and legal legitimacy of all entities prior to any significant beneficiary support. The implementing contractor/grantee is required to have clearly documented procedures and qualifying criteria, and to be entirely transparent in selecting benefiting businesses and industries.

Exit strategy

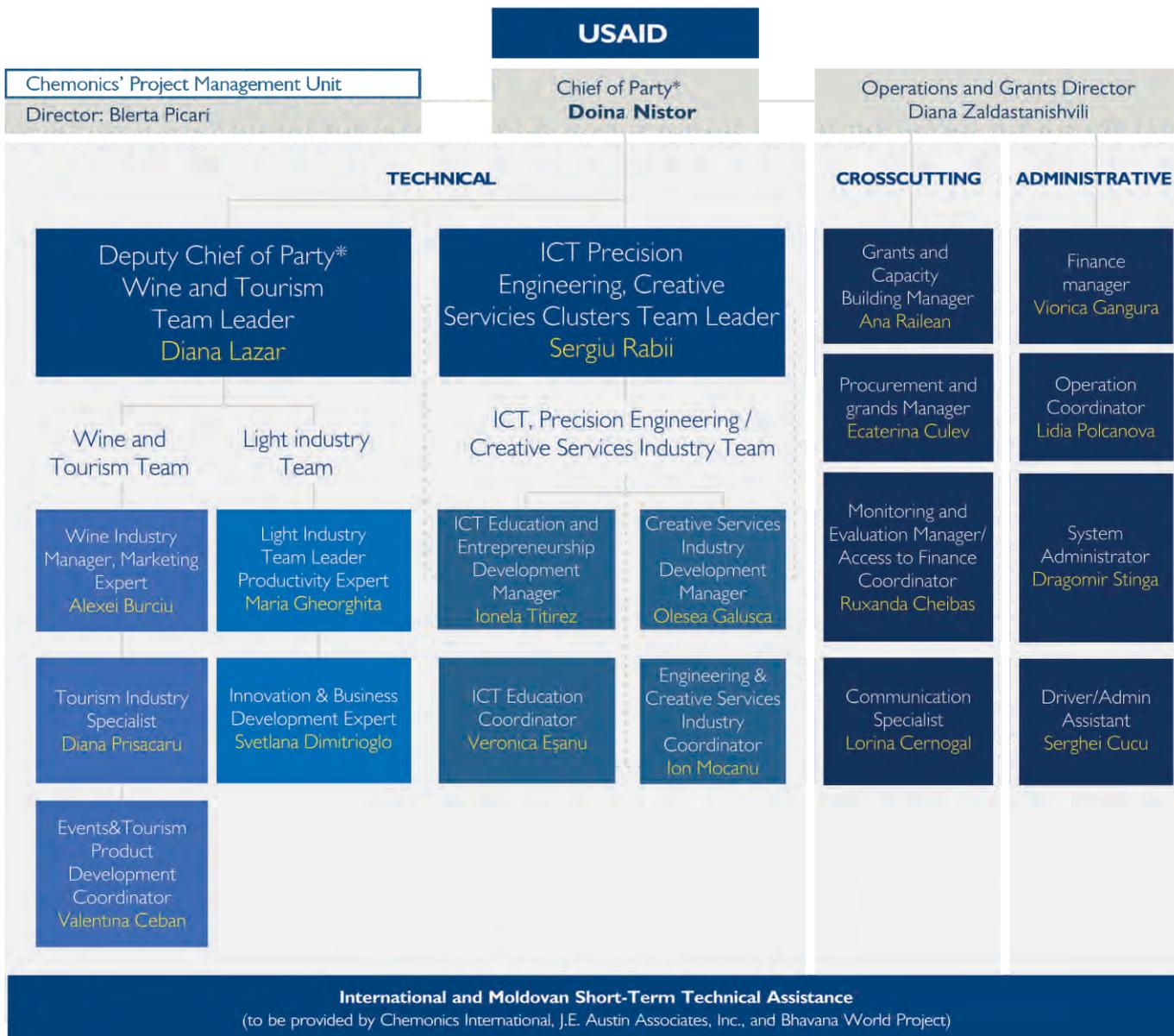
To ensure sustainability, all project actions shall include an up-front exit strategy that clarifies how the investment will end, leaving behind sustainable impact. In doing so, MCP focuses on building industry ecosystems and supporting organizations, ranging from industry excellence centers and governance bodies to business associations.

PROJECT ORGANIZATION

Chemonics has an exceptional team of Moldovan nationals known for their skills in leading workforce development and value-chain competitiveness programs. The team is primarily composed of local experts and managers, which is cost effective and consistent with the goal of creating sustainable solutions and engaging local leaders who can continue their work after MCP ends. MCP is managed by Chief of Party Doina Nistor and Deputy Chief of Party Diana Lazar. MCP's long-term professionals were selected based on their technical experience, knowledge of MCPs sectors of focus, and commitment to innovation, capacity building, and MCP's overarching vision.

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

MCP Organizational Chart



PROJECT MAPPING

	WINEGROWING INDUSTRY	TOURISM INDUSTRY	LIGHT INDUSTRY	ICT & CREATIVE INDUSTRY
BRANDED ACTIVITIES	 <p>Wine of Moldova Wine of Moldova Academy Best Grapes FlaveDor Terroir Small Winemakers Mentorship Program PQUP - Product Quality Upgrading Program Export Coaching Program Sommelier & Wine-Friendly Wine Vernissage National Wine Day Wine of Moldova 2030</p>	 <p>Tree of Life Startup Tourism Moldova Programs Hospitality+ WINE-UP Wine Tourism Accelerator Inbound Startup Go Regional National Wine Trail Tree of Life events calendar BeOurGuest campaign(s) DescOPERA festival Rethinking Tourism Moldova ANTRIM Incoming Forum</p>	 <p>DININIMA Moldova brands SMART Factory Flying Designers Z Young Designers competition Fashion Accelerator Fashion Leadership Program Market Icebreaker ZIPhouse Academy Window Display competition Fashion Photography competition Moldova In Fashion Conference Moldova Fashion Days Fashion Soirée</p>	<p>STEAM programs Educational Robotics First Lego League competition(s) Future Classroom Coder Dojo GirlsGoIT STEM Discovery Week Moldova Virtual IT Park IT Visa Artcor School GoOnline COR Bridge to global markets</p>
PHYSICAL LOCATIONS	National Office of Vine and Wine	<p>Chisinau Tourism Information Center (TIC) www.moldova.travel Orhei Vechi tourism region</p>	ZIPhouse DININIMA common brand store(s)	<p>Artcor Creative Hub MEDIACOR Media Technology Center Tekwill Chisinau and regional Fablabs Digital Park Future Classroom National Center Balti Innovation & Technology Center Generator Hub CIRCLE IT & Engineering Labs</p>
BUSINESS ASSOCIATIONS	<p>National Office of Vine & Wine (ONVV) Association of Small Winemakers (ASW) Wine School NGO PGI Producer Associations:</p> <ul style="list-style-type: none"> Codru Stefan Voda Valul lui Traian 	Inbound Tourism Association (ANTRIM) Tourism Guides Association	Light Industry Association (APIUS)	<p>ICT Business Association (ATIC) Creative Businesses Association (COR) Association for the Development of Electronic Communications and Information Technologies (ACETI)</p>
GOM COUNTERPARTS	Ministry of Agriculture & Regional Development	Ministry of Education, Culture, & Research	Ministry of Economy & Infrastructure	Ministry of Education, Culture, & Research
Moldova Investment Agency				

SECTION II:

TECHNICAL SUMMARY
INTERVENTIONS

WINEGROWING INDUSTRY



The Role of Wine in Moldova.

According to the American Association of Wine Economists, **Moldova is ranked number one worldwide by the hectares of vineyard per person**, and boasts the highest density of vineyards in the world. With its winemaking history going back 5,000 years, **wine is the backbone of Moldova's cultural heritage, tourism and the national economy.** The wine industry accounts for **5% of all exports**, providing an **important source of foreign currency income with over 80% of winegrowing products exported, serving as a source of revenue for over 50,000 farmers.** The wine industry spans the entire value chain in Moldova, benefiting stakeholders from wine traders and wineries to grape growers, and also spurs growth in connected industries, serving as the key driver of rural-based tourism, suppliers of stainless-steel tanks and other winemaking equipment, glass factories, marketing and branding agencies.

The MCP Approach.

Through its life of project, MCP invested in every stage of the wine production process: quality upgrades in viticulture and winemaking, deploying complex marketing strategies to penetrate EU and other high-value markets, and bolstering industry governance through paradigm-shifting public-private partnerships (PPP). By doing so, MCP has led to the development of a more resilient, sustainable, and outward-facing industry, protecting rural incomes and jobs for future growth. MCP's strategic assistance has resulted in Moldovan wines reaching the shelves of international markets and being listed in highly competitive, Michelin-star rated restaurants in Tokyo and Seoul.

Keys to Competitiveness: Winegrowing industry

- Enhance **product quality** through technological upgrades and building a qualified workforce.
- Sustain the **growth of small wine producers** and shift transition wineries' business paradigm towards higher-quality production.
- **Adopt modern** business practices, technological and digital solutions to streamline processes and increase transparency.
- Build Wine of Moldova's **brand identity** to raise Moldova's international profile in winemaking.
- Develop a **portfolio of quality wines** from 'export champions' in current target export markets.
- Nurture 'new generation' wineries and small winemakers to penetrate **new markets.**
- Develop the **domestic wine market** and enhance wine culture.
- Strengthen the role of **ONVV** and implement the public-private ownership model.
- Continue regulatory **reform** and enhance the business environment for the wine industry.

Wine Industry Key Facts

- **\$156 million** (total industry sales) or **1.3% of GDP** (2020).
- Almost 85% of total wine production is exported, worth **\$133 million or 5% of country's exports** (2019).
- **73 percent** of bottled wine exports, worth **\$62 million** (2019), go to non-CIS markets, mostly in the EU (up from 30% in 2013).
- Key markets for bottled wines include Romania, Poland, China, with **228%, 14% and 145%** year-on-year growth in value in 2020 vs 2015.
- Nearly **200,000 people** are directly & indirectly engaged in winegrowing sector, mostly in rural areas.
- Moldova has over **100,000 hectares of vineyards**, one of the highest densities of vineyards in the world as a proportion of its agricultural land.
- **\$200 million** total estimated direct losses from Russian embargoes (2006 and 2013)
- National Office of Vine and Wine **manages an average annual budget for reforms, quality upgrades and trade promotion** of \$3million.
- In 2016, Moldova released its first wines branded with **Protected Geographical Indication**. 15% of Moldovan bottled wines are today PGI certified
- Since 2016, Moldovan wines won **3,411 awards** at international contests, such as Decanter, Mundus Vini, demonstrating progress in quality.
- **In 2020, due to COVID-19, export decreased 5% in value and 12% in volume**, however bottled wine exports managed to register an 7% increase in volume and 8% increase in value demonstrating the effectiveness of MCP approach..

ENHANCING QUALITY AND INNOVATION IN VITICULTURE AND WINEMAKING

Product quality improvements across the winegrowing value chain. High quality is the foundation for wine sector's long term development and sustainability. MCP supported winegrowers in meeting international quality standards such as Protected Geographic Indication (PGI) and Wine of Moldova (WoM) brand benchmarks, by adopting precision viticulture, modern equipment, modern technology and winemaking best practices. Now, over 1/3 of Moldovan wines meet the PGI and WoM quality standards. These standards enable wine businesses to access high-value EU markets and contribute to greater inbound wine tourism.

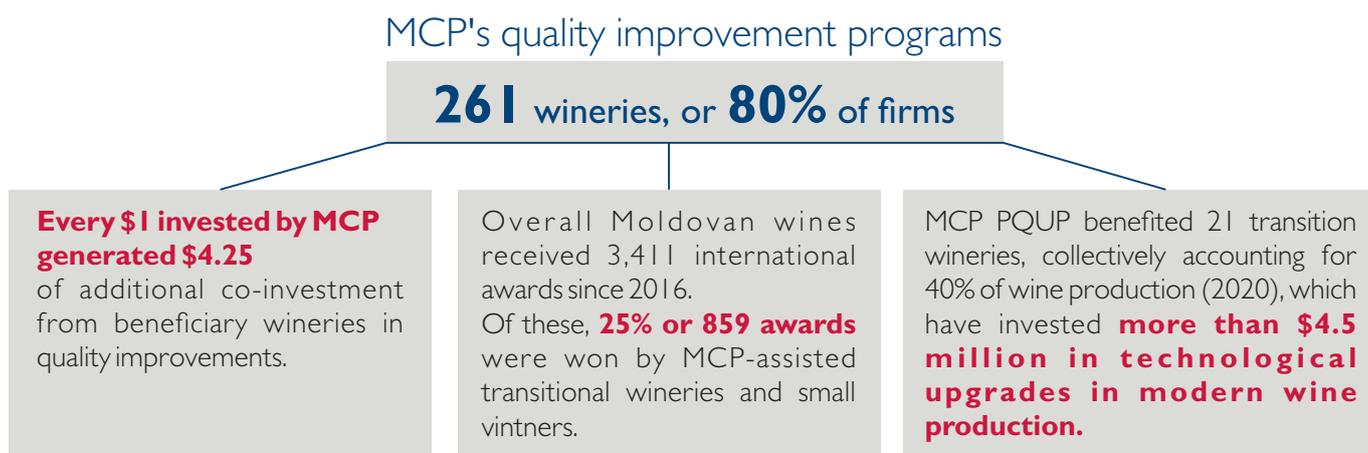


Photo Caption: Vineyard
Photo Credit: Max Ciomas

Small winemakers drive economic resilience. The number of small wineries has increased six-fold since 2014, reaching 43 in 2020. Small wine producers drive innovation in reviving MCP's deep-rooted wine heritage. MCP's Small Winemakers Mentorship Program supported forward-looking farmers transition to value-added bottled wine production, through mentorship, operations support, management, marketing and sales. Small winemakers now represent top performers on the local market, such as Gogu Winery, Kara Gani, and Atu Winery. MCP concentrated support towards the Association of Small Winemakers (ASW), empowering them to drive an enabling environment for small winemakers.

Transitional wineries develop higher value bottled wines for EU markets. MCP's flagship Product Quality Upgrading Program (PQUP) supported 'transitional wineries – formerly large-scale Soviet inheritance wineries - to convert their business models from low-quality, cheap, bulk wine to production of bottled wines with higher added value, creating a multiplier effect for industry resilience.

Results to Date. MCP's quality improvement programs **benefited 261 wineries, or 80% of firms** registered in the Vine and Wine Registry, triggering a spillover effect across the entire industry. From agricultural intelligence projects to modern wine production techniques, MCP catalyzed Moldovan wine producers to prioritize quality over quantity.



BUILDING KNOWLEDGE FOR FUTURE GROWTH

Wine of Moldova Academy. The Moldovan wine sector has a shortage of the type of qualified workforce needed to increase its competitiveness and respond to new demands from highly competitive markets, both in the EU and internationally. With MCP support, ONVV institutionalized the 'Wine of Moldova Academy' as a permanent continuous education vehicle, which offered key workforce development programs through trainings, seminars, field days, study visits, and conferences. **WoM Academy accredited over 120 students with internationally recognized certifications.** In total, ONVV with MCP support organized 119 educational events including 10 national conferences and 4 scientific conferences. MCP contributed to **skills and knowledge upgrading of 4,485 attendees** of the educational activities organized under WOM Academy and other educational initiatives implemented by the project.

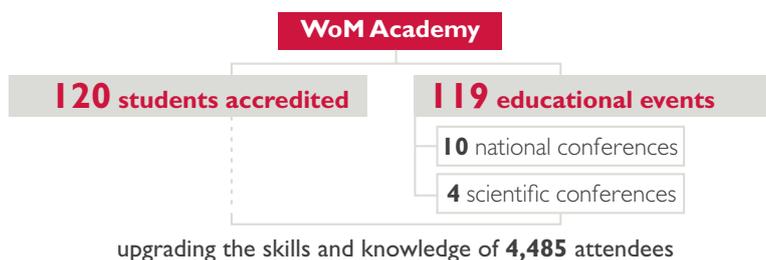


Photo Caption: Victoria Lupascu, owner of MCP-supported Pomu winery, with a crate of grapes during the harvesting season. Photo Credit: MCP

Precision Winegrowing. MCP improved viticulture practices to provide high quality grapes and build international competitiveness. Under the “Best Grapes” initiative, ONVV and MCP nurtured best practices in vine growing by implementing and observing different vineyard models, plant density, rootstock, as well as various viticulture practices. With the implementation of cutting-edge technology such as autonomous methodological stations and other pest sensors, these practices are allowing farmers to optimize spraying and other vine caring operations in the context of climate change. With MCP support, seven demo-plots were established at the national level, and the resulting data was recorded in an electronic database.

Award-winning drones detected vine disease and prevent harvest losses. In close cooperation with ONVV, MCP utilized cutting-edge precision viticulture technology and intelligence to detect the destructive vine pathogens Flavescence Doree and Bois Noir in Moldovan vineyards. The approach used Unmanned Aerial Vehicles (drones) equipped with multi-spectral cameras and sophisticated cloud-based imagery processing and analysis software delivers accurate information at the plant level. This technology replaced existing manual methods of disease detection, which are labor intensive and inaccurate. The use of this technology delivered a diagnostic accuracy to 85%, helping to reduce the overuse of pesticides by enabling rapid spot-treatment and quarantine, and provided data to inform a national disease detection and management protocol.

Photo Caption: Multispectral drone flying over vineyard to detect vine disease
Photo Credit: ONVV



PRECISION WINEGROWING: BEST GRAPES AND FLAVEDOR

Initiatives for the sustainability and resilience of the sector to climate change

Best Grapes

- **20+** experimental plots monitored
- **20+ ha** monitored in IGP regions
- **5 varieties** plantes in 240 variants (root, load etc.)
- **7 meteo stations** that monitor 34 weather a pests parameters
- **Information bulletins** issued ny ONVV on monthly basis
- **2 annual conferences**

FlaveDor

Pilot project
involving **drones (UAV)**
on **35 hectares**

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

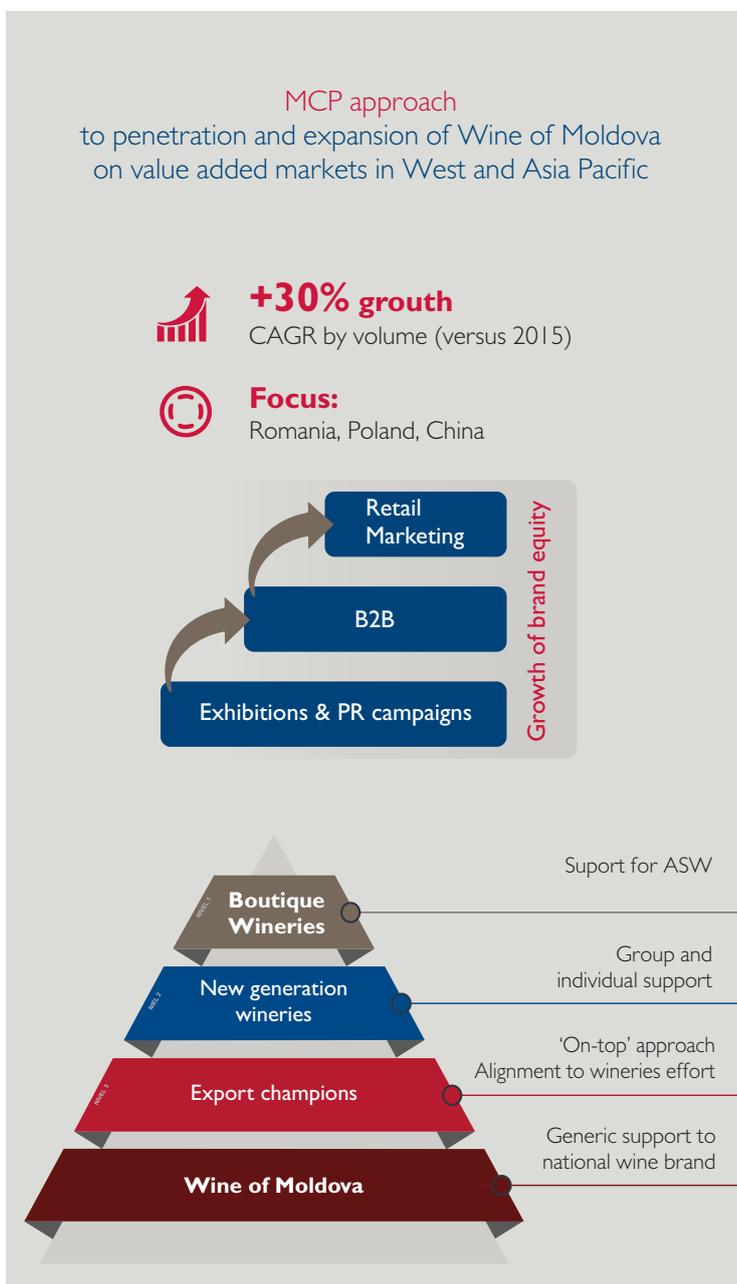


Photo Caption: Promoting the Wine of Moldova country brand
Photo Credit: Wine of Moldova Facebook page

Strategic Tiered Approach. Access to high value export markets relies on a complex state of consumer factors including Moldova's reputation as a wine producer and how Moldova can appropriately respond to diverse market segments. MCP's approach to stimulate Moldova's wine exports to high value markets was multi-layered and systemic.

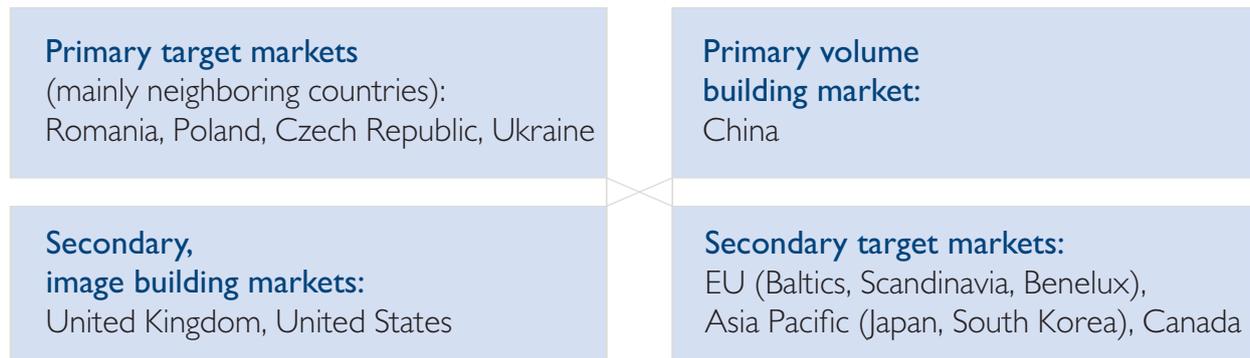
The project leveraged country and firm-level integrated marketing, built awareness of the WoM umbrella brand domestically and internationally; created pathways for individual brands and companies to enter and develop export markets; and increased sales of value-added wines from Moldova to non-CIS markets. MCP structured its assistance on a tiered approach:

- The base tier focused on building knowledge, awareness, appreciation and expanding B2B market linkages under the umbrella of WoM.
- The next tier was for "Export Champions", wineries well-versed in exporting to Western markets, having good distribution, and a qualitative product portfolio.
- The "New Generation Wineries" tier were wine producers that had quality wines with an excellent marketing positioning and modern branding.
- The upper tier focused on small wineries, ASW Mentorship beneficiaries, which, despite small volumes, have a significant impact on the image of Moldovan wines, since these are exclusive wines produced using innovative and distinctive winemaking techniques, showcasing the best of the terroir of origin.



Leveraging resources to target strategic export markets.

In alignment with the WoM Marketing and Promotion Framework developed under USAID CEED II, MCP allocated marketing efforts and resources towards target export markets. As per the cited framework, the pool of importing countries has been categorized as the following:



MCP supported 120 wineries to enhance business partnerships on key export markets, including Poland, Romania, Germany, and China, as well as new markets such as South Korea and Sweden. Assisted wineries recorded \$7.9 million in new exports in FY21, underpinned by complex marketing and trade support leveraged by ONVV in partnership with MCP. In light of COVID 19, MCP supported ONVV and Moldovan exporters in using digital marketing techniques to boost demand for their products on key target markets.

In recent years, the Moldovan wine sector has gradually opened new markets and reoriented exports to the EU, Asia-Pacific, Africa, and North America (Canada and the U.S.). During 2016-2019, bottled wine exports to non-CIS markets increased by an aggregated (CAGR) 78 percent since 2015, or plus \$28 million. This result is largely due to MCP and ONVV's steady efforts to reposition and grow wine trade in stable and high-margin markets, distancing Moldova from the blocked Russian market and low-value exports to CIS countries.

Results to date.

MCP efforts to reorient wine production to meet higher EU quality standards have more than doubled bottled wine exports to EU and other non-traditional markets.

The following markets **grew in 2019 vs 2014** when DCFTA came into effect:

Netherlands (132-fold increase),
Switzerland (91-fold increase),
Turkey (31-fold increase),
Portugal (420 percent),
UK (408 percent),
Romania (370 percent) and
Belgium (210 percent).

Exports to **“non-traditional”** markets in Asia-Pacific and North America experienced notable increase, specifically

Canada (60-fold growth),
Japan (303 percent),
South Korea (292 percent),
China (284 percent) and the
U.S. (117 percent).

The geography of **exports expanded from 50 countries in 2014 to 71 in 2019**, with consistent export operations launched in Hong Kong, Gabon, Singapore, Angola, Burkina Faso, Guinea. Trial orders of Moldovan wine were shipped to Guam, Viet Nam, New Zealand, Syria.

120 wineries have been supported directly or indirectly to participate in specialized trade events in export markets, including Romania, Poland, and China.

Assisted wineries recorded **\$7.8 million in new exports in FY21**, underpinned by complex marketing and trade support leveraged by ONVV in partnership with MCP.

During Y5, Wine of Moldova showcased at **10 international trade fairs and expos**, that took place before the onset of pandemic, i.e. March 2020. The participating wineries have established over 1 thousand new market linkages in 6 export countries, namely Romania, Poland, China, Sweden, Netherlands and Canada.

ENHANCING WINE CULTURE AND DEVELOPING THE LOCAL MARKET

Reinforcing culture and tourism in Moldova. A stable and developed domestic wine market is critically important for any wine producing country and has been listed among the five key success factors to compete favorably in the global wine market. The domestic market is a foothold for small vintners, serving as platform to launch and test wine products, vintages, and winemaking innovations. In 2019, the domestic market accounted for approximately 20% of Moldovan wine industry sales. During the last five years, the Moldovan wine market has experienced exponential growth of sales of high-quality wines, especially among trendier young millennials, reaching in Y5 a value of approximately \$26 million. Therefore, MCP's efforts to refine wine culture, support acquisition of wine knowledge in hospitality sites, connect emerging winemakers to consumers are key for a stronger domestic market, and achieving synergies and spillover effect on tourism development.



Photo Caption: stainless steel wine tanks
Photo Credit: MCP

Strengthening the sommelier community. MCP is committed to developing excellence in wine service in on-trade outlets (HoReCa segment), and enhancing knowledge in the gastronomy sector, which is one of Moldova's key tourism products. MCP works to increase the number of qualified sommeliers in Moldova and continues to support the Wine School initiative aimed at consolidating the sommelier and wine connoisseur communities. **In FY20, MCP and ONVV supported 6 training courses for existing sommeliers, wine writers and wineries' marketing staff. Moldova now has over 110 sommeliers with internationally recognized qualifications, with some members of the community achieving important successes in regional contests, further contributing to increased visibility of Wine of Moldova.**



Consolidation and enhancement of large-scale events to building wine culture. The Moldovan wine sector has two large scale events: the bi-annual Wine Vernissage series that take place in late April and late December, and National Wine Day, which is an official state holiday recognized by Moldovan legislation.

Wine Vernissage

Wine Vernissage is a fashionable series of walk-around wine tastings that was conceptualized and deployed under USAID CEED II project and continued through MCP. Since its inception, it has grown from showcasing a dozen wineries to a couple of hundred of visitors to become an iconic bi-annual event that presents over 50 wineries at each edition and gathers over 2 thousand participants. Each edition of the series is used for mid and large wineries to test and launch new wine products and vintages, but has also become a launchpad for small winegrowers, who are given a dedicated area. Starting with 2016, all editions of the series were attended by participants of press trips organized for journalists from Romania, Poland, Italy and other countries.

National Wine Day

National Wine Day is celebrated annually on the first full weekend of October and is positioned as the biggest and most important wine festival in Southeast Europe. The festival showcases the achievements of the wine sector and harnesses Moldova's traditions and craftsmanship. MCP and ONVV constantly ensured that the event received proper international coverage: each edition had a international pre-PR campaign as well as media campaign targeted at neighboring markets. As a result, over 80 journalists from 14 countries including the U.S., China, France, Italy, Japan, Korea, and Sweden, attended the event and explored Moldovan wines and local traditions each year. MCP estimates that each edition of the National Wine Day generated over \$5 million of foreign tourism dollars for the local economy.

ENHANCING WINE CULTURE AND DEVELOPING THE LOCAL MARKET

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



Photo Caption: ONVV Director, Mr. Gheorghe Arpenting opening the National Wine Conference
Photo Credit: ONVV

Strengthening institutional management of ONVV and safeguarding the PPP mechanism.

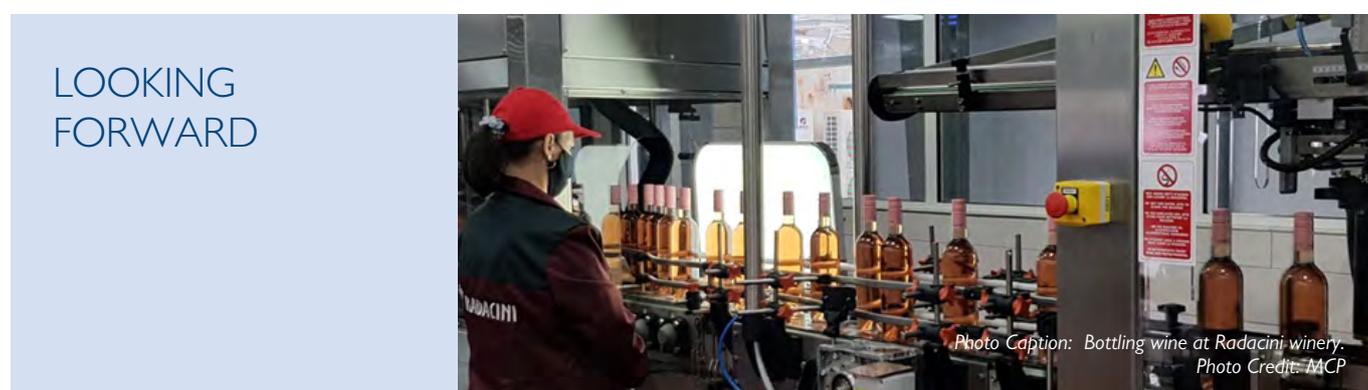
MCP safeguards ONVV ensuring transparency and sector accountability.

National Strategy Wine of Moldova 2030

Strengthening institutional management of ONVV and safeguarding the PPP mechanism. ONVV, is MCP's largest PPP and a legacy institution for wine industry development. Built on international best practices in 2014, ONVV plays a leading role in wine industry development as a PPP and is an example of corruption-free public institution and good governance. MCP has continued to focus on strengthening ONVV's institutional capacity, positioning it as the leading expert in the wine industry and the Project's main partner in implementing wine sector reforms and industry trade support.

MCP safeguards ONVV ensuring transparency and sector accountability. Given its innovative PPP model, ONVV continues to be fragile. MCP served as a strategic partner in facilitating an equitable public-private dialogue and stepped at strengthening ONVV and PGI associations' role in opposing a detrimental law initiative attempting to review the representation votes within the ONVV Board. Likewise, MPC is supporting the private sector in the ongoing selection of the successor ONVV Executive Director, withstanding the pressure for politically driven candidates. Additionally, MCP provided ONVV and its Board with stringent technical assistance to upgrade internal processes and management practices. ONVV acquired the ISO certification demonstrating commitment to transparent business processes.

National Strategy Wine of Moldova 2030. MCP supported the development of a national industry strategy – Wine of Moldova 2030 – by providing high class international expertise on marketing and viticulture, as well as providing technical assistance for a thorough assessment of the existing legal and regulatory environment in the wine sector.



ONVV. It was envisioned that ONVV will take over the activity after MCP's close. Significant efforts were laid by MCP to convince ONVV management and executives that the activity should be institutionalized and rendered as a permanent service to sector, gladly, due to achieved results in last two activity years ONVV has included the activity in its bi-annual report to the sector thus accepting the ownership. ONVV could bear the role of the lead implementing party (as was under MCP) as well as become a think tank and consultancy for all sector by the model of Wine Australia. ONVV should lead Moldova's wine export strategy through systemic, tiered and pragmatic approach in implementation of marketing and promotional activities on key export markets distancing itself from traditional business models.

In spite of institutional challenges ONVV managed to affirm itself as a leading organization, whereas the PPP model proved lucrative and efficient. This structure shall be kept, preserved and safeguarded from external attacks to achieve sector's growth, development and sustainability. ONVV's internal processes need to be finetuned, whereas the Coordination Council empowered with more control functions. Legal reforms need to continue, ensuring lessening of the administrative burden, excessive and repressive controls and cumbersome certification procedures. PGI Associations must be enforced to delegate part of ONVV tasks and activities as well as to enable them offer extension services for its members.

Workforce Development. The WoM Academy should be scaled up including partnering with academia to offer incentives and guaranteed workplaces for VET schools and university graduates, internship and experience exchange programs could be implemented and financed out of vine and wine funds to be matched by government and donor support. ONVV should play a lead role in promotion the dual education of low qualified workforce and incentivize companies to accept undergraduates for work while guaranteeing decent level wages.

Given workforce challenges, ONVV should be supported to advocate for more intensive and extensive adoption of IT solutions by wineries, pilot projects on implementation of complex ERP-type solutions could be conceptualized and deployed in cost-sharing by wineries to streamline processes, record keeping and integration with report aggregators. Besides extensive mechanization, ONVV must advocate for a wider use of innovative technology such as Unmanned Aerial Vehicles or robots for a variety of labor-intensive tasks such as inspection diagnostics and treatment of vineyards. In the short term, MCP will transition the Best Grapes project to HVAA, ensuring continuity and scaling up.

Winegrowing Industry assistance highlights:

- **261 winegrowing SMEs assisted**, accounting for 80% of firms registered in the National Vine and Wine Registry, and over 90% of Moldovan bottled wine exports, triggering a spillover effect across the entire industry
- **126.3 million in new cumulated domestic and export sales** in MCP mandate by assisted wineries, underpinned by MCP quality and trade assistance
- **Wine sales have been affected by the pandemic outbreak**, losing up to -12% percent of export volumes in 2020; Domestic sales dropped by 30 percent.
- **Heavy drought** in 2020 caused one of the lowest historical grape harvests.
- **Bottled wine exports** managed to register an increase +7% in volume and +8% in value by December 2020

Enhanced product quality and EU standards

- **9,700 hectares of vineyards are under PGI production**, contributing to adoption of EU quality frameworks
- **123 winegrowers were certified** to produce PGI complying wines, accounting for 15% of Moldova's total bottled wines
- **\$4.5 million were co-invested by beneficiary wineries** since 2016 for technological upgrades and equipment, leveraged by MCP's SEED grants worth \$ 1.1 million and 2130days of wine technology expertise.
- With MCP support, the number of **small vintners** in Moldova **registered a 6-fold increase since 2014**, reaching **47 wineries** and enabling farmers to transition from selling low-earning grapes to producing high-quality wines and tourism services, earning **7 times higher value-added**. Small winemakers grow EU exports by an estimated **35 percent**, demonstrating resilience.
- **21 'transition' (soviet-inherited) wineries benefited from the MCP PQUP program**, to upgrade quality and switch from cheap bulk to high quality bottled products. These account for 40% of Moldova's wine production.
- **4485 viticulturists and winemakers trained** under Wine of Moldova Academy to improve viticulture, winemaking and marketing skills, climate change resilience, and vineyard innovations.
- **'Best Grapes' pilot generates high precision agricultural data** on vineyard management and climate change, using drones, autonomous weather stations and pest sensors.

Building trade in high-value markets

- **120 wineries** were supported to participate in over **200 trade events in export markets**, including Poland, Romania and China, and received assistance to explore new markets such as Canada, Portugal and Sweden. Wineries generated 10 thousand market linkages.
- Assisted wineries recorded **\$7.9 million in new exports** in FY21, underpinned by complex marketing and trade support leveraged by ONVV in partnership with MCP
- Wine of Moldova was featured in **670 international media publications**, such as Forbes, CNN, Fortune, The Independent, The Telegraph, The Times, Euronews, Deutsche Welle growing awareness and credibility
- **3411 awards won at international wine contests during 2019-2021, including 859 by MCP-assisted** small winemakers and 'transition' wineries

Strengthening industry governance and reforms

- The development of the **Wine of Moldova 2030 National Strategy** was resumed
- **ONVV manages an average annual budget of \$3 million**, funded jointly by the Government and private sector; 70 percent goes to international marketing.
- **Wine businesses were exempted from paying contributions to ONVV Fund in 2020 due to COVID19**, causing ONVV budget cuts and austerity.
- **MCP supported private sector to oppose 2 attempts** aiming to dissolve ONVV's public-private partnership model.

ONVV

NATIONAL OFFICE OF VINE AND WINE PUBLIC PRIVATE PARTNERSHIP MECHANISM

This partnership between the Government of Moldova and the Wine and Vine private sector is designed to **collectively leverage a joint fund for trade promotion, regulatory reforms and economic growth**

ONVV is supported by **USAID** and the **Government of Sweden** to strengthen its governance and administrative capacity.

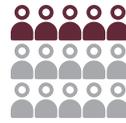
OPERATION OF THE PUBLIC-PRIVATE PARTNERSHIP



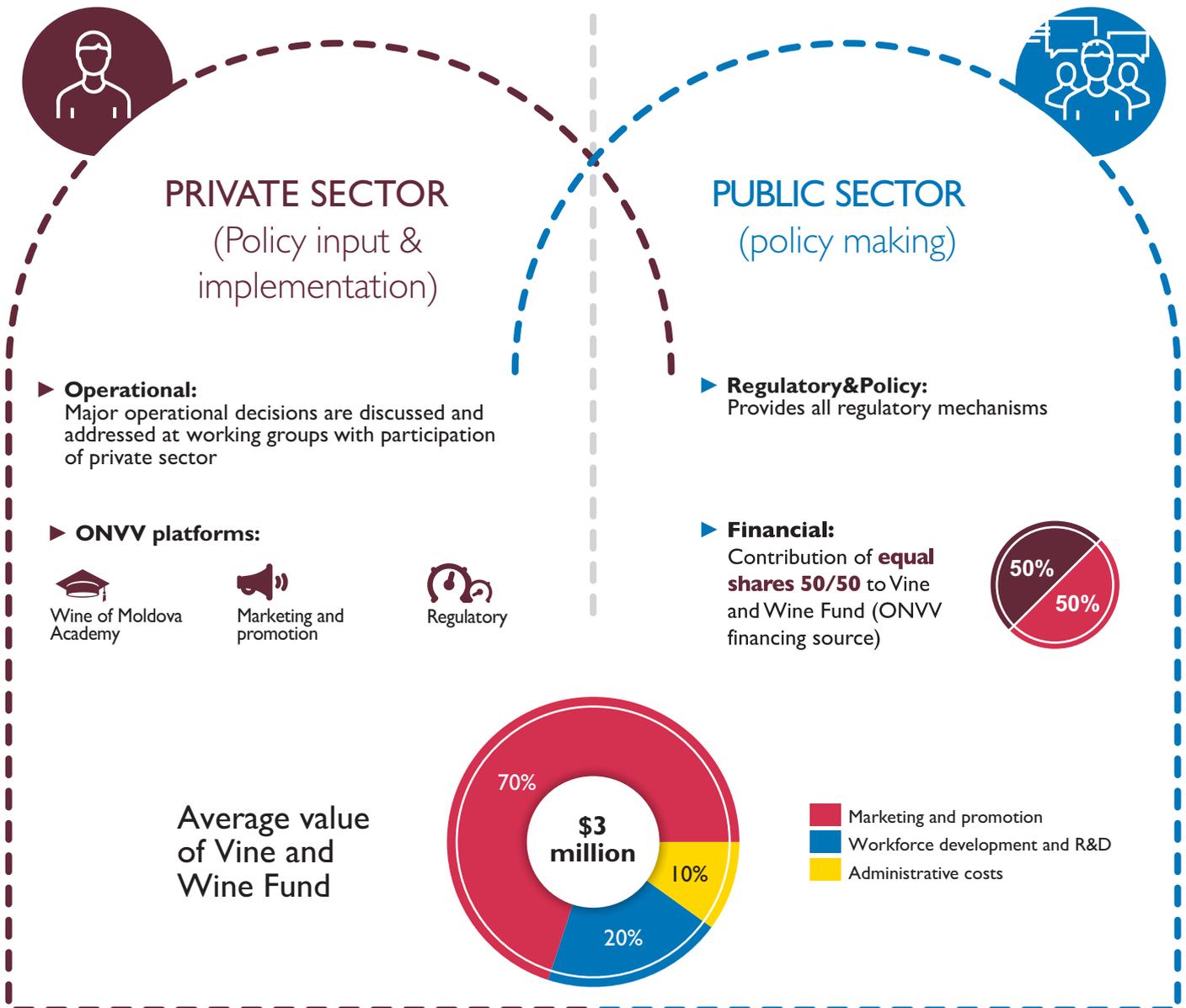
15 members
in ONVV Coordination Council



10 private sector members
are private sector representatives



5 state representatives
3 appointed by Ministry of Agriculture, Rural Development and Environment and 2 by Ministry of Economy and Ministry of Finance



ONVV – ACTIVITY PILLARS

1

Adding value. Marketing & Brand promotion

- Wine of Moldova Marketing platform – main tool for promotion and market development
- 70% of all spent budget from VW Fund
 - ▼ Constant international awareness
 - ▼ B2B – trade fairs
 - ▼ Target markets promotional campaigns: China, Romania, Poland
 - ▼ Business and marketing intelligence
- Development of local market and increasing local wine culture
- Wine tourism development

3

Workforce Capital development. Excellence and innovation

- Wine of Moldova Academy – initiative to address the need of continuous education, upgrade knowledge and skills of industry workforce
 - ▼ Over 119 seminars and trainings conducted
 - ▼ 4,400 wine industry specialists trained
- Collaboration and support of professional schools, excellence centers, and higher education institutions

2

Achieving & maintaining Quality & Compliance

- Quality conformity assessment
 - ▼ IT solution for wine tasting
 - ▼ More credible wine laboratories
- Wine of Moldova, PGI/PDO standards
 - ▼ Denition, control, support
- Best Practices in Winemaking
 - ▼ PQUP program- supporting wineries to transition from bulk to bottle and accept “quality over quantity” business model
 - ▼ MicroWinemaking under “Best Grapes” program – creating best practices to showcase the best of terroir
- Managing the Wine and Vine Register

4

Legal, regulatory & institutional Framework

- Lobby and advocacy – main voice of the private sector
 - ▼ Constant participations in consultations of normative and legislative acts with the government
 - ▼ 25+ regulatory initiatives
 - ▼ Harmonization to EU legislation and international regulations
- Collaboration with international bodies to secure fair
- Trade barriers & lobby requirements

RESULTS SO FAR



2 flagship projects launched with PGI Associations



9% growth of bottled wine exports in 2020 in spite Covid



40,000+ production, harvest and stock declarations introduced in Wine and Vine Register (in 2021)



670+ international press highlights (i.e. Decanter, CNN, Euronews, Fox News, The Drinks Business, New York Post)



3,400+ medals at international wine competitions (2016-2020)



\$ 3M average ONVV budget



119+ trainings for **4,400+** industry professionals



80% of legislation amended and harmonized with international and EU standards



Increased appreciation of Wine of Moldova.



First **PDO** wines expected to be produced

SUCCESS STORY

YOUNG ENTREPRENEUR RETURNS FROM DIASPORA TO BUILD A NEW-GENERATION WINERY

Young Moldovan entrepreneur turns tradition into jobs, leveraging USAID and Sweden support to restore local heritage, attract foreign tourists and strengthen an emerging industry in his ancestral village.

INVESTING IN THE HEART OF MOLDOVA'S RURAL ECONOMY



Arcadie Fosnea stands on the steps of his former kindergarten, looking out at 12 hectares of grape vines. "It used to be a nobleman's house, and during Soviet times it's where I went to primary school" he says. Now, Fosnea owns both the beautiful old building and the vineyards which surround it. With the help of the Moldova Competitiveness Project (MCP), his business, Mircesti Winery, is becoming a leading example of how small wineries can create jobs and economic opportunity in rural areas of the country.

*Photo Caption: Arcadie Fosnea Chairman of the Moldovan Small Wine Producers Association holding a glass of wine at his winery in Mircesti cellar
Photo Credit: Colby Gottert*

Wine is at the heart of Moldova's cultural heritage and its modern economy. Four percent of the country is covered in vines, the highest national density in the world, generating revenue for over 200,000 people. Wine also makes up six percent of all exports. When Moldova's largest market, Russia, launched two trade embargoes in 2006 and 2013, exports shrank three-fold and the industry fell into recession. Grape growers and bulk wine-makers across Moldova suffered huge losses, and out-dated wine-making practices and legislation prevented them from re-orienting their efforts. Moreover, the most fragile segment of the Moldovan wine sector are small grape growers, which, according to the National Wine and Vine Register, are producing over 50,000 liters of wine, owning on average 0.5 hectares of vineyards. Many of them have never received their money for grapes supplied to large wineries that went bankrupt during the embargoes, and now they are desperate to find new, viable business models that can ensure a stable income for their families.

In response, MCP predecessor projects worked hard to reform Moldova's wine laws, making it possible for small wine-makers to emerge and professionalize their greatest resource: their small plantations of vines. Arcadie Fosnea is one young entrepreneur who has taken advantage of this enabling environment and found success at every level of Moldova's wine industry.

FROM SKILLED WINEMAKER TO SKILLED ENTREPRENEUR

After completing his studies in Germany, Fosnea returned to Moldova and became the chief winemaker at Chateau Vartely, one of the country's most successful producers of bottled wine for domestic and export markets. He wanted to apply his expertise to his own modern vineyard, so he returned to his home village and bought the old school and surrounding land to create a small winery, 'Crama Mircesti.' The winery was provided with all the necessary equipment from Fosnea's savings and through an MCP grant program that supports the development and emergence of small winemakers. Currently, the winery employs six full-time staff from Fosnea's village and creates jobs for up to 15 people during the harvest and production season.

Fosnea didn't stop there. He implemented the most viable business model for a small winery and developed hospitality services. He has applied and received an additional grant from MCP as part of the Start-up Tourism program, which allowed him to fully equip a small and cozy restaurant and a mini hotel with six rooms for visitors to stay for a longer period, bringing more valuable income to the village and creating more jobs. Just four months after the launch, Crama Mircesti was listed in all the specialized shops on the domestic market and even made its first export in Romania. It was listed in two major retail chains, Auchan and Carrefour, and within two months after the launch of the touristic facility, which occurred during the National Wine Day on October 3, 2020, the winery has already welcomed over 350 local tourists.

A HIGH-TECH VINEYARD FOR A MODERN WINE INDUSTRY

Fosnea doesn't just make wine, he is investing in the future of Moldova's wine industry. Crama Mircesti is home to experimental plots within the "Best Grapes" research project led by ONVV with support from MCP. Quality grapes are the foundation of a quality wine industry, and Best Grapes researches how Moldovan grape growers can ensure the quality of their crop. Within the project, the meteorological stations installed on demonstration plots in different Moldovan wine regions generate cutting-edge data to help manage weather and climate risks in vineyards. The lessons from Fosnea's vineyard benefit over 50 fellow wineries and grape growers located in PGI Codru, providing them with key information on when it is best to spray and apply agrichemical inputs, improving the financial and environmental sustainability of grape growing businesses, and also providing insights on how winegrowers must adapt their techniques to adjust to global climate change.



Photo Caption: Press tour at Crama Mircesti
Photo Credit: MCP

INVESTING IN MOLDOVA'S FUTURE SMALL WINE-MAKERS

Arcadie Fosnea credits his success to the reforms in Moldova's wine industry facilitated by MCP, which has enabled small wine-makers to emerge. Now, he is giving back to the industry. Fosnea is the president of the Association of Small Winemakers, which supports other wine startups to emerge and thrive through a combination of technical and methodological support. Through his innovative leadership and demonstrated success as a winemaker and entrepreneur, he will support the next generation of small wine makers to establish themselves, adopt sustainable wine growing techniques, and create jobs in their rural communities.

“Now I have been able to legally create my own winery, and with the support of experts from ASW I have been able to create incredible wine.”

“Through MCP's support for the Association of Small Winemakers, we are able to survive and thrive as small winemakers. Before, I would never have been able to create a business like this, producing and selling quality bottled wine,” he says.

MCP supports the Association of Small Winemakers to provide expertise and access to shared equipment to small wine businesses emerging as a result of Moldova's liberalized wine regulatory environment. In addition to its well-known Mentorship program, the Association owns a wide array of technical winemaking equipment, including a bottling line, which small winemakers can rent for a few days at a time, reducing barriers of entry for small businesses and exonerating small vintners from huge investments. MCP's support for small producers of bottled wine is part of a long-term strategy to shift Moldova's wine industry from large scale bulk production to modern bottled wines that are attractive to high-value markets in Europe and Asia, and resilient to threats from future Russian embargoes. Continuous efforts in this direction led to a six-fold increase in the number of institutionalized small wineries since 2014. Each of the 41 members of the Association created at least three new permanent jobs, primarily in villages, enhancing employment and increasing the resilience of the rural population.

Moldova's heritage wine industry is still recovering from the effects of the two Russian embargoes, and USAID and Sweden support the industry to reorient to quality markets in the EU and elsewhere. As a result, Moldova is now in the top 15 exporting wine countries in the world, with 73% of bottled wine exports worth \$62 million heading to the EU, Asia and other high value markets.



*Photo Caption: Landscape view of the Mircesti winery vineyards
Photo Credit: Anatol Tomsa, MCP*

TOURISM INDUSTRY



The Role of Tourism in Moldova.

Tourism is a crucial market for emerging economies, representing the first or second source of export earnings for 20 of the 48 least developed countries in the world. Moldova is one of the least visited destinations in Europe, according to the UNWTO¹, and ranks 103 out of 140 in the 2019 Travel & Tourism Competitiveness Index², up 14 points since 2017, due to a slight improvement of the business enabling environment. The Moldovan tourism sector employs over 23 thousand people, mostly women and young people. Largely underestimated, international tourism expenditures in Moldova were valued at \$500 million or 4.4% of GDP in 2018, demonstrating the importance of the sector in the economy.

The MCP Approach.

USAID has been supporting the development of sustainable tourism in Moldova since 2012, joined by Sweden in 2017 and the UK in 2019 as part of the Moldova Competitiveness Project. Together, MCP's strategic innovations developed Moldova's tourism products, international marketing and business enabling environment to create a driver for regional growth, particularly in rural areas, contributing to poverty and migration reduction while also improving Moldova's international image. MCP supported the symbiotic development of both the tourism and wine industries, as wine tourism drives the development and promotion of Moldovan wines, and vice versa. MCP spearheaded showcasing Moldova as an experiential and sustainable travel destination in the heart of Europe.

Keys to Competitiveness: Tourism Industry

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

¹ With the exception of San Marino and Liechtenstein. UNWTO Barometer, Statistical Annex. March/April 2018
² [World Economic Forum, 2019](#)

ENHANCING QUALITY OF TOURISM PRODUCTS, SERVICE AND ACCOMODATION



Photo Caption: Kayaking on the Dniester River
Photo Credit: Redescopera Moldova

Tourism Industry Key Facts

- Key **driver for socio-economic progress**, particularly in rural areas. Tourism is the fastest growing industry worldwide, yet one of the most **severely affected by the COVID-19 crisis**.
- UNWTO announced a collapse in international arrivals with **a decrease of 74 % in arrivals globally**, whereas receipts plunged 11 times down to \$ 1.3 trillion in 2020 and **over 120 million jobs loss** worldwide.
- Inbound tourism expenditures estimated **\$500 million or 4.4 % of Moldova's GDP in 2018**.
- **174,000 tourists** visited Moldova in 2019, **85 percent** increase vs. 2015.
- **83 percent fall in tourist numbers** during 2020 whilst the occupancy rate shrunk from 23% to only 6.0 % in hotels and 9. 4% in B&Bs (vs. 14.3% in 2019).
- International tourism in Moldova is in a **“start-up” development phase, giving Moldova a 'tourism recovery' indicator of 67 %**, according to Oxford Economics, one of the highest worldwide.
- Recovery anticipated starting with 2021, to achieve the **2018 tourist numbers by the end of 2025**.
- Moldova scores 103 out of 140 in the Travel & Tourism Competitiveness Index, 2019, **14 positions up**, after tourism legal improvements.
- The **first Tourist Information Center** recorded over **18,500 visitors** in 2.5 years of activity.
- Moldova featured in over 200 media publications, including top travel media worldwide, including Lonely Planet, CNN Travel and Food, the Arbuturian, etc. The Winerist included Moldova in **“Top Ten Travel Destinations for 2020”**
- **21 out of 34 MCP-assisted beneficiaries report a recovery of 70 %** of turnover in 2020 compared to 2019, proving economic resilience
- The **Wine Routes of Moldova** certified as a European cultural route within Iter Vitis, accredited by Council of Europe, **includes 34 wineries, assisted by MCP**
- Since 2015, MCP helped refurbish **34 rural guesthouses**, which recorded a 20 % increase in the number of visitors, in 2019. 18 guesthouses are grass root start-ups, opening doors in the last three years.
- **Tourism legal amendments were approved in June 2020**, improving tourism business environment. MCP assisted the industry in developing **a new game-changing Strategy Tourism-2025**.

Developing tourism products through targeting key tourism destinations. To boost and diversify the extremely weak tourism offerings in Moldova, in 2016, MCP kicked off a complex program called 'Start-Up Tourism Moldova,' with the goal of fostering quality growth, innovation, diversification, and expansion of tourism services - especially within three main wine regions: Codru (including Transnistria region), Stefan Voda (Purcari hub) and Valul Lui Traian (including Gagauzia region). MCP's approach to developing Moldova's tourism industry is focused on enhancing interventions in these key tourism destinations, following a "hub and spoke" approach.

Strategic Umbrella Program. MCP's 'Start-Up Tourism Moldova' Program provided support for capacity building, mentorship, grassroots grants, rural entrepreneurship, workforce development, tourism information infrastructure and strategic planning. Through its sub-programs - Wine-UP Accelerator Program, Hospitality+Moldova, Inbound Startup, and 'Go Regional' - the 'Start-Up Tourism Moldova' program supported over 233 assisted business in the tourism industry, including 69 tourism grants awarded with over \$1.45 million.

Wine Tourism Accelerator Program - WineUp

Wine Tourism Accelerator Program - WineUp set the foundation for systemic interventions on behalf of MCP with tailored expertise, strategic coaching, mentorship, and targeted grants via the SEED Fund. The Wine-Up Program's strategic goal was to increase the number of wineries opened for tourists on the national tourism routes and upgrade diversified and up-to-market services. As a result of 5 years of implementing Wine Tourism Accelerator Program, the number of tourist-friendly wineries has grown exponentially since 2015, from 9 to 46 wineries opened for tourists, integrated within national tourism routes via a .tourism signage and informational network.

Hospitality+ activity

Through the Hospitality+ activity, MCP aimed to increase destination diversity and innovation of rural experiences in wine regions by supporting rural B&Bs meet international tourism standards and prototyping best practices for rural tourism. During its life of project, 34 rural guesthouses received support through the grants program related to the improvement of their facilities. Following strategic investments in rural tourism infrastructure and promotion, MCP-assisted guesthouses hosted more than 36,000 visitors in 2019, a 20% increase from 2018, providing increased employment and economic stability in rural areas.

Startup Tourism Moldova Program

MCP conceptualized the Startup Tourism Moldova Program to help companies better understand inbound tourism products, international market demand, find partners, and create local tourism products, especially focusing on experiential and eco-tourism. Through six years of operations, MCP provided direct assistance to 19 inbound TOs and programmatic assistance for over 30 TOs and tourism agencies estimated to service over 80% of the total organized number of foreign tourists in Moldova (based on 2019 data).

Next Tourism Generation Academy (NTGA)

Next Tourism Generation Academy (NTGA) leads a better trained workforce. NTGA was established as platform with a vast range of activities oriented to prepare a new generation of specialists for Moldova's hospitality and tourism industry. Led by speakers and experts, trainings were delivered to over 400 tourism and marketing students at the National Trade College of the Academy of Economic Studies of Moldova (ASEM) in Chisinau.

Results to Date.

91 businesses improved quality, processes and tourism business operations

With MCP grants, **34 rural guesthouses** were able to initiate tourism businesses or improve their hospitality facilities, as part of the MCP Hospitality+ Program, out of which 18 were grass-roots tourism hospitality start-ups

12 soft adventure and experiential routes connecting over 70 tourism sites were developed across Moldova, diversifying the reach of national tourism and new business opportunities for Moldovan inbound tour-operators.

48 tourism guides were trained and certified by the World Federation of Tourist Guide Associations (WFTGA), enhancing skills to align with international guiding standards, resulting in a new 'Professional Education Program for Tourism Guides' established at the Moldova State University from fall 2021.

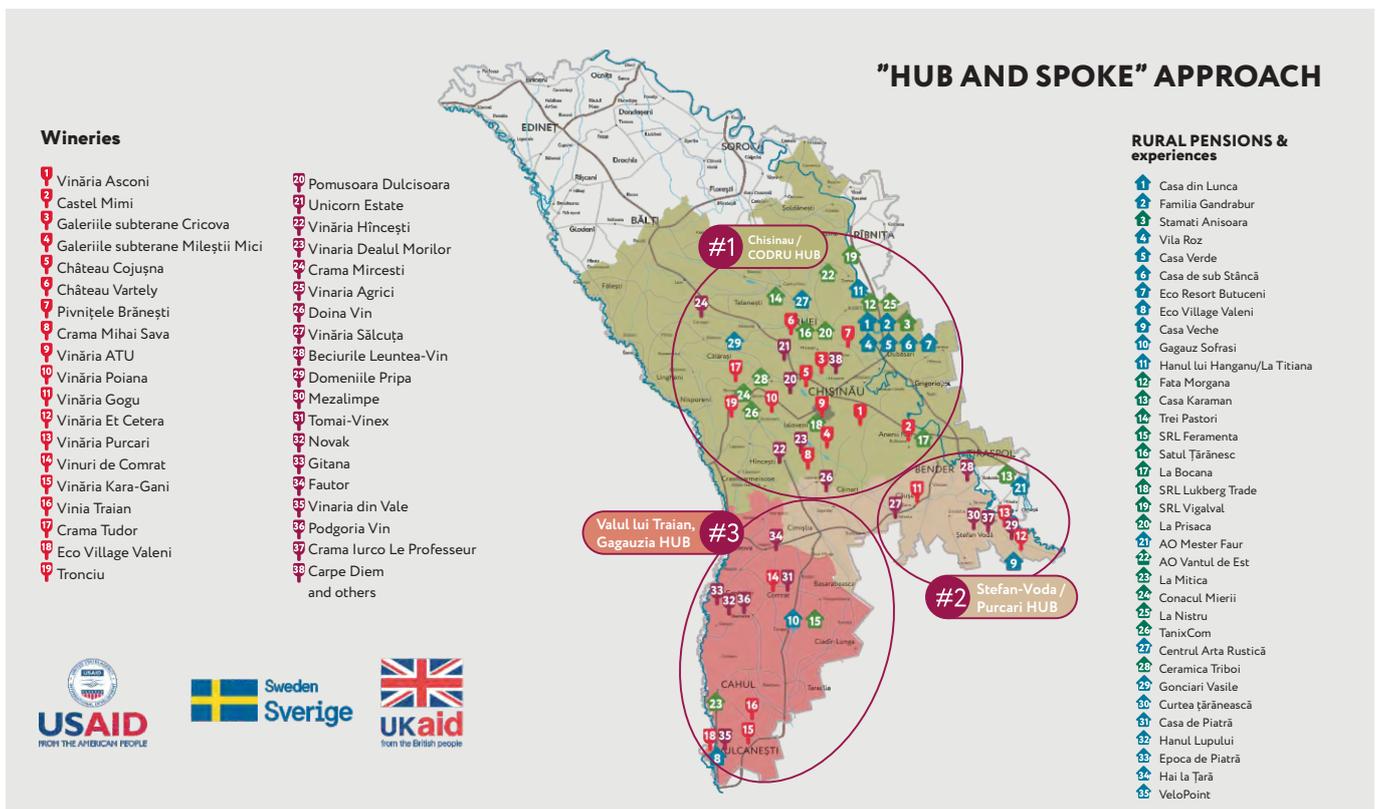
As part of a public-private partnership agreement, **350 tourism signages** were installed across the national road infrastructure, directing tourists to over 70 tourism sites across Moldova's tourism hubs.

2,177 individuals improved job skills as a result of MCP programs.

34 wineries established and upgraded wine tourism facilities, becoming the first Moldovan Tourism Route to be internationally accredited in 2020 under the Council of Europe Cultural-European Routes as the 'Wine of Moldova Routes'

15 Moldovan hotels upgraded their management processes and service quality to ensure client satisfaction and greater new business opportunities.

Over **400 students and young tourism professionals** have benefited from the NEXT Tourism Generation Academy trainings, volunteering programs and internships, aligning private sector demand for better trained professionals



SHOWCASING MOLDOVA INTERNATIONALLY AS AN AUTHENTIC TOURISM DESTINATION



Building a Country Brand. In Year 1, Moldova was far from being known as a tourism destination. For six years MCP delivered multidimensional support for destination marketing, including familiarization trips in Moldova for international media, international travel photography camps, participation in important travel events in source markets in the EU and Asia under the **“Tree of Life”** country brand, and deployment of numerous viral communication campaigns, bringing international focus on Moldova as a tourism destination. In total, MCP supported **18 promotional campaigns, including the award-winning campaign #BeOurGuest, reaching in total over 12 million views** on the local and international markets.

Pivoting amidst COVID-19. MCP deployed adaptive digital campaigns, supporting continuous awareness during the COVID-19 pandemic and successfully transitioning from traditional to digital marketing. MCP co-designed and partnered with ANTRIM and the Moldovan Investment Agency, as well as private sponsors and local influencers, which ensured scale and effectiveness. **The five digital campaigns reached 1.9 million domestic, diaspora and international travelers**, keeping Moldova on the radar screen of potential travelers during the COVID lockdown, as well as driving local tourists to rural tourism sites. In view of the international travel restrictions, MCP adjusted its strategy to grow demand for domestic tourism through digital campaigns, work with local influencers.

Results to Date. As a result of monumental marketing efforts undertaken by MCP, in partnership with ANTRIM, ONV and other tourism industry counterparts, over 200 international journalists have been hosted in Moldova, resulting in **over 300 articles in important publications and 16 documentaries broadcasted on popular TV channels in source markets**. Consequently, Moldova is now perceived by the international travel media as an exciting new tourism destination, earning notable ratings from CNN Travel, Forbes, Lonely Planet, and other influential international media that have described Moldova as a “surprising country”. Familiarization trips have been proven to be one of the most effective promotion channels, as they secure \$4 worth of media coverage for every \$1 invested in travel costs for selected journalists.

200
international
journalists hosted

300
articles in important
publications

16
documentaries broadcasted
on popular TV channels

FOSTERING BUSINESS LINKAGES AND EXPANDING TARGET MARKETS



Photo Caption: Moldova's team of representatives of the "Moldova: Discover the Routes of Life" national brand at BIT Borsa Milano, Italy, 2019
Photo Credit: ANTRIM Facebook

Building linkages. For the past six years, MCP supported tradeshows, familiarization tours and press trips, capitalizing on growing international interest for Moldova as an emerging tourism destination, which resulted in an increased number of inbound tourists up until the COVID-19 pandemic outbreak. In collaboration with ANTRIM and other partners including the Investment Agency, MCP assisted 105 tourism businesses to promote Moldova's tourism at 26 editions of major international exhibitions, other 16 B2B events and a number of in-person trade events. Since 2020 some fairs have been held online, including ITB Berlin 2021 and BIT Milano 2021, while others were postponed until the pandemic is contained.

Going International. Participation at international trade fairs and targeted trade missions was key to fostering business partnerships for Moldova's tourism industry. The effectiveness of trade fair participation was enhanced by additional marketing activities, including press conferences, B2B presentations, informational tours for potential partners, and customized B2C events. Targeted familiarization tours for potential partners also proved an effective strategy to penetrate new markets, build new partnerships, expand the scope of existing tours as well as develop and launch new products. MCP supported multiple group familiarizations tours from target markets, which translated into tangible growth of travel groups.

Results to Date. MCP support led to tourism industry numbers showing a continued, consistent and qualitative increase over years after Moldova's association to the European Union (in 2014) and the visa free regime with the EU (since 2016).

The promotion and marketing campaigns directly contributed to enhancing and stimulating sustainable growth, during 2015-2019, with a **+85% increase of foreign visitors' numbers** in 2019 compared with 2015.

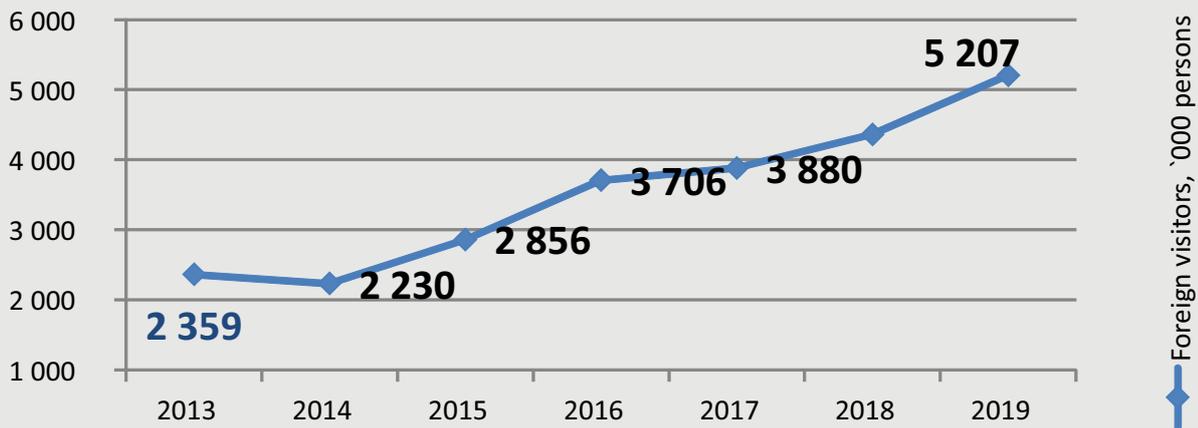
Based on tourism beneficiaries' survey performed at the completion of MCP activities –71% of MCP's beneficiaries (45 respondents) indicated **an average annual growth of 20% between 2015 and 2019, until the pandemic.** Businesses attributed their growth with MCP assistance, regarding it as a central factor.

The **number of foreign tourists with overnight stay** in accredited accommodation units grew exponentially with **+84%** in the same period, or a 16.5% average annual growth rate.

The total expenditures that foreign tourists spent in Moldova in one-year interval were at **\$500 million**, a figure that was captured through MCP's assessment.

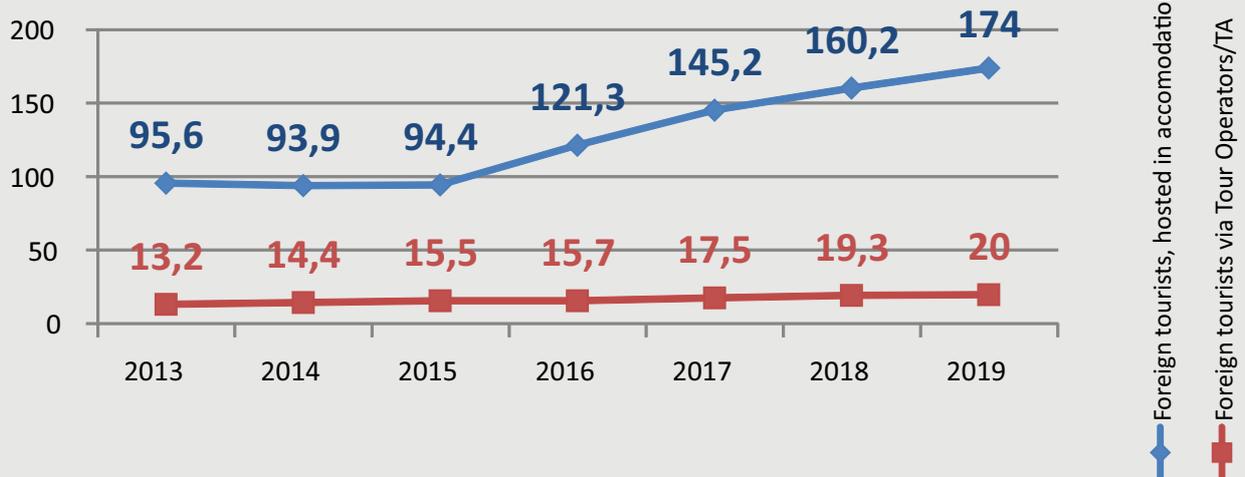
TOURISM INDUSTRY PROVED ECONOMIC IMPACT FOR MOLDOVA ECONOMY

Bord-crossings by foreign visitors, Bord Police



+85% growth of foreign visitors in 2019 vs 2015

Foreign tourists, by Statistics Bureau



CAGR 2015-2019 was **16.5%** for non-residents in accommodation units

2018

\$500 millions total expenditure in Moldova by foreign tourists, or 4,4% GDP; 1,7 million foreign tourists stayed 1-30 days

SUSTAINABLE TOURISM POLICIES AND ENABLING BUSINESS ENVIRONMENT



Photo Caption: Launch of the MCP-supported rural guesthouse "Valea Stancii".
Photo Credit: Olessea Galusca, MCP.

The Issue. Existing tourism sector **legislation in Moldova needs a systemic structural reform** to consolidate small and medium size entrepreneurs' tourism services, mainly in rural areas, into comprehensive, attractive Moldovan tourism products. Small service providers, namely rural B&Bs, small wine producers, tourism guides, craftsmen and other small operators face burdensome procedures and regulatory conditions that discourage business initiatives and prevent the development of tourism in Moldova. In addition, regulations related to accommodation and tourism agencies are not compliant with international best practices, and impose excessive bureaucracy on Moldovan enterprises, negatively impacting the competitiveness of Moldovan tourism services on the international market.

MCP's Solution. Over its life of project, MCP provided extensive technical assistance on legal, fiscal, and economic aspects related to legal amendments, including a **2018 Tourism Whitepaper assessing the regulatory environment** and defining a set of recommendations to ease and modernize the Moldovan tourism regulatory framework, and the development of the new **Tourism Development Program 2021-2026**. While the Program was on track for approval, it has been paused due to political instabilities during 2020-2021. With MCP and ANTRIM's persistent efforts, several **legal amendments have been approved by Parliament, easing business regulations and building resilience for small rural entrepreneurs** during the COVID-19 pandemic.

STRENGTHENING PUBLIC-PRIVATE DIALOGUE AND INDUSTRY ASSOCIATIONS



Photo Credit: Tour operators promote Moldovan tourism opportunities at the world's leading travel trade show, ITB Berlin, 2019.
Photo Credit: ANTRIM

A True Counterpart. For the past six years, **ANTRIM has been MCP's main counterpart and legacy organization in international marketing**, implementing press tours, organizing familiarization tours for foreign businesses, participating in international tourism exhibitions, workforce skill development programs, tourism product development and conducting lobby and advocacy activities for the sector. MCP assisted ANTRIM through grants and technical assistance, helping it become a leading inbound tourism association and an industry think tank. At its 2021 General Assembly, **ANTRIM** welcomed 26 new members mainly from rural areas, raising the **total membership to 75 tourism businesses**. This makes ANTRIM the largest and most representative inbound tourism organization in Moldova.

Sustainability and Resilience. Despite the pandemic, with MCP support, ANTRIM continued to build its **institutional capacity and expand its membership, serving as the voice of the sector and lobbying for institutional reforms** to help sustain tourism's post-pandemic recovery and growth. Furthermore, after years of MCP support and facilitation, ANTRIM proved its ability to attract and absorb funding from other organizations including local authorities, large donors, and private companies, reflecting the association's maturity.

LOOKING FORWARD



Photo Caption: Children in a horse carriage at Casa Bunicului rural guesthouse.
Photo Caption: Moldova.travel

As part of the Year 6 implementation, MCP had consolidated its programs to ensure that they are transitioning off the assistance to prepare businesses for independent operations, be responsive to the pandemic and pivoting marketing more towards **online promotion, electronic booking and e-commerce**.

Beyond MCP, additional **support should be given to guesthouses, experiential tourism and tour guides/operators**. There have been no trade shows planned for the last year as many key events are cancelled or postponed and most promotional activities are now taking place online. ANTRIM should continue managing the tourism site will be managed, strengthening the online content, and seeking opportunities for funding from other donors in country such as the World Bank.

The tourism strategy is crucial to the eventual recovery of the sector, post-pandemic. With high level international expertise, MCP has helped give shape to a strategy that must be adopted to ensure a future for the industry and a legal framework that will enable its implementation. In this regard, the project will continue coordinating closely with the USAID Mission to ensure that the vision for the tourism sector is clear, counterparts are invested and the project provides the maximum support possible in the last year, to continue building a robust tourism sector.



#BeOurGuest
#DiscoverMoldova

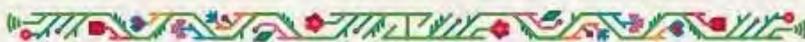


Bed and Breakfast

- 1 Casa din Lunca
- 2 Valea Stancii
- 3 Hanul Ancutei
- 4 Vila Roz
- 5 Casa Verde
- 6 Casa de sub Stanca
- 7 Eco Resort Butuceni
- 8 Eco Village Valeni
- 9 Casa Veche
- 10 Gagauz Sofrasi
- 11 Hanul lui Hanganu/La Titiana
- 12 Fata Morgana
- 13 Casa Karaman
- 14 Trei Pastori
- 15 Hanul Lupului
- 16 Satul Taranesc
- 17 La Bocana
- 18 SRL Lukberg Trade
- 19 TanixCom
- 20 La Prisaca
- 21 AO Mester Faur
- 22 AO Vantul de Est
- 23 Casa Bunicului
- 24 Conacul Mierii
- 25 La Nistru

Crafts

- 26 Arta Rustica
- 27 Ceramica Triboi
- 28 Gonciari Vasile



www.moldova.travel



Tourism Industry assistance highlights:

- **\$500 million** of foreign expenditures, representing **4.4% of Moldova's GDP** revealed the important contribution of tourism industry to national economy.
- **1.7 million** tourists visited Moldova in 2018, out of which **160,000** foreign tourists stayed in accommodation units (**74%** increase vs 2015). Growth continued in 2019 with 174,000 tourists visiting Moldova.
- **Tourism heavily affected by COVID-19. 83% fall in tourist numbers** during 2020. This is down to 90,000 tourists, out of which 27,700 were foreign travelers. The occupancy rate shrunk from 23% to only 6.0% in hotels and 9.7% in B&Bs.
- **Recovery trend expected starting with 2021**, to achieve the 2018 tourist numbers by the end of 2025.

Enhancing tourism infrastructure and creating world-class sustainable tourism experiences

- **91 Tourism businesses with improved quality, processes and knowledge** during the MCP project lifespan
- **34 (including 18 new start-ups) MCP-upgraded rural guesthouses** hosted over **36,000** visitors in 2019, a 20% increase versus 2018, allowing to expand employment particularly of women. One third of these beneficiaries proved economic resilience in 2020 and recovered at least 70% of their turnover from before pandemics. MCP B&Bs were assisted to improve infrastructure and will serve as industry "prototypes" for high quality tourism products.
- The MCP's **Wine Tourism Accelerator Program** spans **over 45 wineries** to develop vineyards as tourist destinations, of which 35 wineries received direct MCP assistance in setting up tourist infrastructure, out of which 16 are small winegrowers.
- **The Wine Routes of Moldova** won the **2020 Destination of Sustainable Cultural Tourism Awards** organized by ECTN in partnership with the European Travel Commission. MCP helped to develop and certify the Route as a **European Iter Vitis cultural route**, accredited by Council of Europe; a process that took two years.
- **One country-wide national infrastructure with 350 tourism signages** installed across the country towards over 70 tourism sites.
- **12 Soft-adventure, experiential tourism routes** developed and expanded in the tourism hubs, Stefan Voda, Orhei, and Codru regions.
- **2,177 individuals with improved job skills aligned with the industry needs**, within MCP tourism industry support programs, including from the 19 tour operators, 15 hotels, over 48 tourism guides trained and certified under the WFTGA standards, over 400 students, etc, which led to a 10% annual average growth of productivity in the MCP assisted tourism SMEs.
- **Moldova's first Tourist Information Center (TIC)** served over **18,000 tourists** from more than 90 countries in its first two years of activity, and over 500 in 2020 before the COVID-induced closure. The TIC is managed by ANTRIM and has satellite centers in 6 regions, including in Tiraspol, Orheiul Vechi, Lower Prut Scientific Reserve and Gagauzia.
- **MCP accelerated the use of digital tools to underpin business recovery amid the pandemics, including development of 20 virtual tours of prominent tourism sites and 19 websites**, making guesthouses and other tourism businesses ready to boost e-commerce. **An innovative pilot-project on real-time booking system was implemented with MCP support** for 8 tourism businesses enabling to book tours directly with wineries and guesthouses and 25 websites have been developed for emerging tourism businesses.

Promoting Moldova as authentic tourism destination

- Moldova's wine, rural and "soft adventure" tourism was showcased at **5 leading travel expos in key markets** namely Poland, Italy, Romania and Scandinavia.
- MCP deployed **18 complex digital communication campaigns** reaching over 12,2 million potential travelers and fostering impact of the marketing campaigns in target markets. MCP co-designed and partnered with ANTRIM and organized **200** media publications including Lonely Planet, the Arbuturian, The Daily Mail Newspaper, the Vogue, New York Post and the Winerist, among others.
- The MCP-powered online platform – **360.moldova.travel** – was used to showcase virtual tours of flagship Moldovan tourism sites, reaching over **940,000 interested travelers**, and keeping visitor interest during lockdown.

Strengthening industry governance and reforms

- Moldova improved its Travel & Tourism Competitiveness Index by 14 points up in 2019 edition, to the 103 place (out of 140), from the 117 ranking in the 2017 edition. 16 regulations and administrative procedures eliminated, streamlined, or simplified with MCP support.
- Critical **legal amendments** have been approved in June 2020 by the Moldovan Parliament, **easing doing business regulations for small entrepreneurs** from rural areas and tourism guides. These amendments took over two years of sustained effort by MCP, private sector via ANTRIM and the Moldovan Ministry of Economy.
- The new **Moldova Tourism Development Program 2025** was developed with MCP support, using the market-driven approach and focus on value-added travelers and tourism products, to achieve sustainable tourism development as per the UNWTO standards in the post-pandemic conditions.
- **ANTRIM continues to be the leading tourism business association**, with **75 members** or 80% of the inbound tourism sector, recognized by the Moldova Investment Agency as key counterpart for destination marketing
- 4 editions of the Incoming and Domestic Forum initiated and conducted successfully by ANTRIM during 2017-2020, strengthening its role of a think-tank within the tourism industry and a business support hub for its members and the private sector
- **ANTRIM rolled out the Safe Travels program**, aligned with World Travel and Tourism Council COVID-19 protocols. Over 20 businesses have received, or are in the process of receiving, the accreditation.
- **ANTRIM continues to be the leading tourism business association**, with **52 members** or 80% of the inbound tourism sector, recognized by the Moldova Investment Agency as key counterpart for destination marketing
- **ANTRIM rolled out the Safe Travels program**, aligned with World Travel and Tourism Council COVID-19 protocols. 16 businesses have received, or are in the process of receiving, the accreditation.

SUCCESS STORY

MOLDOVAN ENTREPRENEURS ATTRACT TOURISTS WITH AUTHENTIC EXPERIENCES



Photo Caption: Orheiul Vechi natural reserve
Photo Credit: Iulian Bercu

USAID, Sweden and the UK support rural SMEs to use market for authentic tourism with accommodation upgrades and diversified activity offer.



Photo Caption: Sergiu and Emilia Hanganu, owners of the Hanul lui Hanganu rural B&B welcoming guests with bread, salt and wine, according to Moldovan tradition.
Photo Credit MCP

The warm chatter of tourists reverberates around the courtyard of Hanul lui Hanganu, mingling with the steam from a delicious bean stew being cooked in the open-air kitchen. On this cold and sunny morning, the smile on the visitors' faces says it all - simple food, fresh air and warm hospitality are the key ingredients of an unforgettable experience.

FROM LEAST VISITED DESTINATION TO TOP 10 RECOMMENDED

Properly organized and supported, the tourism sector in Moldova could grow 10-fold in the next 10 years and contribute up to 3% in GDP.

Moldova is one of the least visited destinations in the world according to the World Tourism Organization, but its undiscovered potential makes it the perfect destination for a new type of tourist, in search of innovative, personal and authentic experiences.

Sergiu and Emilia Hanganu, the owners of the 'Hanul lui Hanganu' Bed and Breakfast on the banks of the Nistru river, have tailored their business to target this growing segment of the tourism industry. The small guesthouse, located in the village of Lalova, houses seven bedrooms decorated in a traditional style, and offers a range of traditional experiences to attract guests for 365 days of the year. From outdoor cooking and boat trips on the Nistru in summer, to horse drawn sleigh rides in winter, and even a conference room, there is something for everyone.

TOURISTS SEARCH FOR AUTHENTIC ATTRACTIONS AND RURAL SLOW LIFE EXPERIENCES

"We have been working since 2006, but we have only now realized the grand plans that we've been dreaming of for many years, thanks to financial support from USAID, Sweden and the UK," says Sergiu Hanganu.

Properly organized and supported, the tourism sector in Moldova could grow, stimulating business development, job creation and attracting foreign tourist dollars. USAID, Sweden and the UK support rural tourism SMEs to upgrade their accommodation and diversify their activity offer, attracting high-spending tourists interested in authentic and immersive rural experiences.

Through its Hospitality+ program, the Moldova Competitiveness Project invested \$20,000 in Hanul lui Hanganu's to upgrade its tourism facilities, from accommodation to dining areas and outdoor recreation. The Hanganu family invested \$32,000 of their own money into the improvements, demonstrating their confidence in the potential of the business to provide for the next generation. "It's a family business that we [run] with our son and two daughters", says Sergiu.

INVESTING IN RURAL DEVELOPMENT

The business now has a Booking.com rating of 9.5, and the Hanganus are branching out into value-added food production, registering products with the internationally recognized "Protected Designation of Origin" mark. This provides the opportunity for extra sales to tourists in-situ, and also leveraging income from interested consumers far away.

The Moldova Competitiveness Project, funded by USAID, Sweden and the UK, has been supporting Moldova's tourism industry since 2013, stimulating economic growth in rural regions, generating the emergence of tourism entrepreneurs, and contributing to a reduction in poverty and migration. The Hospitality+ Moldova program provides investments in rural guesthouses for infrastructure upgrades and promotion, developing capacity within the tourism industry.



Photo Caption: The warm chatter of tourists reverberates around the courtyard of Hanul lui Hanganu, mingling with the steam from a delicious bean stew being cooked in the open-air kitchen.

Photo Credit: MCP

LIGHT INDUSTRY

[CLUSTERED APPAREL, FOOTWEAR AND ACCESSORIES]



Photo Caption: Seamstresses sewing clothes at MCP-supported Portavita apparel factory.
Photo Credit: Ana Maria Moroz.

Role of Light Industry in Moldova.

Light Industry (manufacture of apparel and footwear and fashion accessories) is among the most important, largest, and best-performing industry of the Moldovan economy. It is the core of Moldova's manufacturing industry (11.4%) and the **main exporter accounting for \$323.5 million** or roughly 13.4 percent of exports (2020) to more than 10 European and other international markets, primarily Germany, Italy, UK, France and Belgium. This mature and women-centric industry secures **26,500 jobs** (average annual number of employees as of 2020). **Over 85% are held by women.** This makes light industry an important employment generator, especially for unqualified women with few employment options in rural areas.

The main competitive advantages of Moldova's light industry are **competitive labor cost, proximity to Europe with relatively quick turnaround for smaller volume orders and high manufacturing quality.** Despite these advantages most of the industry remains based on low-value production schemes, providing cutting and stitching services to EU brands, hence it struggles with **wages as low as \$345 per month (2020).** Moldova's long-term competitiveness is in higher value-added sustainable manufacturing, which will respond to the growing service needs and value chain accountability and transparency requirements of Western customers, promote local design talent, and most importantly, ensure fair wages for factory workers.

Keys to competitiveness: Light Industry

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

The MCP Approach

MCP assists Moldova's Light Industry to make the **shift from low- to high-level manufacturing thus enhancing long-term sectoral competitiveness. Through steady support, the share of low-value cut-and-make stitching services of total industry output decreased from 95% in 2005, to an estimated 75% in 2020**, marking a shift for Moldova's fashion manufacturing industry towards high value-added production. More than **120 Moldovan fashion brands emerged**. These new brands engage the full cycle of product design, branding, and manufacturing, thus marking a new stage of development for this sector. Own-brand products generate from **6 up to 10 times higher value added** than the cut-make services traditionally provided by Moldova's light industry, which in turn improves salaries across the whole company.

Light Industry Key Facts

- Moldova's leading export industry, with **\$323,5 million** or **13.4%** of total national exports (2020).
- Protects about **26,500 jobs**, **85%** of which are occupied by women (2020).
- Over **95% of industry's production is exported**, primarily to UK, Romania, Italy, France, Germany, Belgium and other international markets.
- Despite the COVID-19 pandemic, labor productivity increased by **1.5%** in 2020.
- Average monthly salary is **\$345 (2020), \$325 (2019), \$318 (2018), \$263 (2017), \$225 (2016)**.
- Moldova is a small-scale, flexible, reliable and ethical apparel sourcing destination for EU.
- Upscale brands like Barbour and Max Mara manufacture in Moldova.
- Moldova's light industry has begun to **transition to higher value-added manufacturing** over the past 15 years, providing services in logistics, sourcing and design.
- Low-value stitching services decreased from **95%** in 2005 to an estimated **75%** in 2020
- Over **120 local fashion brands** have emerged, and are beginning to export to regional markets, such as Romania, Ukraine and Kazakhstan.
- **DININIMA** (From the Heart) is the industry brand promoting sustainable, value-added local fashion, embracing **over 100 local brands**.
- **ZIPhouse Excellence Center in Design and Technology** was launched in 2015. Managed jointly by the Technical University and APIUS light industry association, it **accelerated over 90 startups**, including **15 startups** and **30 DININIMA brands** on e-commerce and digital promotion to increase post-pandemic sales.
- **APIUS light industry association** joins 120 producers and leads industry competitiveness and public-private dialogue.

UNLOCKING SKILLS IN CREATIVITY, DESIGN, MARKETING AND BUSINESS



Photo Credit: Young fashion designers creating collections during a Hackathon organized by ZIPhouse.
Photo Credit: ZIPhouse.

Leading Workforce Development. ZIPhouse is Moldova's flagship institution in workforce development and fashion startup acceleration, providing skills upgrades, opportunities for collaboration and startup acceleration across the fashion industry to empower young Moldovans to develop creative careers at home. After 6 years of continuous MCP support, ZIPhouse strengthened their operational, institutional and human capacity through more partnerships with various development and private partners and a wider portfolio of services and educational agenda.

Developing the Skills of Tomorrow. MCP ensured that ZIPhouse continued to strengthen its key programmatic pillars: Community building, Fashion Acceleration, Fashion Leadership, and Fashion Academy, which positions ZIPhouse as a platform to identify new brands and talents, supporting their emergence on the local and international market.

ZIPhouse Fashion Academy

The ZIPhouse Fashion Academy provides the fashion industry with advanced technical trainings based on practical knowledge, led by local and international experts, to enhance the skills and abilities of local specialists. Topics ranged from technical subjects, such as factory productivity and layout and patternmaking, to fashion design fields such as sustainable fashion, photography, and fashion management and fashion marketing with focus on merchandising and online sales.

Fashion Leadership Program

The Fashion Leadership Program, acts as a rapid intervention to bridge the skills gap in mid- and senior-level company management and academia, who can influence the workforce, and support the industry to transition to higher value-added concepts like own-brand production. Under this program, MCP supports ZIPhouse to facilitate collaborations with leading international fashion universities through short-term courses and organize joint visits to regional educational events and conferences.

Fashion Acceleration Program (FAP)

To enter the market and support local fashion start-ups and emerging designers grow domestically and internationally, ZIPhouse developed and conducted the yearly Fashion Acceleration Program (FAP) from 6 to 9 months, collaborating with Fashion Technology Accelerator Milan and APIUS. The accelerator served as a launchpad for start-ups to compete on local and international markets, developing own-brand fashion labels that result in high value-added per dollar of MCP investment, and builds a strong fashion industry creating thousands of jobs.

Results to Date.

ZIPhouse supported **7,953+** industry professionals and provided knowledge and collaborative support to **190+** unique private companies (or over half of active SMEs working in light industry in Moldova).

Nearly **45 Moldovan clothing producers** benefited from MCP's **E-commerce Acceleration Program** and are setting up online shops.

ZIPhouse's Fashion Acceleration Program **accelerated over 90 start-ups** and 95% of them continue to perform on the local and international markets.

In 2020, ZIPhouse established a PPP with EBRD, Invest Moldova Agency, GoOnline partners and others valued at \$241,283 to accelerate 45 brands in e-commerce, including 15 startups.

UPGRADING PRODUCTIVITY AND EFFICIENCY TO CREATE JOBS



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

Smart Manufacturing. Non-wage factors such as product quality, capacity, workforce competency, production efficiency and labor compliance increasingly drive purchasing and sourcing decisions among EU and US apparel companies. MCP implements the industry-wide **SMART factory program (Streamline Manufacturing, Accountability, Resource Efficiency and Transparency)** to support Moldovan factories to improve their operational efficiency, product quality and labor compliance, which in turn impact other key areas from social standards, productivity and resource efficiency to new technological innovations, design, pattern design and sourcing. Streamlining operations and improving product quality through **SMART interventions helps drive higher salaries, facilitate increased foreign investment, and increase sales, making Moldovan apparel factories more competitive.**

Building Quality. Quality design and pattern design are critical for the success of apparel companies competing in a world of fast-changing fashion trends. In partnership with Bhavana World Project and Senior Expert Service Germany, MCP brought international experts to work closely with Moldovan fashion companies to **improve design and patternmaking skills**, increasing the competitiveness of final products on the global fashion market. MCP implemented its **Flying Designers program**, where international designers and pattern makers help align local designs with global color and style trends, and fabrics. **Local design expertise was identified and matched with manufacturers to create in-house design talent.** Through the program, MCP also helped develop a pattern design platform to support exports of full-service manufacturing, and build improved textile sourcing skills, as access to good quality fabrics, findings, accessories and other raw materials is vital for all fashion companies to create value-added products.

Results to Date.

During Years 1 through 6, MCP's SMART Factory program supported **140+ apparel and footwear firms, including 24 startups.**

MCP SEED grants **leveraged private sector investments worth \$1.04 million** in technological innovations, factory automation and digitization.

Moldovan designers and acquisition specialists built new supply channels for high-quality affordable raw materials and accessories, **purchasing over \$10.4 million worth of textiles in 2020.**

Implementation of SMART program elements in the Moldovan apparel industry led to **25+ % average productivity gains, with a spillover effect on their 15,100 employees** (or to more than 57% of the total number of workers in the Moldovan Light Industry), 85% of which are women, ensuring a **salary growth in assisted companies of up to \$ 515** compared to the average salary of \$325 per industry (compared to year 2019).

In Y6, MCP deepened assistance with existing beneficiaries and **welcomed 4 new firms** to move towards a critical mass of innovation and improvements across the industry.

The **Flying Designer Program** assisted 36 Light industry SMEs, 50 designers improved design skills, 72 new high-performance collections, including more than 1,750 pieces developed.

Targeted implementation of Production engineering and Lean Management tools, and other productivity enhancement tools enabled assisted apparel factories to **improve productivity by up to 27%.**

POSITIONING MOLDOVA AS A SOURCE OF FASHION BRANDS AND QUALITY MANUFACTURING



Photo Caption: Laureti Arnault, co-founder of the international marketplace Wardrobe of Tomorrow talking about sustainability in fashion at Moldova in Fashion Conference 2019.

Photo Credit: ZIPhouse

Enhancing Exports. Moldova's light industry is an export-oriented industry. Throughout its life of project, MCP supported Moldova's light industry to jump from low-value cut-and-make (C&M) services, to **high value-added products, which create more stable and better paying jobs.** MCP and industry partners merged efforts to reposition Moldova as a full product manufacturing partner for European and regional clients. In order to showcase products from the Moldovan light industry and attract new clients, **MCP has repeatedly supported many light industry companies to participate at various international exhibitions** across France, Germany, Italy, Spain, UK, Czech Republic, Kazakhstan, Russia and Ukraine. These markets were defined jointly with the private sector, representing primary targets for sourcing services for international clients (mainly EU) or introducing Moldova-branded apparel (mainly regional markets).

Building Domestically. The DININIMA Branduri de Moldova (From the Heart Brands of Moldova) local fashion umbrella promotes local brands and motivates consumers to buy domestically made apparel, footwear and accessories. The brand was launched in 2012 by USAID and APIUS to bring together Moldovan brands under one recognizable label, and since then, DININIMA has become the singular identity of Moldovan fashion, revolutionizing how locally made clothes are perceived by domestic consumers. With MCP assistance, the domestic market for Moldovan light industry products has grown by 20-30% each year, with the success of the DININIMA brand spurring the emergence of over 100 local nascent fashion brands in recent years. For many emerging designers and small manufacturers, the domestic market acts as a trampoline for international sales, as Moldovan designers build more confidence and seek international markets.

Results to Date.

During FY 1-6 MCP supported light industry companies participate in 84 editions of different EU and regional international exhibitions which generated more than **\$20.3 million worth of signed contracts and over 3,200+ business contacts.**

20 MCP-supported fashion brands launched using the first DININIMA e-commerce platform.

Around **90% of new exports were for more value-added manufacturing concepts**, including sourcing, patternmaking, and design, which support the industry's competitiveness.

Over 6 years, with the exception of the year of COVID-19, Moldovan brands have earned over **\$7 million in new sales.**

STRENGTHENING APIUS ASSOCIATION



Photo Caption: Seamstress sewing at Maicom apparel factory.
Photo Credit: Eduard Bizgu

A Leading Partner. The Light Industry Employers Association (APIUS) is the industry's lead partner on trade promotion, driving domestic sales and exports with MCP strategic assistance. MCP 'channeled' trade assistance to light industry through the association (utilizing an ongoing grant between APIUS and MCP), a strategy that enhances long-term local capacity and sustainability. APIUS is involved in the development of industry policies, joint promotion of Moldovan brands through DININIMA national identity as well as through participation at international exhibitions, free and fair trade, and sustainable supply chains, relevant industry events for its members. APIUS serves as a platform to support and lobby for members' common economic, technical and legal interests in order to conduct fair and transparent entrepreneurial activities at home.

Growth and Institutional Strength. Since 2012, the association has consolidated its capacity with the support with strategic partners USAID, Sweden, UK and Centre for the Promotion of Imports (CBI). Since 2014, APIUS has strengthened its collaboration and partnership with the Investment Agency of Moldova, obtaining support to access over **40 exhibitions and international fairs**. On November 6, 2016, the Republic of Moldova, represented by APIUS, became a **member of the European Fashion Council (EFC)** and currently, APIUS members cover all segments of the light industry activity such are women's & men's clothing, children's clothing, lingerie, footwear, leather goods and accessories.

Advocacy. In 2016, MCP assisted APIUS to develop an **industry white paper, which contained a strategy for responding to the new global changes in the fashion industry and supply chain**, and defined what Moldova needs to do to maintain and increase competitiveness and preserve jobs. The white paper formed the foundation for advocacy for needed policy or regulatory changes. Among these were **improvements to the labor code and the reduction of VAT** (or fiscal vacation for VAT payment) and customs duties for raw materials and equipment. To address this, MCP started to work with APIUS, the American Chamber of Commerce, and other USAID programs to advocate for change. Within the coaching program organized in partnership with EBA and AMCHAM in 2016, MCP worked with the Customs Service to reduce import duties to 1% for 18 categories of goods used as raw materials and accessories in light-industry higher added-value production.

Role during COVID-19. APIUS served in a leading role facilitating public-private dialogue during the COVID-19 pandemic. The organization conducted **two surveys to assess the impact of COVID-19 and submitted over 20 advocacy papers to government authorities** to inform the state of the industry, seek support for subsidizing factories that have established technical unemployment or ceased their activity, diminish the rates for commercial rent for manufacturing enterprises, prevent police abuse and enable business continuity, and request business relief measures and anti-crisis action plans for manufacturing companies.



Photo credit: Ana-Maria Moroz. Photo Caption: Seamstresses at Portavita appael factory.

The global economy has experienced tremendous setbacks in 2020 and the COVID 19 pandemic has transformed the way people think of certain industries, fashion included. The importance of localizing value chains has been discussed in greater detail within the industry recently to ensure that livelihoods are not disrupted and severely impacted at this level by the global supply chains. Additionally, **concepts of the circular economy, reusing materials to eliminate waste and minimize unnecessary production that puts pressure on limited environmental resources, have become more and more popular** as the consumers are attracted to eco-sustainable products of higher quality and duration. As it happens, Moldova is not far behind and the industry in country is discussing **next steps following suit to the patterns observed by European fashion organizations (EURATEX)**. It is critical to ensure that the fashion industry in Moldova stays abreast of the newest developments and can adapt quickly to changing trends.

Most of MCP's activities coordinated to date will be transitioned to ZIPhouse and APIUS. As part of this process, **the project is envisioning an industry roadmap that incorporates current and post pandemic recovery model and the reinvention of the industry in the future based on digitization, circular economy concepts and sustainable fashion**. APIUS is expected to remain the key fashion industry organization in Moldova and will closely coordinate with ZIPhouse regarding the design and implementation of these documents moving forward. It is critical to continue supporting new and mature businesses through ZIPhouse and APIUS. **E-commerce should be highlighted as in other MCP industries, given the current necessity to shift strategies and IT technologies available in country.**

Light Industry assistance highlights:

- **312 apparel, footwear and fashion accessories producers** have benefited to date from MCP assistance or **66.3%** of the **470** industry SMEs.
- **Despite the COVID-19 pandemic, the output of Moldova's light industry in 2020 totaled \$334 million**, only 5% less than the output in 2019, as a result of MCP assistance.
- Apparel exports **dropped by 11%** during 2020, due to the pandemics.
- Despite the pandemic situation, light industry companies have managed to maintain productivity growth. In 2020, productivity increased by **1.5% compared to 2019** and by **20% compared to 2018**, as result of the Streamlining Manufacturing Process.

Upgraded factory productivity and efficiency to create better paying jobs

- **MCP's SMART factory program assisted more than 140 companies in Y1-Y6** (including **24 start-ups**), 100 being unique apparel and footwear firms, with a spillover effect on **15,100 employees**, or more than **57%** of the total number of workers in the Moldovan Light Industry.
 - o **66 factories (of which 34 unique factories)** improved productivity by up to **27%**, eliminated time loss up to **12%**, reduced production cycle up to **20%** in Y1-6, through implementation of Lean Management tools, MODAPTS, workplace engineering, and cost-cutting measures (waste reduction, time saving, energy efficiency), with a spillover effect on their **6,800 employees**.
 - o **23 factories** implemented Integrated Management Systems and acquired international Social Compliance certification (Business Social Compliance Initiative and SMETA Social Audit), securing jobs for their **3,000 employees**. Portavita apparel manufacturer shifted to manufacture of medical protective equipment which enabled **\$4.5 million** orders amid the pandemic.
 - o MCP-assisted firms demonstrated higher wages, able to **increase seamstress wages up to \$515** in comparison to the industry average of **\$325** (in 2019), or by more than 1.6 times. This helps to ensure fair living wages for women.
 - o **\$1,040,000 were co-invested by 37 factories** since 2016 in technological innovations, automation and digitization, leveraged by MCP's SEED grants worth \$500,000, including over **400 units** of high precision equipment, printing and embroidery machines, which increase quality and speed of production. The investments have generated the creation of over **450 new jobs**.
- Moldovan designers built new supply channels of high-quality affordable raw materials and bought over **\$10 400,000 of textiles (2.7 times more** than 2019), evidence of Moldova's transition to 'full package' manufacturing services and mitigating the limited access to quality textiles in Moldova.
- **50 designers** from **36 Light Industry SMEs** (including 15 start-ups and emerging designers) were assisted through the '**Flying designers' program** and developed **72 new high – performance collections, including more than 1,750 styles**, all oriented toward western market expansion. **7 designers** committed to being sustainable and apply the Slow and Eco Fashion concept.
- **35 pattern making specialists from 16 apparel companies, including 6 start-ups** improved pattern design skills, resulting in improved pattern design process, which led to a considerable improvement in the quality of the finished products and resulted in **15% increase in sales**.
- **A specialized Pattern Design Platform** was launched, equipped with industry standard GEMINI software, increasing time-to-market for patterns by up to **5 times**. Moldova started exporting pattern making services to United Kingdom, Bosnia, and Romania.
- During FY 1-6, MCP supported light industry companies to participate in **84 editions** of different EU and regional international exhibitions, which generated more than **\$20.3 million worth of signed contracts** and over **3,200 business contacts**.

Positioning Moldova as source of fashion brands and quality manufacturing

- **34 companies** were supported to participate at **13 international trade shows and B2B events** on regional and EU markets, signing contracts worth more than **\$20.3 million** and generating **3,205 market linkages**, mostly for Full Product manufacturing and other high value-added products.
- **Amid COVID, APIUS organized the first digital fashion show, Moldova Fashion Days**, showcasing **300 seasonal** outfits and aiming to spur halted domestic sales for local brands and young designers. The event engaged 16,000 viewers through livestreaming and was 80% financed by sponsors and participants, demonstrating sustainability.
- APIUS partnered with EURATEX to develop a **strategic roadmap to ensure the sustainable recovery** of the Moldovan Light Industry after COVID-19, with MCP support.
- APIUS has continued its leading role in public-private dialogue during the COVID-19 pandemic, submitting **20 advocacy papers and two business impact surveys**.
- MCP partnered with APIUS to consolidate industry data into a single national fashion catalogue comprising more than **170 industry manufacturers**.
- DININIMA digital promotion campaigns focused on **sustainably, green and slow fashion trends**, paving the vision for recovery and rethinking the industry in the post-corona era.

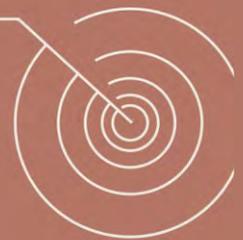
General overview of Moldova's Clothing, Footwear & Accessories Sector

In 2018, Moldova's leading export industry generated



Over 95% of production is exported

primarily to the UK, Romania, Italy, France, Germany, Belgium and other international markets



Average monthly salary

203 EUR
(2016)

233 EUR
(2017)

270 EUR
(2018)

Key advantages

are top quality production, short lead times, flexible orders, value-added manufacturing CMT and Full Package Service, including logistics, sourcing, design and pattern making

ZIPhouse fashion excellence center

was launched in 2015. Managed jointly by the Technical University and APIUS light industry association, it trains 1000+ professionals each year and accelerates fashion startups

Over 100 local

fashion brands have emerged, and are beginning to export to regional markets, such as Romania, Ukraine and Kazakhstan

DININIMA

("From the heart") umbrella fashion brand underpins design talent and domestic sales with an average yearly increase of 26%

SUCCESS STORY

DIGITIZATION TRANSFORMS A CHILDHOOD DREAM INTO A SUCCESSFUL BUSINESS



Photo Caption: seamstress sewing clothes at Coralav-Lux apparel factory in Balti.



Photo Caption: seamstress sewing clothes at Coralav-Lux apparel factory in Balti.

Half of Moldova's 420 light industry SMEs are owned or managed by a woman. Galina Ghilețchi, the owner and director of the Coralav-Lux apparel factory in Balti, is a champion of female entrepreneurship and one of the protagonists of MCP's #It'sPossibleHome campaign to inspire local entrepreneurs. Thanks to technical assistance and an equipment grant from the Moldova Competitiveness Project (MCP) funded by the USAID, Sweden and the UK, Coralav-Lux has expanded its production line, launched a new brand, and begun exporting its products.

FROM HUMBLE BEGINNINGS

Capitalizing on a childhood love of sewing and needleworking, Galina began her career making custom-tailor dresses and blouses in a tailor's workshops before transitioning to making custom-tailor dresses – primarily bridal and evening gowns – at home in the 1990s. Coralav-Lux was founded in 2006, when Galina's family purchased a space and transformed it into a workshop for bridal and evening gowns that she operated with her sister, fulfilling a lifelong dream to work together.

“Back then, it was difficult, because I had to do everything by myself. I had no financial support, therefore, I had to work hard.”

INTERNATIONAL EXPANSION

With Moldova's shift towards the European Union in 2009-2010, it became increasingly important for Galina to orient her business to the EU market. As early as in 2012, Galina began gain the trust of foreign customers, including Max Mara (Manifatture Del Nord), Miroglio, and Gelco, who commended the cut and the high quality of the Coralav-Lux products. In 2017, Coralav-Lux entered into a partnership with MCP through the project's SMART factory program (Streamline Manufacturing, Accountability, Resource Efficiency and Transparency), which supported the factory to make the shift from low- to high-level manufacturing, create added value, preserve jobs, ensure fair wages, and enhance competitiveness. MCP supported the factory to upgrade its production by automating the pattern making process and introducing high-end production engineering (better organized production floors), resulting in average productivity gains of 26 percent. MCP also issued a \$10,800 grant to purchase a plotter and digitizer for digital pattern making that significantly speeds up the design process. Technology upgrades have enabled Coralav-Lux to improve quality standards and evolve from providing sewing-only services to offering a full-product range of services, including fabric sourcing, pattern making and full-service logistics to premium European clients, including international fashion house Max Mara Group and Italian luxury brand Penny Black.

In addition, with MCP assistance, Coralav-Lux launched “Illette,” its own brand producing formal and bridal wear, in 2019; the company opened a showroom in Balti city and receives orders from Romanian clients.

“We make small, but confident steps so that all our dreams come true. Currently, the company has a name and it's a successful enterprise making dresses, blouses and skirts. Moreover, we created our own brand – llette and we sell locally. We're proud that we pass on the passion for work, beauty and women's self-confidence. Coralav-Lux has developed over time and now the company provides workplaces for 190 people.”

NEW CHALLENGES MEAN NEW OPPORTUNITIES

Despite the challenges presented by the COVID-19 pandemic, Coralav-Lux's partnership with MCP allowed the company to continue to grow at a time when light industry production was falling. The project co-funded the procurement of a plotter and a digitizer, which increased the speed of the pattern design process and helped the company to increase productivity and achieve their targets on time. With MCP funding and support, Coralav-Lux participated in international fairs in Iasi and Bucharest in 2017-2019, which enabled them to conclude over 20 agreements with new European customers, valued at \$50,000. Company representatives also visited Dubai in 2018-2019 to procure high quality fabrics for evening and wedding dresses. In 2020, MCP assisted Coralav-Lux apparel factory in development, implementation and certification of Integrated Management System according to the international standards ISO 9001:2015 and ISO 45001:2018.



Caption: Seamstress sewing clothes at MCP-supported Coralav-Lux apparel factory in Balti. Credit: MCP

MCP AND THE MOLDOVAN LIGHT INDUSTRY

Moldova's light industry remains a leading exporter and key employer of women, providing over 26,000 jobs. The main competitive advantages of Moldova's light industry are low labour costs (economic) and proximity to Europe (geographic) with relatively quick turnaround for smaller volume orders. Over the last several years, the Moldova Competitiveness Project funded by USAID, Sweden and the UK has supported the country's apparel and shoe factories to increase productivity and to invest in equipment, automated tools and integrated management systems in line with the ISO standard requirements. Through steady donor support, the total industry output share of low-value cut-and-make stitching services decreased from 95 percent in 2005, to an estimated 75 percent in 2019, marking a shift for Moldova's fashion manufacturing industry towards high value-added production. 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.

During 2016-2020, 140+ factories employing 7,000 workers (25 percent of the industry's workforce) participated in MCP's SMART factory program (Streamline Manufacturing, Accountability, Resource Efficiency and Transparency). As part of the SMART factory program, MCP co-financed the procurement of more than 220 units of complex and high precision equipment, such as automated cutting and embroidery machines. As a result of project assistance, factory productivity increased by 20-25 percent and median monthly wages for seamstresses in these factories increased to 30-50 percent higher than industry average of \$320. With MCP assistance and support from APIUS, the Light Industry Employers Association, more than 100 local brands have emerged in Moldova under the DININIMA umbrella and are exporting to regional markets, such as the UK, Romania, Italy, France, Germany and Belgium.

INFORMATION TECHNOLOGY, CREATIVE & ENGINEERING SERVICES (ICT CLUSTER)



Photo Caption: Launch of Artcor Creative Industries Center
Photo Credit: MCP

The Role of ICT in Moldova.

As the fastest growing sector of the economy by far, ICT plays a special role in building quality jobs in Moldova, offering the highest salaries and employing the largest number of youths. Moldova's ICT cluster presents great potential for quick growth, high earning potential, and modernizes the country's economy, governance and society. This is exemplified by the fact that information technology (IT) sub-sector recorded exponential development and is estimated to have achieved a total value of **\$258 million in 2020**. Vibrant ICT growth is underpinned by the remarkable partnership forged between the Government of Moldova and the private sector, who have joined forces to prioritize ICT modernization and promote game-changing initiatives.

The MCP Approach.

To reach maximum potential, MCP supports IT, engineering and creative services as a cluster, creating development synergies allowing for compounded results. These synergies will lead to economic, social, political, and cultural benefits for Moldova that could not be achieved as standalone industries. The interventions to support the ICT cluster's continued development and competitiveness in foreign markets need to be designed to achieve non-linear growth, requiring human and capital resources. MCP works to create a sustainable talent pool to match industry requirements by raising the profile of STEAM subjects, creating public-private Centers of Excellence, positioning Moldova as a leading exporter of high-value services while crafting an enabling business and entrepreneurial environment.

Keys to Competitiveness: IT, Engineering and Creative Services

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

ICT Industry Key Facts

- IT is the **fastest growing industry** in Moldova, with **IT service exports** recording **\$258 million** (2020), a **30 percent increase** vs. 2019.
- ICT exports reached **\$258 million** despite the global economic crisis caused by COVID-19.
- ICT employs more than **31,000 people**, while the Creative Services more than **13,000 people**, mostly youth.
- Average monthly salary is **\$1,550** (2020) or four (3.6) times the country average (MDL 28,015 vs. MDL 7,850).
- Moldova is an **attractive near- shoring location in South-Eastern Europe** (SEE), providing cost and quality advantages.
- The Government partnered with the ICT Business Association to open the **first virtual Moldova IT park** in 2020. **658 residents, 145 of which are foreign owned** with capital from 34 countries, enjoy tax and business incentives. In 2020 the Moldovan Government extended the **Law on IT Parks** through 2026.
- Moldova's first **technology park Digital Park** was developed by domestic private investor Starnet. **\$8.9 million** in investments were facilitated by a US Treasury loan guarantee. The Park will host **2,000 jobs**.
- **Tekwill**, the largest tech innovation hub in Moldova, was launched in 2017 with support from USAID and Sweden, as well as global corporations **IBM, Microsoft and Orange**.
- **Artcor** Creative Industries Center was launched in June 2019 as a new infrastructure for Moldova's **graphics design, sound, animation, visual effects, arts, music** and other creative subsectors
- MCP partnered with **Orange** and **Google** for a national **Future Classroom** digital skills program, benefiting 15 percent of country's schools.
- Over **50,000 youth** developed coding, design, robotics, engineering, entrepreneurial and other cutting-edge skills.



Photo Caption: Ambassador of Sweden Ana Lyberg interacts with students who test the robotic arms they created.
Photo credit: Cristian Plesca

CREATING SUSTAINABLE TALENT POOL TO MATCH INDUSTRY



Photo Caption: Girls experimenting with FCL equipment and developing their STEM skills during MegaDojo coding event, 2019

Building 21st Century Skills. Digital education is a priority for USAID, Sweden and the UK, promoting Science, Technology, Engineering, Arts and Math (STEAM) youth education through two flagship initiatives - **Future Classroom and Educational Robotics** - that equip youth with the digital skills they need to access 21st century jobs. Since 2015, **over 200 schools and 26,700 youth benefited from educational robotics and Future Classroom initiatives.** 423 teachers were trained in using transformative learning technologies in the classroom with direct MCP support, and over **20,000 teachers were trained within the National Digital Literacy program**, funded by MECR and implemented by MCP-supported Future Classroom Center.

Future Classroom Lab. The Future Classroom Lab (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. The FCL program, launched at the end of 2017, in partnership with Orange telecom (via Orange Moldova Foundation – OMF) and the Ministry of Education, Culture and Research (MECR) became the umbrella program for digital transformation in education, attracting new strategic partnerships for sustainable development: **Google and LED. The FCL schools' network, which stated with 11 schools, increased to 42 schools** by the end of Y6. During the years, MCP consolidated and scaled up its educational initiatives, supporting programs to be further integrated into the Moldovan education system and forging new partnerships to ensure sustainability.

Educational Robotics Program. The Educational Robotics Program was deployed by MCP in partnership with the Moldovan MECR and ATIC business association. With support from MECR, Educational Robotics has been established as an elective curricular course since 2015, with ensured public funding, and encourages Moldovan youth to **build 21st century skills and pursue careers in IT and engineering.** This highly impactful and transformational program targets youths (between 8-18 years of age), developing important practical skills through designing, building and programming autonomous robots. The Educational Robotics program in Moldova has been implemented in **202 schools and libraries across the country, in over 122 localities across Moldova, including 76 villages, with over 24,000 students having benefitted from the program.**

Results to Date.



1 620

sq.m. - space of the National Center for Digital Innovation in Education



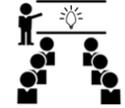
42

High-school in the network



1 280

Teachers trained directly with MCP support



20 378

Teachers trained indirectly (in cascade)



37

Experimental technologies and devoces



39

Digital applications taught



16 118

Students involved in FCL activities

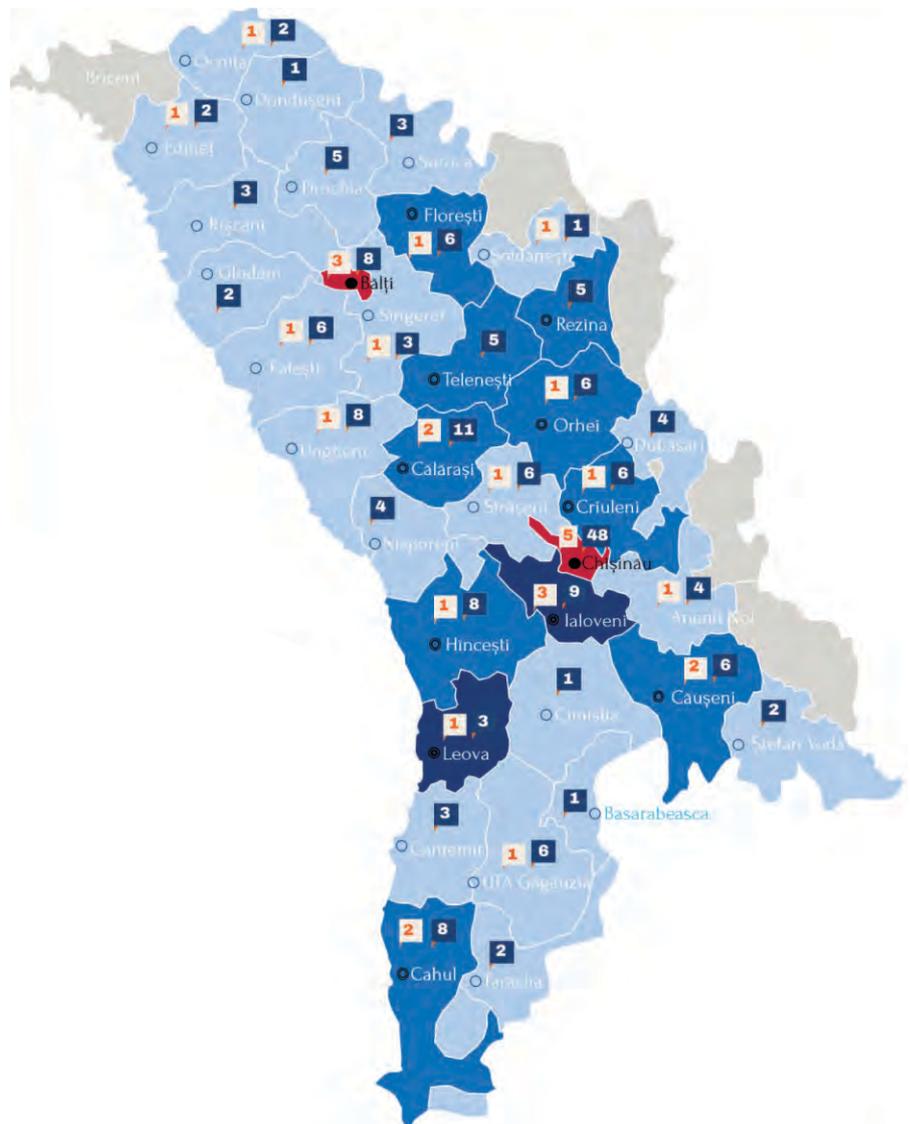


6 553

Hours of innovative educational activities conducted

Geomapping of MCP flagship programs: Educational Robotics and Future Classroom Lab

- 200 schools and libraries
- 37 digital technologies
- 26 754 youth trained
- 35% girls



1 Number of schools in Future Classroom Lab Program

1 Number of institutions in Robotics Program

Number of youth trained

- >3000
- 1001-2000
- 501-1000
- <500

BUILDING THE ECOSYSTEM FOR WORKFORCE AND ENTREPRENEURSHIP DEVELOPMENT



Photo credit: Publicis

Photo Caption: ADOR advertising festival at Artcor

Overall Strategy. MCP focused its efforts on strengthening and expanding the workforce development ecosystem as a response to the demands of the global economy and the domestic labor market. Infrastructure **development of innovation centers helped facilitate fast and intense skills training in specific areas of technology, engineering and creative services**, while also providing access to new technologies to further encourage new product development. The enhanced ecosystem with new infrastructure for skills development, collaboration and innovation serves as a platform for cross-industry collaboration and cluster development involving businesses, academia, government and local communities. In particular, MCP support in Moldova has focused throughout the years in establishing and strengthening centers of excellence (**ZIPhouse, Future Classroom, FabLab, ArtCor, Mediacor, Balti Regional Innovation Center**) that bring together the private sector and academia to shape the workforce of the future.

FabLabs

FabLabs – open spaces equipped with technical equipment for **making and prototyping new products and building engineering skills for students and community** – are key for developing new precision engineering expertise. FabLab Chisinau is one of the largest small-scale prototyping and production workshops in Eastern Europe. **The FabLab network in Moldova** has increased with 3 new regional locations in Orhei, Singerei and Soroca, **growing the community to a total of 7 FabLabs** (MCP focused on consolidating and strengthening the capacity building of the FabLab network launched with MCP's support on establishing lasting connections between these regional FabLabs and FabLab Chisinau. In Year 6, the FabLab community was involved in **more than 100 activities** (unique and some of them replicated to national level) and were visited by more than 3,000 people, with around half of them involved in FabLab activities.

ARTCOR

To support Moldova leverage the global economic growth of creative sectors, MCP directed its financial and technical support for the development of Moldova's first Creative Hub: ARTCOR Creative Industries Center is a groundbreaking infrastructure and ecosystem for Moldova's emerging graphics, design, sound, animation, arts, music and other creative subsectors with high export potential. Launched in June 2019 as a **\$740,000 public private partnership between COR Creative Industries Business Association, the Ministry of Culture, Education and Research and the Academy of Fine Arts, and USAID, Sweden and UK aid**, ARTCOR strengthens these creative subsectors by providing access to cutting-edge training opportunities and skills upgrades; accelerating start-ups; and serving as the nucleus of Moldova's emerging creative community connecting **startups from graphic design, architecture, journalism, sound and music production and motion design**. The facility contains state-of-the-art labs for graphics, sound and video production; brand-new technologies equipped with cutting edge software; and multi-use collaborative spaces ready to host events from exhibitions to product launches. ARTCOR provides market-driven educational opportunities, being the only alternative education option for youth that aspire to a creative career.

Balti Innovation Center

To help develop Moldova's regional economy, the Balti Regional Innovation Center will offer **laboratories, training rooms, co-working areas, and business offices for startups in ICT, automotive, fashion manufacturing, and other regional industries**. The Center will create new opportunities for nearly 4,500 students of Balti University. The Balti Regional Innovation Center builds on a successful **\$2 million public-private partnership, with the Moldovan Government contributing \$1.6 million for the refurbishment of the Center's building**. MCP is a leading partner, co-investing \$350,000 in feasibility, design, and endowment. Additional investments will be made by the National Association of ICT Companies (ATIC) via the Tekwill project (an estimated \$250,000) and the automotive industry via the Association of Manufacturing Industry Employers (APIP) and the Balti Free Economic Zone. The Center has been under development since 2017 and is expected to open its doors in September 2021.

MEDIACOR

To respond to the high demand for media production facilities and improve Moldova's nascent digital media industry, MCP partnered with the State University to develop Moldova's first Media Technology Center, MEDIACOR. **MEDIACOR is a public-private partnership between Moldova State University, the Association of Creative Industry companies, and MCP**, which plays a critical role in ensuring a common understanding, shared vision and active participation in the development and management of the MEDIACOR Center across all partners. Moldova State University will host the Center, **drawing from more than 1,000 students in the faculties of journalism, communication, and IT** to use the facilities, and encouraging them to pursue a career in the creative fields. For development of the MEDIACOR Center, the State University of Moldova committed \$465,000 for the construction of the new media production pavilion, for which **the University received a U.S. Embassy grant in the amount of \$448,000**. MEDIACOR houses high-value pre- and post-production facilities, accessible networking, co-working and learning areas, providing the University's 12,000 students with an opportunity to gain digital and creative skills, while fostering collaboration amongst Moldovan digital media start-ups and stakeholders. MEDIACOR infrastructure and its media production technologies allow local media production companies enhance the quality of their products and services, and become more competitive in foreign markets. Some Moldovan firms have started to approach potential international partners in Japan, Estonia, and the US, and are constantly receiving inquiries from US and EU based film producers for providing their services in production and post-production.

Results to Date.

MDL 28 million (approx. \$1,600,000) investment from the Ministry of Regional Development for the Balti Center disbursed for construction.

1,000 Students from North region of Moldova participated at IT and Engineering career orientation and skills development events.

100 Educational, entrepreneurship and community events hosted at ARTCOR.

10,000 Non-unique participants at ARTCOR activities, including 2,278 beneficiaries of ARTCOR School.

20 Private business partners identified that implement projects in partnership with higher education institutions [Technical University of Moldova (TUM), State University "Alecu Russo" from Balti (USARB), Academy of Music, Theater and Fine Arts (AMTAP)].

12 Professional training programs by ARTCOR for education and alternative learning developed and hosted.

25 Creative businesses incubated and/or accelerated, including in the mini-offices spaces at ARTCOR.



Photo Caption: USAID Assistant Administrator for Europe and Eurasia Brock Bierman witnesses young female engineer prototyping during the launch of the MCP-supported FabLab Chisinau.

Photo Credit: MCP

UNIVERSITY-BASED EXCELLENCE CENTERS

Tekwill ICT Center for Excellence

LAUNCHED

- ▶ an **educational & learning platform** and an **entrepreneurial hub** with co-working spaces & tech labs (IoT, 3D printing), designed to enhance the role and the potential of the Information and Communications Technologies (ICT) industry in Moldova

 **15,000**
people annually

 **2017**
March

 **4,000 m²**

 hosted by the **Technical University of Moldova**



- ▶ **USAID and Sweden**
- ▶ **Academia** - Technical University of Moldova
- ▶ **Private Sector** - Moldovan Association of ICT Companies (ATIC)

Future Classroom National Center for Digital Innovation in Education

LAUNCHED

- ▶ a digital transformation agent **promoting and supporting STEAM education approach and innovation** in the country's **educational system**, namely general education level; providing initial and in-service teachers' training

 **2,000**
beneficiaries annually

 **2019**

 **1000 m²**

 hosted by the **Pedagogical University Ion Creanga**



- ▶ **USAID, Sweden and the UK**, through MCP
- ▶ **Academia** - Pedagogical University Ion Creanga
- ▶ **RM Government** - Ministry of Education, Culture and Research
- ▶ **Private Sector** - Orange Foundation

CIRCLE IT and Engineering Labs at TUM

LAUNCHED

- ▶ a cluster of **learning laboratories** supporting **technical, mechanical, electronics, and engineering students** to conceptualize, research and prototype new products and services using facilities provided by industry partners
- ▶ uses **ultra-modern educational approaches** to studying digital technologies allowing students to obtain and generate new knowledge it is the foundation of the university's R&D activities

 **1,200**
students annually

 **2018**
March during the visit of Margot Ellis, USAID Deputy Assistant Administrator, Europe & Eurasia Bureau

 **600 m²** of educational and research labs for IT, Electronics, Communications, Engineering, Transportation, & Architecture specializations

 hosted by the **Technical University of Moldova**



- ▶ **USAID, Sweden and the UK**, through MCP
- ▶ **Academia** - Technical University of Moldova
- ▶ **Private Sector** - BitDefender, Siemens

ARTCOR Creative Hub

LAUNCHED

- ▶ a flagship platform of **practical education and collective workplaces for designers, Immakers, app developers and/or startup entrepreneurs** to develop key skills required by the creative services industry; provides training, networking and startup acceleration

 **1,000**
students annually

 **2019**

 **1,000 m²** of labs for graphics, sound & video production, collaborative space & conference areas

 hosted by the **Academy of Arts**



- ▶ **USAID, Sweden and the UK**, through MCP
- ▶ **Academia** - Academy of Music, Theatre & Fine Arts
- ▶ **RM Government** - Ministry of Education, Culture & Research
- ▶ **Private Sector** - Association of Creative Companies (COR)

BALTI Regional Technology & Innovation Center

UNDER CONSTRUCTION

- ▶ an excellence center that expands industry-led education into the North of Moldova; under development with 11 public and private partners; hosted by State University Alecu Russo. It is envisioned for **tech, engineering, automotive, graphic design innovation**.

 **5,000**
people annually (students+ community)

 **2021**
expected launch

 **6,000 m²** of labs, collaborative spaces & business park

 hosted by **Balti State University Alecu Russo**



- ▶ **USAID, Sweden and the UK**, through MCP
- ▶ **Academia** - Balti State University Alecu Russo
- ▶ **RM Government** - Ministry of Agriculture, Regional Development and Environment, Ministry of Education, Culture and Research, Ministry of Economy and Infrastructure, Regional Development Agency Nord (ADR Nord), Balti Municipality
- ▶ **Private Sector** - Moldovan Association of ICT Companies (ATIC), Association of Industrial Manufacturers (AIM)

Fablab Chisinau and 6 Regional FabLabs

LAUNCHED

- ▶ FabLab is a **digital prototyping facility**, providing access to advanced digital manufacturing technologies and developing critical engineering and product design skills. One of the largest prototyping and small-scale production workshops in Eastern Europe, providing Moldovan youth with access to sophisticated tools that play key roles in Moldova's future industries, such as electronics, robotics, furniture, and machinery sectors. Chisinau FabLab and the six Regional FabLabs, a member of a network of 1300 FabLabs worldwide, using a concept developed by MIT, will enable access to software from leading American corporations like Solidworks and Autodesk.

 **800**
people annually/
FabLab

 **2018-2021**

 **3,800 m²** of labs

 hosted by the **Technical University of Moldova**



- ▶ **USAID, Sweden and the UK**, through MCP & Tekwill
- ▶ **Academia** - Technical University of Moldova
- ▶ **Private Sector** - Tekwill, NGO Makers Moldova

ZIPhouse Centre of Excellence and Acceleration in Design and Technology

LAUNCHED

- ▶ a **flagship institution in workforce development and fashion startup acceleration**
- ▶ supports industry transition to higher value added by developing critical skills and abilities of the labor in fashion industry

 **1,000**
people annually

 **2015**
Oct

 **800 m²**

 hosted by the **Technical University of Moldova**



- ▶ **USAID, Sweden and the UK**, through MCP
- ▶ **Academia** - Technical University of Moldova
- ▶ **Private Sector** - Employers Association of Light Industry (APIUS)

MEDIACOR Media Technology Center

LAUNCHED

- ▶ a **digital media production center** housing a state-of-the-art recording pavilion, pre- and post-production facilities, accessible co-working and learning areas.
- ▶ will catalyze the community and fuel collaboration among digital media start-ups, producers and other players.

 **3,000**
beneficiaries annually

 **2021**

 **2,500 m²** production studios

 hosted by the **Moldova State University**



- ▶ **USAID, Sweden and the UK** through MCP
- ▶ **US Embassy**
- ▶ **Academia** - Moldova State University
- ▶ **RM Government** - Ministry of Education, Culture and Research
- ▶ **Private Sector** - Association of Creative Companies (COR)

BUILDING THE ECOSYSTEM FOR WORKFORCE AND ENTREPRENEURSHIP DEVELOPMENT



Photo Credit: Digital Park

Photo Caption: U.S. Ambassador Derek J. Hogan gives opening remarks at the launch of the Digital Park

Well-Positioned for Success. Moldova is perfectly positioned to be a leading exporter of software and technology-enabled services, given its strategic location at the crossroads of East and West, exceptional workforce, convenient time-zone, and favorable investment conditions. These include labor permit incentives ("IT visa") for foreign IT professionals, tax incentives for IT sector employees, a flat tax for ICT businesses and the creation of a world-class IT park, all of which are attributable to MCP support. MCP worked to increase the share of high-value tech, engineering and creative services originating from Moldova by promoting its export capabilities to international business communities, especially in the EU, and supports international players to invest in Moldova.

Digital Park. Moldova's first state-of-the-art technology park, Digital City, was launched with MCP serving as the main transaction facilitator. StarNet, internet and telecommunications company, was the main private investor leading the development of the Digital City, whereas the land was offered by the Moldovan Government. MCP provided StarNet with critical investment coaching, including market intelligence and funding model, as well as facilitated a portable risk guarantee from the U.S. Treasury via USAID's Development Credit Authority to access \$8.9 million in loans to construct the park. The inauguration 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 to create a Silicon-Valley type environment to establish Moldova as a catalyst for ICT competitiveness.

Building Strategy. To support the Government and private sector further build ICT sector competitiveness, MCP assisted the development of the ICT Industry Strategic Roadmap for Moldova. This Roadmap serves as a strategic guide to highlight key aspects of Moldova's IT Industry, and the path it should adopt to achieve strong growth. The Roadmap analyzed Moldova from a global and regional perspective, and its reputation and experience add credibility to the document's conclusions and recommendations. The ICT Industry Strategic Roadmap for Moldova outlined target markets and verticals, and will be used as the basis for future trade and marketing support programs for the country's ICT industry. The ICT Association (ATIC) and MIEPO (Moldovan Investment and Export Organization) have both aligned with and subscribed to the Roadmap.

STRENGTHENING A REGULATORY ENVIRONMENT CONDUCTIVE TO TECHNOLOGY-DRIVEN BUSINESS



Photo Caption: COR Association presenting the Creative Industries Brochure to the Moldovan Government
Photo Credit: MCP

Overall Strategy. MCP provides assistance to the Moldovan Government to develop an enabling environment that is conducive to technology-driven entrepreneurship, through policies that facilitate digital opportunities such as the innovative 7% single tax on firm sales, develop human capital, and positively impact the investment climate. MCP collaborated with industry associations as key counterparts to implement industry development initiatives, given their aligned objectives of raising industry awareness, develop market linkages, establish linkages between private sector and education institutions and engage in advocacy initiatives affecting their members. MCP strengthens the ICT business association (ATIC), the Creative Business Association (COR), and the Association of IT Companies from North (ACETI) enabling these to manage the upcoming excellence centers such as Artcor, Mediacor and Balti Innovation Center, and to work closely with the Moldovan Government to streamline the business environment, promote sound policy making, and maintain the private sector as the development engine for these industries.

National Association of Private ICT Companies (ATIC). ATIC, as the leading IT business association in Moldova, playing a critical role by advocating on behalf of IT companies, promoting IT sector enabling regulations and by acting as watchdog, monitoring Government policy initiatives and the fairness and legality of public-private interactions. In Year I, MCP started the implementation of an organizational development program to strengthen the lobbying and advocacy capacity of business associations, including ATIC. Within the Advocacy Capacity Strengthening Program, ATIC was trained on conducting regulatory impact assessments, law drafting techniques and implementing advocacy initiatives.

Association of Creative Companies (COR). Officially registered in 2017, the COR Association has strengthened and expanded its board, welcoming new members from the media sector. The Association reached 40 members from the video, movies, sound, graphics, animation and video game development subsectors. Through institutional capacity building, MCP assisted the newly created association to develop its mission, vision and core objectives, as well as the yearly budget and working plan.

Association of IT Companies from North (ACETI). MCP supported ACETI in developing local-driven initiatives in the northern part of the country. Within one year of activity, ACETI partnered with 30 educational institutions and 15 private companies to promote engineering innovations and technological advancements among over 1,000 Moldovan youth. The Association, formed of 12 members, conducted over 40 IT and engineering activities, such as IT Weekend Morning, regional forums for IT Ambassadors in the North of Moldova, and study visits to Moldova IT Park.

IT Park Law. With support from MCP, the Ministry of Economy conducted an assessment of the IT Park Law, covering the economic, fiscal, and competitiveness impacts of the Law on the IT services sector. The result of the assessment demonstrated an improved and competitive IT sector. With Moldova's first IT Park operational in 2018, new business creation and formalization registered a 200% increase, reaching 600 companies, as opposed to the 194 companies registered in 2016. The IT Park enabled the creation of 1,680 jobs (2.5 times higher than the national average) and led to a 40% increase in export growth. The assessment and recommendations were shared with Government representatives and led to the Moldovan Government and Parliament approving a 3-year extension of the 7% single tax for IT Park residents and improvements in the legal framework.

Results to Date.

The number of active residents of the Moldova IT Park reached more than **650 companies.**

Law on IT parks amended, and **7% state guarantee increased from 5 to 9 years.**

Increased capacity of APIP association to implement workforce and community development activities.

Law on Cash Rebate modified and supporting regulations developed.

Activities defined in the IT Industry Innovation Strategy implemented.



Photo Caption: U.S. Ambassador Derek J. Hogan attending the launch of construction works at Regional Innovation Center in Balti
Photo Credit: Eduard Bizgu for USAID

LOOKING FORWARD



Photo Caption: The UK's Minister for European Neighborhood and the Americas, Wendy Morton, visits Mediacor Technology Media Center

Photo Credit: Olese Galusca, MCP

From left to right: Stefan Nahaba, CEO at Raketa Production Studio; Steven Fisher, British Ambassador to the Republic of Moldova; Wendy Morton, the UK's Minister for European Neighborhood and the Americas; Igor Sarov, rector of Moldova State University; Alex Stirbu, CEO at ASTI Studio; Doina Nistor, MCP COP

The ICT sector encompasses some of the largest and most active centers of excellence in Moldova, and it is essential that they operate independently. Given the COVID 19 pandemic and global economic decline, the project focused on shaping and strengthening adequate **business models that can be sustained by the centers of excellence through outside sourcing, membership fees, and strong management.**

It is important to strengthen the partnership between Google and the Ministry of Education in Moldova. **NCDIE will become the main training and consultancy point for the general education system, in the implementation of Google for Education (G Suite) applications.** This program, including the ToT, should be jointly coordinated with MECR, LED and Orange Moldova, as part of the training package that can be later offered to schools coupled with consultancy and support in the implementation of G Suite and other educational technologies in schools.

The ICT component of MCP, encompasses the largest centers of excellence that the project has supported through its life of project, and are individually in different stages of development. **COR association must be closely connected with the operations of ARTCOR and MEDIACOR and all parties remain engaged in the management of their respective institutions.** COR association should implement the operational model of MEDIACOR designed to achieve the Center's objectives as well as ensure sustainability by providing services to the private sector from media industry such as renting of filming infrastructure, office spaces, sound and video production studios as well as organization of trainings and workshops that are highly demanded by the industry. Linkages should be deepened with local and foreign private partners such as Moldcell and Film. UA and development organizations such as EBRD and Moldcell should continue to serve as co-funding partners for the ARTCOR and MEDIACOR.

The Balti Innovation Center management team should proceed from MCP's groundwork done on regulation and capacity building activities on the center's governance, operation and management in close partnership with Tekwill and the State University of Balti. The partnership with Tekwill will also be maximized by building the capacity of FabLab established within the Technical University of Moldova. The FabLab Chisinau executive team should continue leading practical and educational activities in partnership with private companies and integration within universities.

ICT Industry assistance highlights

- Moldova's IT exports recorded **\$258 million**, a 30% increase in 2010 vs. 2019, Exports grew underpinned by MCP-assisted conducive Government policies (virtual IT Parks, 7% single tax), investments in human capital and promotion of Moldova as tech destination. 80% of IT services are exported.
- Software developers had the **highest average wage** in country, **28,015 MDL (\$1,550 per month)**, or four (3.6) times the country average of 7,850 MDL.

Building human capital to ensure future marketable skills development

- **Over 50,000 students and professionals** (Y1-5) improved digital and job-related skills with MCP support.
- MCP promotes STEAM youth education through its flagship initiatives: **Future Classroom Lab (FCL)** and **Educational Robotics**, which are both effective and scalable, and have benefited over **26,000 Moldovan youth** (incl 8,500 during FY20), being taught in 180 or 15% of country's schools.
- MCP facilitated a country-level partnership with **Google for Education**, enabling 300,000 free accounts for Moldovan teachers and students to continue online learning amid COVID-19.
- The **National Robotics Team Moldova** won **three gold medals** at the FIRST Global Robotics Olympiad in Dubai, competing against 188 teams, thus demonstrating exceptional engineering talent.
- The **National Center for Digital Innovation in Education 'Future Classroom'** launched in partnership between MCP, the Ministry of Education, Culture and Research, and Orange Moldova Foundation, attracted new partners, Lichtenstein Development Service and Google. It became a leader of digital transformation in education and trained **20,000 teachers** within the COVID-response National Digital Literacy program.
- MCP supported the introduction of **Cisco IT Essentials Course** in vocational education institutions benefiting **16,000 students**.
- **Artcor Creative Center** attracted over **10,000 beneficiaries** in its first year of activity, via more than **100 educational, entrepreneurship and community events** to stimulate Moldova's creative industries.
- **60 SMEs** developed e-commerce shops with the support of new **GoOnline** platform by Artcor, responding to the pandemic crisis.
- MOU signed and construction started for **Moldova's first Media Technology Center, MEDIACOR**, located at the State University. The University committed a co-investment of 3 million lei (\$160K).
- **Construction Started on the First Regional Innovation Center in the North of Moldova.** MCP mobilized \$1.6M public funding from the Moldovan Regional Development Fund to fund the construction.
- **3 new regional Fablabs opened doors, while the Chisinau-based FabLab** championed engineering skills in autonomous driving and assembled the first electric car.

Building industry ecosystem and expanding trade in high-value markets

- Moldova's first state-of-the-art technology park, **Digital Park**, was launched by local investor Starnet that invested over \$8 million in the first tower, with MCP being the main transaction facilitator.
- MCP supported the development of **Moldova's first Creative Industry Profile**, demonstrating its economic potential as it supports 2,800 creative firms and 13,000 creative professionals.

Strengthening industry governance

- MCP supported impact assessment of IT Park law demonstrating its transformation impact, and leading to the Moldovan Government expanding the validity of the law by another three years through 2026.
- The **Virtual IT Park continued to grow its residents, reaching 658 firms**, 145 of which are foreign-owned and 40% are newly created companies. Residents benefit of the innovative **7% single tax**.
- MCP initiated support to operationalize the **Law on 'Cash Rebate' foreign film production incentives**.
- The **Association of Creative Companies (COR)** reached **40 members** from video, movies, sound, graphics, animation and video game development subsectors.

CUTTING-EDGE INNOVATION CENTERS

empower Moldovan youth with forward-looking skills and harness competitive entrepreneurship ecosystem

embolden **STEAMED**, technology, fashion manufacturing, engineering and creative sectors



8 University-based excellence centers

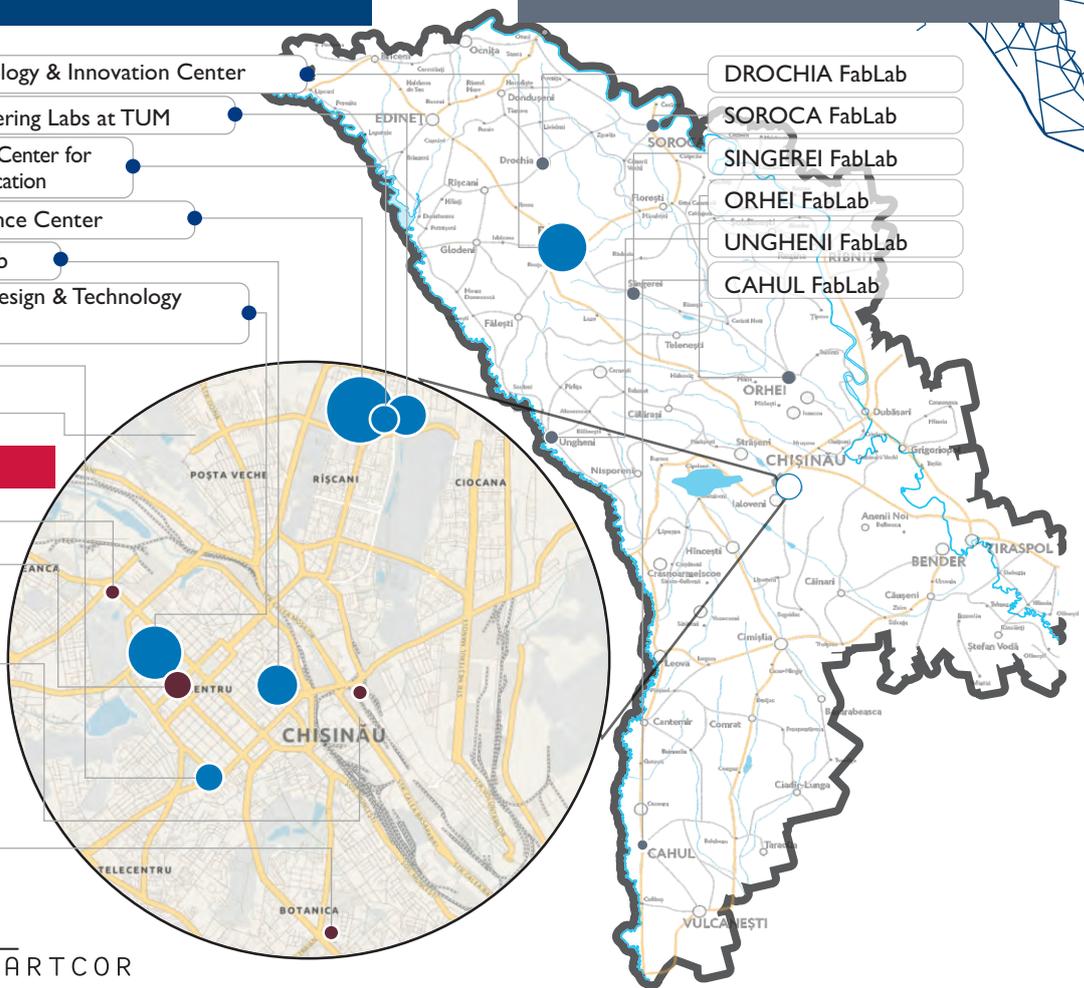
- BALTI Regional Technology & Innovation Center
- CIRCLE IT and Engineering Labs at TUM
- FUTURE CLASSROOM Center for Digital Innovation in Education
- TEKWILL ICT Excellence Center
- ARTCOR Creative Hub
- ZIPHOUSE Fashion, Design & Technology Center
- FABLAB Chisinau
- MEDIACOR Media Technology Center

6 Regional FabLabs in community libraries

- DROCHIA FabLab
- SOROCA FabLab
- SINGEREI FabLab
- ORHEI FabLab
- UNGHENI FabLab
- CAHUL FabLab

4 Coworking spaces

- 404 Not found
- Generator Hub
- iHub Innovation & Entrepreneurship Center
- Dreamups Innovation Campus



High-impact, collaborative and cutting-edge innovation centers are developed as sustainable and systemic solutions to boost youth entrepreneurship, employability and skills in Moldova, and upgrade Moldovan industries for long-term competitiveness.

SUCCESS STORY

INNA DONOS MOLDOVAN TEACHER PROMOTING DIGITAL TRANSFORMATION IN THE NORTHERN REGION



Photo Caption: Inna Donos training teachers on the use of Lego robots
Photo Credit: FCL

“Students no longer want to embrace the classical learning methods and for them, the cooperation, research and communication are more important values than the mere gain of knowledge. That is where technology can help. It's not an easy task for a teacher, because they need to adjust the contents or create them anew in line with the needs of the modern world.”



Photo Caption: Inna Donos attending the national contest FIRST Lego League 2019 alongside her students
Photo Credit: FIRST Lego League

It is with great mastery and passion for technologies and robotics that Inna Donos ignites the spirit of curiosity in students eager to discover engineering, sciences, and modern technologies. She has guided teams of students throughout national competitions and contests and helped them develop important skills for the future.

While attending school herself, Inna Donos already knew that she wanted to become a teacher. She would help the teachers from K-12 classes at the school that she attended. She developed a passion for computers and technologies and was sure that this was what the future held for her. She followed a pathway full of challenges and outstanding achievements, grew professionally, and has since educated over 800 students at the “Vasile Alecsandri” High School from Balti.

Today, Inna Donos is an IT and robotics teacher, author of numerous curricula and educational programs, and a valuable trainer of the Future Classroom National Centre for Digital Innovation in Education. Inna has trained nearly 200 regional teachers to use Google for Education tools to improve their digital skills as part of the National Digital Literacy Programme, led by the Ministry of Education, Culture, and Research, with strategic support from USAID, Sweden and the UK, and Orange Moldova. Inna has recently won the title of Teacher - Digital Ambassador, as part of a contest funded by Soros Foundation. She is among the 25 teachers in the country who hold this title, which gives the teachers more confidence in their abilities, and motivates them to reach new heights.

PROVIDING MORE OPPORTUNITIES TO STUDENTS

Inna Donos always wanted to provide more opportunities to her students. In 2016, she became a part of the Educational Robotics Program, and in 2017, her high school enrolled in the pilot iteration of the Future Classroom initiative and was selected as a Centre of Excellence for the northern region. Combining a new type of learning environment, smart digital technology, and an interdisciplinary approach to reset Moldova's K-12 education to the digital age, Future Classroom advances digital skill-building and literacy for Moldovan teachers and youth, supporting digitally competent and confident educators and boosting advanced digital skills. Future Classroom is a public-private partnership led by the Moldovan Ministry of Education, Culture and Research, with donor support from USAID, Sweden and the UK through the Moldova Competitiveness Project, the leading telecom and technology corporation Orange Moldova, and Liechtenstein Development Service (LED).

“Students are the main beneficiaries of the Future Classroom, as they develop 21st century competences, so needed for a bright and successful future.”

THE FUTURE IS TECHNOLOGY

Inna Donos was able to develop professionally by taking part in various trainings organized within the MCP-supported Educational Robotics and Future Classroom initiatives. She travelled to Romania, Estonia, and South Korea for trainings and knowledge exchange. Inna was amazed with the technologies used by Korean schools, the level of organization and the educational process in Romanian schools, and the innovative spaces designed by Estonian schools. All this knowledge was shared with her colleagues, so that they could all contribute to the modernization of education in Moldova and equip students with the necessary knowledge for a prosperous future.

In 2020, Inna trained other teachers within the framework of the National Digital Literacy Programme implemented by the Future Classroom Centre as a response to the Covid-19 crisis, followed by the request of the Ministry of Education, Culture and Research (MECR). The teacher training took place online and focused on G Suite for Education. During the training, the teachers had the opportunity to see that Google tools are simple and convenient and could make their jobs easier. Inna appreciates that many of her colleagues have decided to start using these tools in their classrooms, and even said that they will never return to the old teaching methods. The partnership between Google and the MECR, facilitated by MCP, has enabled teachers to gain access to Google applications and tools, which contributes to the centralized organization of teaching activities in Moldova and the efficient management of the educational system.

EDUCATION AS A COMMON ENDEAVOUR

Inna Donos has participated in all Robotics contests organized with the support of the Moldova Competitiveness Project: FIRST LEGO League, FIRST LEGO League Junior, and SumoBot Challenge. Inna's participation in these contests was made possible due to student interest, her colleagues' encouragement, and the high school management's support. Inna's high school team was awarded prizes (in the Fundamental Values and Robot Design categories) each time that they participated in the competitions. These competitions are important for the development of technical skills and competences as well as the values that they promote: cooperation, teamwork, engagement, mutual respect, inclusiveness, and diversity of opinions. Additionally, the welcoming and entertaining environment is good motivation to participate in such events. With the support of the Moldova Competitiveness Project, funded by USAID, Sweden, and the UK, the “Vasile Alecsandri” lyceum from Balti was offered sets of robotics, modern digital tools, and innovative trainings and turned into a Centre of Excellence and a model for the northern region. Undeniably, Inna Donos is a core element of this transformation, contributing to the students' access to a better education in their own country.

CASE STUDY

CASE STUDY

#GoOnline! The E-Commerce Response to COVID-19



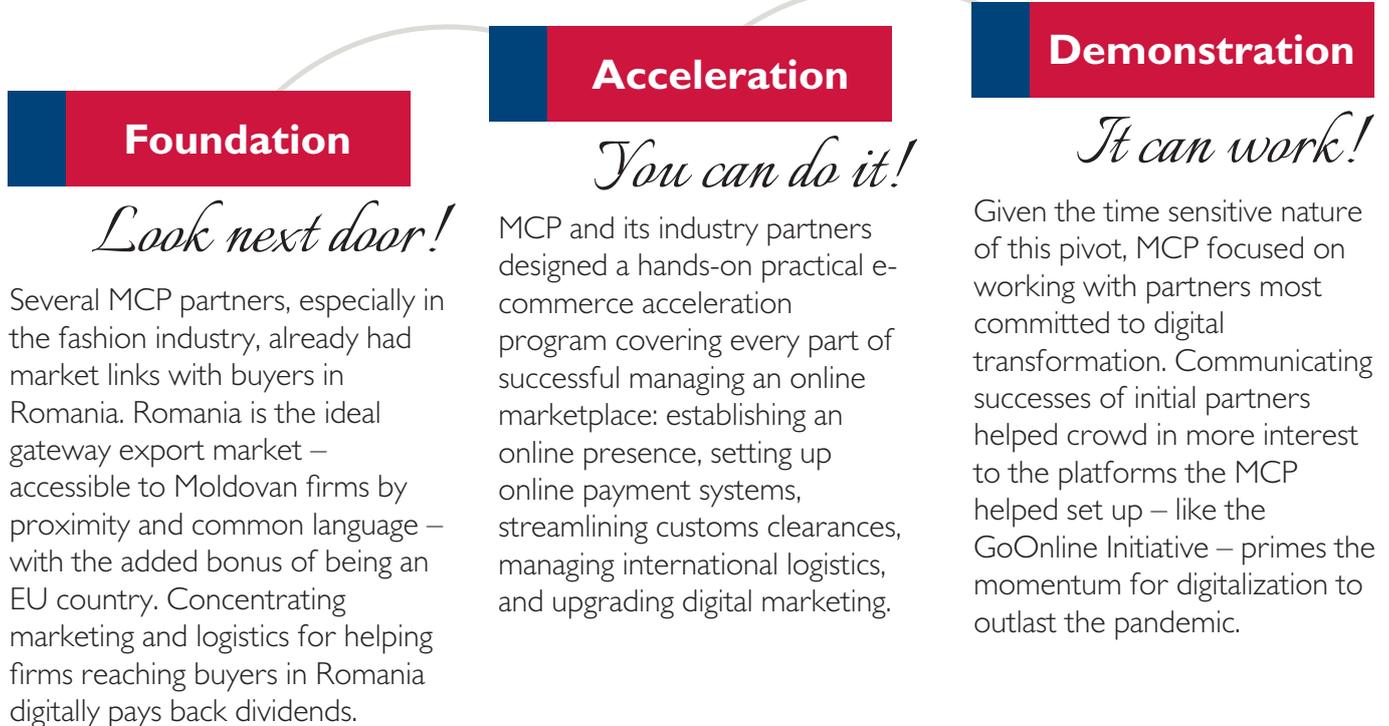
The COVID-19 pandemic threatened to crush more than a decade of growth for Moldovan small and medium enterprises. The Moldova Competitiveness Project (MCP) supported its network of accelerators, sector associations, and champion business partners to launch a full-scale e-commerce response to the COVID-19 economic stall, helping businesses pivot to face and overcome challenges in their new economic reality.

A One-Track Mind for Sales

Activities to foster e-commerce in Moldova did not start with the COVID-19 pandemic. What changed with the pandemic, however, was the urgency for digital transformation. E-commerce and digitalization were no longer just pathways for additional growth – but lifelines for survival.

The government of Moldova, MCP, and its private sector partners understood this urgency – and the hunger on the part of small business partners for real tools and networks to replace retail revenue with online sales as physical shops closed across the country. MCP took a single-minded sales-focused to e-commerce support – bolstering and assisting the creation of partnerships, tools, and platforms across industries for rapid digital transformation that would directly lead to new revenue streams. The success of this approach depended on three principles: building on existing **foundations** for market access, providing **acceleration** services for the most driven private sector partners committed to investing in new e-commerce-focused business models, and communicating successes by champion firms to crowd in new partners through **demonstration** of success.

Three Areas of Focus



In this case study, we dive deeper in to the GoOnline initiative, digitalization support for the tourism industry, and e-commerce support for the fashion sector.

#GoOnline!

The GoOnline Platform

 E-Commerce Kit for... <ul style="list-style-type: none">▪ Website development▪ Branding▪ Communication▪ Design▪ Social media promotion	 E-Commerce School for... <ul style="list-style-type: none">▪ E-marketing▪ Delivery▪ Consumer Protection▪ E-Payments
---	---

GoOnline is a COVID rapid-response platform launched by the Moldova Creative Industry Association (COR) in partnership with UNDP and with support from MCP. The platform helps Moldovan SMEs set up e-commerce shops, while providing end-to-end support in managing an online marketplace (see box). MCP partnered with the Organization for Small and Medium Enterprises Sector Development (ODIMM) to funnel 100 SMEs to set up shops on the GoOnline platform and to finance an e-commerce kit from the \$1.3 million national digitalization and e-commerce program led by the government of Moldova.



Photo caption: Website of the 'Ecostup' SME created via the GoOnline initiative.
Photo credit: GoOnline

GoOnline has a database of 90 digital service providers that SMEs can access. Its ongoing success and potential for scale comes from the collective efforts of USAID, Sweden, the UK, the Swiss Cooperation Office, the Ministry of Economy and Infrastructure, the Moldovan Investment Agency, and ODIMM. To date, 200 Moldovan small businesses from the creative, clothing, tourism, and agro-processing industries have set up e-commerce shops using the GoOnline support platform.

E-Commerce for Fashion - Digital Acceleration During the Pandemic

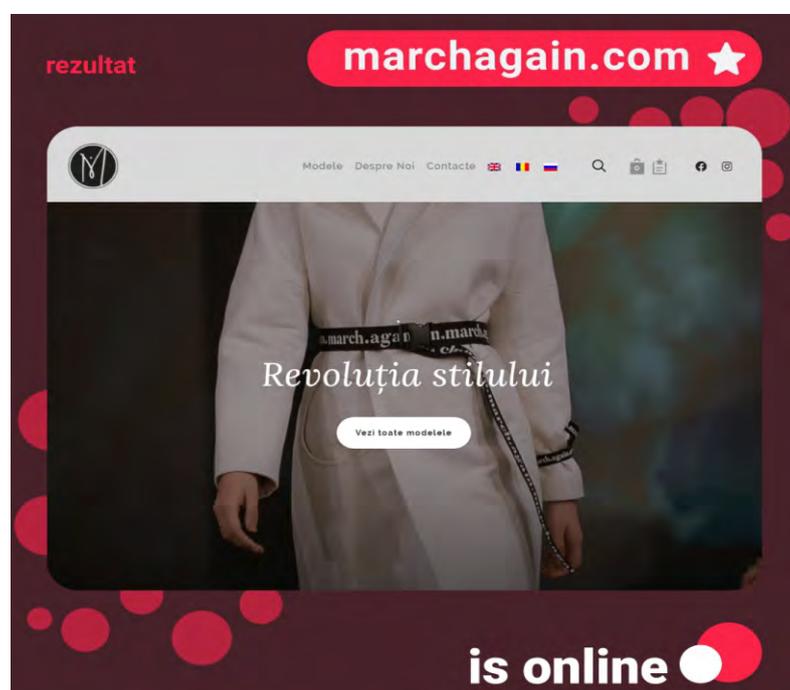


Photo caption: Website of the 'March Again' fashion brand, created with the support of USAID, Sweden and the UK via the GoOnline initiative. Photo credit: GoOnline.

The fashion and apparel industry was primed for the pivot during the pandemic. Though heavily reliant on physical retail presence and shops, the fashion companies had already forayed into international markets with MCP assistance. To support the sector during the pandemic, MCP designed the E-Commerce Acceleration Program – initially to serve a handful of champion firms. The initiative then scaled to a full-fledged nine-month acceleration program run by the ZIPhouse Center of Excellence in Design and Technology, the APIUS Moldova Light Industry Employers' Association, and the Moldovan Investment Agency. The accelerator gets into the weeds with participants – discussing terms and conditions for distance contracts on online stores, as well as rules and regulation for complying with e-commerce personal data protection.

MCP also brought in new partnerships with the EBRD to provide individual coaching on e-commerce for participant firms. To date, nearly 50 Moldovan clothing producers are benefitting from the acceleration program. Champion brands like Bombonici, Ponti, Georgette, and Malena fulfilled monthly online orders of \$7,000 within weeks of setting up their online platforms.



Photo caption: Collection of purses marketed on Arillu's website, created via the GoOnline initiative. Photo credit: Arillu fashion brand.

A BUSINESS CASE

The Moldovan brand Arillu specializes in the production of handbags and purses for women. During the COVID-19 pandemic, Arillu expanded its e-commerce activities on the Romanian market. As part of the E-commerce Acceleration Program Level-Up, Arillu developed a fully functional online shop by setting up online payment systems, streamlining customs clearances, and managing international logistics on the Romanian market. The company provides electronic fulfillment services in Romania and ensures timely deliveries to its customers. Within only two weeks since the launch of the Romanian website, Arillu had already made more than \$1,700 in sales.

Digitalization for Tourism - Leading Recovery and Resilience Post-Pandemic

With a faint light growing stronger at the end of the pandemic tunnel, the Moldovan tourism industry is actively looking for options to re-launch and improve economic resilience. During the pandemic, tourism sector actors were able to pivot to domestic travelers. However, as vaccines begins to spread around the world, some of the most immediately mobile tourists have a high bias toward online research, booking, and payments. To respond to this demand profile, MCP assisted wineries and tourism SMEs to integrate real-time booking and payment solutions, and integrate functionality with major booking platforms. As result of the MCP e-commerce support, major tourism sites ranging from Castel Mimi and Milestii Mici to guesthouses like Eco Resort Butuceni and Casa din Lunca, are launching direct booking services to enhance digital sales.

Bouncing Back

The National Heritage Winery Mileștii Mici, registered sales of over 30,000 lei (\$1,500) in only four days after adding real time booking and payment solutions features on their website.

To date, MCP has assisted more than 20 wineries and tourism SMEs to upgrade their websites and increase their online visibility. Adopting digitalization enables the Moldovan tourism SMEs to expand their market reach and more rapidly recover from the detrimental effects of the pandemic (see box).

What Made It Work

What made the e-commerce response to COVID-19 successful was the deep networks and partnerships that MCP had with public sector champions, private sector actors, and other donors. MCP's decade-long support to and relationships with the ICT and the Creative sector – the two sectors most critical for digitizing more traditional value chains – created the ideal foundation for cross-sector pollination and partnerships broad-based digitalization efforts. Though the road to full recovery is long, the spillover resilience effects of USAID sector competitiveness programming were acutely felt during MCP's crisis response to the pandemic.

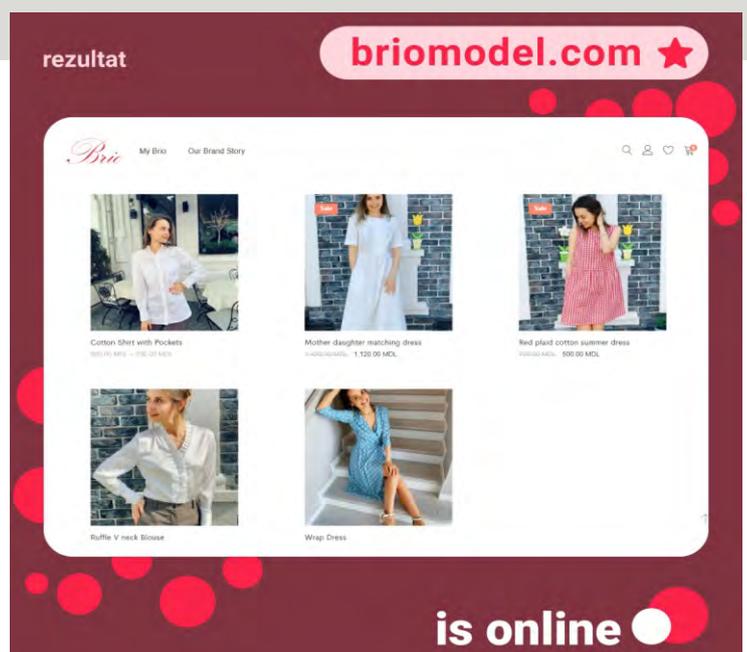


Photo caption: Brio fashion brand website
Photo credit: GoOnline



MOLDOVA
COMPETITIVENESS PROJECT



CASE STUDY

PARTNERSHIPS FOR THE FUTURE: Bridging the Urban-Rural Digital Divide in Education

Photo caption: Sweden Embassy reception for the National Robotics Team of Moldova, winners of three Gold Medals at FIRST Global competition 2019 .
Photo credit: MCP.

The World Economic Forum estimates that, by 2030, nine in 10 jobs will require digital skills. In Moldova, preparing for the future of work starts with bridging the urban-rural digital divide for learners from elementary to secondary school. From robotics to virtual reality to access to gigabit internet, the Moldova Competitiveness Project (MCP) has been on the cutting edge of brokering partnerships to ensure that Moldova's youth nationwide have both access to and passion for the skills needed by the jobs of tomorrow.

In this case study, we dive into three hallmark partnerships that have transformed education for Moldova's youth: introducing the Future Classroom Lab for young learners, leveraging the Google for Education platform during the COVID-19 pandemic, and convening telecom providers to expand gigabit internet connectivity to more than 200 schools throughout Moldova.

Future Classroom Lab and Educational Robotics

Future Classroom is an innovative digital education concept, combining a new type of learning environment, smart digital technology, and an interdisciplinary approach to reset Moldova's K12 education to the digital age (see box). Future Classroom embraces the expanded idea of Science, Technology, Engineering, Arts, Math, Entrepreneurship, and Design (STEAMED) education and translates it into high-tech classrooms that foster collaborative learning and digital innovation. Future Classroom advances digital skill-building and literacy for Moldovan teachers and youth, supporting digitally competent and confident educators and boosting advanced digital skills.

What Defines a Future Classroom Lab



Re-designed open learning space at school where teachers and pupils experiment with innovative learning scenarios using transformative technologies, including:

- **Coding:** Scratch, Kodu, HTML5-JavaScript, ApplInventor
- **Robotics:** BeeBot, Lego WeDo & EV3, LittleBits
- **Wearables:** Adafruit Gemma, Arduino, smart watch
- **Internet of Things:** Arduino, Adafruit Gemma, Kinect
- **Digital Media and Arts:** 3D-modeling, 3D-printing, virtual reality, augmented reality.



A focus on 21st Century skills – integrating art, design, and entrepreneurship with science, technology, and engineering (STEAMED).



Innovative pedagogy/theory of teaching that is:

- Project-based
- Inquiry-driven
- Learner-centered
- Interdisciplinary.

In Moldova, Future Classroom operates as a \$1.1 million public-private partnership led by the Moldovan Ministry of Education, Culture and Research, the leading telecom and technology corporation Orange Moldova, Google, the Liechtenstein Development Service, and support from USAID, Sweden and the UK via MCP. The hub for the Future Classroom initiative in Moldova is the Future Classroom National Center, launched in April 2019 at Moldova's leading State Pedagogical University. It serves as the engine and platform for training teachers and school managers to effectively use digital technologies in classroom, as well as to navigate digital or blended learning environments.

The Future Classroom Initiative has two tracks. The first is an educational robotics program that's currently present in 200 schools and libraries with MCP support. Primary school learners have the opportunity to design, build, code, and operate robots from LEGO WeDo sets funded by MCP and its partners. Educational robotics is widely acknowledged as a cutting-edge tool both for getting youth interested in science and technology, but also exercising design, creativity, teambuilding skills through its inherent gamification of learning, opportunity for friendly competition, and systematic process of trial and error. Educational robotics immediately provided a link for Moldova's youth to the global context of science and technology as students can compete in local and international robotics competitions.

The second track is a more advanced concept of the "Future Classroom Lab." This involves creating Labs equipped with 37 types of advanced technologies, such as 3D printing, coding platforms, virtual reality, Internet-of-Things devices, microcomputers, sensors, digital labs, and more. Currently, 42 schools have full-fledged advanced Future Classroom Labs, and to date, nearly 27,000 young people have strengthened STEAMED skills thanks to the Future Classroom Lab initiative.

Google for Education and COVID-19

The widespread success and penetration of the Future Classroom Initiative served as the foundation for supporting educators to pivot to online teaching during the COVID-19 pandemic. The Ministry of Education, Culture, and Research partnered with Google to incorporate the Google for Education suite of services in Moldovan schools (see box). The partnership was initiated by the MCP via the Future Classroom initiative to provide a quick solution for online learning during the lockdown period. While most Google for Education applications are free, as part of the partnership Google provided dedicated expert support to Moldova to introduce the new suite, help bring schools online, and train teachers and students on Google applications that support teaching and learning. The partnership enabled the Future Classroom Center to rapidly connect 1,200 Moldovan schools to Google for Education during COVID-19 and provide trainings on G Suite, Google Classroom and digital literacy for over 20,000 teachers, or 75 percent of the total number of schoolteachers from Moldova. Globally, education has transformed and may never fully resemble pre-pandemic models. Through this partnership, MCP and the government of Moldova have ensured the country's schools – urban or rural – are in lockstep with the world during this transformation.

The G Suite for Education

The G Suite for Education dominates the technology-for-education sector worldwide and has only grown during the COVID-19 pandemic. The workspace includes:

Gmail	Forms
Calendar	Classroom
Meet	Assignments
Docs	Sites
Sheets	Groups
Slides	Drive
Administrator Dashboard	



Photo caption: Teachers training on Google for Education, hosted by the Future Classroom National Center.
Photo credit: Future Classroom National Center.

Gigabit Connectivity for All Learners

The crown jewel of partnerships for the future is MCP's most recent efforts to expand access to gigabit internet. While most Moldovan schools have basic internet connections, less than 10 percent have high-speed internet – which is practically a prerequisite for modern digital education and blended teaching. To address the challenge, MCP convened Moldova's leading private telecommunications and internet providers (StarNet, Orange, Moldcell and Moldtelecom); MCP's flagship initiative Future Classroom and Tekwill Project; and the Ministry of Education, Culture and Research (MECR) to sign a Memorandum of Understanding supporting connectivity and use of digital technologies in Moldovan schools. The partnership is a groundbreaking engagement through which competitor internet providers will work together to offer free high-speed internet to schools and low-income families for a period ranging from 1-5 years. The partnership will reach 50 percent of Moldovan schools, and support digital inclusion of disadvantaged students by providing home internet connections. At the heart of the partnership is a commitment to developing educational internet packages for affordable Gigabit connectivity in the long-term.



Photo caption: MoU signing ceremony for Supporting Connectivity and Use of Digital Technologies in Moldovan K-12 schools.
Photo credit: Moldcell.

Putting it All Together

In brokering these partnerships for the future, and helping to bridge the urban-rural digital divide in education, MCP has laid the foundation for what the EU Digital Education Action Plan calls the three key elements of a high performing digital education ecosystem: gigabit connectivity, digital equipment and tools, and digital skills for teachers and students. These activities are primed to reach full scale, impact, and sustainability over the next five years.



MOLDOVA
COMPETITIVENESS PROJECT



CASE STUDY

MEDIACOR: A Creativity Collider for Moldova's Digital Media Ecosystem

*Photo caption: Mock-up of the MEDIACOR Technology Media Center.
Photo credit: Maxim Calujac*

MEDIACOR is a digital media production center offering state-of-the-art production facilities, cutting-edge media technology, collaborative spaces, and training opportunities for established and emerging content creators.

Bridging the Gap

Media in the 21st century has transformed. From video games to podcasts to online news, there are now more ways than ever to reach and engage audiences with stories and information. These same audiences, however, also have more choices than ever on what to consume. The supply of media content is global, the demand is local.

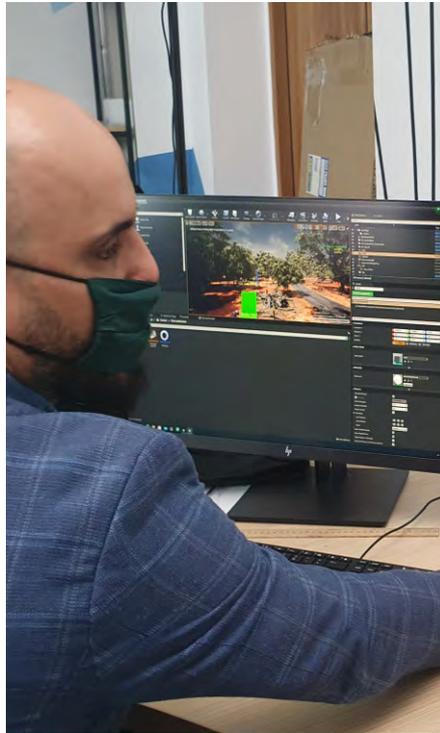
Enter MEDIACOR – a technological hub for Moldova's digital media sector – whose mission it is to empower growing digital media companies in Moldova with the facilities, skills, and connections they need to compete globally and meet the high standards of a new generation of content consumers. Set to open in Fall 2021, MEDIACOR lays the foundation for a vibrant digital media ecosystem in Moldova.

Three Pillars of MEDIACOR



High Value Infrastructure

Provide access to the physical space and technology necessary to create high quality media from pre-production to post-production



Skills for the Future

Building sustainable connections between creative hubs and university students to create a talent pipeline of digital content creators versed in the latest trends and technologies



Playground for Innovation

Connecting and “colliding” 12,000 students and creative industry professionals to foster collaboration and discover the next frontier of digital media

Catalyzing Collision: The Golden Triangle

MEDIACOR, physically, is a 3,000 m² digital media hub located at Moldova State University housing a recording pavilion, pre- and post- production facilities, and training and co-working spaces. But what makes MEDIACOR transformation is not its physical characteristics – but the partnerships that came together to make it possible.

Vibrant ecosystems are built on golden triangle partnerships – where the private sector, academia, and the public sector mutually reinforce each other to push the envelope on creativity, innovation, and growth. MEDIACOR offers a space for the golden triangle in digital media to flourish.

The Golden Triangle of MEDIACOR

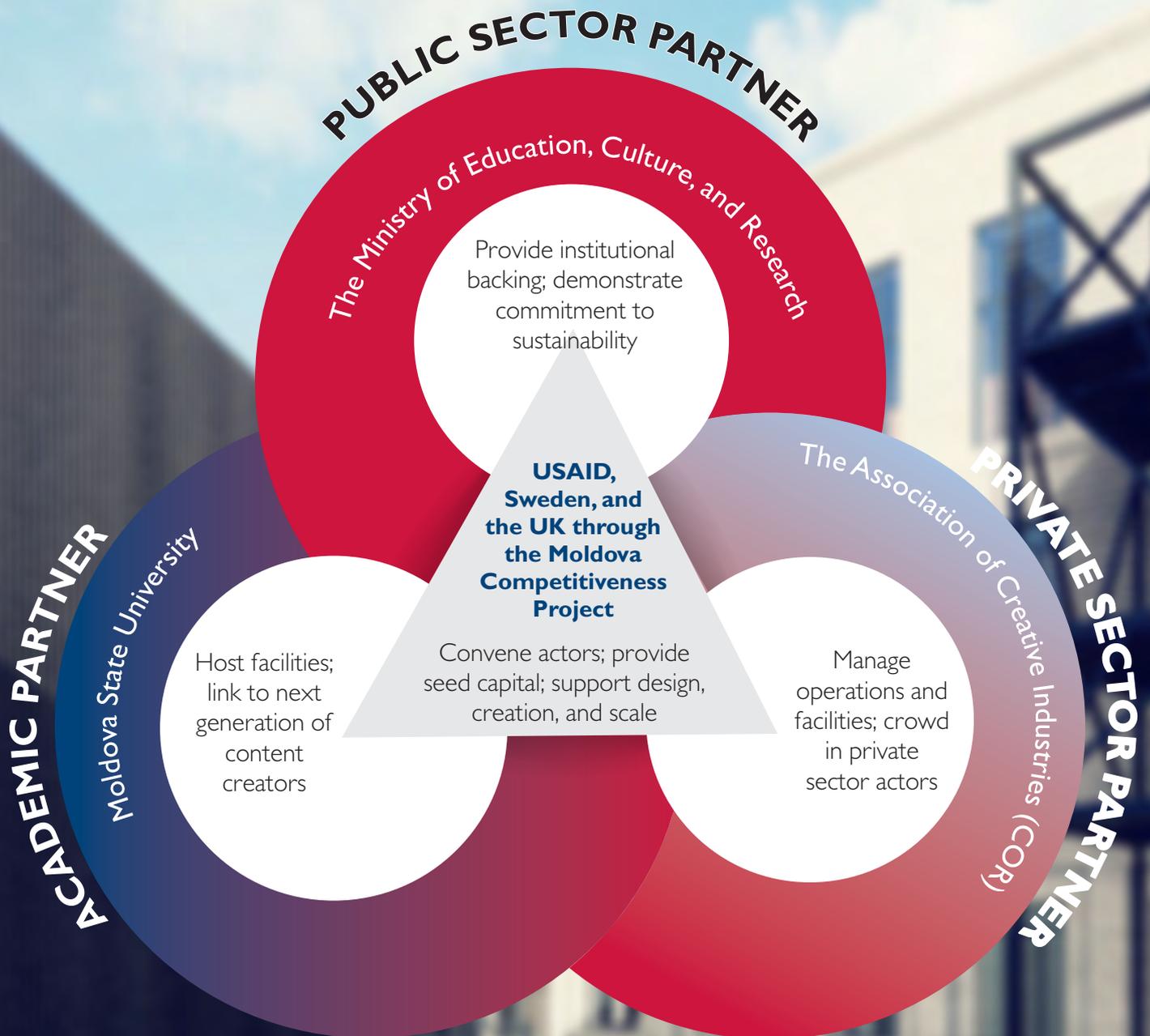


Photo caption: Mock-up of the MEDIACOR Technology Media Center.
Photo credit: Maxim Calujac

Living on the Cutting Edge

At the heart of MEDIACOR is a commitment to living on the cutting edge – providing access to state-of-the-art technology so that the next great idea has no obstacles in coming to fruition. This means creating a true sandbox of novel media technologies and services for entrepreneurs, students, and businesses alike to experiment with – from virtual reality to surround sound design to motion capture.

State of the Art at MEDIACOR



Content
Creation and
Storytelling



Filming and
Video
Production



Sound Recording,
Audio Production, and
Surround Sign Design



Motion Capture
and 3D
Animation



Color
Correction and
Visual Effects



Virtual
Reality

One of the most exciting parts of MEDIACOR is the transformational impact it can have for upgrading skills in the digital media ecosystem. Not only can businesses test, prototype, and produce new ideas – but students and emerging entrepreneurs can get hands-on exposure to the latest technology and methods for content creation. Instead of relying solely on traditional curriculum, aspiring content creators have a co-working space, training center, and direct access to the private sector for learning the latest in storytelling, sound engineering, and more.

Vision for the Future

The digital media ecosystem is flocking to MEDIACOR already. The Advanced School of Journalism just agreed to locate its training center at MEDIACOR. Moldovan leading video production studios Raketa Production and Pascaru Production, as well as ASTI Studio, a leader in game and app development, are following suit and want to become MEDIACOR residents.

This is the true vision for MEDIACOR – colliding all media stakeholders in one location so that the economy as a whole can reap the benefits of the creative aftershocks. MEDIACOR represents a hub for mobilizing capital – intellectual, creative, human, physical, and financial – for the betterment of digital media and the creative industries at large.



Photo caption: Mediacor video production studio equipped with with TV sets and virtual production/motion capture technologies.
Photo Credit: MCP

SECTION III:

PROJECT LEVEL

OUTCOMES AND RESULTS

SECTOR ENGAGEMENT, ENHANCEMENT, AND DEVELOPMENT (SEED) FUND

MCP's **\$5.51 million SEED Fund** serves as the instrument supporting some of the most visible and impactful technical activities across supported industries. MCP consolidated the grants program, with increased attention paid to the quality of implementation and ramping up of new awards and disbursements to fully allocate the grant funds. As a result, MCP has **awarded and disbursed 163 grants with a total value of \$5.48 million** (99.6% of the total SEED Fund).

SEED Fund Highlights

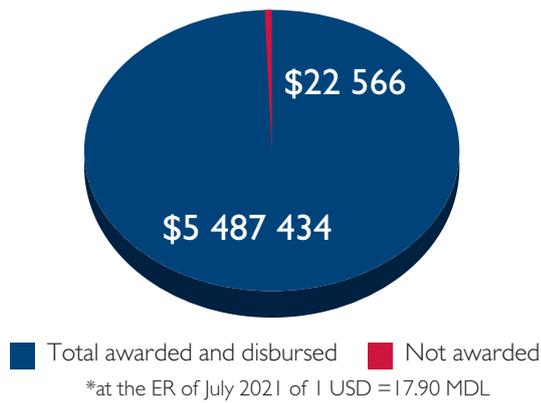
99.6% of the total
\$5.51 million awarded.

100% of awarded
grants fully paid.

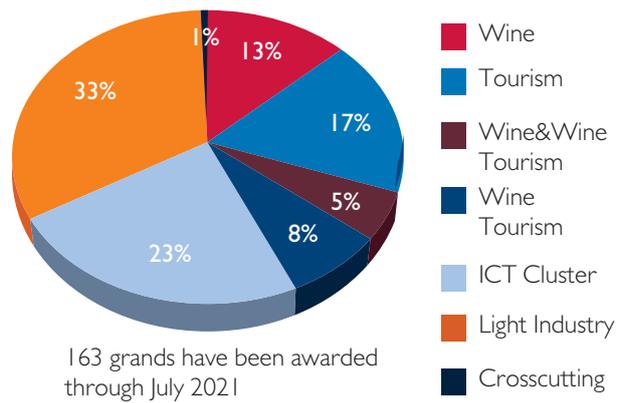
- Of the 163 awarded and disbursed grants, 143 awards or 88% are for enterprises, the majority of which are small and medium enterprises (SMEs) with an average grant value of \$15,765.
- Of nearly \$5.48 million of total disbursements, 41% or \$2.23 million were for SME-level grants.
- While a majority of grant beneficiaries were SMEs, MCP also supported 9 business associations across all sectors via the SEED Fund, including Protected Geographic Indications (PGI), eight NGOs, one Excellence Center in light industry (ZIPhouse), and three higher education institutions (Technical University of Moldova, Balti State University, and Academy of Music, Theatre and Fine Arts).
- Industry associations championed export and workforce development initiatives through SEED grants. These initiatives help them increase their institutional capacity and membership value, ensuring long-run sustainability. For instance, APIUIS implemented DININIMA campaigns and built partnerships with other donors; COR Creative Businesses Association continued to sustainably develop the ARTCOR Center with new educational and entrepreneurial programs; and ANTRIM promoted Moldova under the umbrella brand 'Tree of Life' as a tourism destination at important tradeshows, hosted media trips and positioned the first Tourism Information Center. In light of COVID-19, grantees switched to online activities, such as online trainings, member meetings, and digital awareness campaigns.
- SEED grants supported flagship collaborative and educational spaces, such as the ARTCOR Creative Industries Center within the Academy of Music, Theatre, and Fine Arts, Chisinau Fab Lab, and Micro Lab within the Technical University of Moldova, Future Classroom Lab within Pedagogical University, and others.
- The SEED Fund launched 22 Requests for Applications (RFAs) and one Annual Program Statement (APS).

MCP focused its approach on innovation, adoption of new technologies, and capacity building to enhance the competitiveness of MCP-supported industries via higher-value-added products, trade development, and access to EU and other mature markets. SEED Fund initiatives resulted in a mix of "soft" and "hard" grants. The former entailed grants for business associations, excellence centers, and NGOs to enhance organizational capacity, quality of services, content consolidation, and advocacy, while the latter supported SMEs and enterprises through the procurement of equipment, software and other goods and materials for quality and productivity enhancement.

Seed Fund Performance through July 2021



Grant Allocation by Industry through July 2021 (by value)



MCP support is a catalyst for growth and quality enhancement and is conditioned by **grantee buy-in and contributions**, ensuring long-term sustainability. It was achieved by **securing grantee and third-party contributions and private-public investments**, when possible, to promote innovative ideas, collaborate on marketing and promotion, assist with international quality standard certifications, and conduct workshops, training events, and public awareness initiatives. **For every \$1 invested in grants, the Project has leveraged nearly \$2 in grantees' contributions, which underscores the sustainability of the Project's interventions. The results are even more impressive for enterprises, including SMEs, where the Project could leverage \$3.2 in grantees' contributions for every \$1 invested.** Enterprise and SME level contributions amount to \$7.010 million, while total contributions presented by all grant recipients, including enterprises and SMEs to date, amount to \$9.399 million, at the exchange rate of \$1 = 17.90 MDL. This speaks of the "seed" role MCP played in incentivizing grantees to invest their funds in their businesses, focus on quality, higher-value-added products that appeal to local and international markets.

LOCAL CAPACITY BUILDING PROGRAM

Support for industry associations was a central focus for MCP, aimed at building the capacity of institutions to provide quality member services and become advocates for the industries they represent. MCP consolidated its support to all grant recipients across all sectors—business associations ANTRIM, APIUS, ASW, ATIC, three regional PGI associations, two cross-cutting business associations AmCham and EBA, fashion excellence center ZIPhouse, and ARTCOR creative industries center through the creative services association COR. To build local capacity and sustainability, MCP directed most of its trade and workforce development assistance through these industry associations, enabling them to increase capacity, relevance, and value to their members. This was accomplished through MCP's technical assistance in advocacy, mentorship, communication, and governance; support for participation in various international trade shows and exhibitions; organization of key events such as Moldova Fashion Days, DescOPERA, and Wine Vernissage, as well as press tours, conferences, competitions, among others.

MCP's SEED Fund utilized the reimbursement mechanism for association grants, where grantees used their financial resources to implement a small portion of their activities and then presented reimbursement requests documenting the procurement process. This enabled the grantees to develop and follow procedures, becoming more confident in their abilities to implement projects with limited MCP supervision, building stronger financial and administration teams, and incentivizing the associations' members to pay their annual membership fees to ensure the availability of cash flow.

The Organizational Capacity Assessment tool (OCA), updated and used by MCP, allowed supported sector associations – APIUS, ATIC, ANTRIM, ASW, and COR Association to reflect upon their successes and identify areas for improvement by assessing themselves annually against a list of criteria including governance, management, strategic vision, member services, and satisfaction. The self-evaluation scores across project years showed improvements in the overall capacities of participating associations to serve their members, advocate for regulatory and legislative changes, secure new sources of revenue to ensure MCP investment sustainability and make streamlined management decisions. The OCA tool allowed MCP to compare scores and determine the required level and areas of targeted interventions. MCP conducted OCA self-evaluations to measure the improvements and identify areas and means of improving associations' capacities. In addition, MCP supported associations to develop internal regulations and manuals around procurement, personnel, ethics, and others, as well as in identifying new partners and donors.

Supported Associations	Averages of OCA self-evaluation tool						% Increase in capacities 2016 vs. 2021
	2016	2017	2018	2019	2020	2021	
ANTRIM	1.73	2.05	2.9	3.07	3.40	3.78	119%
APIUS	1.6	2.28	2.33	2.77	3.00	3.33	108%
ASW	1.68	2.22	2.6	2.65	3.10	3.40	102%
ATIC	2.93	3.18	3.68	3.78	3.87	3.92	34%
COR	n/a	n/a	n/a	1.15	2.20	2.72	136%
Average	1.99	2.43	2.88	3.07	3.11	3.43	100%

An impressive average 100% increase of capacities compared to the baseline was registered by monitored association, surpassing the LOP target of 60%. The association with the greatest increase was the newly assisted COR Creative Services Industry Association with a 136% increase, followed by the tourism association ANTRIM -with 119%, the light industry association APIUS with 108%, Association of Small Winemakers ASW with 102%, and the Association of Private ICT Companies from Moldova ATIC –with 34%, given the association had started with a higher overall score.

Please see the report's industry-specific sections to learn more about the institutional capacity improvements within beneficiary business associations.

ENVIRONMENTAL PROTECTION

MCP monitored environmental compliance in accordance with environmental threshold determinations. Per the approved IEEs, none of the MCP interventions had significant effects on the environment (as defined in 216.2 (d)(1)), and only two environmental threshold determinations apply to MCP:

1. Categorical Exclusion, which does not require any further environmental mitigation and monitoring measures, and
2. Negative Determination with conditions, which require the development of Environmental Mitigation and Monitoring Plans (EMMP).

MCP used the environmental review checklist (ERC) to screen all proposed SEED fund interventions and other proposed interventions/activities to identify potential environmental impacts of project activities and processes to ensure that they lead to no adverse environmental impact.

MCP SEED Fund developed and presented for approval to COR, Mission Environmental Officer (MEO), and Environmental Bureau Officer (BEO) 65 ERC/EMMPs for 150 grant beneficiaries in all sectors supported by the Project. Monitoring of the implementation of the mitigation measures included in the EMMPs was conducted jointly by the SEED Fund team and the technical leaders on an ongoing basis during the life of the grant agreements and technical activities. MCP conducted site visits to ensure compliance with technical and environmental guidelines, and grantees present photos and videos whenever possible, as well as self-certifications of progress made.

As part of grants' closeout, MCP finalized Records of Compliance with Activity Specific Environmental Mitigation and Monitoring Plans, certifying that MCP met all applicable ERC/EMMP conditions. By the end of May 2021, MCP submitted records of compliance for 150 closed grants to the COR/AOR and received COR's approvals.



Photo caption: Vineyards of Kazayak-Vin winery.
Photo credit: Maxim Ciomas.

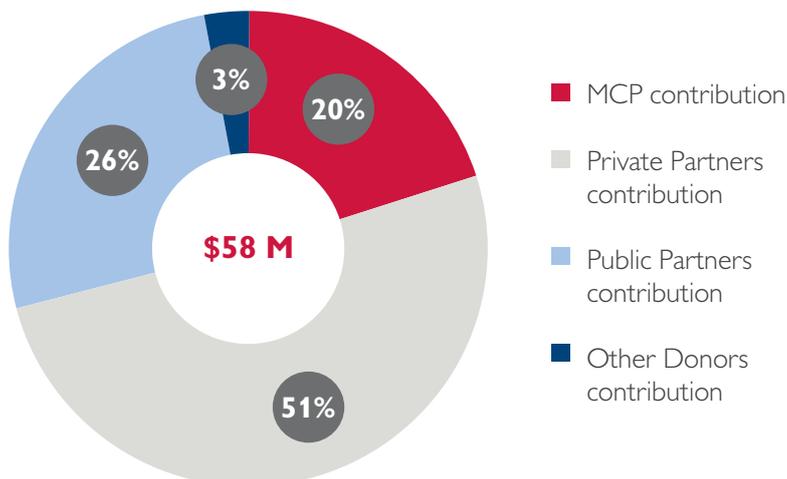
PUBLIC-PRIVATE PARTNERSHIPS (PPP)

MCP facilitated 50 Public-Private Partnerships valued at more than \$58 million

MCP facilitated the conceptualization and development of **50 transformative public-private partnerships** that collectively leverage multi-million dollar resources to realize shared objectives in regulatory reform, trade promotion, workforce development and economic growth.

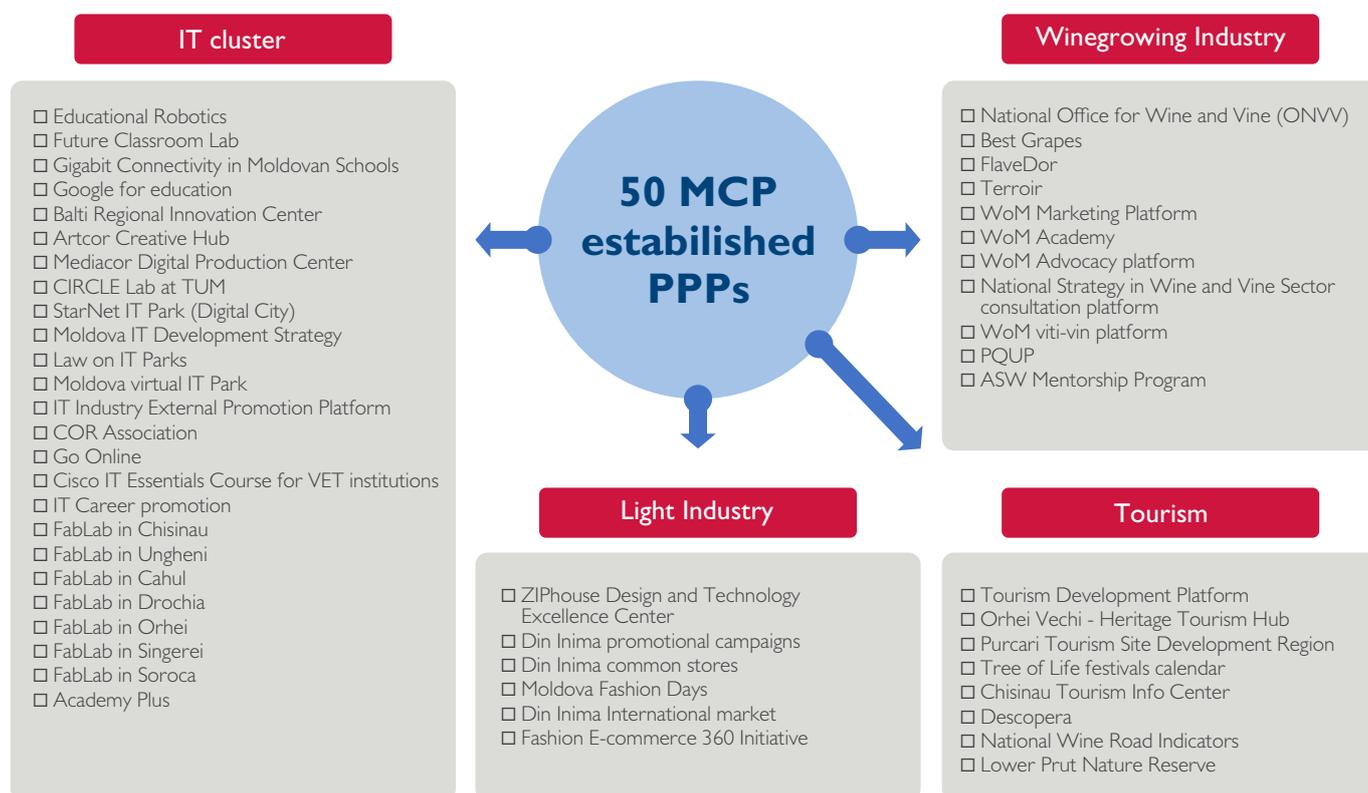
MCP integrated several kinds of PPPs into its program, including STEAM education partnerships, centers of excellence like ZIPhouse, Future Classroom Labs, FabLabs and Artcor, and industry branding and marketing alliances under country brands - Wine of Moldova, DININIMA (fashion), and Tree of Life (tourism). The MCP - supported PPPs attracted various partners: public sector organizations (ministries, i.e. Ministry of Economy and Infrastructure and Ministry of ICT, state companies, local regional authorities) and educational institutions (schools and universities), private sector entities (represented by local and international companies like Microsoft, CISCO as well as private business associations) and other donors (mainly international organizations and other projects).

Share of Partner' Contributions to 50 MCP-supported PPPs



Each dollar invested by **MCP** attracted **four dollars** from **other partners** to the developed PPPs.

The total value of these transformative partnerships exceeds **\$58M**. MCP's cumulative contribution in 50 PPPs is \$11.58M or 20% of its total value of facilitated partnerships, while private sector contribution is \$29.8 M representing 51%. Local public donors contributed with \$15.16 M or 26% of the total value, while other donors – with \$1.63M representing 3% of the total value.



The PPPs increased their sustainability grade each year. MCP supported and sustained the PPPs, especially in the first two to three years post launch when targeted support is crucial. Disaggregated by sectors, there are: 11 PPPs in wine industry; 8 PPPs in tourism; 6 PPPs in light industry; 25 PPPs in the IT, PE, CSI cluster, with the average value of a PPP being \$1.16M.

Description of MCP supported partnerships are included in the individual sectors' sections, while details on the cumulative contributions by partner type are included in Appendix IV.

50 PPPs leverages resources by each MCP - supported sector

- 11 PPPs in Winegrowing Industry
- 8 PPPs in Tourism
- 6 PPPs in Light Industry
- 25 PPPs in IT cluster

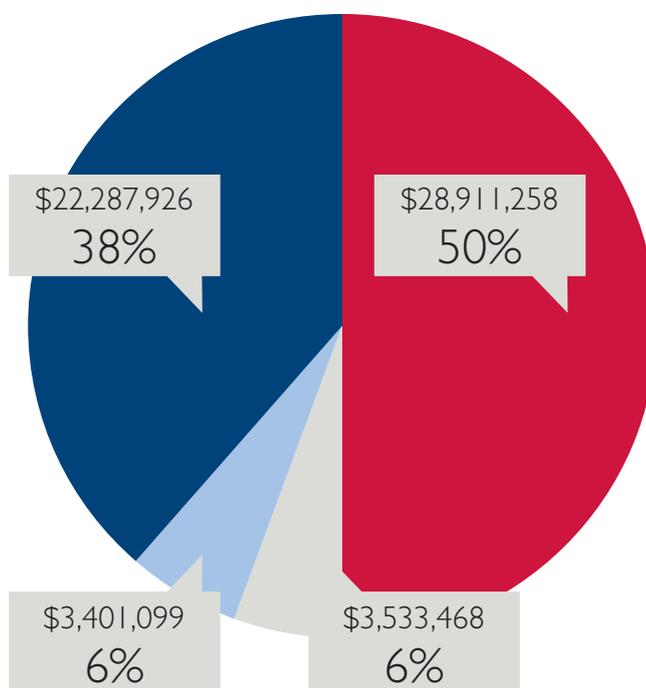


Photo caption: Woman cooking traditional Moldovan pies at Butuceni Eco Resort
 Photo credit: Andrei Paul.

To highlight MCP support for the creation of industry innovation centers by establishing PPPs, the following infographic “Cutting-edge Innovation Centers” was developed:



MOLDOVA
COMPETITIVENESS PROJECT

CUTTING-EDGE INNOVATION CENTERS

empower Moldovan youth with forward-looking skills and harness competitive entrepreneurship ecosystem

embolden STEAMED, technology, fashion manufacturing, engineering and creative sectors



8 University-based excellence centers

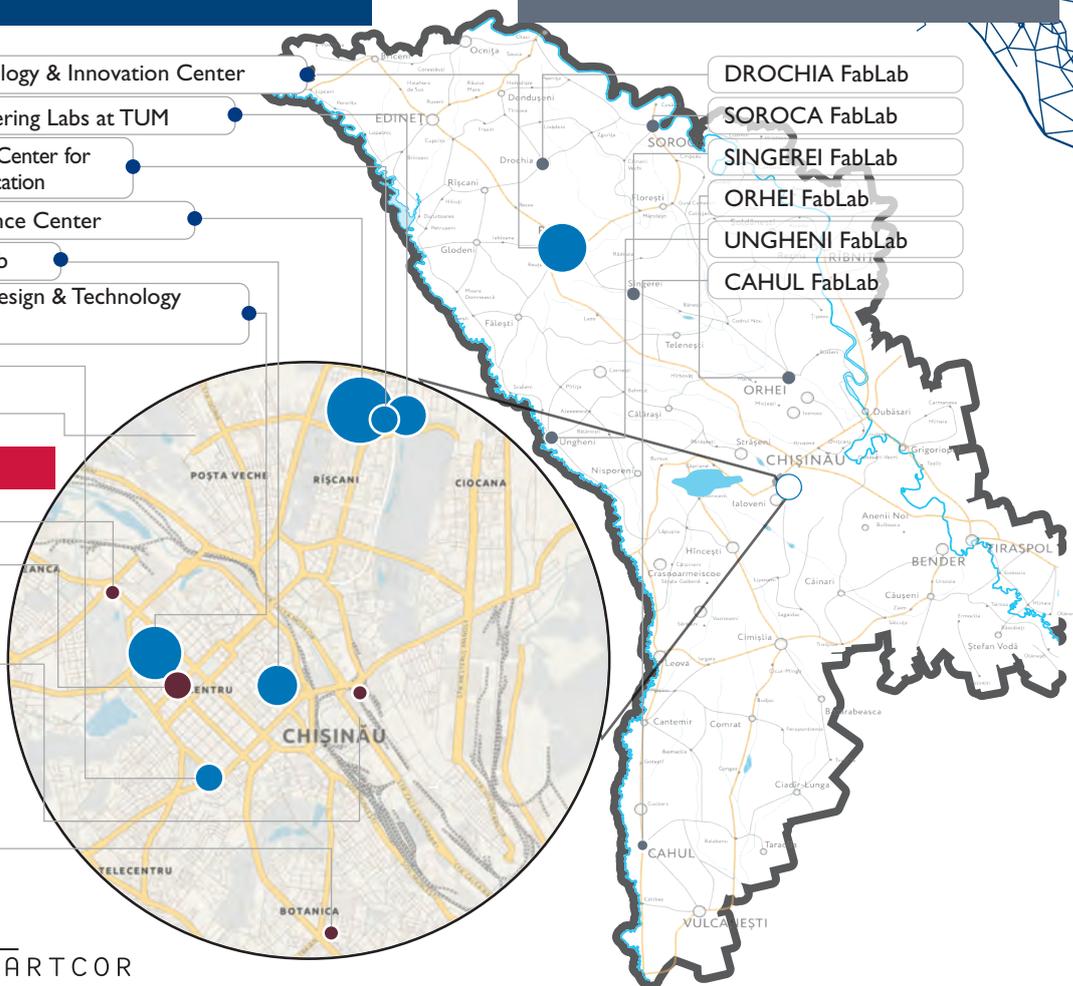
- BALTI Regional Technology & Innovation Center
- CIRCLE IT and Engineering Labs at TUM
- FUTURE CLASSROOM Center for Digital Innovation in Education
- TEKWILL ICT Excellence Center
- ARTCOR Creative Hub
- ZIPHOUSE Fashion, Design & Technology Center
- FABLAB Chisinau
- MEDIACOR Media Technology Center

6 Regional FabLabs in community libraries

- DROCHIA FabLab
- SOROCA FabLab
- SINGEREI FabLab
- ORHEI FabLab
- UNGHENI FabLab
- CAHUL FabLab

4 Coworking spaces

- 404 Not found
- Generator Hub
- iHub Innovation & Entrepreneurship Center
- Dreamups Innovation Campus



High-impact, collaborative and cutting-edge innovation centers are developed as sustainable and systemic solutions to boost youth entrepreneurship, employability and skills in Moldova, and upgrade Moldovan industries for long-term competitiveness.

UNIVERSITY-BASED EXCELLENCE CENTERS

Tekwill ICT Center for Excellence

LAUNCHED

- ▶ an **educational & learning platform** and an **entrepreneurial hub** with co-working spaces & tech labs (IoT, 3D printing), designed to enhance the role and the potential of the Information and Communications Technologies (ICT) industry in Moldova

 **15,000**
people annually

 **2017**
March

 **4,000 m²**

 hosted by the **Technical University of Moldova**



- ▶ **USAID and Sweden**
- ▶ **Academia** - Technical University of Moldova
- ▶ **Private Sector** – Moldovan Association of ICT Companies (ATIC)

Future Classroom National Center for Digital Innovation in Education

LAUNCHED

- ▶ a digital transformation agent **promoting and supporting STEAM education approach and innovation** in the country's **educational system**, namely general education level; providing initial and in-service teachers' training

 **2,000**
beneficiaries annually

 **2019**

 **1000 m²**

 hosted by the **Pedagogical University Ion Creanga**



- ▶ **USAID, Sweden and the UK**, through MCP
- ▶ **Academia** - Pedagogical University Ion Creanga
- ▶ **RM Government** – Ministry of Education, Culture and Research
- ▶ **Private Sector** - Orange Foundation

CIRCLE IT and Engineering Labs at TUM

LAUNCHED

- ▶ a cluster of **learning laboratories** supporting **technical, mechanical, electronics, and engineering students** to conceptualize, research and prototype new products and services using facilities provided by industry partners
- ▶ uses **ultra-modern educational approaches** to studying digital technologies allowing students to obtain and generate new knowledge it is the foundation of the university's R&D activities

 **1,200**
students annually

 **2018**
March during the visit of Margot Ellis, USAID Deputy Assistant Administrator, Europe & Eurasia Bureau

 **600 m²** of educational and research labs for IT, Electronics, Communications, Engineering, Transportation, & Architecture specializations

 hosted by the **Technical University of Moldova**



- ▶ **USAID, Sweden and the UK**, through MCP
- ▶ **Academia** - Technical University of Moldova
- ▶ **Private Sector** – BitDefender, Siemens

ARTCOR Creative Hub

LAUNCHED

- ▶ a flagship platform of **practical education and collective workplaces for designers, filmmakers, app developers and/or startup entrepreneurs** to develop key skills required by the creative services industry; provides training, networking and startup acceleration

 **1,000**
students annually

 **2019**

 **1,000 m²** of labs for graphics, sound & video production, collaborative space & conference areas

 hosted by the **Academy of Arts**



- ▶ **USAID, Sweden and the UK**, through MCP
- ▶ **Academia** - Academy of Music, Theatre & Fine Arts
- ▶ **RM Government** - Ministry of Education, Culture & Research
- ▶ **Private Sector** - Association of Creative Companies (COR)

BALTI Regional Technology & Innovation Center

UNDER CONSTRUCTION

- ▶ an excellence center that expands industry-led education into the North of Moldova; under development with 11 public and private partners; hosted by State University Alecu Russo. It is envisioned for **tech, engineering, automotive, graphic design innovation**.

 **5,000**
people annually (students+ community)

 **2021**
expected launch

 **6,000 m²** of labs, collaborative spaces & business park

 hosted by **Balti State University 'Alecu Russo'**



- ▶ **USAID, Sweden and the UK**, through MCP
- ▶ **Academia** - Balti State University 'Alecu Russo'
- ▶ **RM Government** - Ministry of Agriculture, Regional Development and Environment, Ministry of Education, Culture and Research, Ministry of Economy and Infrastructure, Regional Development Agency "Nord" (ADR Nord), Balti Municipality
- ▶ **Private Sector** - Moldovan Association of ICT Companies (ATIC), Association of Industrial Manufacturers (AIM)

Fablab Chisinau and 6 Regional FabLabs

LAUNCHED

- ▶ FabLab is a **digital prototyping facility**, providing access to advanced digital manufacturing technologies and developing critical engineering and product design skills. One of the largest prototyping and small-scale production workshops in Eastern Europe, providing Moldovan youth with access to sophisticated tools that play key roles in Moldova's future industries, such as electronics, robotics, furniture, and machinery sectors. Chisinau FabLab and the six Regional FabLabs, a member of a network of 1300 FabLabs worldwide, using a concept developed by MIT, will enable access to software from leading American corporations like Solidworks and Autodesk.

 **800**
people annually/
FabLab

 **2018-2021**

 **3,800 m²** of labs

 hosted by the **Technical University of Moldova**



- ▶ **USAID, Sweden and the UK**, through MCP & Tekwill
- ▶ **Academia** - Technical University of Moldova
- ▶ **Private Sector** – Tekwill, NGO Makers Moldova

ZIPhouse Centre of Excellence and Acceleration in Design and Technology

LAUNCHED

- ▶ a **flagship institution in workforce development and fashion startup acceleration**
- ▶ supports industry transition to higher value added by developing critical skills and abilities of the labor in fashion industry

 **1,000**
people annually

 **2015**
Oct

 **800 m²**

 hosted by the **Technical University of Moldova**



- ▶ **USAID, Sweden and the UK**, through MCP
- ▶ **Academia** - Technical University of Moldova
- ▶ **Private Sector** – Employers Association of Light Industry (APIUS)

MEDIACOR Media Technology Center

LAUNCHED

- ▶ a **digital media production center** housing a state-of-the-art recording pavilion, pre- and post-production facilities, accessible co-working and learning areas.
- ▶ will catalyze the community and fuel collaboration among digital media start-ups, producers and other players.

 **3,000**
beneficiaries annually

 **2021**

 **2,500 m²** production studios

 hosted by the **Moldova State University**



- ▶ **USAID, Sweden and the UK** through MCP
- ▶ **US Embassy**
- ▶ **Academia** – Moldova State University
- ▶ **RM Government** – Ministry of Education, Culture and Research
- ▶ **Private Sector** – Association of Creative Companies (COR)

FEATURE STORY

MCP Convened Leading Internet Providers to Support Gigabit Connectivity in Moldovan Schools

Sealed as an MoU signed on June 02, 2021, this public-private partnership will bring Moldova's education system into the modern digital age by supporting digital technologies and connectivity for schools, build digital skills for Moldovan teachers and youth, which ensured the continuity of education in the face of Covid-19 challenges, and generate longer-term human capital investments in Moldova. MCP convened Moldova's leading private telecom and internet providers – Starnet, Orange, Moldcell and Moldtelecom - MCP's flagship initiative Future Classroom and Tekwill Project, and the Ministry of Education, Culture and Research to sign a MoU supporting connectivity and the use of digital technologies in Moldovan schools. This partnership brings competitor internet providers together to offer free high-speed internet to schools and low-income families for 12 months to 5 years. The parties aim to connect at least 50 percent of Moldovan schools to high-speed internet.

Gigabit connectivity is the backbone of digital education. While a majority of Moldovan schools have basic internet connection, less than 10 percent of Moldovan schools have the high-speed internet required for today's digital education, while 76 percent of teachers did not use education technologies prior to the Covid-19 pandemic. The goal is to provide Gigabit connectivity for 600 (or half) of Moldovan schools, by expanding high-speed internet coverage to schools for use in classrooms, which supports digital inclusion of disadvantaged students through internet at home. The PPP also seeks to develop educational internet packages for affordable Gigabit connectivity access in the long-term. Implementation will be demand-driven, with schools applying for these incentive programs and the opportunity to work with multiple internet providers.

During the MOU signing event, USAID Mission Director Scott Hocklander shared: “USAID supports the digital transformation of Moldova's educational system. The MoU sealed today united the efforts of both public and private partners with the common goal to support Gigabit connectivity and use of technologies in Moldovan schools. USAID commits to align its strategic support for advancing STEAM skills and digitization of Moldova's education through Future Classroom and Tekwill.”

Future Classroom and Tekwill in Every School will continue to provide trainings and enhance the digital skills of teachers and students under this partnership. Future Classroom and Tekwill are USAID's flagship digital education initiatives that have impacted 200 schools, 20,000 teachers (or 75 percent of all teachers in country) and 30,000 students to date. The Ministry of Education will continue to provide laptops to teachers, with 10,000 laptops to be delivered in 2021 (covering 1/3 of teachers). The quick-wins under the MoU are built around the three key elements of a high-performing digital education ecosystem – Gigabit connectivity (internet), digital equipment & tools, and digital skills for teacher and students.



Photo caption: Public Private Partners at the MOU signing for Gigabit Internet Connectivity in Schools, June 2, 2021
Photo credit: Future Classroom Lab

ACCESS TO FINANCE THROUGH DEVELOPMENT CREDIT AUTHORITY

All Moldovan businesses need regular access to capital to maintain and grow their business, boost their exports, increase their productivity, and enhance their competitiveness. To reduce collateral requirements, increase loan value and extend lending to new sectors and to first-time borrowers, lenders in Moldova need support to de-risk these loans. A loan guarantee program is a critical tool that leverages private sector resources to generate sustainable economic growth. The use of guarantees partly covers risks associated with new loans and borrowers and promotes private sector finance to those entities who were unable to access it otherwise.

Since its launch in 2015, MCP has served as a bridge between the contractual partners of Moldovan loan guarantee programs, driving successful implementation

Since its launch in 2015, MCP coordinated the implementation of loan guarantee programs in Moldova, which encourages lending by reducing risk, builds lending capacities for financial institutions, and improves access to finance for companies and individuals.

KEY FACTS ON MCP-SUPPORTED LOAN GUARANTEE PROGRAMS

Guarantee Agreements in active phase of implementation

\$8.9 million

USAID loan guarantee

for the creation of a state-of-the-art IT business park, with StarNet and Moldova Agroindbank



Timeframe:
December 2018 -2030



Final date for placing loans:
September 2022



Utilization:
5.67%

\$3.5 million

USAID - Sweden guarantee

with Prime Capital to support lending for energy efficiency



Timeframe:
September 2013 -2028



Final date for placing loans:
September 2027



Utilization:
40% (152 loans worth \$1,406,781)

Guarantee Agreements in passive phase of implementation or closed

\$3.9 million in SME lending

as result of USAID DCA guarantee with Comertbank, Prime Capital and Rural Finance Corporation to promote industry growth in Moldova



Timeframe:
September 2011 - 2018 (for RFC), 2020 (for Comertbank) and 2026 for (Prime Capital)



Final date for placing loans: March 2016



Closed: September 2020

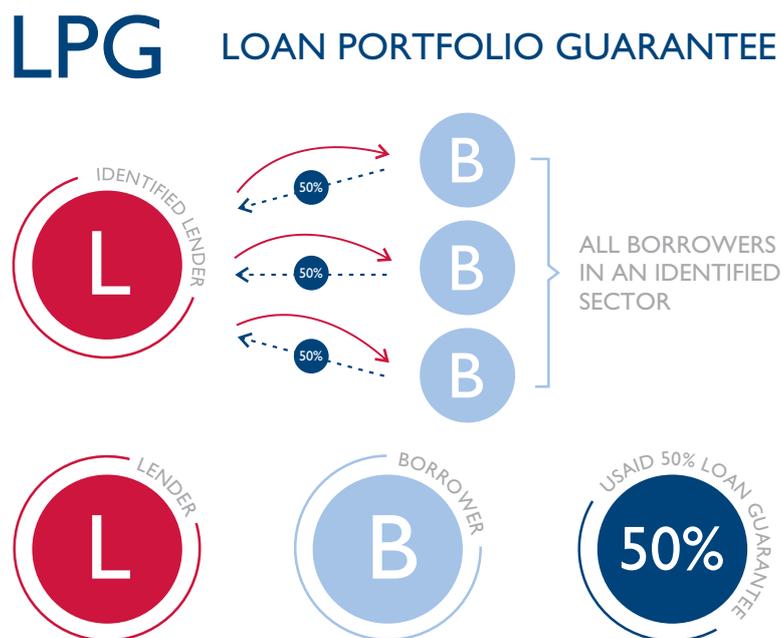
January 1, 2020 – USAID transfers all DCA's functions, personnel, assets, and liabilities to DFC

Until January 1, 2020 USAID's Development Credit Authority (DCA) Activity was the owner of the loan guarantee programs. Starting 2020, all USAID's Development Credit Authority (DCA) functions, personnel, assets, and liabilities have been transferred from USAID to the United States International Development Finance Corporation (the "DFC"), an agency of the United States of America, which has also incorporated the Overseas Private Investment Corporation. All references to USAID in the DCA Agreements shall be deemed to constitute references to the DFC.

The Global Competitiveness Report 2016–2017¹ stipulated “Financial sectors are under stress in at least half of Eurasian economies, with banks becoming less liquid and reducing firms' access to finance especially in Moldova (which has been affected by banking scandals), the Russian Federation, Tajikistan, and Ukraine.” In these financial sector conditions, USAID's loan guarantee program become an important tool for stimulating development, encouraging lending and promoting private-sector investment. During life of project, MCP monitored three guarantee agreements targeting SME lending, energy efficiency, and the creation of a state-of-the-art IT business park, which was also conceptualized by MCP within its technical activities in the IT cluster.

USAID guarantee product LPG: definition and scheme of implementation²

Loan Portfolio Guarantees provide financial institutions with partial coverage on a portfolio of loans that they provide to their customers. In the case of the LPG, USAID agrees to share in the risk of a broadly defined category of bank loans to incentivize local banks to extend credit towards an underserved sector. Individual borrowers under an LPG are not predetermined at the time the Guarantee Agreement is signed, but the borrowers must fall within a pre-agreed definition of “Eligible Borrowers”.



MCP assisted all local financial institutions that are signatories of loan portfolio guarantee agreements. MCP served as a bridge between the contractual partners, supporting financial institutions with contract implementation and facilitating dialogue with USAID and SIDA. For the financial institutions benefiting from the Loan Guarantee Program in SME lending, MCP provided guidance on reporting loans through the Credit Management System (CMS), paying utilization fees, among others.

Regular communications and meetings took place to enhance access to finance. For example, the Project supported the partner financial institution - Prime Capital, to communicate and obtain approval from USAID DCA in Washington D.C. to allow lending that exceeded twice the maximum size of qualifying loans (\$50,000). This resulted in the borrower receiving sufficient resources to develop their business space.

MCP also conducted regular monitoring visits to financial institutions, verifying loan files, compliance with the CMS, environmental and anti-terrorism requirements. The monitoring memoranda with detailed information related to outcomes, outputs and the impact of DCA were prepared by MCP and submitted to USAID and Sida. The reports concluded that the **loan guarantee programs led to development impact**, being used as a tool to cover the transaction or borrower risks (e.g. no credit history, startup, new or large investment) and facilitate access to finance. Without DCA guarantees, these borrowers would not have received credit or smaller loans. DCA enabled these borrowers to access lending resources to grow and develop their businesses.

¹http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf, page 15

²The scheme is taken from https://www.usaid.gov/sites/default/files/documents/1870/1210-usaid-onepager-v5-4_2.pdf



*Photo Caption: Monitoring Meeting for the Loan Guarantee Program in Energy Efficiency with Prime Capital, March 2017 (from left to right: Virginia Bilici, Program Officer, Embassy of Swedish; Annelie Gabrielson, Energy Advisor, Sida; Ebba Aurell, Partnership and Innovations Advisor, Sida; Elena Sahlin, Program Manager, Loans and Guarantees, Sida; Angela Maican, Financial Director, Prime Capital; Elena Mocanu, Main Financial Analyst, Prime Capital; Ruxanda Cheibas, M&E Manager and DCA Coordinator, MCP; Sergiu Botezatu, Senior Project
Photo Credit: Prime Capital*

A market assessment by the DCA mission revealed that future opportunities would be in SME lending and an IT Park

MCP assisted the USAID Moldova mission with an assessment by the DCA team in March 2016. The focus was to assess the financial market in Moldova and recommend DCA guarantee structures to support the development of Moldova's information and communication technology (ICT), agriculture, energy infrastructure, and independent media sectors and, in particular, the micro-, small- and medium-sized enterprise (MSME) segment. MCP carried preliminary discussions with seven financial institutions interested in a new DCA activity. Their readiness to participate in DCA activities was reconfirmed during high-level meetings with banks' top representatives which also provided valuable insights into Moldova's financial market. The market assessment paved the way for a future DCA used to create a state-of-the-art IT business park.

FINANCIAL MARKET KEY FINDINGS of DCA Market Opportunity Assessment

- A lack of access to finance for Moldovan MSMEs within the ICT, agriculture, and independent media sectors remains a constraint to broad-based economic growth and improved democratic accountability and inclusion.
- Mobilizing private capital is needed to support USAID/Moldova's development objectives and a DCA partial credit guarantee is one tool the Mission can use to expand private financing to the ICT, agriculture, and media sectors.
- Both the Moldovan public and private sector identify the ICT sector as a critical future engine of economic growth for the country. Supporting this sector through a targeted DCA will help the sector grow as a whole while also expanding opportunities for emerging ICT entrepreneurs and SMEs.

A DCA loan guarantee Enables Multi-million-dollar Local Investment in Moldova's First Business Enabling IT Park

MCP facilitated a DCA loan guarantee worth **\$8.9 million** to enable a Moldovan internet provider in mobilizing local financing for the **creation of a state-of-the-art IT business park**. Known as Digital Park, the facility is being developed by StarNet, Moldova's leading internet provider, and is underpinned by the innovative Law on IT Parks enacted with MCP support in 2016. USAID Moldova and MCP worked hand in hand with DCA Washington to close this complex, multi-party financial transaction and in December 2018, USAID Moldova entered into a guarantee agreement with Moldova Agroindbank (MAIB) to reduce lending risk and scale up the financing of Moldova's first IT Park.

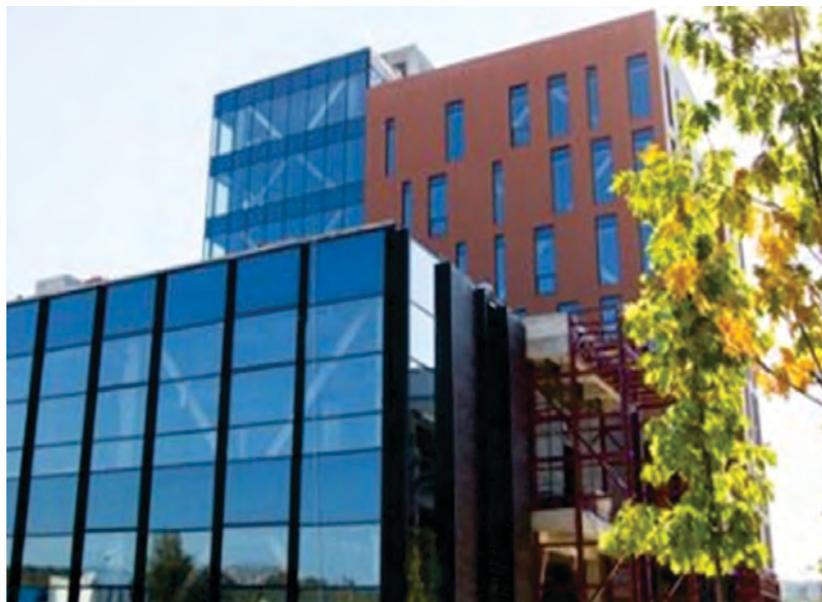


Photo caption: First Tower of Digital Park. Photo credit: MCP

MCP facilitated a Development Credit Authority (DCA) loan guarantee worth **\$8.9 million** for **12 years** and **30%** coverage to create a state-of-the-art ICT business park.

USAID Assistant Administrator for Europe and Eurasia, Brock Bierman, visited StarNet and the Digital Park construction site on May 4, 2018 to demonstrate US Government support for the project.



Photo Caption: Brock Bierman, USAID Assistant Administrator for Europe and Eurasia visits the Digital Park construction site, made possible by a USAID DCA loan guarantee, May 2018
Photo Credit: MCP

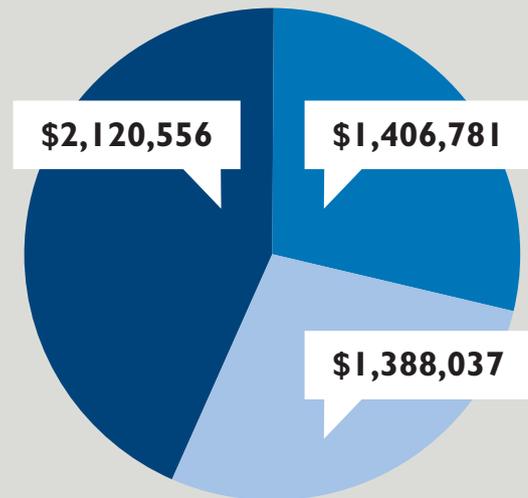
In 2019 MAIB disbursed the **first tranche of \$505,618 (€420,000)** to StarNet, with MCP serving as the main transaction facilitator. The remainder of the loan will be disbursed and used in the coming years to fund the construction of the Park's second tower. StarNet Digital Park opened doors launching its first tower on December 4, 2019 and hosting domestic and international IT companies. The total investment for the first tower exceeds \$8 million, sourcing primarily from the investor's private funding and bank loans. StarNet is in the process of privatizing the land and structures for Phase II of the IT Park and is currently developing the engineering designs for this second phase. The total investment for the park is expected to exceed \$35 million USD by 2025, creating a Silicon Valley-type environment and establishing Moldova as a catalyst for ICT competitiveness.

The Loan Guarantee in Energy Efficiency induces companies' growth in an environmentally sustainable manner and improves living standards

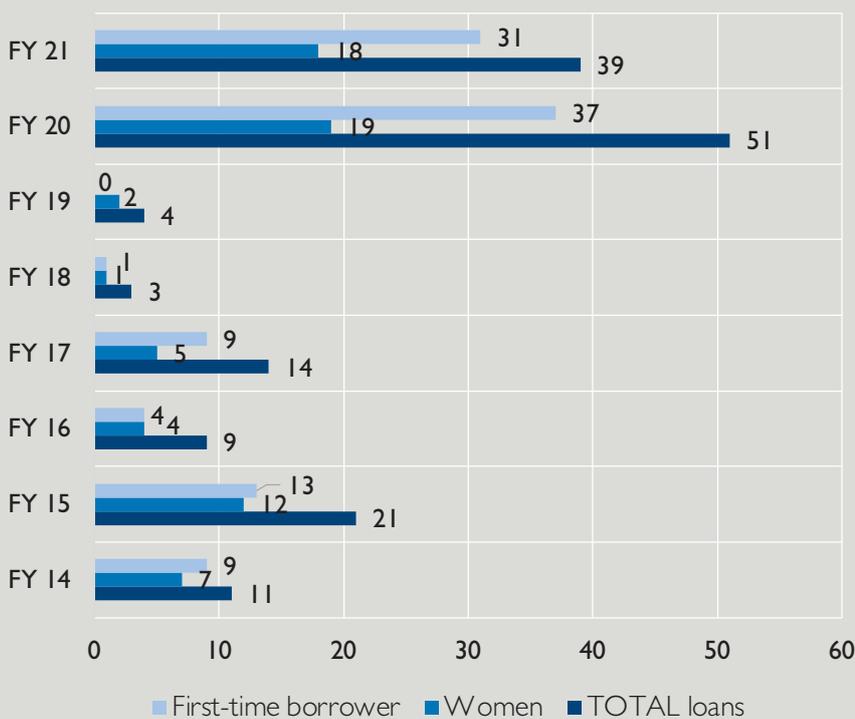
The **DCA in Energy Efficiency** signed with Prime Capital strengthens its ability to give loans to entrepreneurs and individuals engaged in the energy efficiency and renewable energy sectors in Moldova, stimulating economic growth. The guarantee is a **15-year \$3.5 million** agreement and each participating agency - USAID and Sweden, takes on 25% of the risk – allowing both parties to guarantee larger lending facilities and promote mutual development goals.

DCA in Energy Efficiency: Performance through June 2021

- Total Awarded
- Total Disbursed
- Remaining DCA amounts



Loans and borrowers' profile



During FY21, Prime Capital placed 39 new loans under guarantee valued at \$317,815, having disbursed \$308,476 in total for new and existing loans. This is the highest value of loans that was accessed within a year, with the added caveat that the data provided for FY21 are only for three quarters (Q1-Q3). As of June 30, 2021, the financial institution has placed 152 loans under guarantee valued at \$1,406,781, of which \$1,388,037 (99%) has been disbursed. This indicates that the financial institution has absorbed 40% of the loan guarantee program amount having the possibility to absorb all the amount until 2027 when the coverage date for placing loans under guarantee expires.

An analysis of the borrower profile indicates that first-time borrowers represented 70% of the borrowers and women borrowers made up 45%.



Photo Caption: The loan accessed by Lo Chef Group was placed under DCA guarantee and was used for procurement and installation of a ventilation system in its renovated restaurant.

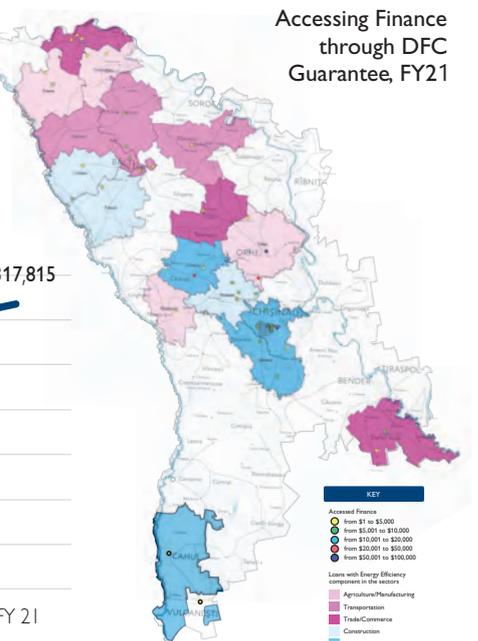
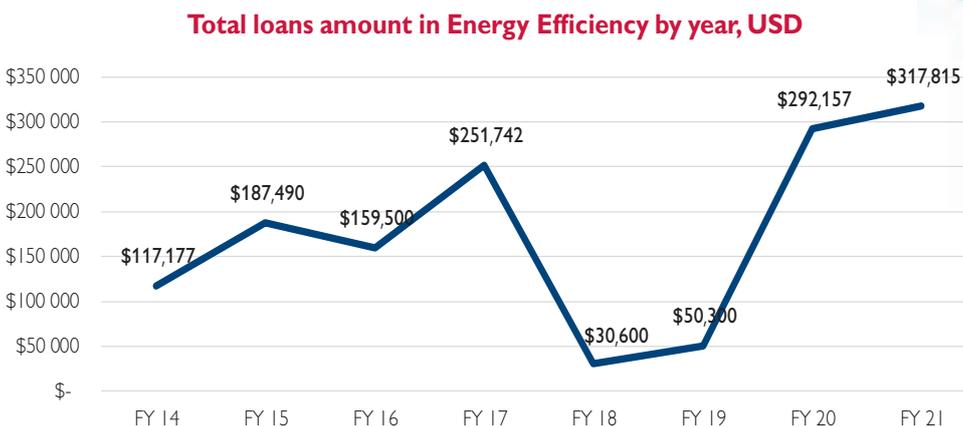
Photo Credit: Prime Capital

Increased utilization rate of the guarantee in result of the adoption of a methodology that allow to separate the value of the energy efficiency component from the total loan value

Starting with Q3Y5, Prime Capital has applied a new methodology to determine the energy efficiency component within the loans granted in its non-banking credit contracts and is following new internal procedures. The methodology was elaborated by Prime Capital resulting from two years of consultations with USAID and SIDA as a co-guarantor, that shares risk with USAID under this guarantee. It allowed to include under guarantee not only the loans taken integrally for energy efficiency purpose but also the loan value that refers to the energy efficiency component from a bigger loan. This has increased DCA utilization. According to this methodology, the calculation method involves the selection of a percentage numerical value assigned to the indices classified according to the type/quality of the material, the object used in the EE determination.

Mapping loans in energy efficiency revealed improved access to finance for entrepreneurs & individuals

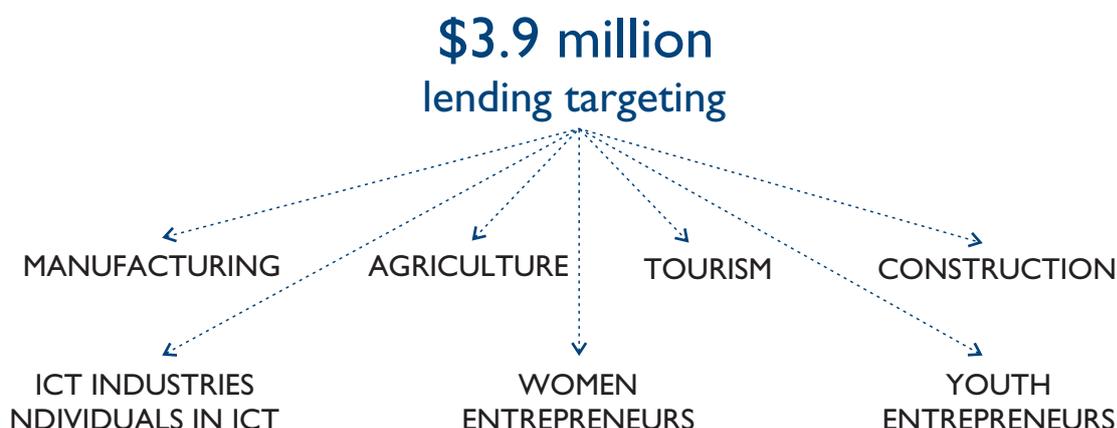
Starting FY18, MCP developed and annually updated the web-based map that presents the results of improved access to finance for entrepreneurs & individuals.



Companies and individuals from 18 out of 32 Moldova's regions were able to access loans. In addition to borrowers' location, the value ranges of the accessed loans in the geo-map indicates the economic sector in which the EE loan is used. In this respect, from 152 loans accessed up to date, 80% of them do not exceed \$10,000 (48% of which are up to \$5,000 and 32% - from \$5,000 to \$10,000). The other 18% of borrowers accessed loans were within the range of \$10,000-\$50,000, the latter being the maximum cumulative principal amount of a qualifying loan. At the same time, three loans (representing 2% of borrowers) are included in the range from \$50,001 to \$100,000 and were accessed with written USAID approval. From 152 loans placed under guarantee by the financial institution Prime Capital, 7% are in agriculture and manufacturing sectors, 13% - in tourism and transportation, 16% - in trade and commerce, 20%- in construction and 45%- in other services. The map can be accessed by following this link: <https://geocentrusaid.org/mapviewer/?2jmeview>.

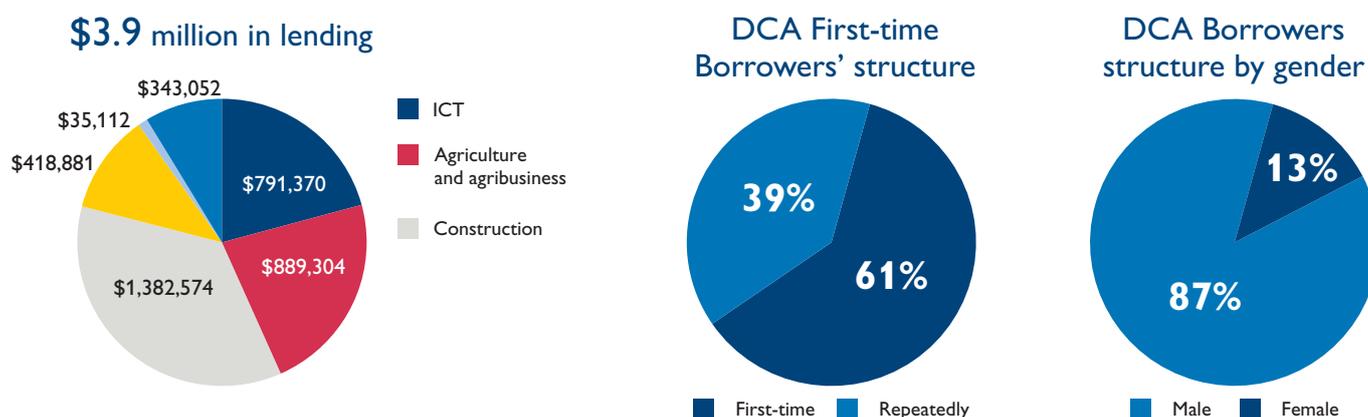
Loan Guarantees in SMEs lending promote industry growth and improve private sector competitiveness

MCP assisted the implementation of the loan guarantee programs in SME lending, launched by USAID in September 2011 with three financial institutions - Comertbank, Rural Finance Corporation and Prime Capital, enabling almost **\$3.9 million in lending targeting manufacturing, agriculture, tourism, construction and ICT industries, as well as individuals in ICT sector, women and youth entrepreneurs.**



Placement of loans under guarantee expired in March 2016, but the contracts are ongoing, having a coverage expiration date ranging from 9 to 15 years from the agreement date. Thus, starting 2016, these institutions did not place additional loans under the guarantee and reported no defaults from borrowers. Prime Capital continues to monitor these loans until maturity, while the RFC coverage period finalized in FY18 and Comertbank coverage period finalized in FY20.

Analysis of the loan portfolio guarantees in industry growth



The implemented DCA guarantees generated changes in partners' behavior: the financial institutions increased lending in the targeted sectors or groups; provided improved collateral requirements; issued long term loans; extended loans to youth and women entrepreneurs, as well as to first time borrowers. Another success is the fact that there were no defaulted borrowers. The partners were very active in engaging qualifying borrowers, starting to disclose the fact that the loans are placed under guarantee. This didn't make the borrowers less responsible, which was the main concern of financial institutions, since the share of non-performing loans in the country is still high - over 18%³ from the total loans. Thus, one can affirm that DCA had a direct impact on the increase of loan applications of small and medium businesses. Comertbank had a 13% increase in SME lending and its portfolio became more geared towards SMEs versus corporate clients, when comparing its portfolio in October 2015- March 2016 with the same period one year before.

³ The Global Competitiveness Report 2019, p.393, http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

FEATURE STORY

Access to finance enhanced Zivax Maxi visibility on local market, through increased production and expanded distribution within the country



Photo Caption: Zinaida Vintea, owner of Maxi Kids brand, assisting her workers during the production process
Photo Credit: APIUS

Zivax Maxi, a family-owned children's wear manufacturer in Moldova, gained access to finance thanks to the Development Credit Authority (DCA), which is an institution that helps small and medium-sized enterprises through loan guarantees. Through the DCA, Maxi obtained in February 2016 a credit line of \$12,000. It was accessed through DCA and invested towards opening a new store in a populated zone of Chisinau and to supplement working capital. As a result, the company created 3 more jobs and increased sales by 32% in the next quarter.

Owner Zinaida Vintea considers that the success (measured in new jobs, increased sales and better conditions for its employees) was achieved through USAID MCP technical assistance towards improving productivity and branding, coupled with access to finance supporting business growth goals.

INCLUSIVE DEVELOPMENT

Share of women -owned companies in each sector, % of total

FY16-FY21 Inclusive Development Highlights



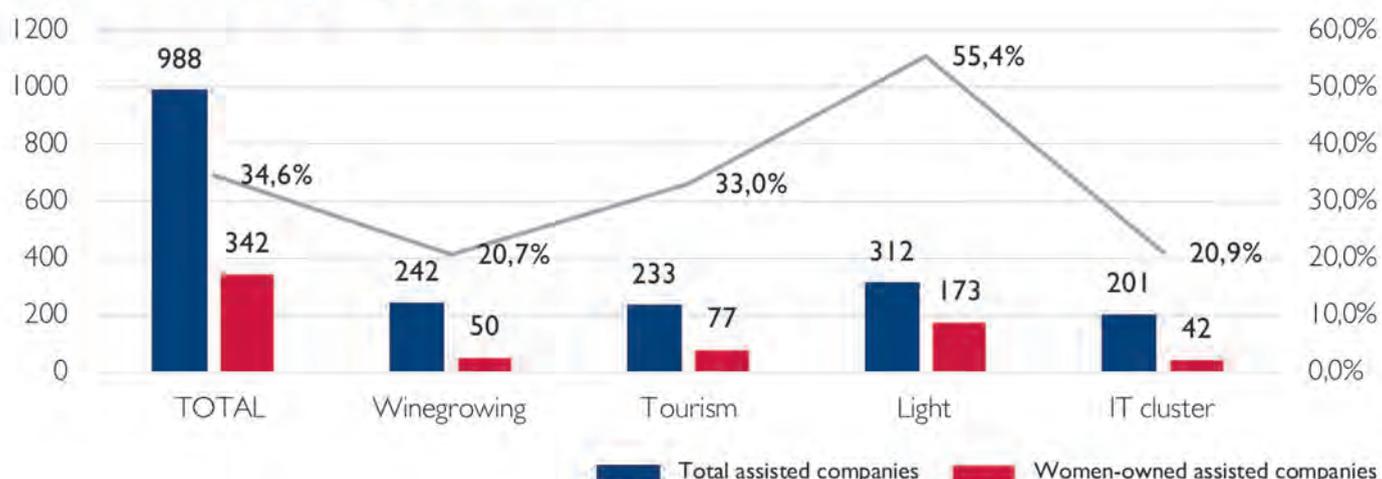
Through its activities, MCP aims to reduce gender disparities in economic opportunity by empowering women to enhance their careers, "their capacity, and cultivating women business leaders. MCP also focuses on youth, as this is a critical group representing the highest level of outmigration. Therefore, Project activities were designed to interest and attract youth, motivating career development in-country, and creating opportunities for youth involvement. MCP assistance extends to Transnistria and Gagauzia, engaging prominent and emerging enterprises in target industries, expanding youth development activities, and promoting tourism in these regions.

ECONOMIC EMPOWERMENT OF WOMEN

To foster women's economic empowerment, MCP assisted women-owned enterprises in target industries. Through life of project, 342 or 35% of the total 988 assisted companies were women-owned companies. The calculated number of women-owned companies refers only to companies whose owners are exclusively women. Thus, the remaining 65% of assisted companies include men-owned companies, men & women owned companies as well as companies that are created by individuals (women or men) and another company as a co-founder.

Disaggregation by MCP assisted industries reveals that the light industry has the highest share of women-owned companies involved in MCP activities: 55.4% from 312 assisted companies in this sector were women-owned. In tourism, the share of women-owned companies from 233 assisted was 33%, in winegrowing industry – 21% from 242 companies were women-owned. The same percentage is in IT cluster: 21% from 201 assisted companies were women-owned.

MCP assisted companies, FY16 - FY21





Success Stories of Women Entrepreneurs



Larisa Cerven is the owner and administrator of the MCP-supported Kara-Gani winery, a family business located in Gagauzia, benefiting from ASW Mentorship and Start-up Tourism accelerator programs.
Photo credit: MCP.



Oxana Benzing is a young woman entrepreneur ready to host more tourists at her "Casa din Lunca" guesthouse in Trebujeni village, renovated with MCP support.
Photo credit: MCP.



Olga Radu is the founder of Casa Imago creative agency and a board member of COR Association, promoting creative industries via MCP's communication campaign #eposibilacasa.
Photo credit: MCP.



Zinaida Vintea is the co-founder of Zivax Maxi company, which expanded its business as result of MCP support for growing productivity and greater finance facilitated by MCP through its loan guarantee program.
Photo credit: APIUS.

Women Enabled in the Economy (Provide Safe Jobs at Home)

MCP supported **light industry** – one of the country's largest exporters and employer of women (30,000 jobs, 85% of which are occupied by women mainly in rural areas) – to create businesses with greater value-add and deliver more jobs with fair wages in safe working conditions. MCP assisted Moldovan apparel factories in **implementing social compliance, occupational safety and integrated quality management systems** (ISO 9001 and 45001), which ensure workplace conditions compliant with International Labor Organization conventions and national labor law. Good manufacturing working conditions reduce staff turnover, lead to higher productivity, commitment, and wages. During the life of project, over **140 apparel and footwear companies** (of which half were women-owned) participated in MCP's SMART Factory program which improved productivity through the implementation of lean management practices, workplace engineering and cost-cutting measures (waste reduction, time-saving, energy efficiency), resulting in a spillover effect on their 15,100 employees (57% of total employees in light industry), 85% of which were women. To date, 23 factories implemented integrated management systems and acquired international social compliance certifications (Business Social Compliance Initiative and SMETA Social Audit), providing better jobs for their 3,800 employees. MCP-assisted firms demonstrated higher wages, increasing seamstress wages by up to **\$515** versus the average monthly salary of **\$320** in the sector (year 2019). This helps to ensure fair living wages for women.

FEATURE STORY

MCP-supported women-owned apparel factory Portavita demonstrated improved social performance by successfully passing the Business Social Compliance Initiative (BSCI) AMFORI Social Audit and implementing quality standards



Photo Caption: Seamstress sewing clothes at Portavita apparel factory.
Photo Credit: Ana Maria Moroz.

The AMFORI BSCI social audit aims to continuously improve the social performance of suppliers, enhancing working conditions in factories worldwide. The audit certificate demonstrates that a company's workplace conditions are in accordance with national labor law, human rights, and International Labor Organization conventions. Specific codes of conduct protecting the human rights of the manufacturing workforce are increasingly required to satisfy international consumers and add social value to products, which is vital for export-oriented companies like Portavita. The certification helped Portavita negotiate with a new foreign client requesting higher value-added orders. This is the second social compliance certificate obtained by Portavita. The company was previously awarded the Sedex Members Ethical Trade Audit (SMETA) certification, which resulted in a contract with a clothing manufacturing client in the EU valued at \$1.7 million.

Portavita obtained the internationally accredited Integrated Quality Management Systems (QMS) (ISO 9001:2015) certification with MCP assistance. The company spent six months upgrading machinery and improving working conditions for their 300 employees to meet the certification requirements. As a result of this certification, Portavita received a state order to manufacture 31,000 disposable protective coveralls for doctors, valued over \$180,000. The production of these disposable protective garments and masks allowed the company to pay its employee salaries on time during the pandemic, demonstrating its social responsibility.

Women Succeeding as Entrepreneurs (Access to Capital, Markets, Networks, and Mentorship)

MCP supports **sustainable tourism development in Moldova**, facilitating the business enabling environment to spur rural economic growth. To date, **60% of the 33 rural guesthouses assisted by MCP are owned and managed by women**, fostering rural employment opportunities and creating a sustainable industry attractive to international tourists. These guesthouses employ youth (80% of the staff) from the rural regions in which they operate, such as Stefan Voda, Palanca village and Orhei, Trebujeni village. To respond to Covid-19, guesthouses received the WorldTravel and Tourism Council, Safe Travel accreditation by ANTRIM, launched websites and deployed digital campaigns, which enabled them to capture domestic travelers. In fact, 80% of MCP-assisted guesthouses preserved sales during the pandemic, avoiding bankruptcy and maintaining economic resilience.

FEATURE STORY

Oxana Benzing – young woman entrepreneur is ready to host more tourists in the renovated “Casa din Lunca” guesthouse in Trebujeni village



“Casa din Lunca” is the first family owned and operated rural guesthouse in Moldova and was opened in 2017 by former teacher Ala Benzing, as a guesthouse for international travelers. Oxana Benzing, Ala's daughter, returned from the capital city Chisinau to take over the family business from her 70-year-old mother, establishing herself as a successful second-generation business owner.

*Photo Caption: Oxana Benzing, owner of Casa din Lunca rural guesthouse.
Photo Credit: MCP*

In 2016, MCP supported the initial refurbishment of the guest rooms and the wide range of guest activities to include seasonal grape-picking, off-road cycling, boat rides on the Raut river, cart rides through the village, immersion in nature, and master classes in cooking. Since MCP's support, “Casa din Lunca” has seen an increase in the number of guests and overnight stays.

To expand the family business and its facilities, Oxana decided to buy an old house located in a neighboring area. MCP continued to support the guesthouse and Oxana's vision to evolve and grow the business by awarding a small grant in the value of approximately \$10,000, totaling MCP's support to \$26,000. The grant was awarded to help refurbish the old house through cosmetic improvements and new furniture, further appealing to tourists. The upgraded rooms at the guesthouse further increases the capacity to accommodate up to 25 guests. The owner's contribution triples MCP's total support, and with its expansion, the guesthouse will attract international tourists looking for higher quality rooms in rural Moldova. To date, 14 rural guesthouses assisted by MCP recorded a 20% increase in the number of visitors, reaching over 36,000 in 2019.

MCP supports female entrepreneurship within Moldova's light industry manufacturing, cultivating strong role models and nurturing local fashion design talent. To date every second SME from the 420 companies in Moldova's light industry is owned or managed by a woman. MCP-supported fashion innovation hub ZIPhouse ran six-month acceleration programs for aspiring fashion designers, the majority of whom were women. In six years, the program assisted an impressive 50 startups to kick-off their fashion labels and grow their sales. To overcome the COVID-19 crisis, ZIPhouse launched an E-commerce Acceleration program that helped 36 fashion designers initiate online sales, **86%** of the businesses selected for the E-commerce Acceleration Program were **led by women**.



Photo caption: USAID Mission Director, Scott Hocklander, witnesses factory improvements at Coralav-Lux apparel company in Balti, following the obtainment of ISO certification with MCP support
Photo credit: MCP

FEATURE STORY

MCP-Supported Young Designer Constantzia Yurashko Granted the Fashion Scout's “Ones to Watch” Award at London Fashion Week



Photo caption: Constantzia Yurashko collection “Passage through Time”.
Credit: Constantzia Yurashko

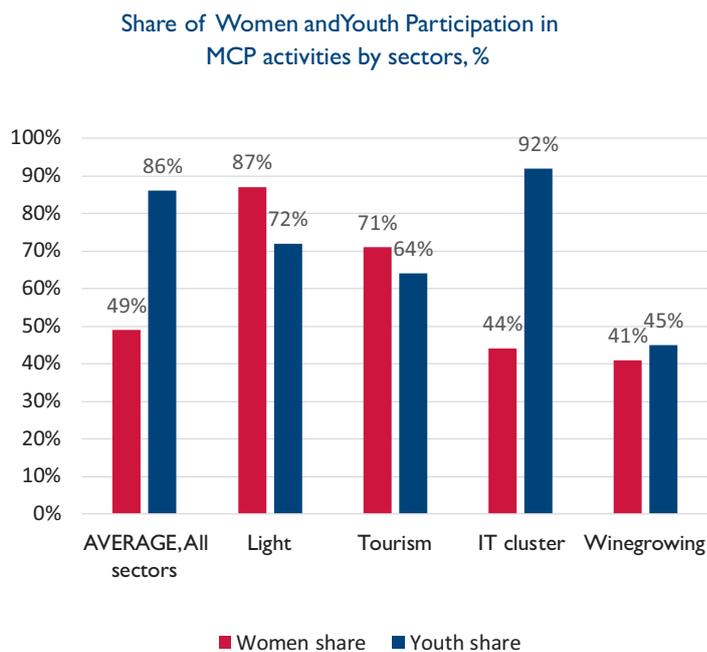
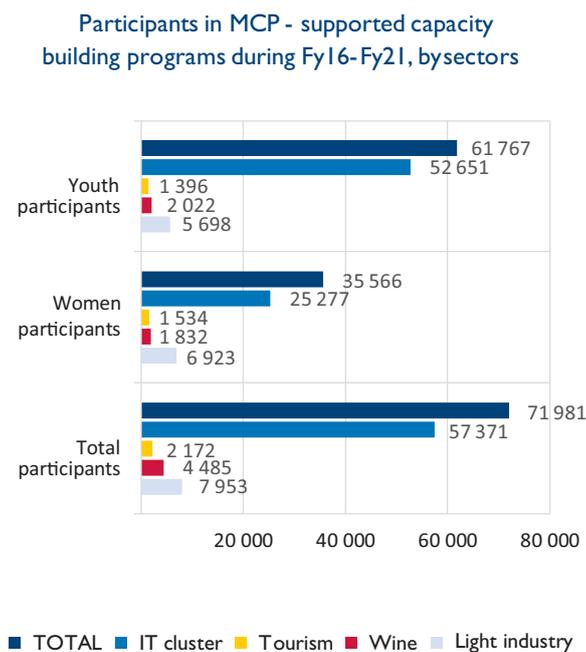
Constantzia Yurashko, an emerging fashion designer and beneficiary of the MCP-supported ZIPhouse Fashion Acceleration Program, was granted the Fashion Scout's “Ones to Watch” Award, and given the opportunity to launch her collection “Passage through Time” during the London Fashion Week (LFW). The Fashion Scout's “Ones to Watch” Award offers emerging designers the opportunity to raise their profile and build brand awareness, while showcasing their creativity to an international audience of buyers and the media.

With a sustainable ethos and strong commitment to domestic production, Constantzia Yurashko is one of Moldova's leading emerging fashion designers embracing the environment conscious fashion movement and raising awareness about social responsibility in fashion. MCP supported Constantzia with developing a look book and a promotional video for her new collection, which received high praise from international audiences.

London Fashion Week ran as a digital event from February 19-23, 2021, featuring both menswear and womenswear. MCP enables sustainable and forward-thinking designers like Constantzia Yurashko to enter international markets and access famous online marketplaces and fashion world magazines, while building the industry's resilience, creativity, and innovation during the challenging times of Covid-19.

Building skills and knowledge for women and youth

During its life of project, MCP maintained a **high rate of women and youth involvement** in its activities. In FY21, 15,480 people participated in workforce and capacity building programs, of which 7,715 or 50% were women and 14,121 or 91% were youth. Across five consecutive years, MCP engaged **71,981 participants** in its activities, of which **49% were women and 86% were youth**.



Women and Youth Prospering in the Workforce (Workforce Development, Vocational Education and Skills Training)

Winegrowing industry

In the **winegrowing industry**, all MCP activities highlighted the inclusive development of women and youth. In this respect, the ASW Mentorship program was 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, Pomusoara Dulcisoara). The **Wine of Moldova (WoM) Academy** aimed to address the continuous education needs in the wine industry, basing its curriculum on the lessons learned from the MCP Skills Gap Analysis and the industry's development goals. The WoM Academy was a private sector service provided under ONVV, and acted as a support program for the wine industry's educational institutions, providing trainings that cover the most important knowledge gaps. These include trainings held by international experts, workshops by local experts, internships abroad, study visits, field days, and other knowledge building and sharing practices. In FY21, through the WOM Academy, MCP supported knowledge upgrades and trainings for 224 individuals, of which 51% were youth and 41% were women. In six years, 4,485 professionals participated in MCP-supported trainings, 45% of whom were youth and 41% women.

Tourism

In **Tourism**, MCP assisted ANTRIM to implement the **Next Tourism Generation Academy** – a platform connecting private actors in the tourism industry with young professionals - to respond to the continuous need for qualified professionals in the field of tourism. Trainings targeted individuals working in the hotelier and hospitality industry, tourism and winery guides, and tourism students, developing their expertise in accordance with international quality standards. In addition, through trainings in hospitality services within the **“Hospitality+ Moldova” Program**, MCP built the skills and knowledge for women and youth. Anticipating the need to adapt to the post-pandemic reality, MCP supported ANTRIM to initiate a series of webinars called **“Recovery Pills for Tourism Businesses”**, keeping participants up to date in the areas of: creation and re-evaluation of tourism products, promotion, customer service, and safety procedures in the post-pandemic period. In FY21, 95 people participated in MCP-supported trainings, including 38% youth and 78% women. During life of project, 2,172 people participated in tourism skills development activities, including 64% youth and 70% women.

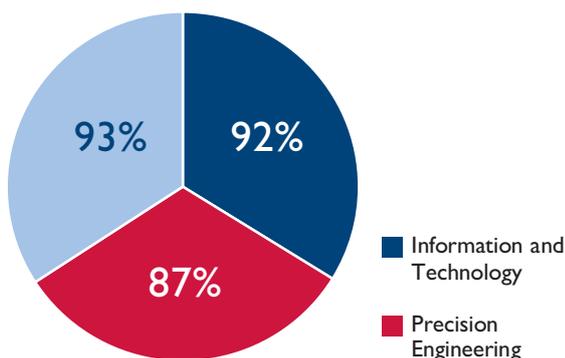
Light industry

In light industry, an excellent example of an initiative that supports both women and youth is **ZIPhouse Fashion Acceleration Center** - a platform for students, young designers, start-up companies and professionals created with MCP support. The Center's activities, such as - **Fashion Acceleration Program, Fashion Leadership Program, Z.Young Designers Competition, ZIPhouse Fashion Academy** and trainings for beginners and professionals - aim to stimulate creativity and entrepreneurship and to develop the necessary technical skills and abilities for professional development. The project worked with ZIPhouse to launch the first **fashion course for teenagers** in Moldova, to help them develop their career objectives within the sector. MCP also assisted ZIPhouse to introduce the **Project Based Learning (PBL) approach**, providing new learning and employment opportunities for students. MCP also assisted ZIPhouse to launch the **Fashion Hackathon** which targeted young people and spurred their motivation to innovate and succeed in a time challenge, while creating fashion pieces from scratch. The trainings focus on two main directions: professional development (patternmaking, product design, trendsetting, B2B sales, digital marketing; digital innovations and factory automation) and preparing businesses for online sales to withstand the Covid-19 crisis (trainings on IT Solutions for online shops, ecommerce business model and legal implications, job safety and security). MCP also provided **trainings on-the-job** as part of the **SMART Factory program** implementation. In FY21, 670 people participated at MCP supported trainings, 70% of which are youth and 86% are women. In six years, 7,953 people improved their job skills participating in knowledge-building activities, 72% of whom are youth and 87% women.

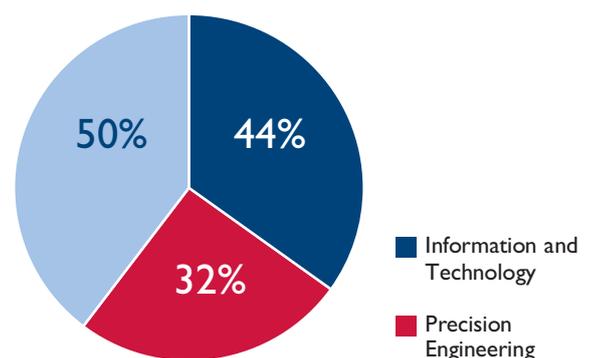
IT cluster

The IT cluster (IT, creative services and engineering) registered the **highest participation of youth and women** from all supported industries. In FY21, IT cluster activities supported by MCP recorded 14,491 participants, the majority - 95% were youth (school pupils or students) and 49% were women. In six years, IT cluster activities supported by MCP recorded 57,371 participants, the majority of which - 52,651 people (92%) were youth and 25,277 participants were women (44%).

Share of Youth from Total Participants in IT-cluster sub-sectors



Share of Women from Total Participants in IT-cluster sub-sectors



Women participation rate in this sector is quite impressive demonstrating that MCP managed to reduce the gender gap in this sector traditionally dominated by men and to raise digital skills and prepare Moldovan young women, especially from underserved communities, to pursue education and careers in IT and engineering fields. Disaggregated by sub-sectors, the highest participation of women is in creative services – 50% from a total of 4,458 participants, followed by the IT sector with 44% of a total of 51,523 participants and precision engineering with 32% of total 1,390 participants. In respect to youth participation, creative services and IT have the highest participation rate of 93% and 92% respectively, followed by precision engineering with 87%, demonstrating that the activities from the cluster were developed to target youth.

*MCP's successful outreach in youth and women participation is attributed to multiple multi-million dollar **public-private partnerships in workforce development** brokered by MCP, including: Educational Robotics and Future Classroom (FCL) in schools, Girls Go IT, Google G Suite, CISCO for VET, and the development of **industry excellence centers**, such as Fablabs (in Chisinau and in six regions), Artcor Creative Hub and Balti Innovation and Technology Center ensuring the long-term sustainability of USAID, SIDA and FCDO's investments in skills improvement.*



School pupils - participants at the STEM Discovery event in Chisinau, April 28, 2018.
Photo credit: MCP

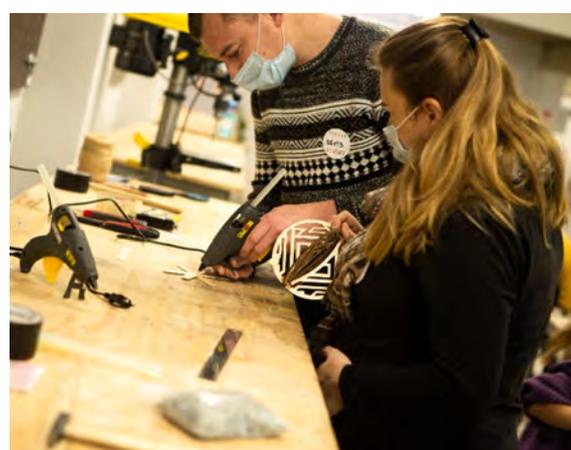


Photo caption: Young engineers prototyping at FabLab Chisinau.
Photo credit: FabLab Chisinau.

In **IT**, MCP's innovative initiatives in **Science, Technology, Engineering, Arts and Math (STEAM)** aim to raise digital skills and prepare Moldovan young women, especially from underserved communities, to pursue education and careers in IT and engineering fields. In an industry traditionally dominated by men, MCP reduces the gender gap and promotes STEAM youth education through two flagship initiatives - FCL and Educational Robotics – deployed in 200 schools and public libraries. Since project launch, MCP supported the **GirlsGoIT** activity which aims to empower Moldovan women aged 14-20 to develop their STEAM skills and pursue tech related studies and careers. IT Career Promotion roadshows were featuring women roles in IT determining to choose a career in this field. In FY18, MCP supported the organization of Moldova's first dedicated entrepreneurial event focused on women – **Startup Weekend Moldova Women edition** – during which 14 young female startup founders participated. Each year, MCP also supported IT activities targeting youth including: FIRST LEGO League, Let's discover STEM, SumoBot Challenge, Coder Dojo Clubs, MegaDojo children's programming biggest annual event and Hour of Code.

In **Precision Engineering**, MCP developed excellence centers - FabLabs in Chisinau and six regions - that supported skills improvement for both women and youth. These are positioned to embolden the tech and engineering sectors, which primarily attract youth and benefit over 10,000 students annually. In FY21, FabLab educational events gathered 617 participants, of whom 84% were youth and 29% were women. During the life of project, over 50 events were organized in precision engineering sub-sector enhancing job skills for 1,390 participants, 1,214 or 87% were youth and 442 or 32% were women. Several activities were organized by FabLab: bootcamps to design self-driving prototype cars and smart homes in order to develop engineering skills in the field of Internet of Things (IoT), algorithmics and process management, Python programming, IoT summer school, among others.

FEATURE STORY

40+ Students Graduated from Bootcamp to Design Self-Driving Cars



Photo caption: Graduates of the Autonomous Driving Bootcamp pose with government, private sector, MCP and other donors at Chisinau Fab Lab.
Photo credit: MCP

More than 40 students and future software engineers from local universities and high schools graduated from a six-week Autonomous Driving Bootcamp at the Chisinau FabLab, organized with support from MCP and private sector partners like Siemens. The teams of 3-5 participants, mostly engineering and programming students from the Technical University of Moldova, were guided through the process of developing a self-driving race car, and worked together to overcome complex engineering and technical challenges. The bootcamp was designed to explore the growing industry of automotive electronics, which overlaps with the IT sector by 80%, making it an attractive area for young technical graduates in Moldova. USAID supports activities like the Autonomous Driving Bootcamp to provide young graduates with the skills they need to access quality jobs in IT, which pay some of the highest salaries in the country at MDL 24,000 or about \$1,400 USD per month.

In the **Creative Industry**, an excellent example of an initiative that supports both women and youth is the **Artcor Creative Hub**. Artcor is MCP's flagship, state of the art project for the creative industry, providing new infrastructure and ecosystem for Moldova's graphics, design, sound, animation, arts, and music industries, alongside other creative subsectors with high export potential. The Artcor Creative Hub was created with MCP support and combines the best educational practices and latest technologies aimed to help students, industry specialists and young creative professionals to acquire the necessary skills demanded by the private sector. In FY21, 550 professionals, students and freelancers attended educational events (in-depth courses and workshops) organized offline and online at the Artcor School, and participated in the **GoOnline workshops on e-commerce and Artcor Yep Starter Program, designed to build entrepreneurial skills**. During the project life, of the 4,458 people who enhanced their job skills through MCP-supported activities, 4,127 or 93% were youth and 2,228 or 50% were women.



Participants at the Graphic Design Basic course organized online by Artcor School, FY20

Support the economic development of Transnistria and Gagauzia

MCP assistance extends to Transnistria and Gagauzia, engaging prominent and emerging enterprises in target industries, expanding youth development activities, and promoting tourism in these regions.

During the life of project, MCP provided technical assistance to **51 Gagauzia and Transnistria-based companies from the winegrowing, tourism and light sectors**, primarily focused on improving product quality, factory efficiency and trade growth.

The enterprises benefited from improvements in production management and productivity enhancement, as well as tradeshow participation leading to export growth. This assistance was provided at the firm-level and via industry organizations, namely ONVV, ANTRIM and APIUS. In addition, seven schools from Gagauzia and Transnistria became part of **Educational Robotics Program**, bridging the digital divide and encouraging youth to build market-driven digital skills and pursue a career in IT.

Winegrowing industry



32 MCP beneficiaries in the Winegrowing Industry

Companies from Gagauzia

- Vinuri de Comrat
- C.G.L.- Prim
- Tartcomvin
- DK Intertrade
- Tomai Vinex
- Bostavan
- Cioc Maidan Vin
- Invinprom
- Agro-Sadim
- Agrovin-AV
- Akbay Grup
- Cafadar
- Aurnecvin
- Caiirim
- Celepen-Agro
- Kazayak Vin
- Winetage
- Congazcic
- Cotovagro
- Ialcon Grup
- Eniija
- Moldagrovin
- GT Lidia
- Maidan-Grup
- Jemciujina
- Moldiugvin
- Nexovin
- Sabah
- Sardrisvin
- Zolotoi Aist

Companies from Transnistria

- Buket Moldavii
- Kvint

32 companies
from Gagauzia and
Transnistria

59 events
International tradeshows,
B2B and targeted
promotional events

27 events
to increase wine culture,
boost domestic sales and
grow tourism

78 events
trainings, workshops
and study tours

222 activities
supported by
MCP

In the **winegrowing industry**, MCP supported 32 Transnistria and Gagauzia-based companies to participate in 59 international tradeshows, B2B and targeted promotional events in addition to 27 events to *increase wine culture, boost domestic sales and grow tourism*. To enhance job skills, targeted company employees in the two regions have benefited from 78 trainings, workshops and study tours organized under the Wine of Moldova Academy, with MCP support. In total, companies from these regions participated in 222 project supported activities.

During the life of project, 6 companies from Gagauzia received **SEED grants** under **the Product Quality Upgrading Program (PQUP)** used to upgrade equipment, develop tourism facilities, and receive technical assistance in viticulture, winemaking and marketing; 2 wine producers from Gagauzia were included in the ASW Mentorship program for production capacity development and improvement; 10 companies from these regions participated in 17 international wine contests, winning 583 medals.



Highlighted MCP supported **ACTIVITIES** and **BENEFICIARIES** in **TRANSNISTRIA** and **GAGAUZIA** Winegrowing Industry

	Adopted the 'quality over quantity' paradigm within Product Quality Upgrading Program (PQUP) switching following companies from low-value bulk to higher value-added bottled wines: Vinuri de Comrat, Tartcomvin, Tomai Vinex, Winetage, Kazayak Vin, GCL-Prim
	Developed and improved firms' production capacity through ASW Mentorship program : GCL – Prim (Kara Gani), Winetage (Oguz Terra)
	Benefited MCP winemaking consultations : Tartcomvin, CGL Prim, Winetage and Kazayak Vin
	Benchmarking and bulk tasting : Tomai Vinex, Tartcomvin, Kazayak Vin, Kara Gani (CGL Prim), DK Intertrade, Cioc Maidan Vin Vinuri de Comrat
	PGI wines Regional assessment in the firms : Vinuri de Comrat, Tartcomvin, Kazayak, DK Intertrade, Kvint
	Wine of Moldova Academy trainings, i.e: Digital Age for Wine - adapting to New Reality; Seminars on Trade in Romania; Wine & Oak workshop; Wine & Spirit Education Trust WSET, Coursework for Accreditation for Certificate of European Somelier; study visit to Rioja (Spain) All companies participated
	Promotional activities to increase wine culture and boost sales with participating firms
	National Wine Days : Tomai Vinex CGL Prim, DK-Intertrade, Kazayak Vin, Vinuri de Comrat, Winetage, Bostavan, Kvint
	Wine Vernissage editions : Kvint, Kazayak, Bostavan, Vinuri de Comrat, CGL -Prim (Kara Gani)
	Promo campaigns ReVin cu Drag, Vinul Meu : Vinuri de Comrat, CGL -Prim (Kara Gani), Novak Winery
	Promo Campaign in Carrefour Romania : DK Intertrade, Tomai, Vinuri de Comrat
	Firm-level support to penetrate the UK market : Kazayak

10 companies
participated at
28 International
wine competitions, i.e

Mundus Vini Spring tasting,
International Wine Contest Bucharest,
Challenge International du Vin,
Decanter
winning 583 awards

Novak Winery, Tomai Vinex,
Vinuri de Comrat, CGL Prim (Kara Gani),
Tartcomvin, DK-Intertrade,
Kazayak, Wintage, Bostavan, Kvint

Illustrative International tradeshows and B2B events

Vinexpo New York, USA
Bostavan, Kazayak

Grandes Escolas e Sabores in Portugal
Kvint

Kongress Rynki Alkoholowe B2B,
Matchmaking sessions in Belgium
Bostavan

B2B matchmaking sessions in Amsterdam,
Netherlands
Vinuri de Comrat

WoM Festivals in Romania
Bostavan, Kazayak, Tomai Vinex,
Tratcomvin Vinuri de Comrat

Prowein
DK Intertrade, Tomai Vinex, Vinuri de Comrat,
Tartcomvin, Bostavan, Kazayak, Invinprom

Kiev Wine Festival
TartcomVin, Vinuri de Comrat

Interwine Guangzhou
Invinprom, Tomai Vinex, Bostavan,
Vinuri de Comrat, Tartcomvin, Kazayak

World Bulk Wine expo
Invinprom, Kazayak, Tomai Vinex, Tratcomvin

China Food and Food and Drink Fair
Bostavan, Tomai Vinex, Tartcomvin,
Vinuri de Comrat, Kazayak

WoM Wine Vernissage in Warsaw
Bostavan, DK Intertrade, Vinuri Comrat

International Wine Show Prague
Bostavan, Tomai Vinex, Vinuri Comrat

Good Wine Bucharest
Bostavan, DK Intertrade



*Photo Credit: Tour operators promote Moldovan tourism opportunities at the world's leading travel trade show, ITB Berlin, 2019.
Photo Credit: ANTRIM*

Tourism

In the tourism sector, MCP assisted the integration of Gagauzia and Transnistria into Moldova's tourism strategy, building destination resilience of these regions as a tourism destination and breaking stereotypes regarding safety. These regions benefited from greater media coverage through MCP-assisted media trips with local and international journalists visiting major cultural and rural sites. Also, the Project supported information trips for tourism agencies to discover Transnistria and Gagauzia-based tourism sites and attractions. Given Transnistria's distinctive characteristics harkening back to the Soviet era, MCP has supported its tourism concept of 'Back to USSR'.



Nine MCP beneficiaries in the Tourism Sector

Companies from Gagauzia

- Companies from Gagauzia
- Gagauz Sofrasi B&B
- Park Hakikat (Horeca)
- Lavanta Travel (Horeca)
- Casa_Universal (Horeca)

Companies from Transnistria

- Casa Karaman B&B
- La Nistru B&B
- Fata Morgana B&B
- Tacticus/Kumaniok (Horeca)
- Aquatir sturgeon farm

In the **tourism sector**, 8 Transnistria and Gagauzia-based companies participated in 31 project activities. To enhance employee job skills, MCP organized 8 trainings and workshops with those relating to post-pandemic recovery garnering great interest. In addition, companies participated in 15 events focused on boosting domestic sales and growing tourism.

8

companies

31

project activities

8

trainings and workshops

15

events

Highlighted MCP supported ACTIVITIES and BENEFICIARIES in TRANSNISTRIA and GAGAUZIA

Integration of Transnistria and Gagauzia regions into key tourism routes by:

- Working with MCP- supported tour-operators to include in these regions in their tourism packages
- Including their tourism attractions in the newly launched Wine Routes of Moldova
- Promoting these regions through the #Neampornit campaign, Let Me Walk Moldova and Redescopera Moldova initiatives
- Including these regions and MCP-assisted hotels, B&Bs and wineries in the first Italian travel guide (with 20 destinations from Transnistria and 10 attractions from Gagauzia) and in the reputable French tourism portal **Le Petit Fute**: Gagauz Sofrasi, Kara Gani, Vinuri de Comrat, Vinia Traian, Fata Morgana B&B, Kumanek; Kvint, Buket Moldavii

Enhanced promotion by including Transnistria and Gagauzia regions in MCP-supported international press trips, tours and other promotional activities

- 5 press trips** with 36 foreign journalists from Italy, Romania, Poland, and UK and a familiarization tour for 9 travel operators from Italy generated 70 articles in UK, Polish, Italian, Romanian and other internationally renowned travel media, out of which 10 articles were exclusively dedicated to Transnistria and Gagauzia.

5 press trips	36 foreign journalists	70 articles	10 articles about Transnistria and Gagauzia
-------------------------	-------------------------------------	-----------------------	--

 - Visited sites in Transnistria:** Tighina Fortress, Tiraspol (city tour), Kvint winery, Akvatir Sturgeon Farm, Casa Karaman, Kumanek restaurant)
 - Visited sites in Gagauzia:** Kara Gani (C.G.L-Prim) winery, Gagauz Sofrasi (Moroi SRL), and Vinuri de Comrat
- Hai la Mine Acasa** digital campaign targeting the Moldovan diaspora during Covid-19 pandemic encouraging travelers to discover new locations in Moldova with their friends.
 - Key promoted sites/attractions:** Kvint, Kara Gani, Vinuri de Comrat, Gagauz Sofrasi, Akvatir Sturgeon Farm, Tiraspol and Tighina.

Three events from Gagauzia

- Added and promoted within the "Tree of Life" calendar of cultural events in target markets such as Romania, Poland, and Italy and on the local market.
Events in Gagauzia: Herdelez, Gagauz Gergefi, Gagauz Sarap Yortusu

Assistance to wineries and rural guesthouses to improve their tourism facilities and product offering:

- Casa Karaman and Gagauz Sofrasi** are MCP grant recipients of the program Hospitality+ Moldova upgraded the accommodation offer and restaurant services.
- La Nistru and Fata Morgana** guesthouses started tourism services, following MCP support to improve facilities.
 - Within Wine Tourism Accelerator Program, Vinuri de Comrat expanded its tourism facilities by restoring its old and authentic 1895 wine cellar into a facility that can host approx. 65 tourists at the winery. With the new wine cellar operating as a restaurant and tasting room, the winery increased its tourism capacity by 50%.
 - MCP assisted Vinuri de Comrat and Gagauz Sofrasi B&B to enrich their offerings by purchasing four bikes to each.

Benefits provided to the B&Bs that became ANTRIM members:

increased visibility, workforce development, product development, lobby and advocacy support: Gagazuaz Sofrasi, Casa Karaman, La Nistru and Fata Morgana

B&B's websites upgrade to improve their digital presence:

Fata Morgana, Casa Karaman , La Nistru

Trainings for guides and webinars for tourism industry "The Pill after COVID-19".

Support for Tourism Information Centers (TIC) in Comrat and Tiraspol:

- The **Tiraspol Tourism Information Center** established a cooperation with the Chisinau Tourism Information Center and ANTRIM through an MCP grant which provided marketing materials (brochures, tourism maps, media-kits, etc.) to the Tiraspol TIC, co-hosting industry related events and promoting tourism in Transnistria.
- The **Tourism Information Center (TIC) in Comrat**, which is a satellite of the Chisinau TIC, ensured that the locations in Gagauzia are meeting all criteria for the Safe Travel accreditation offered by ANTRIM.
- ANTRIM, with support from MCP and in collaboration with representatives of Gagauzian tourism industry stakeholders, translated the **ANTRIM's Guide of Recommendations for Sanitary Protocols for Enterprises Operating in Domestic and Inbound Tourism in Moldova** into Russian so that it can be implemented by Russian speaking businesses in Gagauzia and Transnistria. The guide was presented in a public webinar with representatives from Gagauzia participating.
- With MCP support, WFTGA certified tourism guides organized trainings for 12 tourism guides and professionals for the TIC in Comrat.

IT cluster

Today, eight out of ten jobs require digital skills. With its inclusive and decentralized approach, MCP spread the educational robotics network to cover the whole territory of Moldova, help bridging the digital divide between urban and rural schools and ensuring equal access to technology and 21st century skills for all youth. In response to high interest from the educational community, MCP continued to invest in the expansion of its Robotics program to schools in Gagauzia and Transnistria. In FY21, six schools in Gagauzia and one in Transnistria with over 3,000 youth are implementing educational robotics in their schools, and over 200 pupils have benefited from robotics classes.



IT cluster

Schools from Gagauzia

- Theoretical Lyceum "G. Gaidarji" Comrat
- Theoretical Lyceum "D. Celenghir" in Advarma, Comrat
- Theoretical Lyceums "Tudor Zanet" in Congaz, Comrat,
- Theoretical Lyceum "M. Guboglo" in Ceadir-Lunga,
- Theoretical Lyceum number 2 in Ceadir-Lunga
- Theoretical Lyceum „Mihai Eminescu" in Comrat (Gagauzia)

Schools from Transnistria

- Theoretical Lyceum "Stefan cel Mare si Sfânt" in Dorotcaia, Grigoriopol

Photo Caption: Pupils at the Robotics activity implemented with MCP support in Singera village
Photo Credit: MCP

Highlighted MCP supported ACTIVITIES and BENEFICIARIES in TRANSNISTRIA and GAGAUZIA

Educational Robotics program expanded from one in FY16 to seven schools in FY21, generating a transformative impact on students' digital skills.

Through MCP's support all schools received **LEGO robotics kits**.

Gagauzian teachers built critical digital skills to support school continuity as part of the national **Digital Alphabetization program**, launched by the Ministry of Education in partnership with Future Classroom Center, with support from MCP, Orange and Google.

74 participants partook in trainings for teachers on the use of LEGO Education robotics sets and the online conference entitled, "Technology Makes a Difference".

Light Industry

MCP assistance towards building Moldova's **light industry** competitiveness extends to 10 apparel and footwear firms from Transnistria and Gagauzia. These companies benefited from assistance in job skills development, brand development, SMART and Flying Design programs support, as well as participation in leading international tradeshows and online promotion campaigns for increasing sales. MCP-supported companies participated in 46 international tradeshows, 9 sourcing exhibitors and 20 promotional events. Target company staff built their job skills from participating in 24 trainings, workshops and study tours. In total, companies from these regions participated in 110 project supported activities.



Photo Caption: A Ridiager-SV seamstress working at a new, performant sewing machine, procured under a MCP grant
Photo Credit: Ridiager

10 MCP Beneficiaries in the Light Industry

Companies from Gagauzia

- Ridiager
- Andal Plus

Companies from Transnistria

- Floare
- Tighina
- Tellus
- Tellus-A
- Odema
- IntercenterLux
- Artex Grup
- Vestra

FEATURE STORY

U.S. Ambassador to Moldova visits Gagauz apparel factory that creates new jobs for women in rural areas.



U.S. Ambassador Derek J. Hogan visited RiDiager, an apparel factory in Comrat, Gagauz autonomy, that has successfully transitioned to more complex manufacturing services for new EU clients in Italy, Denmark, and Finland. Thanks to a complex support package, including a \$21,000 USD grant from MCP, RiDiager opened a new rural production unit creating more than 50 quality jobs for seamstresses – providing employment opportunities for women in their home villages and helping reduce out-migration. The MCP grant leveraged RiDiager's own investment in modern sewing machines and enabled the company to grow its production facilities to four villages in the area, providing better wages and good working conditions for nearly 200 women.

Ala Arabadji, co-owner of RiDiager apparel factory in Comrat, Gagauzia, presenting the factory and working conditions to U.S. Ambassador Derek J. Hogan during his visit on February 1, 2019.

Photo credit: MCP

Highlighted MCP supported ACTIVITIES and BENEFICIARIES in TRANSNISTRIA and GAGAUZIA

SMART (Streamline Manufacturing, Accountability, Resource efficiency, and Transparency) Productivity program

- Intercentru-Lux company implemented key LEAN Management techniques to improve production processes and ensure better use of resources.
- MCP supported Intercentru-Lux through a grant to purchase a doubling machine, an automatic sewing machine and a plotter, which will contribute to the company's increased efficiency.

Flying Design Program - improving design process and collections: Andal Plus, Ridiager-SV

Development of a new brand identity: Ginger brand for Ridiager-SV

ZIP E-commerce Acceleration Program: Andal Plus

Study trips, trainings and conferences

- **Trainings, Moldova in Fashion Conference, Workshops and Webinars:** Odema, Andal Plus, Floare, Intercenter-Lux, Tighina
- **Study visit to Tannex** (Romania) to learn best practices in production organization: Ridiager
- **Study visit to Artifex** (Romania) to understand the Lean Manufacturing: Odema, Vestra, IntercenterLux

Assistance to open DININIMA multi-brand store in Chisinau: Andal Plus company

Inclusion on the new stocktextil.md platform: this helps APIUS members from the right and left bank of Nistru river exchange information about stock leftover from their manufacturing supply chain, cover their shortage of raw materials and equipment.

Participation at international tradeshows to increase sales

- Panorama Berlin, Germany Intercentru-Lux
- Kobo, Brno, Czech Republic Tellus A, Tellus
- Premier Manufacturing, Paris, France Tellus-A, Ridiager SV
- Next Season, Bucharest, Romania Tellus, Tellus-A, Intercentre Lux
- Moldova Prezinta, Iasi, Romania Intercentru-Lux, Tellus
- Central Asia Fashion, Almaty, Kazakhstan Intercentru-Lux
- ModExpo, Bucharest and Pop up Shops in Romania Intercentru-Lux
- Leather&Shoes, Baby Fashion Kyiv, Ukraine Floare, Tighina, Tellus

Strengthen factory sourcing skills for building higher value added

- Premier Vision and Texworld International raw materials exhibitions: Tellus
- Texprocess Manufacturing Technology Exhibition:
Odema, Tighina, Artex Grup
- Textile Trading Hub in Dubai, UAE: Ridiager-SV
- Lineapelle sourcing exhibition at the SIMAC Equipment and Technology Exhibition, Milan: Tellus, Tellus A, Floare, Tighina

Promotion events on local market

- Moldova Fashion Days, "Fashion Soiree 2019" catwalk: Ridiager, Intercenter-Lux, Andal Plus
- Digital photoshoot campaign "VARA DIN INIMA": Ridiager
- Fashion Maraton 2020: Andal Plus
- Promotional B2B campaign of Moldova's Clothing, Footwear & Accessories Manufacturers Catalogue
Ridiager-SV, Odema, Kivrak, Intercentre-Lux, Andal Plus

MONITORING, EVALUATION AND LEARNING (MEL) HIGHLIGHTS

Objective 1

Increased Productivity and Quality (Better Workforce and Adopted Innovation)

988 companies assisted by MCP across five years with **182 new companies** in Year 5.

342 or 35% of the total 942 assisted companies are **women-owned**

224 assisted enterprises are **following recognized product or process standards**

392 of the assisted companies are **applying improved knowledge, processes, and technologies** with 37 new enterprises in Year 5

71,981 youth and professionals **improved their job skills** aligned with industry needs

19% average productivity increase over each year of monitored companies.

Objective 2

Expanded Market Linkages

\$527M new sales generated by assisted companies through MCP direct and indirect support

Sales facilitated for **501** unique SMEs resulting in **17,854** new market linkages.

Every **\$1** dollar spent on technical assistance contributed to **\$19** in sales growth

→ **\$11** in new investments of assisted companies.

Objective 3

Improved Sector – Enabling Environment and Increased Local Capacity

50 **Public-Private Partnerships** (PPPs) established with almost **\$58.1M** reported contribution.

105 project-assisted **public-private** sector dialogue **platforms** conducted

51 **regulations** and **administrative procedures** eliminated, streamlined or simplified

100% average increase over baseline assisted associations' institutional **capacity**

11 **business associations** with **3,260+** members, collaborating with MCP to stimulate inter-industry cooperation.

The Project implemented a comprehensive MEL system that facilitated the management of results, improved performance and demonstrated impact.

The strength of project MEL lies in its ability to provide timely performance information enabling MCP to manage for results, improve project performance, and demonstrate impact. MCP used a comprehensive M&E system as a management tool to monitor progress against project targets, identify areas that require increased assistance in a timely fashion, facilitate reporting of achieved results and provide reporting data to project donors.

The Project implemented a well-developed Monitoring, Evaluation and Learning Plan (MELP) developed at the beginning of the project activity. As a result of the project being extended to FY21, in Year 4 the MELP was revised, establishing new annual targets and life-of-project targets based on the updated MCP Expanded Results Framework included in the project contract modification. The MELP integrates the Project's technical approach, organization, and M&E system under a unified strategy, demonstrating rigor, feasibility, and consistency.

A complex M&E database serves as the main tool for accurate reporting of quantitative indicators. The M&E database has a strong query functionality allowing to disaggregate project indicators by gender, target industry, women-owned enterprises, and other options depending on the indicator. The database design enabled the collection and entering of primary data on a monthly or quarterly basis from the beneficiaries. Memoranda of Understanding (MOUs) with project beneficiaries and the developed forms for tracking companies' KPIs enabled accurate reporting of SME performance data. MCP tracked firm-level sales, employment, and investment data for over 160 SMEs that benefited from in-depth firm level support. In total, data on 988 companies that participated in project activities are included in MCP's M&E database. This information was aggregated and analyzed to determine the impact of project implemented activities on competitiveness at the company and sector levels. In addition, detailed contributions on each of the 50 implemented public-private partnerships, 105 project-assisted platforms and other activities designed to improve the business and trade environment are included in the database and disaggregated by industry.

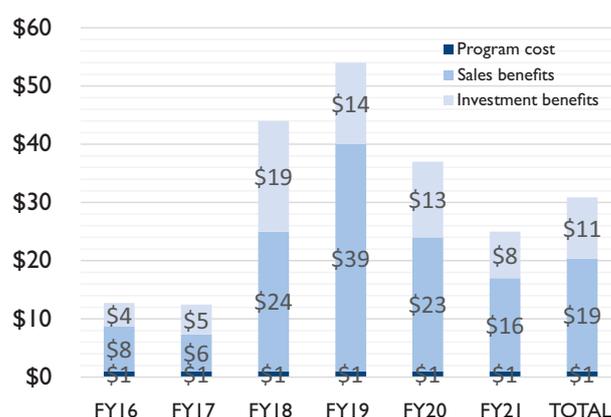
Analysis and communications are critical elements of performance management. During the life of project, the Industry Managers collected primary data from beneficiaries, which were further reviewed by MCP's M&E Manager before reports were generated on each indicator. The accuracy of data was reinforced by Data Quality Assessments (DQA) internally conducted by the COP and M&E Manager on an annual basis for all project indicators. MCP's integrated team approach assisted annual planning and accurate reporting for the client and beneficiaries. Project results at the indicator level are reported in this Section below, while the disaggregated results are included in Appendix III. For a complete description of the project's M&E system and indicator definitions, please refer to the project MELP.

The impact of each assistance dollar

When considering 'assistance dollars' to companies' sales and investment growth as a means of measuring the impact of donors' assistance on economic development, we can conclude that from over MCP's six implementation years, **every \$1 dollar spent** on technical assistance **contributed to \$19 in sales growth and \$11 in new investments** of assisted enterprises (direct and indirect support).

MCP Program costs to SMEs increased sales and investments, annual data and ratio between them

Year	MCP [program costs]	SALES increase [assisted SMEs], value	INVESTMENTS [assisted SMEs]
FY16	\$3,649,756	\$28,206,615	\$15,254,801
FY17	\$5,496,154	\$31,573,860	\$27,605,820
FY18	\$4,931,703	\$116,000,158	\$92,272,424
FY19	\$4,834,903	\$188,309,767	\$65,720,109
FY20	\$4,640,112	\$106,166,958	\$58,327,922
FY21	\$3,541,584	\$56,914,307	\$28,243,291
TOTAL	\$27,094,212	\$527,171,665	\$287,424,367



MCP registered remarkable results, meeting or exceeding all performance indicators, resulting from robust assistance programs for all target industries

MCP assistance in target sectors was complex, transformational, and built on sustained donors' support. MCP successfully achieved its objective to grow and expand the targeted competitive industries through increased productivity and quality, expanded market linkages and an improved sector-enabling environment.

MCP INDICATORS

Indicator		Life of Project (LOP) Target	Cumulative Result	Cumulative Result vs LOP target	LOP Achievement, %
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	988	288	141%
5	Assisted enterprises applying improved knowledge, processes, and technologies	370	392	22	106%
6	Assisted enterprises following recognized product or process standards	180	224	44	124%
7	Individuals receiving job skills aligned with industry needs	40,000	71,981	31,981	180%
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	190	0	100%
11	Financing accessed by assisted enterprises	\$120,000,000	\$166,546,484	\$46,546,484	139%
Sub-IR 2.2.2: Expended Market Linkages					
2	Increased value of sales facilitated on behalf of assisted enterprises	\$250,000,000	\$527,171,666	\$277,171,666	211%
9	Number of enterprises with sales facilitated through USG assistance	350	501	151	143%
3	Value of new private sector investment in assisted enterprises	\$170,000,000	\$287,424,367	\$117,424,367	169%
12	Number of assisted enterprises in targeted industries with increased investment	250	384	134	154%
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	51	6	113%
14	Number of Public-Private Partnerships established	40	50	10	125%
15	Value of Public-Private Partnerships established	\$35,000,000	\$58,133,751	\$23,133,751	166%
16	Improved capacity of local institutions**	+60% over baseline	+100% over baseline	+40% over baseline	167%
17	Project-assisted public-private sector dialogue platforms conducted	50	105	55	210%

OTHER INDICATORS

Indicator		Life of Project (LOP) Target	Cumulative Result	Cumulative Result vs LOP target	LOP Achievement, %
Project Purpose: Grow and Expand Targeted Competitive Industries					
Objective 1: Increased Productivity and Quality (Better Workforce and Adopted Innovation)					
IR 2.2: Improved Private Sector Competitiveness in Selected Industries					
Sub-IR 2.2.1: Increased Productivity					
8	Percentage change in specified productivity measure (sales per employees)	15%	19%	+4%	127%
Objective 2. Expanded Market Linkages					
IR 2.1: Improved Private Sector Competitiveness in Selected Industries					
Sub-IR 2.2.2: Expanded Market Linkages					
1	Value of domestic and export sales in targeted sectors	N/A	N/A	N/A	N/A
	Value of domestic and export sales in targeted sectors, 2017		\$912,080,871		
	Value of domestic and export sales in targeted sectors, 2018		\$1,107,920,440		
	Value of domestic and export sales in targeted sectors, 2019		\$1,286,810,015		
	Value of domestic and export sales in targeted sectors, 2020		\$1,381,271,081		
	Value of domestic and export sales in targeted sectors, 2021		\$1,306,239,480		
18	Increased number of market linkages established with donor assistance*	N/A	17,854	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					
19	Number of innovations supported through USG assistance	170	212	42	125%
20	Number of innovations supported through USG assistance with demonstrated uptake by the private or public sector	170	207	37	122%

MCP's performance excelled during its entire period of performance, driven by robust market-driven assistance programs for all target sectors. The project met or exceeded life of project targets for all of its collected quantitative indicators.

Described below are the main results that MCP achieved, broken down by project objectives.

Objective I

Increased Productivity and Quality (Better Workforce and Adopted Innovation)

MCP assisted 988 unique enterprises (adding 46 new assisted companies in FY21) either directly or through its counterparts, **to help improve knowledge, adopt new technologies, increase targeted marketing, and make critical investments in equipment and their workforce.** Through this, MCP exceeded its LOP target of 700 unique enterprises by 41%, demonstrating robust project outreach. Of the 988 assisted companies, **342 or 35% are women-owned.** This outreach was made possible by MCP's close collaboration with industry associations, leading to greater sustainability and impact in the long-run. In addition, new companies have shown greater interest in MCP's activities given the project's prompt support towards target industries in sustaining and digitalizing their operations during Covid-19. MCP's robust assistance to enterprises focused on advancing their knowledge and technologies, improving the quality of their products and services, as well as growing sales domestically and abroad through online sales.

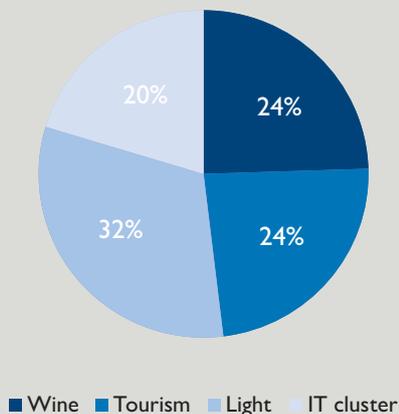
MCP assisted 988 companies for improving knowledge, processes, technologies and practices, exceeding its LOP target by 41%

342 or 35% of total assisted firms were **women-owned**

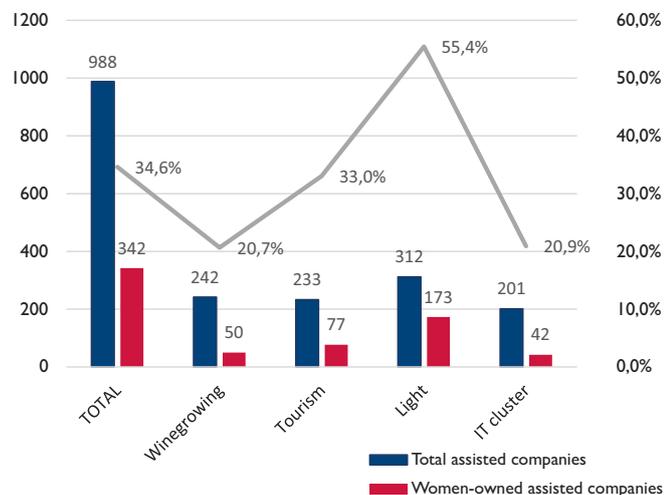
392 enterprises are applying improved knowledge, processes, and technologies, exceeding LOP target by 6%

224 enterprises are following recognized product or process standards, exceeding LOP target by 24%

988 enterprises receiving MCP support to improve knowledge, processes & technologies, FY16-FY21



MCP assisted companies by sectors, FY16 - FY21

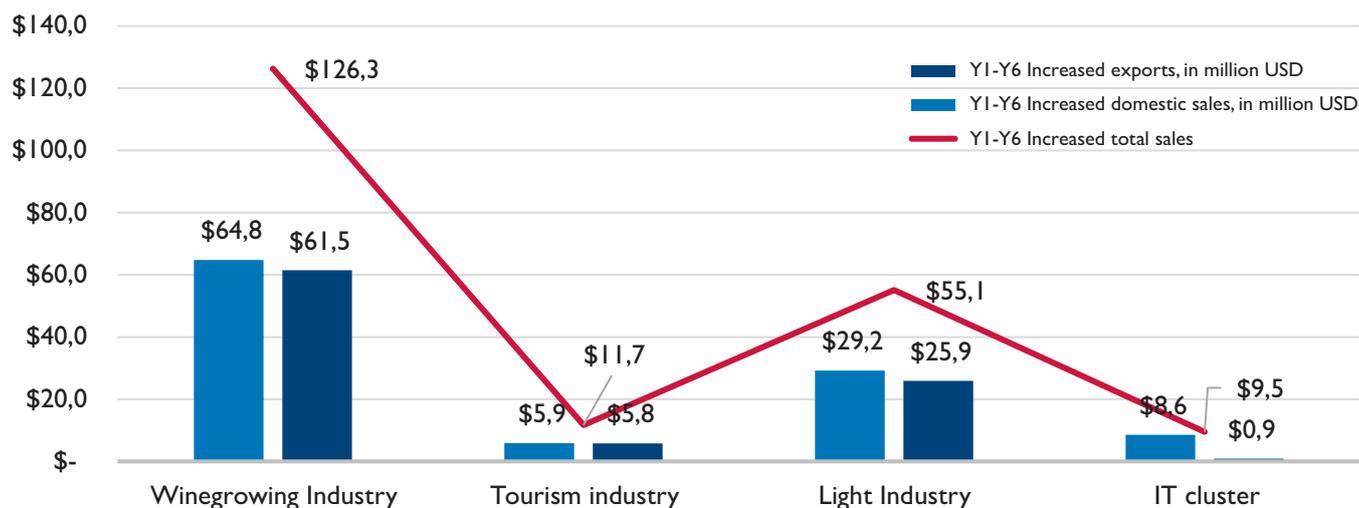


From a total of 988 unique assisted companies over life of project, 392 companies or 40% have applied improved knowledge, processes and technologies and 224 companies have begun following recognized product or process standards and production methodologies demonstrating the effectiveness and high levels of adoption of the delivered technical assistance by beneficiary companies. In addition, assisted companies registered a 19% average productivity increase over each previous year, exceeding the LOP target of 15%. The highest results were achieved in the first years of the project, demonstrating how the complex support provided by MCP generated results from the outset (34% and 35% productivity increase in first two years). It is important to note that the Covid-19 pandemic affected companies' productivity, with many reducing their business activities, while striving to maintain their workers and pay wages. At the same time, assisted companies managed to increase their productivity by 13% in FY21 compared to FY20, a result of timely support measures taken by MCP to assist industry associations and implement e-commerce programs to help firms generate online sales.

New sales valued at \$527M were generated by assisted companies through MCP's direct and indirect support during life of project. This achievement is twice the cumulative target of \$250M in increased sales. At the same time, the companies registered \$1,588M of total sales. Disaggregated by type of trade, \$367.4M of new sales or \$1,080M of total sales are exports and \$159.8M of new sales or \$435M of total sales are domestic sales.

Disaggregated by type of assistance (direct and indirect), \$202.6M increased sales are from direct support and \$324.6M are from indirect support. In FY21 alone (half-year of collected data), MCP's direct assistance to monitored companies contributed to an increase in exports and domestic sales of \$17.3M while indirect assistance generated another \$39.6M (99.5% in IT cluster) in the reported year due to IT virtual park reported sales. Gender analysis of directly assisted companies indicates that women owned companies contributed \$73.4M or 36% to the total \$202.6M of positive growth (increased sales), and \$335.9M or 34% to the \$983.5M of total sales.

Total increased sales of monitored companies, FY16-FY21, million USD



Overall years, indirect MCP support generated almost \$324.6M in new sales, with \$39.6M being in the first half of Year 6 alone. This amount is 1.5 times higher than the results achieved by MCP monitored companies, demonstrating MCP's sector-level support has had a greater impact on the business and trade enabling environment. The sizable increase of 99.5% is attributed to the sales within the IT virtual park that was opened through MCP support in 2018 and is the only MCP assisted sector that was not negatively affected during Covid-19. The remaining 0.5% of the total amount are the increased sales registered by DinInima fashion shops before Covid-19.

Comparison of trade exports in MCP's assisted sectors, Moldova and World, 2020

US\$ 474 Million, -8.77%	US\$ 586 Million, -4.55%	US\$ 2.485 Billion, -10.6%	US\$ 1.196 Billion, -20.9%	US\$ 17.582 Trillion, -7.5%	US\$ 5.898 Trillion, -19.9%
MCP - assisted sectors merchandise exports	MCP - assisted sectors' commercial services exports	Moldova merchandise exports	Moldova commercial services exports	World merchandise exports	World commercial services exports

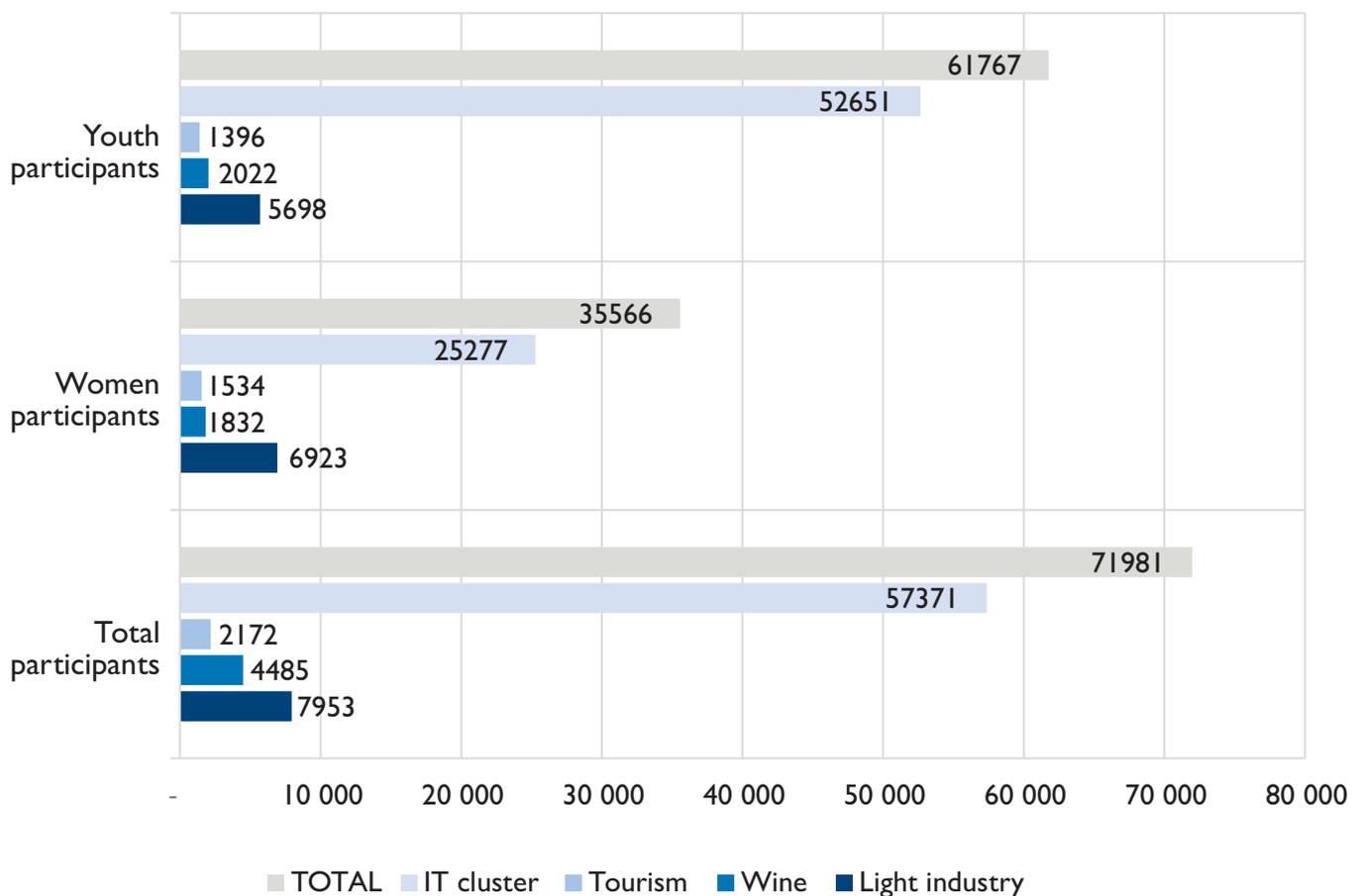
Calculated based on data from National Statistics <http://www.statistica.md/> for Moldova's data and from <https://data.wto.org/> - for world data

The table above clearly illustrates how MCP's supported sectors experienced a lower decrease in exports (in 2020 from 2019) compared to the overall Moldovan economy, as a result of the project's prompt support to industry associations to recover after the Covid-19 pandemic.

The cumulative value of investments in assisted companies reached \$287.4M, exceeding the LOP target of \$170M by \$117.4M. The total amount is composed of \$267M investments generated as a result of MCP's direct assistance to monitored companies and \$20.4M of investments generated from indirect assistance to the IT industry, namely through Starnet's investment (internet service provider) in the construction of IT Digital Park, and the investments of the IT companies-residents in Virtual Park, created with MCP support. The investments were directed to increasing productivity and product quality, and procurement of new technologies and equipment to successfully position businesses for higher value-added markets.

Over 71,981 professionals and youth benefited from MCP-supported workforce development initiatives through life of project. MCP's LOP target of 40,000 was exceeded by 80%. In FY21 alone, the Project had successful outreach in its capacity building programs, with 15,480 people developing their skills as result of participation in Project's educational activities, trainings and community building events. The majority of participants, 57,351, are in the IT cluster (80%). This result was generated via the public-private partnerships in workforce development developed by MCP, such as Educational Robotics and FCL in schools, Creative Hub, Google G Suite, CISCO for VET, all of which ensure the long-term sustainability of USAID, SIDA and FCDO's investments. These programs are instrumental in shifting mindsets towards and improving knowledge across industries, since all assisted industries started to embark on the digitalization process, to varying degrees.

Participants in MCP-supported capacity building programs during FY16-FY21, by industries



Objective 2

Expanded market linkages

During MCP's implementation, the Project facilitates sales for **501 unique companies** on local or on international markets, exceeding the LOP target of 350 unique companies by 43%. As a result of 4,847 instances of participation in **353 international and local exhibitions, B2B and B2C events and marketing campaigns**, MCP-supported firms established 17,854 new market linkages. In FY21 alone, 138 companies participated 287 times in 24 sales facilitation activities.

Under “market linkages” MCP reports any contacts, formal or informal, entered by the assisted enterprise(s) with an existing and/or new client, as a result of MCP assistance. The MCP assistance included marketing-related support, such as participation or exhibition at trade shows, business-to-business (B2B) and business-to-consumer (B2C) events, brand development, promotion, and other. During the pandemic, MCP reassessed its planned trade-support activities to ensure that these are adapted to the new market realities. Stronger focus was placed on digitization of businesses and trade, such as e-commerce, online bookings for tourism, digital campaigns, and MCP exclusively supported digital campaigns in tourism and fashion manufacturing, such as Visit Moldova Virtually in tourism, and Dininima Sustainable Fashion.

Illustrative International trade shows

Winegrowing



Prowein, China Food and Drinks Fair. La Grand Degustation du Montreal, Grandes Escolhas Vinhos & Sabores 2019, Interwine Guangzhou, Wine Experience Fair in Warsaw

Tourism



TTG Rimini Travel Expo, International Tourism Fair in Poland, World AVIREPS Nordic Roadshow, MATKA Nordic Travel Fair; Helsinki, Finland; TTR Bucharest; BIT Milano; TTR Bucharest, Romania;

Light Industry



Fashion Philosophy Bucharest, Pure London, UK; Bijorhca Jewelry, Paris, France; Wedding Fairs in Bucharest and Iasi, Romania; Leather and Shoes, Kiev, Ukraine, Fashion Central Asia

IT cluster



IT & Business 2016 fair, Stuttgart, Germany; Berlinale Film Festival; film festival

Illustrative Local events

National Wine Day, Wine Vernissage, Descopera, City Day, Moldova Fashion Days, festivals (Mai Dulce, etc.), fairs, pop-ups



Photo Caption: DescOPERA open-air classical music festival, organized under the “Discover the Routes of Life” country brand.
Photo Credit: Discover the Routes of Life, Facebook page.

Objective 3

Improved sector-enabling environment and increased local capacity

MCP succeeded in developing public-private partnerships and implemented initiatives providing sustainable and scalable local solutions for assisted industries' growth. During life of project, MP achieved the following results towards strengthening the Moldovan business enabling environment:

50
transformative
public-private
partnerships

MCP facilitated the conceptualization and/or development of **50 transformative public-private partnerships**, exceeding the LOP target by 10. MCP integrated several types 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 (Ministry of Economy, ONVV, Ministry of ICT), educational institutions (schools and universities), and private sector companies (Microsoft, CISCO).

\$58.13M
contributions
of all partners

The value of PPPs established with MCP support during life of project reached **\$58.13M contributions of all partners**, exceeding the LOP target of \$35M. The PPPs increased their sustainability grade each year. The project worked to sustain these PPPs, especially in the initial years of their launch when targeted support is crucial. MCP's cumulative contribution in 50 PPPs represented 20% of total value, while private sector contribution was 51%, local public donors' was 26% and other donors' was 3%. The partnerships and cumulative contributions by partner type are listed in Appendix IV.

11
business
associations
for a total of
3,261
members

MCP focused on **strengthening business associations** and increasing their role in industry development. To date, MCP worked with **11 business associations for a total of 3,261 members** to stimulate inter-industry cooperation, and consolidate the private sector's vision and voice, and increase their role in quality, skills and/or trade support, to further enhance the overall competitiveness in targeted industries. To help Moldova's small and medium enterprises overcome the challenges stemming from the pandemic, MCP provided ongoing assistance and mentorship to business associations, and supported them in planning rapid and long-term responses to maintain business continuity, ensure financial liquidity, ease financial conditions, and recover sales. Support included business intelligence and legal advice; economic and industry impact analysis; and legislative support. This assistance enabled business associations to become a resource for SMEs and other enterprises to better understand, assess, and address the economic impacts of Covid-19.

100%
over baseline in the
overall capacities of
participating
associations

By working with associations and member-based organizations, MCP built their capacity to advocate for legal and regulatory changes, serve as clearinghouses of information, coordinate initiatives within targeted industries, and provide services such as organizing trade and investment missions, trainings, and/or conferences for their members. MCP monitored the progress of institutional capacity in five associations. FY21 registered an average increase of **100% over baseline in the overall capacities of participating associations** to serve their members, advocate for regulatory and legislative changes, secure new sources of revenue to ensure the sustainability of MCP's investments, and make streamlined management decisions.

105
public-private
sector dialogue
platforms

During implementation, MCP proactively conducted a total of **105 public-private sector dialogue platforms**: 43 in the winegrowing industry, 39 in tourism, 13 in the IT cluster and 10 in light industry. Thus, MCP's LOP target of 50 platforms was exceeded by almost double the amount. Since MCP's supported industries (tourism, light, and creative sectors) were severely affected by the Covid-19 pandemic and faced drastic economic setbacks, several platforms focused on supporting industry associations to advocate for a policy response for business maintenance and recovery.

51
regulations and
procedures

51 regulations and procedures were developed or streamlined with MCP support, exceeding the LOP target by 6. The wine industry is led the implementation of policy documents for improving business, with 27 documents reported, followed by the tourism industry with 16 documents, and IT with 8 documents.

MCP created geographical maps showcasing the impact of project activities across the country

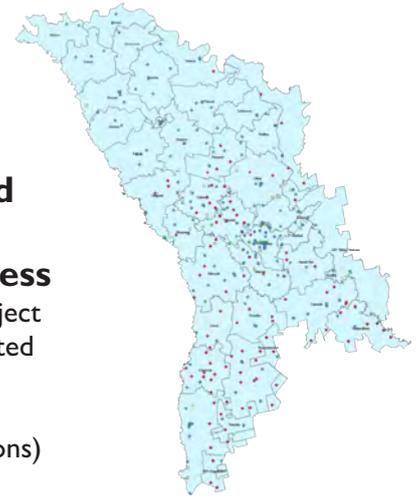
MCP recognizes the importance of geo-referencing data and presenting data within a geographic context. The Project maintains geographic information in connection with M&E, and relevant technical and management data. Over the life of project, MCP created five maps illustrating project impact, which were annually updated with new achievements. This is a helpful tool for decision-making since planning annual activities considered the Project's current geographical reach in order to expand further into new areas. All maps are on <http://geocenterusaid.org/mapviewer/>.

MCP CREATED MAPS

<http://geocenterusaid.org/mapviewer/>.

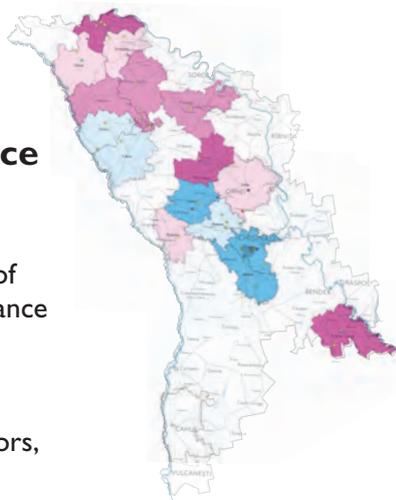
Building Enterprise and Workforce Competitiveness

presenting MCP project level impact in targeted industries (assisted enterprises and educational institutions)



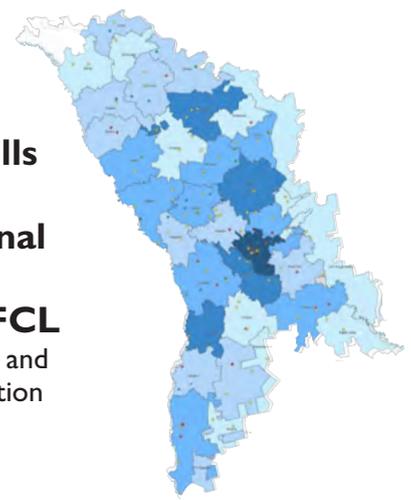
Access to Finance for Energy Efficiency

presenting the results of improved access to finance for entrepreneurs & individuals engaged in energy efficiency and renewable energy sectors, thereby stimulating economic growth



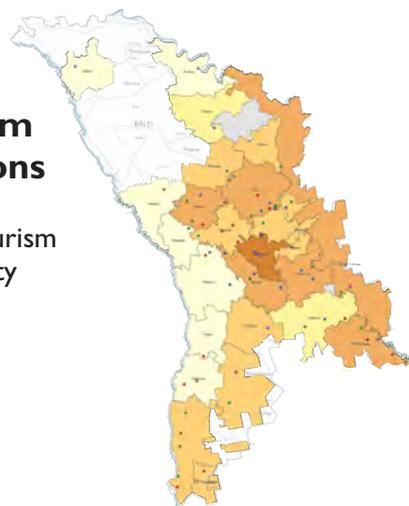
Cultivating Skills for Youth through National Robotics Program and FCL

presenting innovating and scaling STEAM education for youth



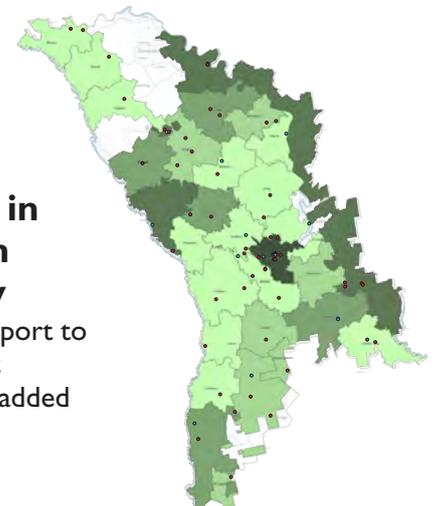
Bringing Tourism Dollars to Regions

on MCP support to develop sustainable tourism for economic prosperity



Empowering Women and Creating Jobs in Rural Areas in Light Industry

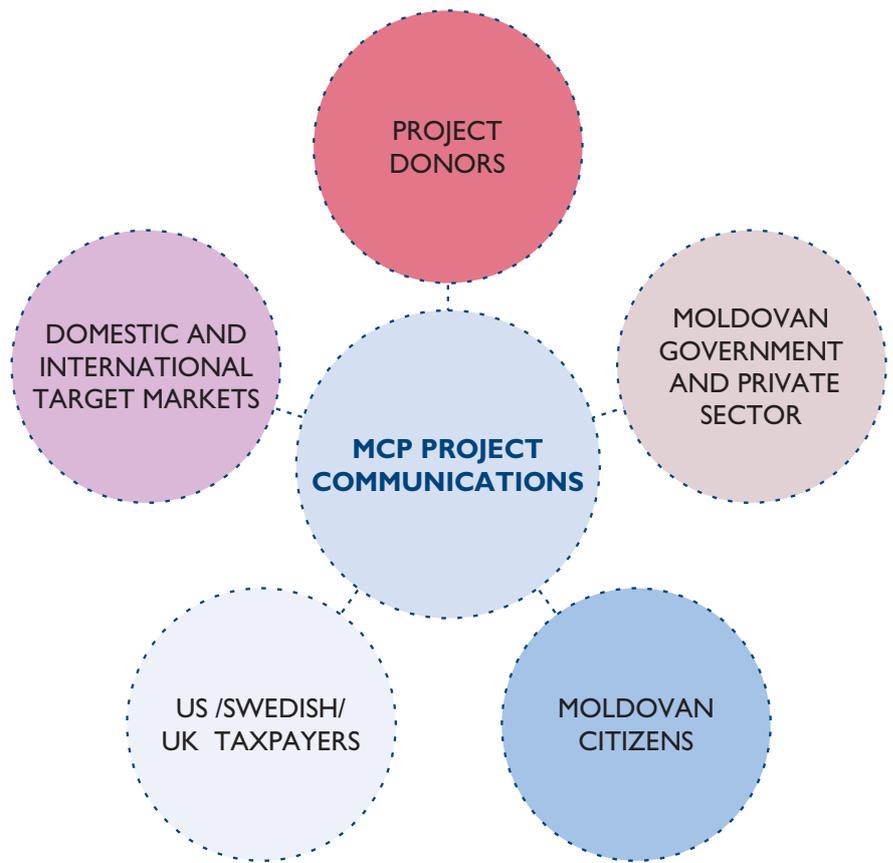
presenting MCP support to create jobs and shift companies to value-added



COMMUNICATIONS

Throughout Y1-Y6, MCP maintained an **ambitious and complex communications portfolio** to raise awareness among the Moldovan public about the project's activities, target industries and donors, and keep donors informed about project successes. The communications team focused on promoting the project's flagship initiatives and offering targeted support to the project's key industries, thus working on the entire value chain: from drafting briefs and speeches to liaising with the media, stakeholders, donors, government officials and beneficiaries.

MCP implemented an active communications schedule, tailored to its stakeholder network. In addition to providing traditional donor communications to report on progress, important milestones, challenges and successes, the project performed crosscutting communications activities targeted for the Moldovan public.



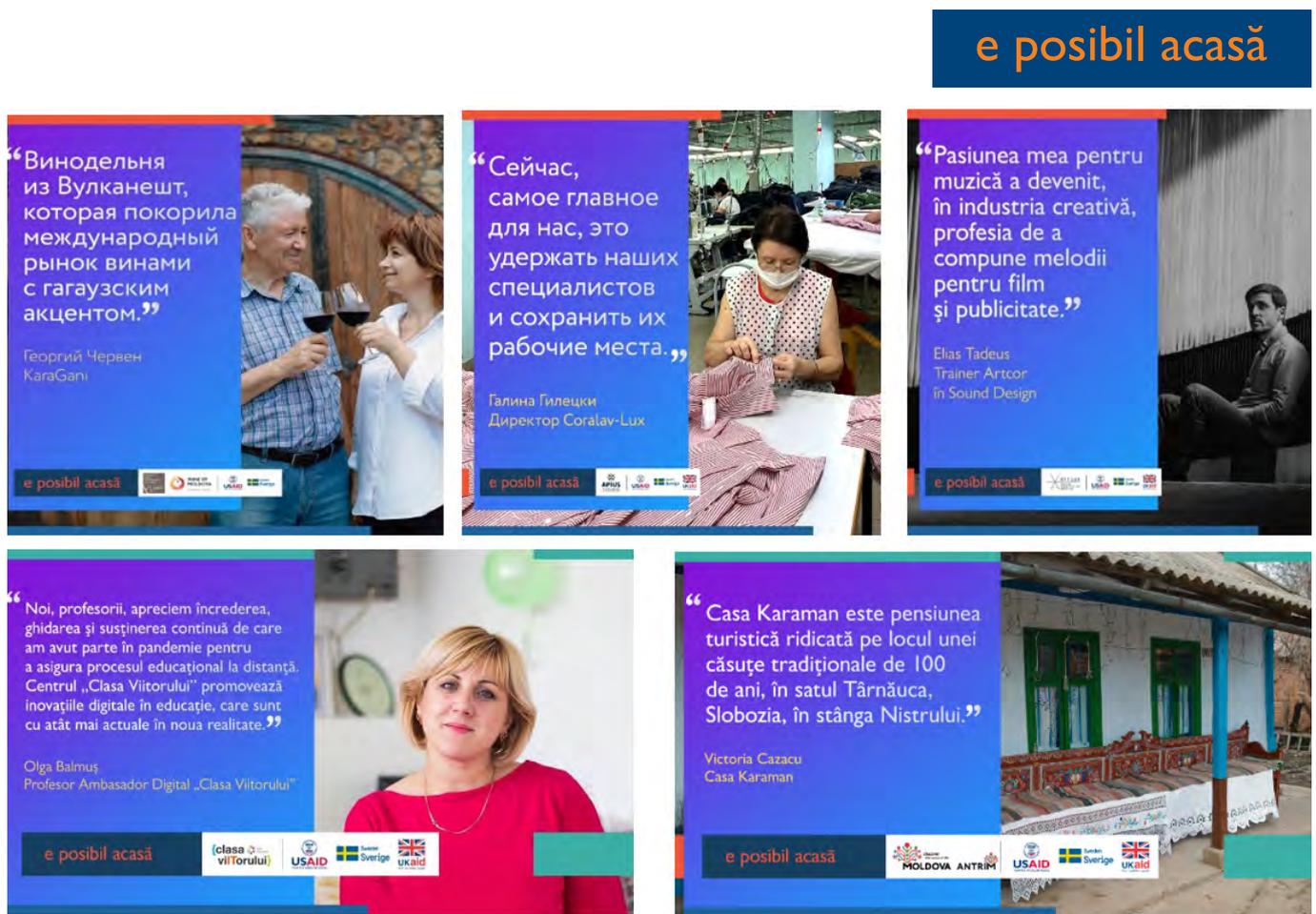
Project Donors	Moldovan Government and Private Sector	Moldovan Citizens	US / Swedish / UK Taxpayers	Domestic and International Target Markets
<ul style="list-style-type: none"> ▪ Scene Setters and Briefers ▪ Project Fact Sheets ▪ Events and site visits ▪ Newsletters, and Monthly/Quarterly/Annual reports 	<ul style="list-style-type: none"> ▪ Meetings ▪ Events and site visits 	<ul style="list-style-type: none"> ▪ Use of donor branding (plaques and other collateral) at project beneficiaries ▪ Media coverage (press articles, interviews, reportages) ▪ Social media campaigns ▪ Industry awards ceremonies 	<ul style="list-style-type: none"> ▪ Social media campaigns ▪ Content for donor social media ▪ Content for blogs and other English language platforms 	<ul style="list-style-type: none"> ▪ Flagship industry events (National Wine Day, DescOPERA, Moldova Fashion Days) ▪ Press trips ▪ B2B delegations ▪ Participation in Moldovan and international trade expos

Communications support focused on **promoting the impact** of project activities on industry competitiveness, **highlighting accomplishments** through the publication of success stories which **promoted the role of women and youth in the economy and stressed the importance of public-private partnerships in stimulating industry development**. The project's communications activities targeted the public and private sectors to motivate behavior change and increase industry competitiveness, while highlighting the **role of USAID, Sweden and the UK** in achieving key successes and performing advocacy, through a combination of events and media outreach.

Communications activities were linked to technical activities, and included **informational campaigns** in print and online **media, social media platforms**, and TV and radio broadcasts to highlight different events and outcomes.

MCP Closeout Communication Campaign

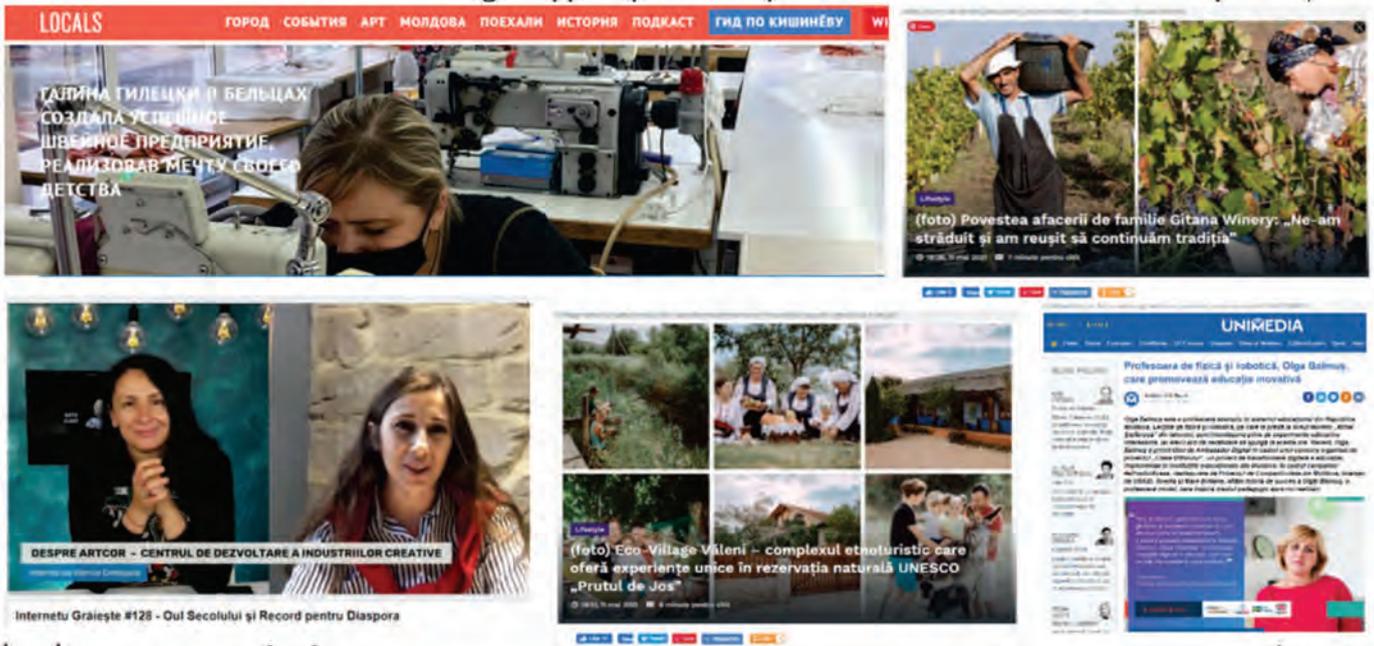
To highlight USAID, Sweden and the UK's core support in developing and increasing the competitiveness of the winegrowing, tourism, apparel manufacturing, ICT, precision engineering and creative industries, MCP deployed a comprehensive closeout communications campaign featuring 60 entrepreneurs, IT and creative professionals who demonstrated great resilience and work ethic in advancing their SMEs and developing the country's potential within MCP's supported industries. **The awareness campaign, entitled “#eposibilacasa” (It is possible at home)** was held between March - May 2021 and reached nearly 1.5 million people (which is more than half of Moldovan population) **via TV and online media**, generating great interest from local audiences. Over **700K people engaged in the campaign, generating an average engagement rate by reach (ERR) of 8.4 percent**, which illustrates high interaction with the content published within the campaign.



Caption: #eposibilacasa visuals of MCP beneficiaries. Credit: MCP.

Throughout the three months of the campaign, MCP developed a series of 60 success stories, both long reads and SMM posts with visuals, that were published across online media and donors' social media pages. The #eposibilacasa message expressed an opportunity for development and growth within the country, and underscored the results achieved by Moldovan people with support from USAID, Sweden, and the UK.

To raise awareness and increase visibility of MCP beneficiaries, the project published the success stories on various online media portals, including agrobiznes.md, agromedia.md, locals.md, perfecte.md, realitatea.md, diez.md, unimedia.md, jurnal.md, and others. In addition, MCP developed the #eposibilacasa tag page on the Agora media portal, which featured the entire spectrum of long-read stories developed within the campaign.



Caption: Collage of MCP success stories and beneficiaries featured in local media.
 Credit: MCP

MCP targeted all media – TV, online, written press, and radio, to highlight the success stories of MCP beneficiaries and underscore the strategic support provided by USAID, Sweden, and the UK. As part of the closeout communication campaign, MCP partnered with a range of TV and online media outlets to promote the success stories of winegrowing and tourism SMEs and raise awareness about MCP flagship initiatives, including Mediacor Technology Center, Artcor Creative Industries Center, Future Classroom National Center, ZIPhouse Innovation Hub, FabLab Chisinau and regional FabLabs, Balti Innovation Center, among others. As such, the popular Moldovan show “Internetu Graieste” featured 10 short reportages and online interventions from MCP management and beneficiaries from the winegrowing, tourism, apparel manufacturing, ICT and creative industries. Targeting a large share of the online consumers of different ages and interests from all over Moldova, as well as the diaspora, the Internetu Graieste offered a great opportunity to present MCP success stories to a larger and more diverse audience. The target audience had the opportunity to interact with the subject in live streams, comment and share links to the reportages and the show, which increased the engagement rate and the viewership of the campaign.



Photo caption: Online media and TV media indicators of the MCP close-out communication campaign #eposibilacasa.
 Photo credit: Ogilvy Advertising.



Photo caption: General indicators of the MCP close-out communication campaign #eposibilacasa.
Photo credit: Ogilvy Advertising.

Popular TV and online media outlets including Moldova 1, TRM, TVR, ProTV and Agora developed comprehensive reportages and TV shows about MCP's flagship initiatives, which were featured during the TV programs "Rapsodia Satului", "Obiectiv Comun", "O seara perfecta", "Prima Ora" and others. During the campaign, nearly 20 national and local TV and online media channels produced over 80 media materials about MCP's beneficiaries and project activities.

Nearly 60 social media posts including visuals and interactive videos were shared on donors' social media accounts and on dedicated Facebook pages of the MCP-supported associations and Excellence Centers. The social media posts highlighted the beneficiaries' successes and the progress made in the development of the MCP-supported sectors.

Throughout Y1-Y6, MCP supported over 950 entrepreneurs to increase their competitiveness on local and international markets, ensuring sustainable development of Moldova's key industries. At the same time, MCP supported the development of strong industry associations and Excellence Centers that offer Moldovan professionals a platform for growth and advancement. MCP's supported reforms, as well as its grants and the technical assistance have directly impacted the competitiveness of their businesses and the lives of the entrepreneurs, enabling them to create new jobs and improve their communities.

Tools and Communications Channels

Mass-media. Media is an important tool to promote industry competitiveness and high-impact project activities. Throughout Y1-Y6, MCP actively used media to promote high-impact project activities and industry competitiveness pillars to build confidence and facilitate changes in mentality. The project targeted all media – TV, online, written press, and radio – issuing press releases, news, articles, and announcements, and inviting journalists to Project events to deepen their understanding and knowledge of highly technical subjects. Throughout its activity, MCP engaged media in nearly 500 communications and PR activities (events and communications subjects). Local media developed over 7,500 press materials about MCP's supported industries, directly referencing the Project or donors for a majority of them. Thus, the monthly average of press materials about the Project activities was 3.5 press materials per day. Over 40 national and local media outlets broadcasted and featured MCP flagship initiatives, such as the launch of MCP-supported Excellence Centers (e.g. Artcor Creative Industries Center; the National Center for Digital Innovation in Education "Future Classroom"; Balti Innovation Center; Mediacor Technology Center; FabLab Chisinau), wineries and rural guesthouses, as well as high-level events such as the National Wine Day, Wine Vernissage, DescOpera, Moldova Fashion Days, Moldova Fashion Conference, FIRST Lego League and other Future Classroom and Educational Robotics competitions and events. This coverage has contributed to an increased visibility of USAID, Sweden and UK assistance.

40

public events/ year or a minimum of 3 public events/month

90

communication subjects distributed/year

1 300

media articles/year or 3.5 press materials/day

Online platforms. Clear, accurate, and user-friendly online platforms are a must-have communication tool today. MCP provided USAID, as well as the Swedish and British Embassies with content to promote Project activities and accomplishments on their platforms (through Project Fact sheets, Industry and initiative-based Fact Sheets, Success Stories, video success stories about the project and supported industries).

FEATURE STORY

Under the international media spotlight: MCP won USAID 2018 Digital Development Award



Photo Caption: Drone testing in Moldovan wineries.
Photo Credit: Colby Gottert.

In 2018, MCP was named one of the five winners of the USAID 2019 Digital Development Award, highlighting the important role of digital technologies towards achieving the Sustainable Development Goals. Selected from more than 140 applications from around the world, MCP won the award for its innovative Drone Vine Disease Detection Pilot, harnessing the power of digital tools and data-driven decision making to protect Moldova's valuable heritage vineyards.

The project communications team played a key role in achieving this result, coordinating both the entry to the competition and the follow-up visit of the international photographer, journalist and filmmaker Colby Gottert, who reported on the progress in Moldova's wine industry resulting from USAID and SIDA's investments. In December 2018, MCP organized a 5-day trip around Moldova's wineries for Mr. Gottert and supported him in showcasing the use of 21st century technologies in deploying international best practices for vineyard management. The resulting interviews and photos profiled MCP-supported wine industry beneficiaries and captured people from rural areas who facilitate the different stages of the winemaking process, from tending grape vines in the field, to working on a bottling line in a modern factory. As part of this award, the 2018 Digi winners were recognized at a special ICT4Drinks reception in Washington D.C. in early 2019, increasing the profile of the project and its achievements in the United States.

Social media. The importance of Facebook and Instagram in the Moldovan context cannot be understated. They are the primary means of communication for youth and adults, and Moldovans often use Facebook chats for professional conversations. MCP posted regular updates on the USAID, Swedish and British Embassies Facebook pages and shared links from Moldovan media highlighting Project activities, events, pictures, pages and campaigns. Throughout Y1-Y6, the Facebook pages for USAID and the Sweden and UK Embassies actively promoted MCP activities. The posts had high reach, organically engaging Moldovans and the Diaspora in threads of comments and shares on social pages. The MCP closeout communication campaign **#eposibilacasa reached over 400K on USAID social media solely**, demonstrating high interest from local audiences.



Photo caption: SMM indicators of the MCP close-out communication campaign #eposibilacasa. Photo credit: Ogilvy.

Branding. All equipment purchased with MCP funds was branded in line with USAID, Sweden and UK regulations. MCP developed branded plaques to be displayed in all MCP-assisted beneficiaries (rural guesthouses and wineries, schools participating in the FCL and Educational Robotics programs, apparel factories, etc.) highlighting the investments made by donors. Anecdotal evidence indicates their effectiveness at informing American, Swedish and British visitors about the impact of their taxes and informing local communities about the support from the US, Swedish and UK governments.

Considering the COVID-19 pandemic and the shift to online, MCP ensured accurate branding for online events, campaigns and webinars organized with support from USAID, Sweden and the UK. All events and digital campaigns supported by the project were branded in line with USAID, Sweden, and UK regulations, reflecting donor logos and disclaimers as needed.



*Photo Caption: Unveiling the branding plaque at the launch of the Casa Veche rural guesthouse in Palanca village.
Photo Credit: MCP*

Site Visits and Industry Events. Throughout Y1-Y6, MCP kept donors actively informed of the material impacts of the project through regular site visits, which were often covered by the media to publicly reinforce the role of USAID, Sweden and the UK in project successes for its target industries. A regular program of industry events and product launches also supported this objective. As the coordinator of industry events and site visits, MCP played an instrumental role in developing scene setters and briefers for USG, Sweden and UK representatives, providing detailed timelines, technical expertise and background knowledge.

MCP ensured high level participation at events, including regular attendance by the Diplomatic community and Moldovan government officials. Media coverage of this level of partner participation signaled the project's credibility and built confidence among the local population.



*Photo Caption: Derek J. Hogan, U.S. Ambassador; Anna Lyber, Ambassador of Sweden; and Scott Hocklander, USAID Mission Director awarding winning wineries at the National Wine Day 2019.
Photo Credit: Wine of Moldova.*

10 Major milestones, high level visits and successful communications activities

1. **Visit of Brock Bierman, Assistant Administrator for USAID's Bureau for Europe and Eurasia, in May 2018 and May 2019** at MCP beneficiaries in wine, tourism and IT sector highly covered by media.
2. Visit of **Senior Deputy Assistant Administrator Margo Ellis** in March 2018 and November 2020 to Moldova and to MCP beneficiaries and partners. Meeting with Francois Cosson, Executive Director of Orange's Foundation and Solidarity Fund at FCL.
3. **UK Minister for European Neighborhood and the Americas** visited MEDIACOR Technology Media Center.
4. **Swedish Minister of International Development Cooperation, Peter Eriksson** visited MCP-supported rural guesthouse Casa din Lunca, highlighting Sweden's commitment to SME-development and gender integration.
5. **MCP won USAID 2018 Digital Development Award.**
6. **U.S. Ambassador participated in the launch of the first Regional Innovation Center in Balti** in 2020.
7. USAID, Sweden and the UK supported the development of the **first Creative Industries Center in Moldova – ARTCOR**, launched in 2019. UK Ambassador received the Artcor Ambassador Award
8. **USAID Mission Director gave an exclusive interview at the National Wine Conference 2021 for Infomarket**, the largest local economic news platform, highlighting USAID support for the winegrowing industry since 2012.
9. **Swedish Ambassador Anna Lyberg became DININIMA brand Ambassador**, promoting fair trade, environmental sustainability, and social compliance at Moldova in Fashion Conference in 2019 and 2020.
10. MCP facilitated a **partnership with Google to bring Google for Education in Moldovan schools.**



MCP FINANCIAL SNAPSHOT

Through the end of the project, September 2021, the Project reached nearly 100% of the total MCP contract with a value of **\$28,491,372**. Of the total amount expended, \$5,487,434 or 19.26 percent was utilized by the SEED Fund (grants), with a focus on strengthening beneficiaries and counterparts' ability to take full ownership of MCP's flagship activities, including: ARTCOR, Mediacor, FabLab, the Educational Robotics and Future Classroom programs, Tourism Information Center, among others.

Contract Ceiling	\$28,491,372	Percentage of Fund ceiling
Expenditures through September 2021*	\$28,400,000	99.68 %
Total Contract Funds Remaining*	\$91,372	0.32%

As of the end of the project, the SEED Fund awarded and disbursed 163 grants with the total value of \$5.487 million. This accounts for 99.6 percent of the total SEED Fund of \$5.510 million.

SEED Fund Ceiling (grants)	\$5,510,000	Percentage of Fund ceiling
Expenditures through September 29, 2021	\$5,487,434	99.6 %
Total SEED Funds Remaining	\$22,566	0.4%

To the end of the project, September 29, 2021, a total 100% of the total contractual ceiling of 29,227 LOE were utilized across all labor categories.

MCP utilizes its financial resources in a careful and balanced manner, ensuring that all budget categories are expended equitably and dynamically to respond to technical implementation needs.

SECTION IV:

PROJECT TECHNICAL
INTERVENTIONS

A close-up photograph of a grapevine during its flowering stage. The image shows several clusters of small, green, unopened flower buds and developing flowers, which are densely packed along the stems. The background is a soft, out-of-focus green, suggesting a healthy vineyard. The lighting is natural, highlighting the texture of the leaves and the intricate structure of the flower clusters.

WINEGROWING INDUSTRY

*Photo caption: Vines flowering at Novak Winery, May 2020
Photo credit: Maxim Ciumas*

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



Photo caption: Vinia Traian Winery
Photo credit: Maxim Ciomas

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

Achieved Outputs:

- **35 new**, small winegrowers launched their first wines in MCP mandate
- Number of members of ASW grew from 9 in 2015 to **47 in 2021**
- **23 small wineries** started exporting
- **14 small wineries** launched hospitality services
- **20 beneficiaries** in total of PQUP program, accounting for 38% of the total volume of processed grapes and 42% of the produced wine, achieve a 75% increase of growth margin and +40% CAGR of new sales of high-quality bottled wine
- Increased production of bottled wines (**up to 40% bottled** vs bulk production) for assisted companies
- Over **\$373 million** of accumulated funds attracted in direct investments in technological upgrades
- Over **4,400 participants at 116 continuous education sessions** and events co-organized with ASW and ONVV

Achieved Outcomes:

- Strengthened **ASW** and small wine producers in Moldova
- Increased **awareness** of the Association of Small Winemakers (ASW) and 'author' wines among consumers and potential new small wine producers
- Diversified and increased Wine of Moldova **bottled wine** export offer, in line with international and domestic quality standards
- **Diversified wine tourism** offer through small wineries.
- Increased number of **international wine competition awards** to assisted wineries
- Increased **share of bottled wine** by value and volume in exports
- Increased **sales on domestic and export markets** of assisted wineries
- Improved **workforce and new technologies** implemented by transition-wineries
- Improved **quality** of Moldovan wine products and enhanced image of Moldova as a quality wine producer

Through its life of project, MCP experienced numerous challenges. 2015, the year the project started, was dominated by pessimism as exports had hit the lowest values, dropping below \$98 million (from \$150 million in 2013) as a direct consequence of Russian embargo. MCP also experienced multiple exogenous challenges: early frost and late snowfalls (spring of 2017), drought and early frosts (2020); overproduction (harvest of 2018); political turmoil on domestic and neighboring export markets; COVID-19 pandemic, among others.

In spite of these challenges, MCP stayed true to its overarching 'quality over quantity' strategy by addressing issues and upgrading the quality of the 'weakest links' in the sector's chain to local and international standards, including: small wineries, mid to large scale Soviet-type wineries, and general knowledge and skills gap in the sector's workforce.

This strategy has been fruitful since up to the pandemic year (2020) where Moldovan wine exports have almost fully recovered and surpassed the quantities registered before the last Russian embargo (2012). Even with the global lockdown, higher value-added bottled wine exports continued to grow by an average of 7%, while bulk wines dropped by over 20%. This is a result of MCP's focus on 'champion wineries' and 'premiumization' of iconic wines that dominated wine consumption trends through the pandemic.

MCP's quality improvement programs engaged and benefitted 261 companies from the wine sector, or **80%** of companies included in the Wine and Vine Register, resulting in a positive spillover effect on wine quality across the industry. From using autonomous meteorological stations that track over 50 parameters providing agri-intelligence data to individual, pointed and tailored interventions in winemaking processes at quality programs beneficiaries – these MCP-driven improvement mechanisms incentivized all Moldovan wine producers to prioritize quality over quantity.

Through life of projet, MCP grants awarded wine sector SMEs were valued at **\$1 million, which further mobilized over \$4.5 million** in private investments by wineries in stainless steel tanks, wood barrels, temperature control units and other equipment that critically influence the final quality of the bottled wine. For every \$1 in grants that MCP financed, **\$4.25 was further mobilized by private funds.**

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



Photo caption: Grape harvesting at Gitana winery
Photo Credit: MCP

Small winemakers serve as the 'spearhead' of Moldovan wine, driving domestic and export sales, and Moldova's wine tourism

MCP QUALITY IMPROVEMENT

SMALL WINEMAKERS' MENTORSHIP PROGRAM

Implemented with ASW and ONVV

PQUP

Implemented with ONVV

WINE OF MOLDOVA ACADEMY

Permanent service to sector provided by ONVV

SECTORIAL Q' PROGRAMS

ONVV & PGI Associations & Academia

- Best Grapes - experimental plots
- Flave Dor - disease and pests prevention & management
- Vine and Wine Register - records & traceability



*Photo Caption: Harvesting at MCP-beneficiary Salcuta Winery,
Photo Credit: Maxim Ciomas.*

Moldova inherited its winemaking industry with a rigid structure dominated by large-scale, industrial production units. Following the land reform, over 33,000 farmers have received property rights on vineyards, given the single option of selling their harvest to large wineries, at low prices. At the same time, legislation was too restrictive to attract entrepreneurs to invest in smaller scale, boutique wineries and few precedents of viable and successful business models were virtually non-existent. This has irreversibly changed, since through the Small Winemakers Mentorship Program, MCP provided an indisputable proof of concept that small wineries can be profitable, value-added business for vineyard owners.

Through the program, the number of small wine producers in Moldova registered a 6-fold increase since 2014, underpinned by wine reform that removed licensing and other major barriers to entry. Under its mandate, MCP assisted 46 small wine producers to emerge and develop, each operating an average of 5 hectares of vineyards. The group of small wine producers include top performers in the local market, including Gogu Winery, Kara Gani, Crama Tudor, Crama Mircesti and Atu winery. The Project's support was multifaceted and comprehensive, providing mentorship on viticulture and winemaking operations, equipment upgrade and assistance for sustainable winery management, marketing, and sales. Through its life of project, MCP assisted 30 small wineries to commercially launch their wine brands, whereas other MCP-assisted small winemakers won 294 awards at international wine competitions.

Additionally, the Association of Small Wine Producers promotes cooperation, equipment-sharing and joint marketing. MCP supported the associations' institutional development, endowing it with winemaking equipment jointly used by its members, including labeling, capping, bottling and washing equipment and pumps that would otherwise be unaffordable to each individual winemaker.

Resulting from MCP and ASW's efforts, the main governing law (57/2016 On Vine and Wine) was amended to allocate one voting right in ONVV Coordination Council (Board) to an ASW delegate, thus ensuring that small winemakers are represented in the sectors' main and leading organization.

Transitional wineries are transformed through the Product Quality Upgrading Program

MCP's 'Product Quality Upgrading Program' ('PQUP') achieved transformative impact on 'transitional wineries'⁶ to transition to the 'quality over quantity' paradigm. This transition enabled beneficiaries to convert their business models from cheap, bulk wine to production of bottled wines with higher added value. PQUP benefited 21 transition wineries, collectively responding for processing of almost 38% percent total grapes harvested 2019 (grape processing for wine production) or for over 42% of the total bottled wine sold⁷. Quality improvements have a transformational impact for the entire wine sector – serving as a role model for 'hesitant' wineries. Within MCP's life of project, PQUP wineries invested almost \$2.7 million in technological upgrades to improve primary processing, fermentation and wine treatment practices (using modern pneumatic presses, stainless-steel tanks for fermentation at controlled temperature, filters and pumps with closed circuits that reduce oxidation risks). 2020 brought unexpected circumstances arising from the COVID-19 pandemic, the HoReCa and tourism sectors were inactive, whereas slowing exports have placed great pressure for fragile mid-sized wineries. MCP's M&E data shows that the strategy of shifting to high quality bottled wine paid-off as most PQUP beneficiaries that succeeded in transitioning to bottled wines have reported minor losses or even slight increase in sales.

Wine of Moldova Academy became a permanent, continued education vehicle of ONVV

The curricula of WoM Academy is primarily based on MCP's Skill Gap analysis conducted in activity year one which among others, identified that 53% of the current sector workforce has obsolete knowledge and skills. To address this, MCP and ONVV started designing and conducting sporadic trainings to cover most crucial gaps mainly in winemaking and viticulture, with the activity growing and by 2018, being institutionalized as a permanent service to the sector under the WoM Academy platform with expanded trainings in wine service and hospitality, marketing, sales, organoleptic evaluation, and wine assessment. The pandemic introduced corrections to the curricula in 2020, with greater emphasis placed on 'adapting to the new reality' and embracing digital marketing, putting greater emphasis on training sectors workforce in digital transformation, business digitization and digital marketing. Over MCP's life of project, over 119 continuous education events took place, with over 4,400 participating sector professionals.

PROBLEM DATA

Quality is a winning bet!

- 
Problem:
 Transition to quality standards PGI and "Wine of Moldova" - market orientation
 Peasant (household) wine and dependency of the small farmers from large wineries
- 
Solution:
 Bottled wine: varietal, indigenous varieties, creative blends
- 
Implementation:
 Investment project in the amount of **aprox \$100 000 in equipment and technologies** (80% by beneficiary and 20% MCP) for "transitional wineries" and **cca. \$40 000 in equipment and technologies** for small wineries

 Marketing and communication

 Long term mentorship: min.2 harvests



⁶A 'Transitional Winery' is considered a wine producer owning vineyards and wine production facilities of older generation, producing low-quality and low-priced wines, often in bulk, primarily focused on selling to the CIS market for a low-segment range. The winery often has an older-generation workforce with owners usually possessing an old mindset with a pessimistic approach towards the strategic objectives of the wine industry (high quality, value-added markets and wine with protected geographical indication).

⁷The 2020 vintage is not relevant for analysis due to low yields caused by unfavorable climate

ONVV and Protected Geographic Indication producers' associations extend cutting-edge precision viticulture technology

MCP supported innovations and precision viticulture technologies to address the effects of global climate change and ensure high quality raw material for winemaking. In partnership with ONVV, MCP implemented the 'Best Grapes' project and supported its gradual scaling up by increasing the number of demo plots equipped with modern agricultural intelligence technology (meteorological stations, pest sensors and traps). The acquired data has been constantly disseminated to the sector via periodic newsletters. Moreover, MCP and ONVV implemented "Flave Dor", an award-winning pilot project aimed to identify and combat endemic diseases by replacing labor-intensive human surveillance and diagnostics through using unmanned aerial vehicles. All key findings and conclusions were constantly shared with sector professionals, academia and other interested party via bi-annual conferences.

ASW (Association of Small Winemakers) Mentorship Program – supporting emerging small wine producers

According to the latest report from the National Agency for Rural Development (ACSA), out of 33,600 vineyard owners across Moldova, 29,000 own vine plantations of one hectare or less. Despite the millennial tradition of home-made wine production in Moldova, very few producers have upgraded up the value chain into winemaking. On the other hand, MCP estimates that approximately 445,000 households in Moldova produce home-made wine, and about 5% of them (or 22,000 households) are producing wine sold on the grey market, leaving an immense potential for growth of the number of the institutionalized small wineries.

At the start of MCP's implementation, there were only about 10 small wine producers that emerged after 2010, bringing innovation and reviving winemaking traditions in Moldova. To date, MCP's database of small wineries counts 63 companies which is quite modest compared to benchmarks from other winemaking countries, including Austria and France. Overall, the appearance of small wineries in Moldova was possible only through USAID-supported legal reform which removed entry barriers, such as licensing, for small wine producers. Prior to MCP, small grape producers were reluctant to enter wine production, given their limited knowledge about winemaking and the complicated legal framework. To address this, MCP conceived and implemented a multi-faceted and complex program which and included following sub activities:



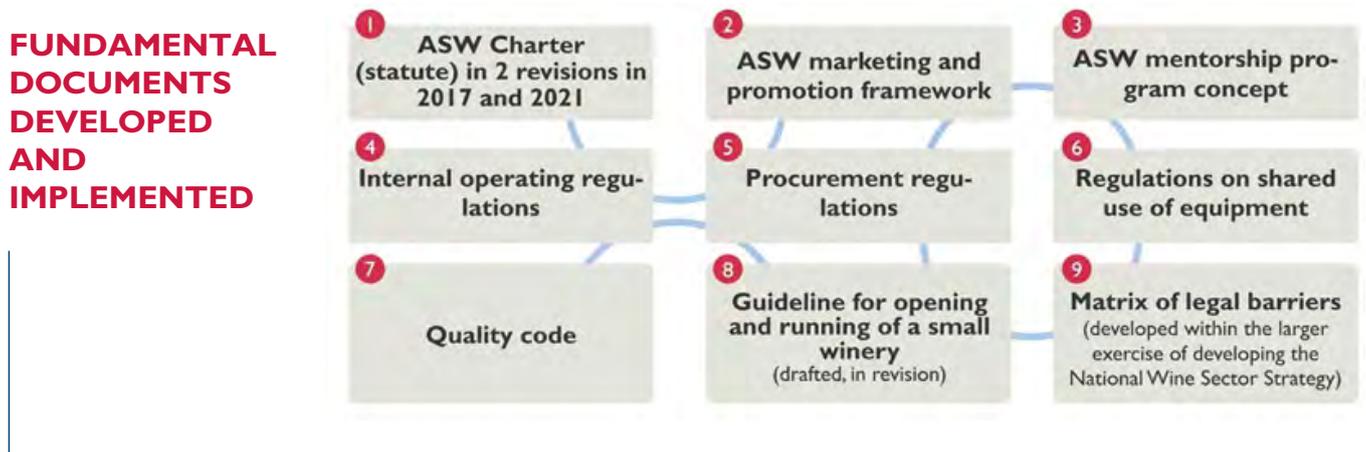
*Photo caption: Harvest and processing season at GT Vladimir Miron.
Photo credit: Maxim Ciomas*

- Consolidation, capacity building and strengthening the Association of Small Winemakers.
- Maintain growth and development of "established small winemakers". Established small winemakers were considered those that appeared before 2015 that were already operational and to some degree successful. These wineries served as benchmarks, role models and mentors to the new, MCP-nurtured cohort of small winegrowers.
- Identification and nurturing the development of new start-ups through ASW Mentorship program.

A strong and well performing business association was critical to ensure the health of the entire ecosystem of small winemakers. MCP supported ASW to complete its reclassification from an NGO to a Union of Legal Bodies, enabling it to better respond to the needs of its members and solve several legal issues, such as collection of membership fees and providing services for members.

With MCP assistance, a new Chairman (President), new board members, and a part-time Executive Director hired, facilitating the implementation of development plans and promotional activities. The MCP wine technical team was deeply involved with the association and consulted ASW executives in the development of its internal procedures and annual activity plans, which respond to members' needs and account for the association's budget and other constraints. MCP representatives were invited to participate at all sessions of the Administration Council (8 sessions) and three General Assemblies, having the role as the main developing partner.

MCP provided both internal and external assistance to ASW to streamline and enhance its internal processes and develop internal documentation, to allow the association provide more transparency and accountability to its members. As such, the following fundamental documents were developed and accepted for implementation:

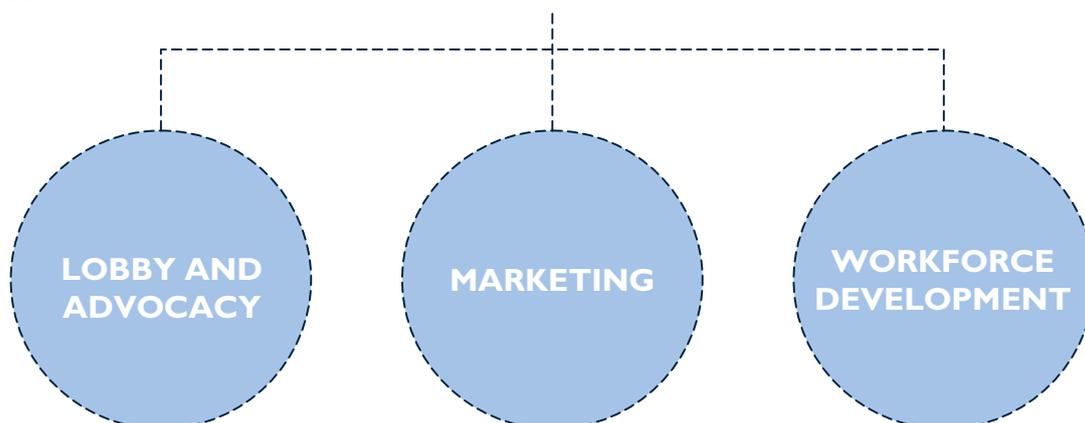


MCP support spur systemic change in the small-winemaker sector

MCP awarded a grant to ASW in the amount of \$107,600 with a demonstrated grantee contribution to date exceeding \$89,500. The main objective of the grant activity was to endow the Association with winemaking and trade equipment that was otherwise unaffordable for members. The equipment was rented out to members (according to the regulations mentioned above) at a cost, and was also available for non-ASW members for higher rates. This provided additional income to ASW's budget which is used for repairs and maintenance as well as for procurement of other equipment pieces. To date, ASW has been equipped with 36 stock keeping units of equipment, including:

- Primary processing equipment – crates, marc pumps
- Bottling equipment – filters, bottle washers, bottling machines, mini bottling vacuum machines, cappers, labeling machines
- Barrel washing equipment
- Trade equipment – tents, fridges, tasting utensils
- Lab & tests equipment

An association is lucrative and attractive to current and prospect members, only when it provides enough services and benefits to its members, for this reason MCP has been dedicated to building ASW's capacity to provide services in the following fields:



Lobby and advocacy: ASW acted as a guarantor of consideration of the interests of previously disadvantaged small winery across the sector.

- Continuation of the legislative reform, participation in the revision of the main sector governing laws no. 57 and 1100 ensuring the interests of the members of the Association.
- Over 10 position papers on normative and legislative acts submitted to ONVV, MARDE and Government.
- Representing the interests of members in liberalizing and obtaining special treatment in certification and control procedures, with the objective of reducing the certification price (partially approved).
- Mitigation of possible sanctions through organization of mandatory courses on labor security and first aid resulting in the preparation of full packages of mandatory documents.
- ASW succeeded to affirm its importance and role in the sector's structure, and this resulted in allocation of one voting seat in ONVV's governing body, the Coordination Council.

Marketing: ASW is serving as the main marketing platform for small wineries. During MCP's life of project and in close cooperation with ASW executive team, 59 marketing and promotional activities as well as associated communication campaigns were organized. On average 10 ASW members participated per activity, which are summarized below:

- Endowment of members with promotional toolkits: video and photo sets, brand identity and labels design
- Upgrading and updating the Association's website, which includes information about all active members.
- Participation at 4 editions of main wine sector event: National Wine Day with a constantly growing number of small producers (2016 - 7, 2017 - 13, 2018 - 18, 2019 - 25 small producers)
- Wine Vernissage 9 editions. The number of participants grew from 7 wineries in 2015 to 18 in 2019
- Participation in 12 festivals on the local market
- Participation in 24 B2C and B2B events on export markets: Romania, Germany, Austria, Sweden, Poland, South Korea with a dedicated stand
- Participation in 6 B2B exhibitions under the country stand (co-organized by ONVV): Prowein, China Food & Drink Fair, Daejon Wine Festival, among others.
- Organization of 2 full fledged communication campaigns: Wine Friendly (2016-2018) a campaign aimed to spur wine consumption in local on-trade segment which included small wineries and VinulMeu – a genuine digital communication campaign that grew up to consolidate the largest wine lovers and wine connoisseurs community in Moldova helping small wineries overcome the negative effects on sales during COVID-19.
- Participation at international wine contest. Small winemakers won 272 medals (2016-2021).
- Over 100 press hits in local and international press of the concept of small winery, author wine and best performing members.

VINUL.RO, 2015

Noile vinuri ale Moldovei, tot mai prezente în România

"Another significant difference was the emergence, in addition to the "sacred monsters" of the industry of the Republic, of whole new strong wave of small producers, that are obviously more concerned with innovation and quality. Moreover, and I think that's worth to be specially noted - the promotion of small wineries continued in another format after the end of the fair, through a food and wine pairing dinner (...) Discussions – both at the fair, as well as after - around small producers have were the most animated, it being understood from here that all present noted the potential of innovation of these "author wines", that provide, in addition to the solid industrial image of Moldovan wine, that "human touch", that "signature style" highly sought after by connoisseurs around the world."

THE VOGUE, 2018

Why Moldova Is a Wine Destination Worth Knowing Now

"Carpe Diem also has a winery of the same name, which turns out such varieties as the delightfully dry white Feteasca Regală, and Bad Boys, a blend of plummy Feteasca Neagra and inky Saperavi grapes.(...) Dan Prisacaru founded a small company with an impressive portfolio of wines including the lush Merlot-Cabernet Sauvignon blend Negru Împărat. When I meet him there after my guided tasting at Carpe Diem he is animated. He explains the thoughtful process behind the creation of one of his striking labels, pauses to check if his vineyard is currently getting pounded with rain like it is in Chişinău, and tells me how Moldovan wine has evolved."

EXOTIC WINE TRAVEL, 2019

Moldovan Wine: Why It Matters and Why You Should Drink It

"Describing the members of Moldovan Small Wine Producers Association, Luca said, "We are a group of people who started from scratch in a boutique winery style, and we're making limited quantities of wine. In order to place our wine on local and international markets, we have to unite in an association so that we can share efforts in promoting our wines on local and international fairs, make events together, educate consumers together, and also lobby and advocate for the 'small guys'." Small producers are often squeezed out of restaurants' wine lists and shelf space because they do not have the financial resources to compete with big producers. To counter that, Luca established Carpe Diem Wine Shop & Bar in the center of Chişinău, where wines of the small producers are under one roof."

CAROLINE GILBY MW, „THE WINES OF BULGARIA, ROMANIA AND MOLDOVA”, 2018

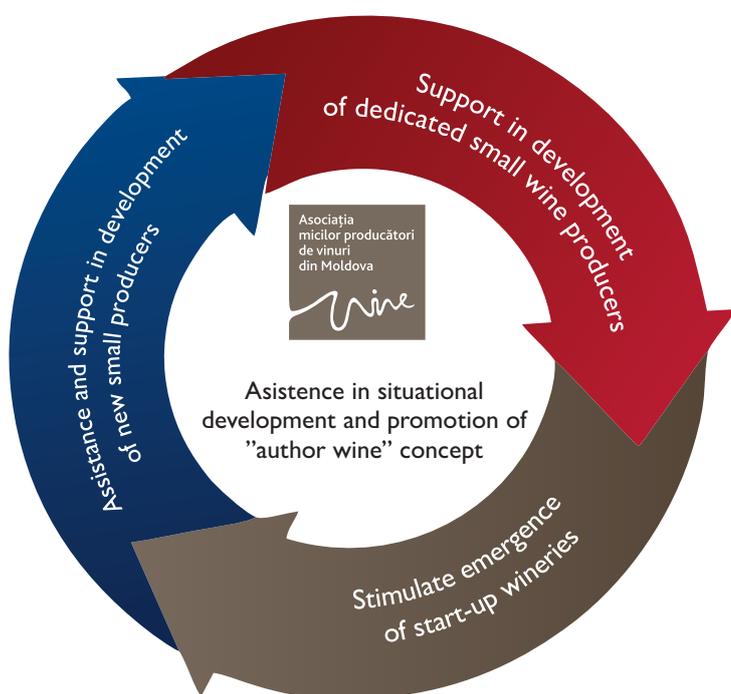
Rise of the small wineries

"In other countries in Eastern Europe, it has often been the small producers that lead the way in quality improvements because the passion and flexibility of individuals can set new standards, and such individuals can take risks. Bureaucracy had made this almost impossible in Moldova, and there were only a very few souls who have braved the 150,000 pages of wine regulations to strike out on their own. Pioneers included both Costia Stratan (Equinox), with his own personal vineyard, and French-trained oenologist Gheorghe Arpentin (current head of ONVV, the National Office for Vine and Wine). USAID helped to establish the Small Wine Producers' Association in 2008 which lobbied hard, and eventually effectively, for a change in the law in 2011 which allowed the small producers to bottle their own wine. Even in 2010, the law insisted that wineries must own bottling lines and 500 square metres of warehouse (the few small wineries at this point had been operating semi-illegally under licences of other bigger wineries). Each winery had to pay a yearly licensing fee of 20,000 lei regardless of size (around €1,400 at a time when vineyard workers were earning well under €150 per month). It was also important to distinguish these professional small producers from the home-made wine category, so the association proposed a definition of ownership of 1 to 50 hectares and a maximum production of 300,000 litres. Today the association has eight members and they are producing some of the best wines in the country. It is also really delightful to see them working together. Ilie Gogu (Gogu Winery) agrees, 'All the small wineries support each other, help each other and grow together. It's the only way to present Moldova abroad as people know nothing about our country.'"

Workforce development: ASW became a vehicle for knowledge and skills development for its members through peer-to-peer assistance as well as by organizing training events among which were:

- 2 study visits in Romania, Czech Republic, and Slovakia enabling small wineries to acknowledge and use best practices from countries that share same soviet past with Moldova
- Organization of 2 rounds of mandatory trainings according to legislation on labor security and first aid.

SUPPORT & MENTORSHIP PROGRAM FOR SMALL WINEMAKERS



Consultation

Consultation (technical assistance) on entire technological chain



Equipment

Equipment endowments through grants



Support

Support on institutionalization, certification, marketing, sales up to launch on the market

Achieved results

46 SME

assisted to develop or emerge

36 start-ups

majority farmers and producers of peasant wine

+ 85%

average sales increase (up to 2020)

+400%

added value

272 medals

at international wine contests (2016-2021)

Snapshot of ASW institutional achievements:

- The number of **ASW members** grew from **7 in 2016 to 47 by 2021**. 8 new adherence requests pending
- **21 new active** (with commercially available wines) small wineries offering over **95 SKU's**
- Average increase of **35% in sales** and **5-fold increase in exports** of all members (2016-2019, according to MCP monitoring data)
- The number of **exporting** small producers grew **2.5 times** (from 9 in 2016 to 23 in 2020)
- **Increased resilience** to the economic shock of the pandemic. The decrease in sales during the pandemic of small wineries constituted **only -0.3%** in value (-16% domestic market; + 45.8% export, according to MCP monitoring data)
- Self-evaluated **OCA score** improved from 2.22 to **3.07**
- Acknowledged importance and role of small wineries in the sector's structure, through obtaining one voting seat in ONVV's governing body, the Coordination Council.

Program was implemented in collaboration with Association of Small Winemakers and ONVV

Tailored mentorship empower small winemakers to grow and export

MCP's "Small Winemakers Mentorship Program" was implemented in cooperation with the Association of Small Winemakers, which aimed to identify, motivate, incentivize and support small winemakers as new players in Moldova's wine industry, underpinned by previous USAID-supported reforms that have lifted entry barriers for small producers. The program kicked off in the winter of 2016, and from the outset, there was general reluctance and general that dominated across the sector. By the end of the program, however, MCP was contacted directly by those who were inspired by the success of their peers. The assisted small winemakers have paved a new business model in Moldova's wine industry, traditionally dominated by large wine processors, serving as examples for other farmers owning vineyards to pursue value addition by making and selling their own wines.

Assistance was tailored taking into consideration the difference in levels of development between groups of small winemakers. The most experienced group, "established small winemakers", received endowment support targeted at continuous development and productivity increases, and grants to develop their capacity for tourism. The majority of these wineries were established after 2010, resulting from sector reform, and already have had experience on local and export markets. Supported wineries such well known and established producers like Carpe Diem (Vinoteca), Et Cetera Winery, Equinox (Crama Domeasca), Mezalimpe (Good Season), Pelican Negru, Vinaria Dac, and Vinaria Nobila. The continuous development of these producers was crucial for the health of ASW, as they represent the central axis of the ASW ecosystem, increasing awareness of the 'author wine' concept, serving as mentors for emerging wineries, as and attracting new start-ups to join the Association.

On the other hand, the program used a peer-support format to incentivize farmers who own vine plantations to transition from home-made to commercial wines, pursuing value addition, incomes, and employment benefits. Using peer support, the "established small winemakers" became mentors for start-up wine producers, sharing their knowledge and coaching on the new business model.

In total, 46 small wineries have received technical and/or grant support through the program, and from these, 27 have received MCP paid consultancies, composed of over 880 consultancy days. These wineries benefited of complex assistance consisting of expertise and mentorship by local winemaking experts combined with small grants to procure wine equipment that is critical for quality wine production. The industry mentors assisted startup and less advanced winemakers throughout several production seasons (at least two), advising on key vine-growing and winemaking operations, while ensuring that the procured equipment was correctly and efficiently used. In addition, farmers were guided on business regulations and wine traceability procedures.



Photo caption: Ala Agric, owner of Agrici winery, pouring wine from a stainless steel barrel, procured with MCP support. Credit: Eduard Bizgu for USAID.

MCP's assistance did not stop at just upgrading the quality of the "liquid in the bottle". After achieving desired quality levels, MCP took its beneficiaries to the next stage, preparing beneficiaries for full-fledged market launch including development of brand identities, property rights registration, design and printing of the first batches of labels, development of corresponding communication and promotion plans provided by professional marketing consultants. In total, with MCP support 22 wine brands and labels for over 100 wine SKUs were developed. Consequently, wineries received guidance from the MCP team and from ASW mentors during certification, EAN code registration and other mandatory steps and procedures before entering the market. In total, with direct or indirect MCP assistance, 35 new small wineries were formed and launched during high-profile events, also organized with project support: Wine Vernissage and National Wine Day. The assistance to MCP beneficiaries continued even after wines were commercially placed on the market. Besides promotional activities organized on ASW's marketing platform, the project invested in building wineries' capacities in marketing, with a strong emphasis on digital marketing and promotion through support for marketing consultants. Even during educational events (trainings in digital marketing and social media) MCP used a 'gamified' approach, awarding best performing wineries with vouchers that could be converted to support social media promotion.



Photo Caption: Andrei Novak, owner of MCP-supported Novak winery discussing grape harvesting with a worker.
Photo Credit: Maxim Ciomas.

MCP is proud to report that under its mandate it has contributing to emergence and development of true wine sector stars changing the faith of the people behind the wines, such as:

Crama Mircesti. After completing his studies abroad, ASW Chairman Arcadie Fosnea worked for over 15 years for a large wine producer as chief winemaker and chief operations officer, but never left his dream to open his own winery in his native village. After establishing an ultra-modern vineyard located on the highest altitude in Moldova and rehabilitation of an old mansion which was transformed in a restaurant and guesthouse – his dream came true, with his wines being highly recognized in Moldova and Romania.

Domeniile Pripa. Owner and winemaker Andrei Pripa's philosophy of his winery based in Purcari is to focus on Moldovan terroir, and revive ancient technologies, being one of the few that use Moldovan oak for wine maturation. MCP supported the winery with stainless steel storage and fermentation tanks, invested in the development of their brand identity, and helped rehabilitate the property and interior design. As a result, Domeniile Pripa wines are now available across Moldova's wineshops, being sold in the super-premium price segment, and are exported to Romania. In 2019, Domeniile Pripa Saperavi was awarded with first gold medal and Best of Show Moldova' mention at Mundus Vini Spring Tasting International Wine Contests.

Novak Winery. After completing his internship in US, Mr. Andrei Novac worked towards moving his father's large bulk wine business in Gagauzia towards bottled wines, pursuing quality first and building a production facility. The Novak brand is strongly associated with the revival of forgotten indigenous and new selection varieties - Alb de Onitcani (his signature wine), Floricica and Copceac and innovatively vinified blends.

Atu Winery. Launched as a start-up for Vlada and Victor Vutcarau, Atu Winery is the first "urban winery" in Moldova. By leveraging their primary business in production and sale of planting material (nursery), the winery has had wide access to top quality grapes as well as experiment with the forgotten grape variety, Codrinschii. MCP supported the winery at each development stage from granting equipment to marketing and promotion, enabling the winery to establish a vast distribution of wines across Moldova and to export wines to Romania, Germany, Austria and even China and Japan, which received outstanding reviews from international critics.

Kara Gani. Run by Larisa and Gheorghe Cerven in Gagauzia, Kara Gani had made wine for generations but produced wines based on outdated practices that did not rise over 'peasant wine' quality. Through close winemaking consulting support and grant funding to acquire stainless steel tanks and oak barrels, the winery started producing premium quality wine that became internationally recognized through a gold medal received at the Mundus Vini international wine contest. Through MCP support, the winery also became a must-visit tour destination for local wine connoisseurs and abroad, receiving over 1,700 tourists. In 2019.

Crama Tudor. Mr. Tudor Aghenie is a 3rd generation winemaker who had mostly sold wine within his community in bulk or in generic bottles for low prices. With MCP support, the winemaker was able to upgrade the quality, develop his own brand identity and penetrate the shelves of wineshops and retail chains as well as listings of several restaurants. Moreover, MCP assisted the winery to upgrade the hospitality capacities enabling the host to welcome tourists and conduct tastings in his premises. Mr. Aghenie is now able to sell his wines with a 4-fold increase in his profit margin, and his winery has become a must-see and must-visit location for over one thousand local and international tourists annually.

Mihai Sava. Mr. Sava owns one of the smallest wineries in Moldova, at just over 1.4 hectares of vineyards. Before MCP, Mr. Sava sold his harvested grapes to a large winery that had previously gone out of business and he never covered the cost of supplied grapes, causing significant financial hardship. With systemic MCP support, Mr. Sava's wines have achieved local and international recognition for its quality: in 2020, after 4 years of assistance, the winery organized its first export to the Czech Republic.

Winetage/Oguz Terra. 33-year-old Serghei Sari, after years of service in one of the largest wine producers in Gagauzia, received MCP support to start his own winery. In just one year of cooperation, the winery's Oguz Terra Saperavi won a gold medal at Mundus Vini in 2020, and became sold-out in fewer than three months after commercial launch. Now Serghei is now directing a part of his profits to build hospitality capacities, and is serving as a mentor to other emerging small wine producers on how to access donor support.

Vornic Winery. After over 45 years of experience as a chief winemaker at a large winery, Mr. Vladimir Miron opened a small, boutique winery within his household located in the village of Vorniceni. With his extensive experience and MCP support, Vornic Winery, after just one year since launch, received a silver medal at the internationally recognized Berliner Wine Trophy. His wines are listed in several retail chains and first exports are underway to Portugal.

Development grants leverage co-investment and sector-wide spillover effects

Since 2015, 23 new small wineries have started to export whereas total sales grew 580% within MCP's target of reaching \$0.8 million, through ASW's marketing and promotion support. The role of the Association was critical in facilitating cooperation between these producers: for example, wine for export is often shipped in mixed pallets, optimizing the costs of logistics. The small producers also serve as sales agents for the least developed wineries, recommending that importers include small batches of wines from their peers in their bundles. By the end of the project, MCP awarded development grants worth over \$750,000, which leveraged over \$1.7 million in co-investment by grant beneficiaries.

The program further generated a true 'snowball effect', as during MCP's life of project, 8 small wineries have appeared and were launched on the market without side support. In addition, there were at least 3 former large and mid-sized producers (former Soviet grape processing points) who decided to downgrade to small winemaking and to the 'boutique winery' format, with old winemaking equipment dismantled and replaced by new lower capacity tanks and installations.

Startup Tourism promote small winemakers

Since 2015, 23 new small wineries have started to export whereas total sales grew 580% within MCP's target of reaching \$0.8 million, through ASW's marketing and promotion support. The role of the Association was critical in facilitating cooperation between these producers: for example, wine for export is often shipped in mixed pallets, optimizing the costs of logistics. The small producers also serve as sales agents for the least developed wineries, recommending that importers include small batches of wines from their peers in their bundles. By the end of the project, MCP awarded development grants worth over \$750,000, which leveraged over \$1.7 million in co-investment by grant beneficiaries.

The program further generated a true 'snowball effect', as during MCP's life of project, 8 small wineries have appeared and were launched on the market without side support. In addition, there were at least 3 former large and mid-sized producers (former Soviet grape processing points) who decided to downgrade to small winemaking and to the 'boutique winery' format, with old winemaking equipment dismantled and replaced by new lower capacity tanks and installations.

SUCCESS STORIES. PEOPLE.

Photo Caption: Collage of small winemakers, MCP-beneficiaries. Photo credit: MCP.



Strengthening and expanding PQUP

Before MCP, only 15% of produced wine in Moldova was considered to be of satisfactory quality and able to compete on international markets. In 2005 over 98% of wines were exported to traditional CIS markets (78% went to Russia) with most in bulk wines, whereas bottled wines were produced in styles to match the corresponding consumer expectations, prioritizing volume and price over quality. During conditions of relative market stability (before first Russian embargo in 2006) the wineries were reluctant, as it was counter profitable, to invest in equipment upgrades to boost quality. All these facts led to extreme vulnerability and a huge financial shock of over \$200M after the embargoes were imposed. By 2014, the Moldovan wine sector was still struggling to adapt to new realities, as the stocked wine did not match the styles and profiles expected by Western markets, wineries could not access finance to perform technology upgrades, and above all, there was limited knowledge and understanding within the wine producing companies on how to produce high quality wines.

To address the situation, MCP mapped wine producers and identified a pool of 12 wineries (out of about 90 active wine producers at the moment) that were defined as 'transitional wineries'. A 'transitional winery' had to meet the following criteria:

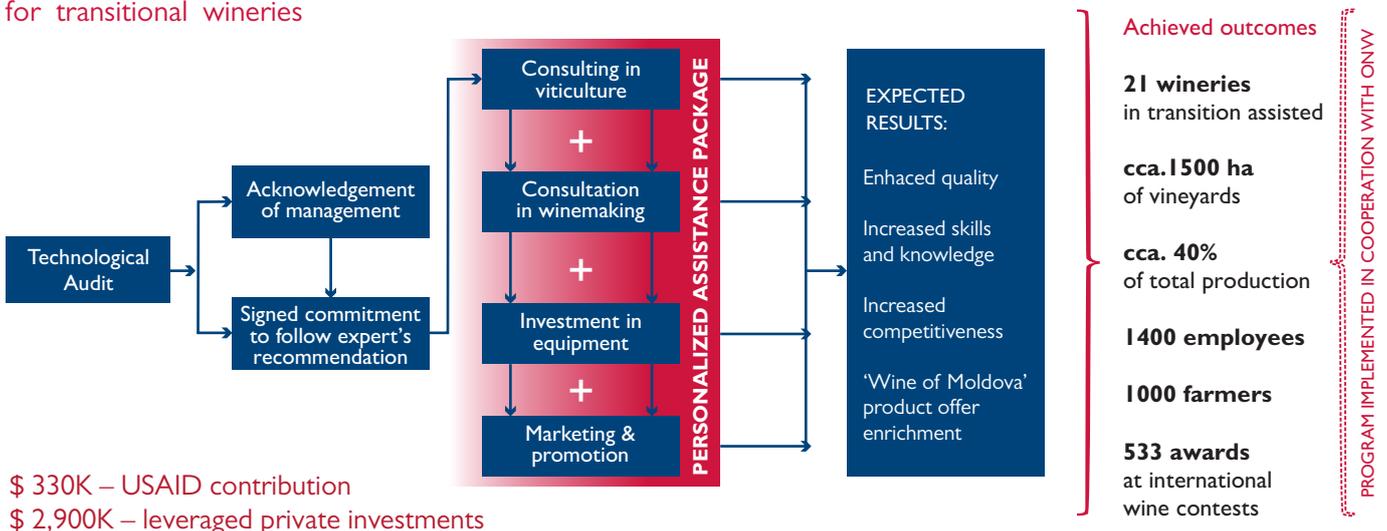
- Owned a minimum of 20 hectares of vines in private ownership or management through cooperation contracts with grape producers and processed a minimum of 100 tons of grapes each year.
- Had minimum critical wine production capacities (equipment, technologies) that allowed the production of wines according to the minimum standards set by the legislation of the Republic of Moldova.
- Focused primarily on the production of bulk wine and the production of bottled wine of minimum quality, but are willing to engage in the production of quality bottled wine in accordance with Wine of Moldova and/or PGI quality standards intended for marketing on non-CIS markets (European Union, Asia, etc.).



Photo caption: Harvesting season at Tomai Vinex, UTA Gagauzia.
Photo credit: Maxim Ciumas

PRODUCT QUALITY UPGRADING PROGRAM (PQUP)

for transitional wineries



\$ 330K – USAID contribution
\$ 2,900K – leveraged private investments

Deploying multi-faceted technical assistance to boost wine quality

Based on wide sector consultations, MCP developed the Product Quality Upgrading Program (PQUP). The goal of the PQUP activity was to support 'transition wineries' graduate to the 'quality over quantity' business paradigm. This transition enabled beneficiaries to convert their business models from bulk wine to production of bottled wines that are at a higher added value. The activity began with a rigorous technological audit conducted in cooperation with ONVV at these wineries, which determined the critical links missing in the production chain for each beneficiary.

Through PQUP, MCP offered multi-faceted assistance that was yet tailored to specific needs of each particular winery, including technology update, winemaking consulting, strategic marketing, branding, and support for tourism service development. A 20/80 [MCP/beneficiary] cost-sharing approach was required for grant funding, used to encourage wineries to invest in modern winemaking equipment including: pneumatic presses, chillers and fermentation/storage temperature control units, stainless steel tanks for storage and/or fermentation, pumps, floatation systems, and oak barrels. To the date, MCP allocated \$330,000 in grants to 'transitional wineries' and attracted a total of \$2.9 million of private investments for primary technological upgrades.

Significant results, despite exogenous shocks

From Y1 to Y6, MCP assisted 21 transition wineries that previously focused mainly on bulk wines sales, to demonstrate the benefits of production of bottled wine under their own brands, and the resulting increase in sales margins. The wine producers that have benefited from the PQUP activity cumulatively respond for over 40% on average of total Moldovan wine which demonstrates important impact on the overall quality enhancement of Moldovan wines. Out of 30 top wine exporters in 2019 that account for 94.4% of total exported bottled wine, 1/3 are PQUP program beneficiaries that cumulatively export over 27% of the total bottled wine in 2020.

Eleven experts, local oenologists and marketers and 3 international experts, were contracted to deliver over 1250 of level-of-effort days of consultancy and expertise to participating beneficiary wineries. PQUP wineries received 565 awards at international wine competitions from 2016 and to reporting date, or almost 18% out of total medal counts won by Moldovan wines. These awards have enhanced the confidence of participating companies and spurred them to enter more competitive western markets.

Several force-majeure circumstances during the whole period of implementation threatened activity outcomes: spring snowfalls in 2017; overproduction in 2018 and 2019; early frosts, extreme drought and the COVID-19 pandemic in 2020. However, PQUP wineries demonstrated resilience and stability through export diversification and the adoption of the 'quality first' strategy. As such, MCP's PQUP beneficiaries registered significant achievements in terms of export diversification in developed markets.



Photo Caption: Harvesting at MCP-supported Salcuta Winery
Photo Credit: MCP

MCP's PQUP beneficiaries

Suvorov Vin & Kazayak win are parts of a group of wineries, which is ranked 2nd by the quantities of exported wine. The group exports over on average 5.8 million liters of bottled wine per annum, however until cooperation with MCP most of the wine sold on foreign markets was of mediocre quality. In 2018 MCP was approached by several middle managers that were following the impressive quality improvements at other MCP beneficiaries, asking for assistance. In response MCP initiated discussions with the top management of the group and agreed provide technical assistance followed by a modest grant awarded and implemented in 2020 to support winery's investment in modern technologies. Thus, the two wineries were supported during 3 harvests and the results were truly astonishing, even from the first harvest wineries' Viorica has been awarded with Mundus Vini Gold Medal and "Best of Show" mention. The leap in exports followed immediately, in spite of the pandemic year 2020, the exports of the group grew by 18% in comparison to 2019. The group was never fully debarred from Russian market (one of production facilities is located in UTA Gagauzia), and was actively exporting since the last embargo, however due to MCP support the share of traditional markets in group's portfolio has decreased from 70% in 2015 to under 55% by the end of 2020. The main grossing markets were neighboring Ukraine that has had an exponential growth reaching 1.25 million liters of bottled wine in 2020 or an 11-fold increase comparing to 2015. In Poland a CAGR of 58% was achieved during last 5 years which was catalyzed by MCP supported country marketing programs and promotion campaigns in retail chains (2017 and 2018) implemented by ONVV. In Romania, which was the main focus for WoM campaigns, the group has registered a 24-fold increase since MCP's activity year 1, managing to export in 2020 alone over 100 thousand bottles of high-quality wines, most being certified PGI. Last, but not least exports to China (3rd market by importance for Wine of Moldova) have grown over 66% in comparison to 5 years ago.

Vinuri de Comrat is one of the biggest and most important wine producers in UTA Gagauzia, being located in its capital Comrat. In 2015 the winery started an ambitious project of technological upgrade and a corresponding credit from Filiere du Vin was contracted, MCP has adhered to this investment and allocated a grant for purchase of modern winemaking equipment that also included a component for developing of the hospitality capacities. Simultaneously technical assistance on wine quality upgrade was provided, Vinuri de Comrat, being one of the champions in absorption and implementation of delivered consultations in winemaking. The leap in quality is notable, since 2016 the winery has received 63 medals at international wine competitions (wines were registered with MCP support). Akin previous, being a resident of UTA Gagauzia allowed the winery to continue exports to Russian Federation, however instead of proposing the same wine styles the were in demand before the embargo, the winery focused on participation in tenders announced by major retail chains that asked for high quality wines with proven denomination of origin (Wine of Moldova, PGI), as such the winery managed to win several of such tenders and in spite of smaller quantities has won on image and higher profit margins. On nontraditional markets the winery has also registered several progresses, to date, it exports to 6 new markets including Romania, Poland, Slovakia and others. However the most significant leap was achieved in China, backed by MCP on adaptation of packaging and labels, the winery has begun exporting to China in 2016 and has grown 143% year by year reaching an impressive 150 thousand bottled exported in the pre-pandemic year of 2019. Moreover, it is among few that have 'opened' the Norwegian market to Moldovan wine, since 2019 Vinuri de Comrat exports annually a FTL (full-truck load) of bottled wine or over 15 thousand bottles. In addition, in 2019 the winery has launched its hospitality offer, which includes winery tours, visits to a museum of Soviet artefacts, several tasting rooms, a terrace and a restaurant that is hosted in a historic cellar, dating to the first half of the XIX century. Over 3,000 tourists have visited the winery in the first year of touristic activity, however the flow of tourist has been temporized by the Covid 19 pandemics.

Vinia Traian before cooperation with MCP has had an image of the low-end quality producer, before 2014 it was the undisputed leader in exports to Romania however most of the exported wine was of low quality/price bottled in PET and placed on the 'entry level' segment, moreover it was a major supplier of bulk wine to CIS, mainly Belarus. MCP and Project's experts have recognized the untapped potential, as the winery has had access to high quality grapes grown very neat vineyards located on a unique terroir as well as most of the equipment needed to upgrade quality. Thus, MCP experts have been providing consultancy to the winery within 2016-2020 and the winery was endowed through grants with missing technology (mainly oak barrels) needed to produce wine for higher price/quality segments. On the marketing component, MCP has worked on the full rebranding, ensuring that the change of product will be supported by the change of image. Thus by 2021 Vinia Traian has completely reviewed its approach toward exports to Romania earning more money for less quantity and upgrading to 'medium/medium+' segments, whereas the placed wines have an undisputed quality/price advantage. Additionally, first trial batches were shipped to China and UK.

Basarabia Lwin Invest. To the start of the MCP mandate, the winery was already on the final stage of conversion from production of bulk wine and bottled wine suited for traditional markets to higher quality/price products oriented for Western markets. The assistance was well timed since it touched helping the winery to finalize the most critical segment of the production: “wine bottling” and included a grant for equipment acquisition as well as international STTA support needed to cover commissioning works and personnel trainings. The assistance was fully deployed and absorbed by the winery in 2016 which allowed it to grow exports. First, it has achieved an almost 3.5-fold increase in exports to neighboring Ukraine (2016-2020), as well as well almost doubled the amount of wines exported to Poland up to 2019. Unfortunately, the growth tempos to these markets have slowed down due to Covid in 2020. Another grossing region within MCP mandate for tis winery was North America, first, trial batches, were shipped to Canada in 2018 and 2019 and exports to US have been growing steadily by an average of 16% year-on-year, capitalizing on sporadic participation of Wine of Moldova at B2B events on East Coast (i.e. Vinexpo New York), as well as communication campaigns organized by ONVV with MCP support.

Doina Vin is a family – owned winery located in the central part of Moldova, in Codru region. It has been one of the most affected mid-sized wineries by the embargoes bringing it close to bankruptcy. The winery was included in the first intake of the PQUP program and assisted up to 2019 year of harvest. Before MCP it has used outdated equipment and practices and was reluctant to invest to achieve higher results, as previous results to produce wines suited for nontraditional markets have failed (wines were flat, oxidative etc). However, MCP's assistance coincided with entering into business of the younger generation of the family which ensured overall success of the modernization. Besides winemaking consultations delivered by top MCP experts the winery has benefited from endowment with modern stainless-steel tanks and pumps and the quality leap proved immediately, since 2016 and to the reporting date, the winery has won over 20 medals at international contests for wines produced with MCP support. The winery has also received Project support and participated in numerous B2B and B2C events organized in Poland and Romania as well as custom export consultancy to penetrate with new ranges of high-quality wines on German market. As such exports of Doina Vin have been growing by astonishing 23% on average since 2016 to reporting date, even in the context of pandemic, exported qualities have grown by 31% comparing to 2019. The main areas of growth were Poland, where the winery has grown from 30 thousand bottles exported in 2016 to over 150 in 2020; and Romania, where grace to entering the Profi retail chain, the exports have grown 4.6-fold in 2020 since 2016.



*Photo Caption: Workers bottling and labeling wines at Doina Vin
Photo Credit: Agrobizness*

Migdal-P. As many other beneficiaries of the PQUP program at first the winery was hesitant to absorb consultancy and external advice on wine production techniques event through it was among the first visited and 'audited'. However, after fulminant results that resonated across industry, the winery's management entered into contact with MCP accepting that it needs support to upgrade the quality of produced wine to match modern consumers expectations on export markets. Thus, since 2017, the winery has been assisted by MCP hired expert-oenologists and has been awarded with a grant to purchase some missing equipment pieces that have a direct impact on the quality of produced wine. Unfortunately, after spectacular growth in 2017 and 2018, the exports of the winery have decrease due to Covid and the fact that its main focus market was China (peak of exports to China comes by the end of the year to build stocks for Chinese new year) which in 2019 and 2020 has dramatically decreased in ordered quantities. Nonetheless significant increases were achieved on WoM's target markets: a five-fold increase in Czech Republic and a 4x increase in Poland, a market that was penetrated in 2017 grace to MCP efforts under Export Support Program and personal introduction of the winery to one of the top 4 importers and distributor on this market – Partner Center. In addition, the winery has diversified export destinations, during MCP mandate first shipments of 18 thousand bottles were exported to Israel, 13 thousand bottles went to Burkina Faso and 2,800 bottles to Estonia. In addition to being among top 20 wine exporters, the winery is also an important touristic destination being located in close proximity to capital Chisinau, thus on the final stage of cooperation and under Strat-up tourism activity, MCP has allocated additional grant funds used to improve tourism infrastructure (rest rooms and lavatories) as well tourism experience (a wine museum was established) at this winery.

Tomai Vinex is another resident of UTA Gagauzia, that has benefited from the reported program. It is among few wineries that in the 2020 pandemic year have registered increases in exported quantities (+5%), as well as is one of many that has dramatically reduced the dependence from the exports to 'traditional', CIS markets as the share of exports to such has decreased from 70% in 2015 to 51% by 2020. All this was possible because of targeted and systemic interventions implemented with MCP support on the upgrade the bottled wine, including procurement of missing equipment pieces and expert consultancy in production process. As such the winery has consolidated its position as #1 Moldova wine exporter to Turkey achieving an CAGR increase of 464% in comparison in the last 5 years of support. Up to 2019 the winery has significantly increased the quantities exported to Ukraine from 33 thousand bottles to over 250 thousand in 2019, a growth rate of over 41% was achieved in Romania (in 2019 comparing to 2015), where the company operates through a joint-venture importer "Vinuri Nobile Tomai". Furthermore, as in other cases reported, the winery has been awarded with MCP grant to develop basic infrastructure and capacities to be able to welcome tourists.

Salcuta. Besides being one of the fierce supporters and advocate of Moldovan wine sectors' reform, this winery is one of the most eloquent examples of the development leap achieved in MCP mandate. Salcuta was highly affected by Russian embargoes which transformed the winery into a net producer of bulk wine, nonetheless, the winery has invested significant amounts and efforts to restructure and evolve in the high-quality bottled wine segment. MCP sustained these efforts through equipment endowment and as such, by the end of MCP mandate, the share of bottled wines has grown accounting for over 25% of volumes and almost 40% in winery earnings, which is a considerable accomplishment considering that before 2015 almost all Salcuta's wines were sold in bulk. This was made possible due to a complex technological upgrading process in which the winery has been engaged since 2016, part of which happened grace to MCP grant that enabled this winery to compete by quality on European market. Salcuta is one of the rare examples where technical assistance on winemaking and viticulture was not necessary, whereby the company has invested significant resources of growing young skilled and enthusiastic specialists inside. Both chief winemaker and chief agronomist are under 40 years of age and are alumni from internships and studies abroad, that were covered from company's funds. Additionally, during MCP mandate a change of generations in winery's management happened (akin others Salcuta is a family owned business) providing additional fuel to winery's development. Thus, with all growth ingredients in place, and with MCP's catalytic support the winery had all 'ingredients' to succeed on new export markets. First, it has dramatically reduced dependency from the traditional markets particularly from Kazakhstan and Belarus, from 70% in 2015 to under 12% in 2020 and diversified the geography of exports growing from 7 to 18 export destination in the same period. Last two years (2019 and 2020) in spite of negative circumstances: unfavorable meteorological conditions, pandemics etc, Salcuta has grown in exports by a spectacular 94% CAGR, in these two years it has produced, bottled and exported 14% more wine than in the previous 3 years together (2016-2018).

Main growing markets were Poland, where Salcuta managed to sign with one of the largest multinational distribution company Orbico; Netherlands – where the winery's three year effort to penetrate has culminated with over 360 thousand bottled shipped in 2020, which represents an increase of +175% comparing to the summed quantities exported in the previous years; and a more modest but also a steady increase in Belgium. Also, Salcuta has shipped its first trial lots of premium wines 60 thousand bottles to China in 2019. Additionally, MCP allocated international marketing expertise delivered by one of the most influential personalities in the wine world Mr. Robert Joseph who appraised the styles of Salcuta's wines and advised on how to adapt them for UK market, as well as provided insights on paths to Great Britain's wine market, to be implanted by Salcuta in the next development stage. Now, the winery is optimistic about the future and further development and growth of bottled wine exports and is investing a part of generated profits (superior to those coming from bulk wines) to develop the hospitality services and diversify earnings sources. MCP has supported the winery at the first stage, of rehabilitation of existing facilities, however the winery's plans go beyond and include organization of events and festivals, building overnight accommodation etc.

*Photo caption: Drone over Salcuta winery.
Photo credit: ONVV.*



Gitana Winery was established in 1999 when the former soviet winery in Plopi village Cantemir rayon was bought by Dulgher family who are descendants from a legacy long intertwined with winemaking. However, in the mid of the first decade of the century the winery had just beginning to produce wines from own plantations which just started to bear fruit and did not manage to become dependent on sales of bulk wines to traditional, CIS markets. Also, a change of generations happened inside the winery, the two daughters of Petru and Svetlana Dulgher – Lilia and Iuliana have entered into the management of their parents' business. Thus, under new women leadership, the company has adopted a new development and market penetration path which was mostly opposite to business models that reigned amongst the sector at that time. Iuliana and Lilia have attracted a talented Italian winemaker Nicola Tucci and started to work on the new bottled range of premium, dry wines that could compete with world's finest, in the result the winery since 2012 is producing wines that some critics and connoisseurs acclaim to be iconic for Moldova's winemaking, such as Lupi, Surori, Manastirea Rohrbach Cru or Petit Sophie. Akin Salcuta, workforce capacities at Gitana were in place as well as equipment that allowed production of premium aged red and white wines, however the winery lacked equipment allowing it to tap into product segments that would allow it fast liquidity returns: young white and rose wines, which were mainly sold on domestic market in bulk. Thus MCP aligned to winery's investment endowing it with missing pieces to produce and tap into new product segment.

On exports side, Gitana also adopted new approaches, instead of looking eastwards, Gitana focused almost all its efforts to explore export opportunities in West, however, the winery decided to start in a totally innovative manner, and concentrated their efforts on one export market - Romania by opening its sales office and establishing and building own distribution network and sales team, an effort that was backed by consistent marketing strategy and plans. As such, MCP has offered its aid under Export Support Program, stepping in where Gitana's resources were not sufficient, mainly in consumer marketing campaigns. Obviously, Gitana has benefited from events and trade activities to build the awareness for national wine brand and promote Moldova's high quality bottled wines. Now, Gitana wines are listed in specialized retail chains, such as Wine Gallery (Mega Image), Kaufland, Carrefour etc, registering an outstanding increase in export sales from 3,000 bottles in 2015 to 280,000 in 2020 (or 93-fold). Gitana has used Romania also as a steppingstone for expansion to EU, using it as a logistic hub to deliver wines to exquisite wineshops in France, Austria, Italy, Germany, Sweden and Switzerland, putting their wines on the radars of the most influent wine writers and critics. In 2019 Gitana's wines had the honor of being observed and review by the number one wine critic in the world – Jancis Robinson. Significant successes were also achieved on distant markets, as by December 2020 Gitana wines were shipped to USA, Canada and Japan, also with MCP support a trade mission to China was organized, however exports and contracts were frozen due to Covid 19 pandemics. By the end of its mandate MCP managed to convince the winery to build hospitality capacities allocated additional grant funds used to refurbish and equip several tasting rooms. Thus, to the reporting date the winery is fully ready to welcome international tourists and have completed the wine route that runs on banks of Prut rivers on the western part of Moldova.



*Photo Caption: Worker harvesting grapes at MCP-supported Salcuta winery.
Photo Credit: MCP.*

Milestii Mici is one of the most renowned wine Moldovan brands as well as a top touristic destination, being visited by tens of thousands of international wine lovers yearly mainly because its cellars but also because it is the Guinness World Record bearer for the largest wine collection in the world. Unfortunately, up to 2015, the wines that were offered for tourists' tastings were of improper quality, diminishing from positive experience and influencing negatively the overall impression about Moldovan wines among international visitors. Thus, MCP's intervention was mandatory, however due to the fact that it is a state-owned enterprise no grants could be allocated to solve the problem through use of modern equipment. Hence MCP concentrated on modernizing practices and winemaking techniques, and for this objective has allocated top local and international winemaking consultants.

The first wave of cooperation during 2016 and 2017 has proved to be extremely fruitful, proven by the fact that wines produced in these vintages have won 6 medals in the next year at such reputed international competitions as London Wine Competition and Effervescents du Monde. Regretfully, the provided assistance was paused during 2018 and most of the 2019, due to the appointment on the role of General Manager of a politically affiliated person. However, after his resignation after elections in 2019 and designation of a new Manager in an open and transparent competition MCP has resumed its technical assistance expanding its form winemaking to marketing and promotion and has even led the general upgrade of the brand identity. This brought an immediate effect on exports. As such, the winery has increased 14-fold the shipments to Romania of PGI compliant wine by 2020, achieved a significant growth in China (+59%) in 2019 (with an obvious slowdown in 2020) and UK (+36%), as well as resumed 'paused relationship' with a Japanese importer delivering over 14 thousand bottles of wine in last two years. Trial lots of wine were delivered to South Korea, Belgium, Norway, Italy, Myanmar and even Australia.

Vinaria Hincesti is the successor of a most innovative and one of the largest agro-industrial complexes established and built in the last decade of the existence of Soviet Union which included 3 production 4 processing facilities, it is considered alma mater for several renowned personalities in winemaking in Moldova and Romania (such as ONVV winemaking lead expert Mrs. Elizaveta Breahna and Purcari Wineries Group CEO Mr. Victor Bostan). Also, it was one of the few wineries that collaborated with reputed international winemaking and marketing experts such as Hugh Ryman and Robert Joseph to produce and export high quality wines. Unfortunately, because of faulty and malicious management as well as due to Russian embargoes the complex has witnessed a decline which culminated with bankruptcy in 2013-2014. However, in 2015 the main assets of the stated winery, were purchased by a well-intended local investor, with which the revival of the winery begun and included enormous investments in technological upgrade. The winery has a particular importance for the entire sector particularly for Codru wine region, as until 2019 it did not own a single hectare of vineyards, all grapes were purchased from local farmers ensuring income to several thousands of households located in Ialoveni, Hincesti and Nisporeni districts. Considering this, as well as the development potential, the cooperation between Vinaria Hincesti and MCP was imminent. The winery has been assisted with plenary support since the first year of PQUP implementation up to MCP exit, it has received winemaking consultations from best local and international experts, as well as assisted to develop a new brand, labels for new product ranges as well as by promotional activities on export markets. The results followed quickly, already in 2017 the winery has obtained listings in one of the largest chains in Romania – Kaufland, and by the end of 2019 has supplied over 63 thousand bottles of premium wine. Unfortunately, in 2020, partially due to Covid pandemics, Vinaria Hincesti had to resign from contract with former distributor, and has lost gained positions in Romania. MCP conveyed and supported the winery by a communication and image building campaign helping the winery and the new distributor to regain lost market share and relaunch exports. Additionally, the winery is slowly but robustly tapping into other regional and neighboring markets, first lots were shipped in Poland and Ukraine, and consistent growth has been achieved in exports of bottled wines in Czech Republic accounting for over 85 thousand of bottles imported since 2016.

Maurt. Up until 2015 the company that had a reputation of a mediocre producer of cheap fizzy wine, mostly sold on local market. However, the winery management understood that in the long-run that focusing on high quantities of low-end produce is a losing strategy, and started investing in equipment upgrades. By the time it has entered on the MCP radars, most of the equipment was already procured and installed, however the winery still lacked knowledge skills and understanding on how to produce high quality wines. Thus since 2018, it has been assisted through winemaking consultations under PQUP program and has succeeded to being recognized as a quality wine producer both locally and on export market. By the end of MCP mandate the company has launched a premium wine brand Aurelius quickly achieving appreciation and praises among local wine connoisseurs and experts especially for their sparkling wines range produced by 'methode traditionnelle'. Additionally, the company proved to follow global wine trends and has adapted its product range to match them, thus a line of innovative low alcohol sparkling was produced. With upgraded quality, the winery has gained the opportunity to compete in high value-added markets, by 2020 first lots were shipped to Poland, Romania and US and even such exotic destinations as Angola.



Photo Caption: The Agrici family in their winery in Milestii Mici village
Photo Credit: Eduard Bizgu

Agrici Winery. Owned by Agrici family, the winery has had a reputation of high quality raw (bulk) wine producer that was mostly sold on internal market as well as in Belarus. In 2016, the Project was contacted by one of three daughters of the family Ms. Ala Agrici, who has entered into family business and stated to develop the bottled wine segment being backed by a preliminary order for a small batch of wine for Sweden. Unfortunately, first presented bottled wines, although well produced, missed the organoleptic qualities necessary to compete both locally and internationally. Thus, MCP has deployed a complex development plan that included technological upgrade (partly financed through MCP grant), product upgrade through enhancement of used practices and procedures as well as marketing – a new brand was developed as well as the winery assisted to participate at all major B2B and B2C events on local and on international markets.

The path to success was tough but worth it, by the end of the Project the Agrici bottled wines were widely distributed and available on shelves of all major retail chains throughout Moldova, first batches of wine were shipped to Sweden, Romania and China. During the last activity year, the winery has also received MCP grant funding to develop its hospitality capacities to capitalize on significant potential: close proximity to Chisinau and to Milestii Mici cellars.

Tartcomvin. Located in Tartaul village, Tartcomvin is a family-owned medium-sized winery. In addition to this winery, Novac family develops a large farming business in Gagauzia region. The winery is currently managed by its second-generation owner, the family's older son Mr. Andrei Novac who infused modern thinking and quality winemaking. Andrei revived long forgotten indigenous grapes Alb de Onitcani, Floricica, Copceac and Kaz Aya (Gagauzian grape variety). As in the case of other 'transition wineries', initially Novac winery has been producing and selling mostly bulk wine, focusing on high quality and above average prices. This ensured long term contracts on domestic and export markets. However, this business model exposed his company to high risks. After completing his internship in the US, Andrei understood that the only way to succeed is by pursuing 'quality first' and has worked towards shifting to bottled wines.

In 2016, MCP was mapping wineries for its PQUP program, and identified Tartcomvin as a winery with great potential to transition from bulk wines to bottled wine production. Following a technological audit MCP deployed a full-fledged support to upgrade winery's business model, delivering over 100 consultancy days on winemaking and marketing, endowed the winery with modern wine equipment and oak barrels through grant to enable production of premium quality wines, as well as ensured technical assistance for developing tourism facilities (including architectural design, developing the tourism infrastructure and wine tasting room through tourism grant assistance). MCP's guidance and coaching paved the way for confidence and trust in the new business model, unlocking over \$350,000 co-investment from the winery, i.e. their own money and bank loans, in winemaking and tourism upgrades. The Novac wines brand, that was also developed with MCP support, quickly became associated with premium and super premium quality available in limited editions, and the owners decided to divide the business. Novac was separated into a small, boutique winery, that is under construction in Cociulia village, and Tartcomvin is geared towards general consumption wines and sells bottled wines under Larga Valley trademark. Under MCP mandate Novac bottled wines were launched on the local market and in premiere exported to Ukraine, Poland, Romania, China, Canada and Portugal reaching to the reporting date over 23 thousand bottles.

The achieved results reported above generated a chain reaction across the industry. Being aware of the results achieved by MCP beneficiaries, many other wineries started to work on wine quality upgrades, including Kvint, Imperial Vin, Invinprom, Carlevana Winery, Taraclia Winery, Javgur Vin and others which have achieved considerable leaps in producing quality bottled wines. Competition spurred the emergence of other medium-sized producers, that positively complemented the Wine of Moldova offer such as Chateau Cristi or Land of Basarabia.

PROGRAM 2. Building knowledge for future growth

Achieved Outputs:

- **119 Knowledge-building activities** implemented within the Wine of Moldova Academy
- Over **4,485 specialists** in viticulture and winemaking trained

Achieved Outcomes:

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



*Photo caption: grape variety at MCP-beneficiary Gogu Winery
Photo credit: Maxim Ciomas*

WoM Academy

As many other sectors of Moldovan economy, the wine and tourism cluster faces immediate shortages in skilled workers and management know-how. While it was beyond the Project's scope to solve systemic problems such as migration and brain drain, upgrading wine quality required addressing the lack of modern skills and knowledge among the current sector's workforce as well as among graduates of the educational institutions. At the beginning of project implementation, most of the industry's workforce was trained using Soviet curricula and were not acquainted with modern practices and technologies. The change of the industry product quality paradigm (from high volumes to higher quality) demanded an adaptation of the sector's workforce capacities to the new needs of the wine business.

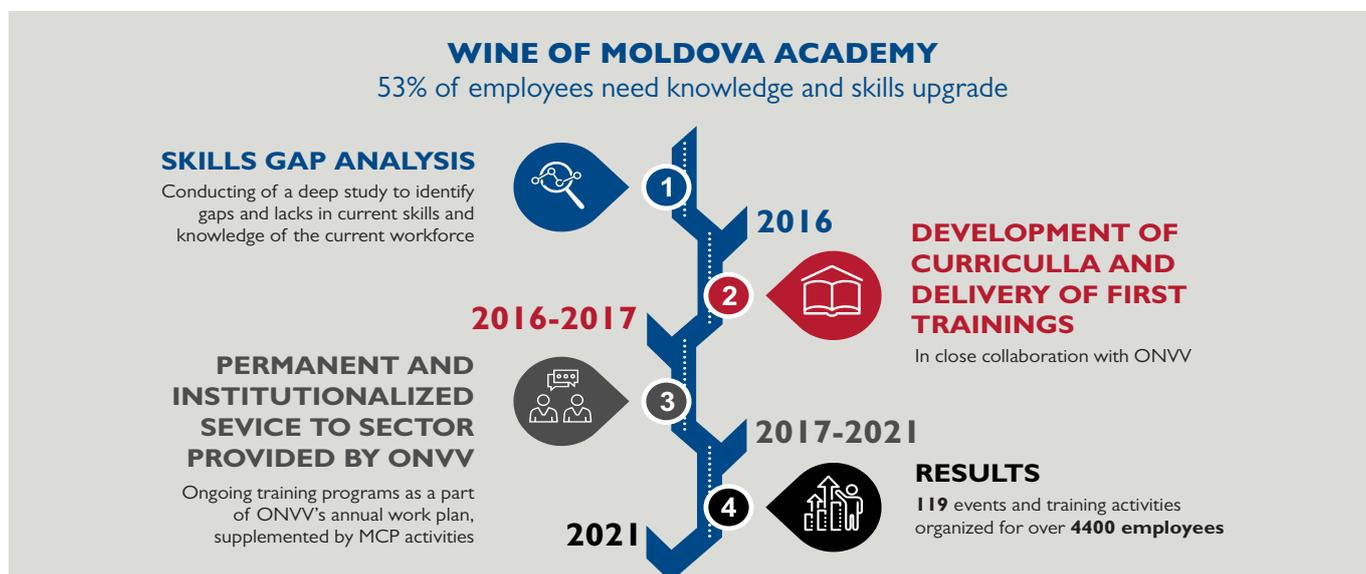
To have a complete understanding of the state of current chasm between sector needs in workforce knowledge and skills and to lay foundation for the next activity, MCP initiated a study across all sectors in its portfolio entitled "Assessing Skills Gaps in Three Key Moldovan Industries in the Context of Moldova's Competitiveness Challenges". The study revealed that over 53% of the current sector workforce needed knowledge and skills upgrades, with graduates of the higher educational institutions and VET schools lacking necessary (modern) capacities and understandings demanded of the private sector.

MCP offered its support in workforce and skills development, assisting ONVV deliver activities within the 'Wine of Moldova Academy', designed to provide continuous education and focused knowledge sharing. This activity has been initiated since the first activity year, under the form of sporadic trainings and seminars. Since Year 2, the Wine of Moldova Academy was fully institutionalized and embedded into ONVV's annual activity plans with a clearly defined curriculum. WoM Academy has provided solutions that cover the most important knowledge gaps, held by international experts and local experts, but also included sharing of expertise under MCP's pillar activities reported above: PQUP and ASW Mentorship Program, the main package of WoM Academy activities included:



Photo Caption: Chief ONVV viticulture expert Mr. Vladimir Corobca demonstrating vine cutting techniques during a field seminar
Photo Credit: Wine of Moldova

- **Trainings and seminars.** This has been the main educational product offered by ONVV under WoM Academy and consisted of short-term trainings of up to 8 hours on a variety of subjects ranging from best practices in wine production to marketing.
- **Field days.** Mainly focused on the needs of viticulturists but also for winemaking technicians and included practical workshops in vineyards and/or on production premises demonstrating best practices in vineyard management and protection, mechanization of vineyard works, winemaking operations and even best practices in tourism and hospitality.
- **Study visits.** The WoM academy supported 8 study trips, among which were study tours for viticulturists to EU countries: Italy, Spain, Romania; study visits tailored for small winemakers to acknowledge best practices and viable business models organized to Czech Republic and Slovakia as well as to Romania. But also study visits were organized under the roadmap of development of the wine sectors' strategy to specific and world leading winemaking regions such as California, Alsace, Cote du Rhone, and Rioja.
- **Conferences.** Another important vehicle of WoM Academy, conferences were organized to share findings of local and international experts after conducting complex studies, research and tasting exercises sharing achieved findings and conclusions across the sector. These included: conferences on the results of marketing studies; conferences after complex tasting and quality evaluation exercises; presentations of experts' findings and recommendation after study visits to Moldova; as well as conferences after research projects on vine diseases. Additionally, it has become a best-practice for ONVV to organize bi-annual wine sector conferences before and after the harvest where main indicators of the industry's current state were reported, and specific conclusions and advice provided to wide audience of stakeholders, government and academia.
- **Workshops.** ONVV organized multiple workshops for enhancing skills and knowledge, but also contributing to finding solutions to current sectors' needs such as achieving common vision in marketing and promotion questions, evaluation of quality of each vintage, the current state of stocked bulk wine, and determination of median tasting profiles of the indigenous grape varieties.



WoM Academy contributes to recognized accreditations

WoM Academy drove internationally recognized accreditations in wine and wine tourism to Moldova. MCP, in close cooperation with ONVV accredited over 120 persons with several internationally recognized certifications such as Wine and Spirits Education Trust (WSET level 1,2 and 3) as well as European Sommelier Diploma. To develop local wine culture under more complex communication and education campaigns, MCP organized master classes and trainings for over 400 wine service professionals, mostly youth and women, who were trained on a variety of subjects ranging from the basics of wine service, wine and food pairing, as well as features of sweet and organic wines.

During its mandate MCP strove to achieve synergies and multiple outcomes across several programs and activities building knowledge across the sectors' workforce but also contributing to capacity building among ONVV staff. For instance, under the support provided to develop the National Wine Sector Strategy "Wine of Moldova 2030", all international experts that visited Moldova to appraise the current state of the sector held workshops with ONVV and/or wineries' personnel sharing their expertise and visions, updating the knowledge and skills. In addition, the experts defined the gaps of the current sector workforce, which became subjects for Wine of Moldova Academy trainings, seminars and webinars. The WoM Academy has also become a main supporter, developer, and implementer of the sustainable concept for the Moldovan wine industry, touching specific, sector-wide issues such as climate change, wastes efficient resource management, conservation of natural resources, etc.



Photo Caption: Best sommelier of the world 2017, Julia Scavo conducting a seminar on "World wine trends. How to place Moldova on the global wine map"
Photo Credit: Wine of Moldova, Facebook

WoM Academy drove educational initiatives

During the past 6 years, ONVV with MCP support organized 119 educational events for sector's workforce including 10 pre- and post-harvest national conferences and four scientific conferences. In total, MCP contributed to skills and knowledge upgrading of 4,485 attendees of the educational activities organized under WOM Academy and other educational initiatives implemented by the project.

COVID-19 impacted the curricula of the Wine of Moldova Academy in 2020, but also uncovered new gaps of the sector that were immediately addressed through educational events organized online by ONVV with MCP support primarily focusing on adaptation to new realities and building capacities in digital marketing, e-commerce, online community management and online promotion. Given the closure of HoReCa distribution channels, through online webinars, WoM and sectors' representatives were introduced to major retail and online chains mainly in Romania, but also in Ukraine.

Agri-intelligence, Precision Viticulture and Winemaking

The Moldovan wine sector has one of the lowest adoption rates for IT solutions that could increase efficiency and spur productivity. Despite software that is usually bundled with procured equipment and automatization of accounting system, wineries still use labor intensive techniques to manage the supply-production-sales chain. At MCP's launch phase, the industry lacked IT solutions that would streamline the labor efforts, as well as eliminate bureaucracy, unprofessionalism, subjectivity, and corruption. In response, MCP conducted a study of opportunities bringing IT solutions to this traditionally non-IT sector: one of the key findings was that with few exceptions, wineries have limited absorption rates and that complex solutions in resource management would be challenging to deploy and implement. Consequently, MCP focused on supporting the implementation of IT solutions for the entire sector and institutionalized them under ONVV in close cooperation with PGI solutions. These mainly relate to:

- Recordkeeping and traceability
- Organoleptic assessment and evaluation of wine for WoM, PGI and PDO certification
- Implementation of precision viticulture technologies

Photo Caption: multispectral drone flying over vineyard to detect vine disease
Photo Credit: ONVV



PRECISION WINEGROWING: BEST GRAPES AND FLAVEDOR Initiatives for the sustainability and resilience of the sector to climate change

Best Grapes

- **20+** experimental plots monitored
- **20+ ha** monitored in IGP regions
- **5 varieties** plantes in 240 variants (root, load etc.)
- **7 meteo stations** that monitor 34 weather a pests parameters
- **Information bulletins** issued ny ONVV on monthly basis
- **2 annual conferences**

FlaveDor

Pilot project involving **drones (UAV)** on **35 hectares**

National Vine and Wine Register ensures transparency and traceability of wine products

National Vine and Wine Register (RVV), one of the key reform pillars, ensures transparency of wine production, traceability from source materials to final product, and serves as a source for insights on sector trends and insights. The register has been developed by ONVV and was financed by Czech Development Agency through Czech Central Institute for Supervising and Testing in Agriculture (UKZUZ) which was matched by USAID direct funding through National Agency for Rural Development (ACSA) allocated for registration of vineyard parcels to the Register. This multi-stakeholder project faced several challenges: the programmatic development of the database and the supportive software was delayed by the IT company assigned by the Czech party. MCP stepped in to secure USAID investments, and leveraging IT expertise within the team, has ensured proper finalization and commissioning of the platform. To date, the database is functioning well, providing needed information, and creating a framework for fair and transparent wine production. The database has a portion that is accessible to the general public, providing registered companies' and sector data <https://rvv.gov.md/publicpart/overview.jsf>. In addition, the register is interconnected in the governmental infrastructure of hosting, authentication and reporting (MConnect, MPass, MCloud etc.).

Wine producers in Moldova are required by law to ensure wine traceability through wine registrations and declarations. Before MCP, most tracking has been paper-based, which is labor-intensive and did not garner credibility or sustainability. With MCP and EIB technical assistance, ONVV developed a software for electronic traceability, which allowed wineries to digitize record keeping of the vine and wine registers and enabled users to generate declarations automatically in the RVV. In Year 1, ONVV was already finalizing the development of an on-premises version of the software and MCP assisted in organizing presentations and subsequent trainings to wineries for its adoption. 27 wineries have implemented the system, however, have soon stopped its use due to a variety of reasons. Nevertheless, the developed software will be used by ONVV to build a web-based version ensuring automatic interconnectivity between registry keeping module and RVV, in the next software iteration.



*Photo Caption: New stainless-steel tanks at ATU Winery
Photo Credit: Maxim Ciomas*

Randomized web-based testing to ensure credibility in industry quality assessments

To conform to EU standards, MCP supported ONVV in implementing industry quality marks, namely Wine of Moldova, Protected Geographical Indication (PGI), and Protected Destination of Origin (PDO). The quality conformity assessment for these quality marks requires an impartial and efficient organoleptic assessment. To exclude corruption and subjectivism, the Project supported the development of a web-based software that randomly selects tasting panels and keeps records of tasting sessions. The software was successfully tested during pilot tastings and testing sessions and is widely used by ONVV to perform regular evaluation of wines for PGI certification as well as in at-need and ad-hoc sessions. This system has had an industry-level impact, as it has contributed to increased transparency and unbiased evaluation of Moldovan wines in tasting commissions that were formed by random allocation of authorized tasters. Consequently, given the achieved result, MCP advocated for a wider use and integration of the developed software solution and has conducted several meetings with the Central Testing Laboratory of Alcoholic and Non-Alcoholic Beverages and Canned Products subordinate to National Foodsafety Agency (ANSA) in this purpose. MCP agreed to organize an evaluation of the current software that is used by the Laboratory and has delivered a prima facie report that advised to review and re-develop the system in use. However, given limited human capacities that would ensure further implementation, MCP withdrew from offering subsequent support.

Award-winning drones detect vine disease and prevent harvest losses

In close cooperation with ONVV, MCP supported PGI producers' Associations to utilize cutting-edge precision viticulture technology and intelligence developed by a US-Canada partnership, to detect the destructive vine pathogens Flavescence Doree and Bois Noir in Moldovan vineyards. The approach used Unmanned Aerial Vehicles (drones) equipped with multi-spectral cameras and sophisticated cloud-based imagery processing and analysis software that delivers accurate information at the plant level. This technology replaces existing manual methods of disease detection, which are labor intensive and inaccurate. The use of this technology delivered a diagnostic accuracy to 85%, helping to reduce the overuse of pesticides by enabling rapid spot-treatment and quarantine, and provided data to inform a national disease detection and management protocol. Rapid detection and appropriate treatment of this global disease is preventing harvest losses of 40-80%, and safeguarding Moldova's wine industry, which provides income for 200,000 people.

MCP's innovative work with precision agriculture tools (drones) to detect vine pathogens have received the USAID 2018 Digital Development Award. Based on intelligence and data received from drone surveillance and on-ground inspection of over 800 hectares of vineyards, ONVV organized two specialized conferences involving local and international experts and later edited and disseminated brochures on best practices in the inspection and prevention of Flavescence Doree and Bois Noir. The general results of the project show that vineyards aged 1-4 years old are infected by vine disease at a rate of 30 - 94.6%. About 320 vines were tested using the PCR method, including 30 samples evaluated by a French laboratory. The results of this laboratory testing show that the most common phytoplasma disease in Moldova is Bois Noir ("Black Wood"), however laboratory samples have not yet determined its country of origin. The general conclusion is that the phytoplasma diseases spread via infected planting material, but even more via insects which act as disease vectors and spread phytoplasma diseases from infected plants to the healthy ones. One of the outcomes of this activity was enforcing the regulations of import and production of seedlings (planting and grafting material). To date, all imported and locally produced seedlings must be disease free, and this may be demonstrated via results of PCR testing and/or demonstration that in production process the grafts were thermo-treated on specialized equipment that neutralizes the disease.

*Photo credit: Colby Gottert
Photo caption: Crama Mircesti Winery*



Promoting viticulture best practices to build international competitiveness

In order to increase the international competitiveness of Wine of Moldova, the Moldovan wine sector needs to update its viticulture practices to provide high quality raw materials (grapes) for wine production. The MCP-supported “Best Grapes” project implemented by PGI Association Valul lui Traian and ONVV, aimed to develop best practices in vine growing by implementing and observing different plantation schemes, rootstock, bush load, as well as various vine treating and management on a network of experimental plots. With the implementation of cutting-edge technology such as autonomous methodological stations and other pest sensors that allow farmers to predict meteorological and disease infection risk, these practices are allowing farmers to optimize spraying and other vine caring operations in the context of climate change.

MCP contributed to conceptualization, deployment and to expansion of “Best Grapes” project to the national level. With MCP support, seven demo-plots were equipped with cutting edge meteorological stations, pest sensors and pathogen traps, and the resulting data was recorded in an electronic database. Based on “Best-Grapes” activity conclusions, ONVV issued monthly newsletters to grape growers containing an overview of weather conditions, recommended vineyard care operations and disease risks. When necessary, viticultural alerts have been distributed highlighting concrete risks and operations needed to ensure the health and good sanitary conditions of vineyards. In addition, ONVV used data insights arising from the “Best Grapes” project to report results during bi-annual national conferences, highlighting key conclusions of post-harvest and pre-harvest observations, and providing viticulturists with much needed advice on measures to be taken in vineyard protection in the upcoming periods.



*Photo caption: Worker in Salcuta winery
Photo credit: ONVV*

OBJECTIVE 2. EXPANDED MARKET LINKAGES



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

PROGRAM 3. Wine of Moldova international promotion program support

Achieved Outputs:

- Over **20 press trips** for international wine press organized
- Over **670 press clippings** in the international wine press and general media
- **3 international** disruptive campaigns and over 12 country-targeted communication and PR campaigns related to WoM implemented
- Participation at over **200 B2B** and trade events, including international exhibitions
- Over **10 thousand market linkages** generated
- **3,411 medals** and awards won at international wine competitions
- Updated **www.wineofmoldova.com** portal
- **\$5.5 million** leveraged ONVV budget for trade promotion

Achieved Outcomes:

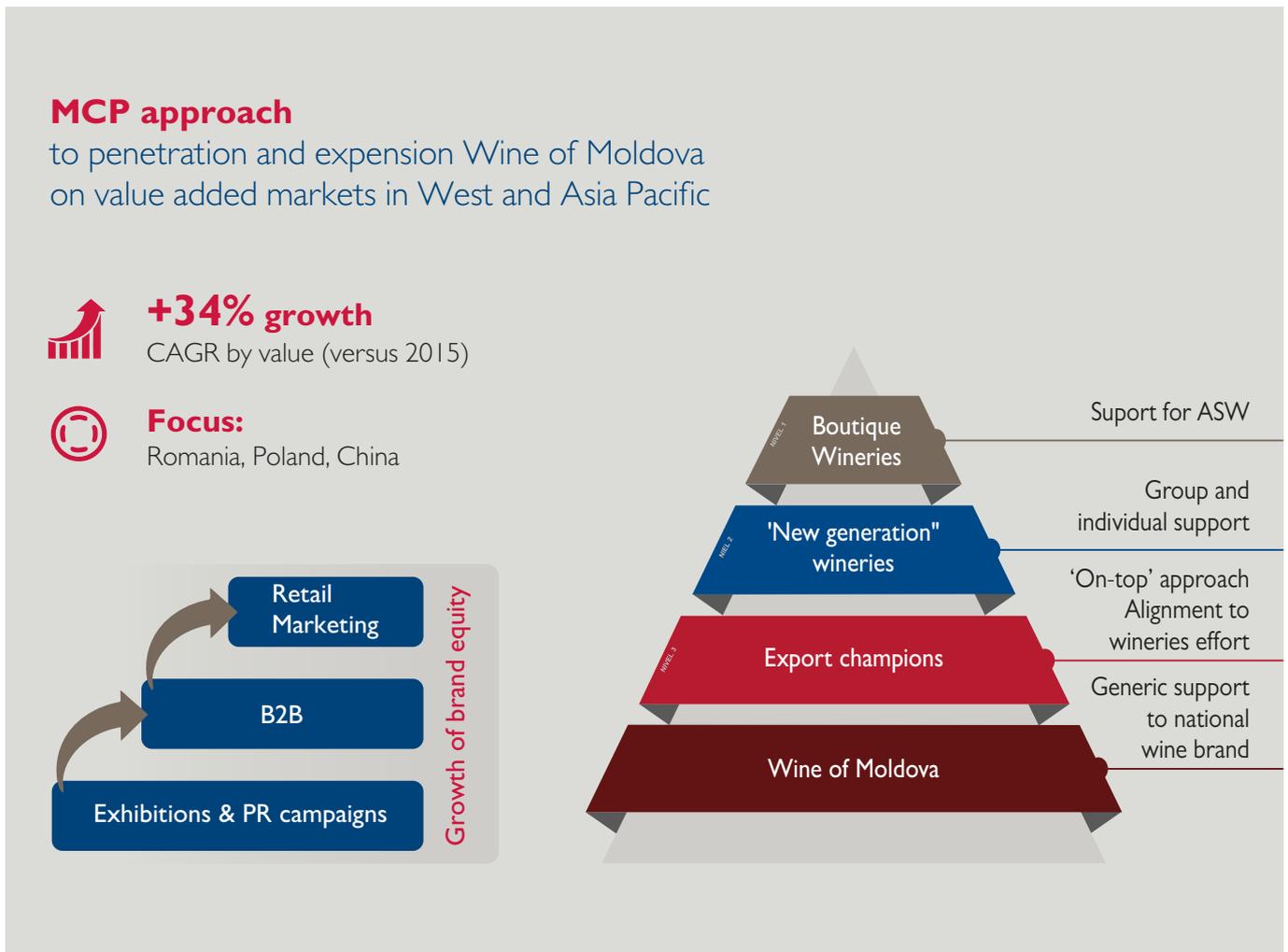
- Increased **international brand awareness** and enhanced WoM brand equity
- Diversification of **WoM portfolio** in target export markets
- Increased **sales and new wines** introduced in the target markets
- Increased number of **exporting** wineries in target markets
- Improved **quality** perception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

Access to high value export markets relies on a complex state of consumer factors including Moldova's reputation as a wine producer and how Moldova can appropriately respond to diverse market segments. MCP's approach to stimulate Moldova's wine exports to high value markets was multi-layered and systemic. The project leveraged country and firm-level integrated marketing, built awareness of the WoM umbrella brand domestically and internationally; created pathways for individual brands and companies to enter and develop export markets; and increased sales of value-added wines from Moldova to non-CIS markets.

Strategic, tiered assistance to wine promotion

MCP structured assistance on a tiered approach. The base tier focused on building knowledge, awareness, appreciation and expanding B2B market linkages under the umbrella of WoM (complementing ONVV annual marketing plans). The next tier was for "Export Champions", wineries well-versed in exporting to Western markets, having good distribution, and a qualitative product portfolio. These exporters were selected based on their potential to make the most immediate change on export markets, shifting Moldova's presence from low quality semi-sweet wines to high quality dry wines, compatible with WoM quality standards. Still, these exporters have insufficient resources to promote new wine segments, and assisting more robust marketing campaigns benefits the WoM national brand image with spillover effects on other Moldovan wines. Therefore, the Project considered it essential to stimulate 'export champions' to invest in marketing their new high-quality wines. The Project supported and aligned marketing and awareness campaigns in key markets. To receive support, the exporter had to contribute at least 80% to the marketing plan, identify clear marketing KPIs, and demonstrate credible implementation capacity.

The "New Generation Wineries" tier were wine producers that had quality wines with an excellent marketing positioning and modern branding. Still, these recently emerged wineries have had limited experience on marketing and export operations. Therefore, the Project's Export Coaching and Export Support Activity for these wineries was broader and included mentorship, B2B matchmaking and incentivizing on cost-shared marketing campaigns. The upper tier focused on small wineries, ASW Mentorship beneficiaries, which, despite small volumes, have a significant impact on the image of Moldovan wines, since these are exclusive wines produced using innovative and distinctive winemaking techniques, showcasing the best of the terroir of origin. Positioned in the higher end of premium segment, the 'author wines' are majorly sold in wine boutiques and target the wine connoisseurs, forming therefore an outstanding perception for Moldovan wines. Still, the small wineries were considered very fragile when exporting. Therefore, a tailored approach was implemented by the Project, aiming to achieve stable and strategic results, through common marketing and ASW association support.



Rapid growth and increase in prices, in conjunction with product upgrades

Wine of Moldova is still recovering from two consecutive Russian embargoes (in 2006 and 2013) that shrunk the value of Moldova's wine industry exports from \$280 million in 2005 to \$112 million in 2014. In achieving an initial Compound Annual Growth Rate (CAGR) of almost 30% during 2015 to 2018, due to 2 consecutive high harvest in most of the winemaking regions and corresponding drop of prices because of stagnant demand, Moldova's growth rate has since slowed: in calendar year 2019 exports grew by 5% in value and 11% in volume. This growth is also supported by a higher average price per liter of bottled wine that jumped from \$2.19 in 2015 to \$2.52 or 15% by December 2019. All these were achieved by the dramatic redirection of trade from lower-value markets, which required rapid modernization and radical change of product quality and business models of Moldovan wineries.

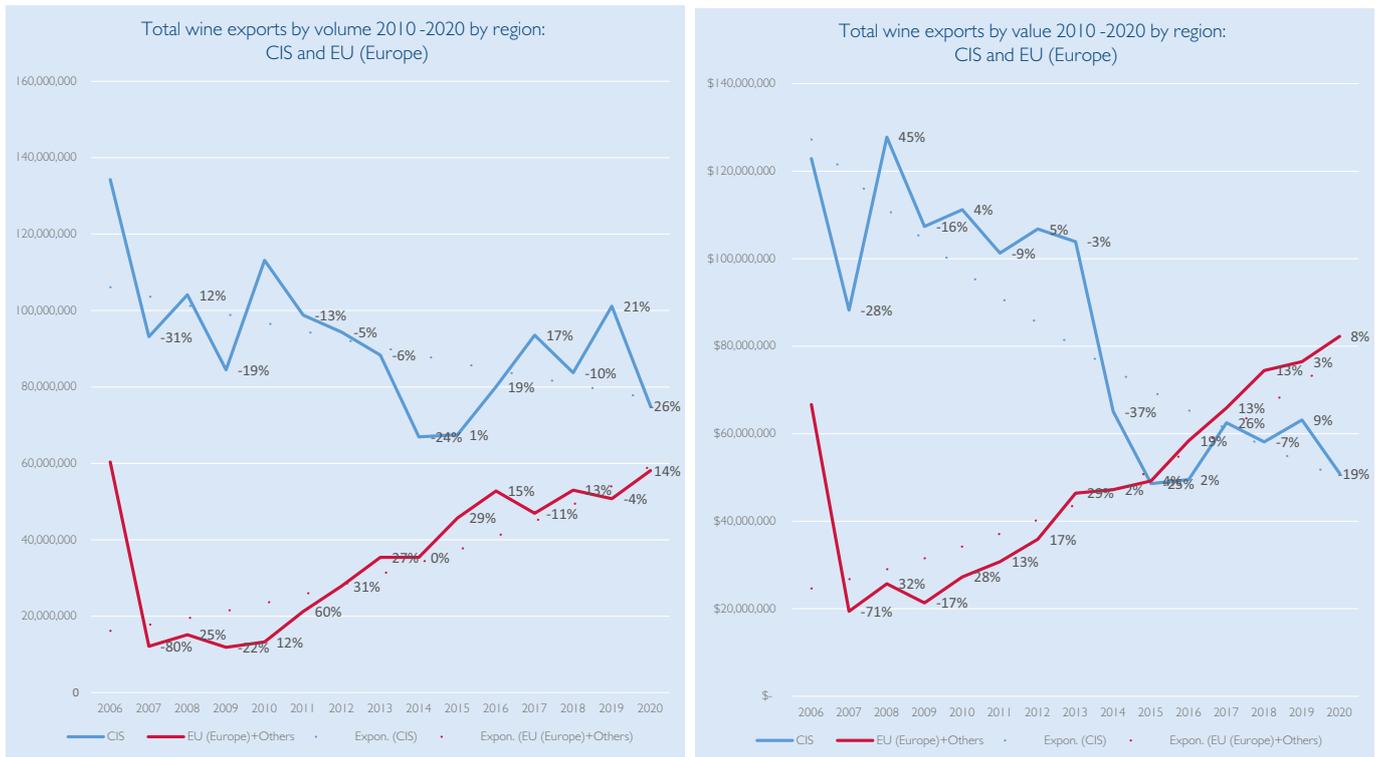
MCP facilitated linkages into regional and EU markets that are critical for sustaining Moldova's wine industry. The value of Moldovan bottled wine exports to CIS markets grew annually by a modest 3%, on average, from 2015 to 2019, in light of continuous Russia's restrictions, political turbulences on the traditional markets and national currency depreciation in the region.

WoM has been the main marketing platform supporting wineries to enter and expand on new export markets. with WoM becoming a quality seal for the industry and its business partners. In recent years, the Moldovan wine sector has gradually opened new markets and reoriented exports to the EU, Asia-Pacific, Africa, and North America (Canada and the U.S.). During 2016-2019, bottled wine exports to non-CIS markets increased by an aggregated (CAGR) 51%, or USD \$29 million, since 2015. This result is also due to MCP's support to reposition and grow wine trade in stable and high-margin markets, distancing Moldova from the turbulent Russian market and low-value exports to CIS countries.

Figure I. Total exports of Moldovan wine by value and volume 2005-2020



Figure 2. Evolution of wine export by region by volume and value with year-on-year deviation



Exports into new markets drive WoM brand awareness



Photo Caption: Wine of Moldova at Asia Wine Trophy 2019
Photo Credit: ONVV

Comparing 2019 with 2014 when the first Russian embargo was enforced, Moldova has increased its wine exports by volume by almost 50%. However, it is still struggling to reach the values of exports prior to the embargo. The two consecutive years with global overproduction (2018 and 2019) had put pressure on general export prices forcing Moldovan wineries to operate with fairly low margins in order to decrease their stocks. In spite all this, 2019 and 2020 were years of moderate growth and stability for Moldovan vintners, with the most dramatic increases in export volumes to European markets between 2014 (when DCFTA came into effect) and 2020, were to the Netherlands (300-fold increase), Switzerland (6-fold increase), Turkey (31-fold increase), Portugal (231%), UK (420%), Romania (485%) and Belgium (210%).

Wine exports to “non-traditional” markets including the Asia-Pacific and North America also experienced notable increases specifically Canada (60-fold growth), Japan (303%), South Korea (292%), China (284%) and the U.S. (117%). The geography of exports expanded from 50 countries in 2014 to 71 in 2019, with consistent export operations launched in Hong Kong, Gabon, Singapore, Angola, Burkina Faso, and Guinea. Trial orders of Moldovan wine were shipped to Guam, Viet Nam, New Zealand, Syria. 73% of total exports of Moldova's bottled wine are to non-traditional markets valued at \$62 million, from which 50% of the volume, valued at \$40 million, are going to Europe.

After a two-digit growth in exports during the first 2 months of 2020 (27% in January and February), export sales dropped in the next 6 months. According to UN Comtrade data, per total volumes fell 12% and in value, the exports have decreased by 5%. The strategy for conversion to greater added value, higher quality bottled wine have paid off during the COVID-19 pandemic, as bottled wine exports registered an increase of 7% in volume and 8% in value by December 2020. By comparison, bulk wine exports dropped dramatically by 20% in volume and 21% in value.

Moldovan wine exports are still at risk, with the spread of the pandemic still threatening the income and the purchasing power of consumers in key export markets, whereas political unrest in Belarus, which accounts to almost 33% of the total wine exported (95% of which is bulk, being re-exported to other CIS countries) aggravate these risks and growth perspectives.

To sustain Wine of Moldova expansion into export markets, MCP aligned its support to an improved generic wine promotion program under the WoM country brand, facilitating participation in complex trade events and deployment of communication campaigns – all implemented in conjunction with the ONVV and wineries. MCP placed special emphasis on consolidating ONVV governance and its role as a national marketing board. Therefore ONVV, through continuous MCP support, has become the leading organization triggering business development and enriching the Moldovan wine offering in target markets. ONVV also gained the sector's trust, underpinned by constant contributions to the Vine and Wine Fund, reaching on yearly average an amount that exceeded \$3 million.

Building WoM brand recognition through strategic communications

over 670+ articles and mentions in international press
 such as Decanter, Meininger, Wine Enthusiast, Wine Advocate, CNN, Euronews, Fox News, The Drinks Business, New York Post, DeutscheWelle etc.

Create awareness for Moldova and consolidation of Wine of Moldova brand equity

WINE OF MOLDOVA
 A LEGEND ALIVE

3400+ medals
 from international wine contests

According to research, “consumers around the world are now faced with a broad choice of wine brands and the COO (country of origin) effect is readily acknowledged as a key differentiator able to positively influence the equity of a brand.” The importance of country branding in wine marketing was highlighted by many researchers and marketers, as according to different sources it varies between 2nd and 3rd place in its importance factor behind consumer's choice after the price factor. By November 2012, with the support of USAID funded CEED II project (MCP predecessor), ONVV and the national wine “brand” were set up. With years of targeted support from USAID and planning by the Moldovan wine sector, the national wine country brand – Wine of Moldova – was developed jointly by USAID and ONVV and launched by Secretary of State John Kerry during his 2013 visit to Moldova. To meet the brand's communications needs, MCP leveraged top international expertise to help WoM and ONVV deploy yearly activities aimed to grow international awareness of Moldova as a wine producing country and a touristic destination. A complex of activities and projects were implemented, including international and country-specific PR campaigns and press works, communication campaigns around exhibition and local touristic events, press tours etc.

These efforts brought international recognition for Wine of Moldova in the winemaking community, underlined by awards received and statuses. In 2016, WoM received the “Voice of Wine” award from organizers of Amsterdam's World Bulk Wine Exhibition; the brand was also featured at “Cite Internationale du Vin” in Bordeaux as a gold partner; in 2017, WoM was invited as a honorable guest to Arvinis trade fair in Montreaux, Switzerland; and in 2020, the brand was featured as special guest at Concours Mondial de Bruxelles international wine competition.

Through MCP activities, Wine of Moldova was featured in 678 articles in the most renowned international publications such as Forbes, CNN, Fortune, The Independent, The Telegraph, The Times, Euronews, Deutsche Welle, and Vice. This was in addition to several thousands of press hits generated on target export markets through annual communication campaigns deployed in Romania and Poland. It is estimated that all combined efforts have generated an unprecedented reach of over three billion people across the globe. WoM has also remained constantly active on major social networks, such as Facebook, Instagram and LinkedIn managing to consolidate a community of over 23 thousand followers who are constantly engaged with the brand.

Through guidance from international experts, MCP drove a blended mix of communications channels to build conversations and relationships with the press and connoisseurs. Genuine and unique wine events such as the Rose Competition, Cricova Wine Run, Art of Assamblage, Wine Vernissages, National Wine Days, the 3rd UNWTO Global Conference on Wine Tourism, Ravac International Film Festival, DescOpera, WoM International Journalists Summit as well as reunion of the #Winelover community (biggest online community in the world) were used to organize press trips as well as attract top regional and international influencers to Moldova. As a result, over 15 press trips were organized for over 150 visitors as well as visits of international opinion leaders as Caronile Gilby, Sarah Abott, Justin Howard – Sneyd, Victoria Daskal (Masters of Wine), Xavier Rousset, Julia Scavo, Nelson Chow, Raimonds Tomson, Andreas Larsson (Masters Sommelier), as well as international influencers and journalists such as: Luiz Alberto (#Winelover), Matthew Horkey and Charine Tan (Exotic Wine Travel); Per and Brit Karsson (BK Magazine); Diana Isac (Winerist) and others. Influential wine writers from the reputable specialized publication Robert Parker's Wine Advocate, reviewed four wines produced by Fautor, two of which were evaluated at 90+ points (outstanding). Consequently, Gitana winery's Rara Neagra and Saperavi were reviewed by Jancis Robinson, who also ranks among the most prominent wine writers.

The infographic features the Wine of Moldova logo (a stylized flame with grapes) and the text "WINE OF MOLDOVA A LEGEND ALIVE". Below this, it lists five key achievements, each with an icon: 120+ wineries assisted to deploy marketing activities (people icon), 118 activities in marketing and promotion (megaphone icon), +31% sales increase (bar chart icon), +35% export growth (globe icon), and \$ 2.25 million attracted for promotional activities (dollar sign icon). To the right is a photograph of a busy wine trade show with many people and wine displays.

Amongst all export markets, Romania and Poland received a consolidated approach to brand communication and consumer promotion. With MCP support, ONVV has implemented complex annual activity plans that included Public Relations, press works, consumer image building events, sponsorships and promotional activities in major retail chains such as Carrefour, Selgros, Mega Image and others. These are considered best practices, and ONVV has gained enough expertise and know-how to replicate this approach in other neighboring markets such as Ukraine, the Baltic nations or distant markets such as Czech Republic or Benelux countries.

As recommended by international experts, WoM has also strategized to enter the so-called “image building markets”, such as United Kingdom and United States. Though these efforts are unlikely to bring considerable returns on investments materializing in considerable growths of exported volumes, doing so will generate a positive spill-over effect, as these two markets influence global wine consumption trends and consumer preferences. In 2020, ONVV deployed its first targeted communications strategy, engaging a group of bloggers in the US and in 2021, collaborated with a reputed PR firm to maintain its marketing presence in UK.

Among its communications strategy, three innovative activities implemented by MCP has allowed WoM to stand out from the communication clutter. These were:

- **Hand-crafted stand creation for Prowien.** In 2018, the biggest international wine event, Prowien, caught the ONVV team unprepared with a concept that would attract visitors to the stand and generate word-of-mouth. The MCP tech team took the lead in developing and implementing a bold idea leveraging local talent and millennium-old traditions in carpet weaving to produce the world's first hand knitted stand. As such, Moldova's country stand at Prowien was covered in hand-embroidered traditional ornaments found on Moldova's unique traditional carpets. The ornaments were recognized by UNESCO on their list of Intangible Cultural heritage. The stand leveraged 12 artists sewing for 2,500 hours, using 500 needles, hundreds of strokes and stitches, and over 50kg of wool, embellishing 130 square meters of canvas. This outstanding space hosted 39 of Moldova's best wineries under the Wine of Moldova national brand and attracted the attention of the world's leading sommeliers and wine journalists, reinforcing Moldova's place on the wine map of the world. The story of creation of the stand hit renowned international publications such as Meininger Wine Business International and one of the most popular entertainment portals on the web, Bored Panda. The video of the stand execution published on WoM Facebook page became the most viewed video in its history- being watched by over 57 thousand users and reached a total of over 200,000 wine lovers worldwide. The impact of this micro campaign persists as Wine of Moldova continues to receive complements from world influencers on its results and outcomes.
- In 2017, backed by a community driven initiative and a poll that suggested to rename Chisinau Airport into Wine of Moldova Airport, MCP deployed a 'guerrilla campaign' which led to the story being covered at no cost in three of the most influential specialized publications: Decanter Magazine, Meininger Wine Business International, and The Drink Business. In total, the micro campaign received free media coverage valued at above \$30,000 and reached over 1 million viewers.
- Until MCP, WoM lacked a 'digital footprint' of positive articles and blog posts. To address these, MCP disseminated press releases through international press wires, with four such release generating over 1200 hits in general press and blogs, as well as complete publication of the release in such reputed publications as Yahoo Finance, Bloomberg, Reuters, France Presse, and Europa Press. While the costs associated were significant, they reached 600 million people. Moreover, through implementation, MCP built the capacities of local PR firms (contracted to prepare press releases and manage arising press relations) and encouraged other institutional clients, such as the Moldovan Investment Agency and Ministry of Economy, to implement similar disseminations.

INNOVATIVE AND DISRUPTIVE COMMUNICATION CAMPAIGNS



Crafted Stand campaign

The story of creation of hand-made carpentry piece to decorate Prowein stand

Covered in Meininger Wine Business International and published in Bored Panda

Reached over 200 thousand of winelovers worldwide

The campaign was cited by several Masters of Wine



WoM Airport

3 out of 3 targeted publication have covered the story

AVE (Advertising Value Equivalent): \$30 000 or \$14 return for each dollar invested

Coverage: 1 million viewers



Distribution of press releases through press wires

Distribution of 4 pres releases to international press through Cision

Over 1200 hits in press and blogs

Potential audience reached: 600 million viewers

Developing modern content to ensure sustainability of communications

In order to ensure the sustainability of these media activities, MCP cooperated with ONVV to produce modern, top quality, video, photo and written pieces by commissioning local and international talent. As such, MCP successfully developed a large database of raw photo and video library sorted by wineries and regions. Furthermore, MCP co-produced several communication campaign including #EuVindinMoldova and #VinulMeu, endowing ONVV and wineries with video commercials and raw footage for later use.

Another activity objective of MCP was to update and modernize the WoM website, which was initially launched under the MCP predecessor USAID CEED II project as a simple landing page. MCP structured its approach in two phases: 1. Given limited capacities of ONVV in the early stages of MCP, the project focused on enhancing and enriching the functions of the landing page to add dynamic written content: events, news posts etc; 2. MCP provided technical support to ONVV to develop terms of reference for the new portal that will reply to the needs of the private sector (having dedicated sections with restricted access with information for wineries, news bulletins, agri, business and marketing intelligence data), as well as to the broader public: general audience, wine connoisseurs, trade professionals and writers. By end of its period of performance, the new website was released in its pilot version and MCP has handed over further progress to the Moldova HVAA team for further finetuning.

ONVV developed a unique strategy for communicating WoM internationally

Since Year 2, MCP has largely advocated and highlighted the need to deploy international communication campaign to sustain the launch of the Wine of Moldova internationally. While low implementation capacity and sporadic campaigns have impeded it in the past, ONVV has now deployed a complex process to strategically communicate WoM internationally, by the end of MCP's period of performance. The first stage of this process entailed a review and updating of the WoM brand architecture. By 2020, the architecture developed 7 years ago had become outdated in its design and relevancy of the message to meet the expectations of consumers in international markets. Moreover, the draft sectorial strategy (released in October 2020 for sector consultations) has outlined several priorities for inclusion in the communications strategy.

ONVV contracted the respected UK based consulting agency Cube Communications to develop the updated WoM brand pillars: Positioning and Unique Selling Proposition (USP). Consequently, the consulting agency conducted interviews with sector stakeholders and international marketing experts, aggregated results and inputs, and provided a first draft proposal for consultation within the working group formed by its most active wineries, ONVV and MCP representatives. MCP was involved at all stages and provided feedback to all initial documentation of this activity, further ensuring that input was provided not only by reputed Masters of Wine and wine communicators, but also by those who have had a history in assisting Moldovan wine industry. A draft of the new WoM brand pillars was consulted upon by sector stakeholders and is currently being deliberated upon.

NWB - Wine of Moldova on its path to updated USP

UNIQUE SELLING PROPOSITION



New, updated, globally relevant positioning

ONVV deployed the process of updating one of the core pillars of brand identity - WoM USP
A leading specialized PR company contracted - Cube communication

Critical path:



Expanding market linkages

International wine trade is a unique sector, combining market characteristics of both commodities and high value-add products, being structured under several sub-markets with each having different modus operandi (bottled, bulk, private label, services, etc.). It is also highly polarized: unlike other product markets, it is highly decentralized with very few global leaders across the value chain (production, distribution, etc). For this reason, B2B events and trade fairs represent main marketing tools across the winemaking trade community to maintain relations with current trade partners and generate new business leads. One unique characteristic is that of the long contact-contract cycle which could expand to 4 years between first meetings and first shipments. Signing contracts or pre-contracts at trade fairs and/or B2B events in the wine rarely happen, and for this reason, wine producing countries and regions are advised to participate repeatedly at same events over a long period of time. At the same time, even if the first contact with a potential business partner was established directly, outside of trade fairs, they are ultimately used to establish in-person meetings, product appraisal tasting and further business discussions. Furthermore, trade fairs are often a critical opportunity to deploy communication campaigns in order to ensure broad messaging towards an otherwise fragmented audience.



*Photo Caption: Wine of Moldova promoted at Good Wine Bucharest Wine Fair
Photo Credit: Moldovan Association of Small Winemakers*

Thus, participation at international exhibitions, trade fairs and B2B events under the WoM brand was the main marketing tool used by the Moldovan wineries to penetrate new markets or develop business linkages on the existing key export destinations. Along MCP lifetime, 80 wineries were supported directly or indirectly to participate at 118 B2B events generating over 10 thousand new market linkages. Akin other reported activities, MCP has implemented a well-structured approach that was aligned to WoM marketing and promotion framework as well as to the needs of the private sector, and included; (i) participation at Prowein as an unique B2B event with international representation; (ii) participation at B2B events on target export market that were part of larger marketing activity country-plans; (iii) pointed events on second tier export markets; and (iv) sporadic assistance to participation of wineries on distant markets to explore expansion and market diversification opportunities.

Prowein – main international forum to showcase Wine of Moldova market linkages

Prowein is the main winegrowing exhibition and international forum. The event is considered a 'must show' event in the wine world organized yearly in the first half of March in Dusseldorf, Germany. The exhibition hosts stands and even pavilions of the most important winemaking regions in the world. The Wine of Moldova brand was internationally launched at this exhibition in 2014 with the support of USAID CEED II, and since then, MCP has been involved at each consequent edition of the fair except 2020 and 2021 (due to COVID-19). Each participation took place under a large common stand and as a best practice, was complemented by communication campaigns and on-stand events involving top international opinion formers such as Robert Joseph, Sarah Abbott MW or Caroline Gilby. Consistent participation and outstanding performance of WoM at Prowein has led market diversification and image enhancement among players in the wine sector. Prowein has served as the birthplace of major success stories for MCP beneficiaries, with the number of wineries willing to participate growing annually and reaching 39 companies in 2019, filling the stand to its full extent. MCP and ONVV have conducted numerous meetings with event organizers to allow a bigger stand for WoM, which will take place in 2021.

Leveraging resources to target strategic export markets

In alignment with the WoM Marketing and Promotion Framework developed under USAID CEED II, MCP allocated marketing efforts and resources towards target export markets. As per the cited framework, the pool of importing countries has been categorized as the following:

1. Primary target markets (mainly neighbouring countries): Romania, Poland, Czech Republic, Ukraine
2. Primary volume building market: China
3. Secondary target markets: EU (Baltics, Scandinavia, Benelux), Asia Pacific (Japan, South Korea), Canada
4. Secondary, image building markets: United Kingdom, United States

Yearly, MCP supervised ONVV and offered technical support in annual marketing planning to ensure that objectives for each market were set according to updated marketing and business intelligence data, proposing a mix of activities (B2B or B2C) in achieving defined objectives for each particular market or group of countries

Romania – top grossing market for Moldovan wine

Historical and cultural ties, targeted marketing support, and increased product quality propelled Romania as a top export destination for Moldovan wine. Romania is a 'success story' in qualitative increase of wine exports. It is a constantly growing market for Moldovan wine, from the reference year 2014 (pre MCP and first post Embargo year) the volume of exported wine to Romania grew with a CAGR of 228%, it is ranked #2 among top export destinations by total earnings accounting for \$21.5 million or 16% of total value of wine exports, and is an undisputed leader in Moldovan bottled wine imports accounting for over 9.4 million bottles providing needed cashflow to cover the losses of the wineries arising from export bans. Even in pandemics extorts to this neighboring market have grown by 16%. Romania is also a target market for small wine producers and is viewed as a launch pad for small wineries because of relatively easy access, lack of language barriers, and openness to consume Moldovan wine. Additionally, many small and medium sized wineries use Romania as an export hub to lessen the access to EU's free trade area. Also, Romania is the main source market for inbound tourists. Therefore, deployment of complex activities and annual promotion programs has been a priority for MCP.

As such, resulting from ONVV efforts WoM has had a constant share of voice in local press and on social media, this was complemented by participations at trade fairs such as GoodWine, Wine Up; sponsoring wide-scale and world-renowned events such as Timisoara International Film Festival/TIFF organized by ONVV as well as organization of own event series "Wine of Moldova Festival" first edition being the mirror festival of National Wine Day and happened simultaneously. MCP has strategically aligned its resources and complemented on important cost items and activities that were not covered by ONVV but brought additional visibility, enhanced outcomes or improved participants' experience. In addition, MCP has added to co-organized activities participation of small wineries at niche events such as "Wine and Street Food Fair" in Bucharest or "Cluj Central Park Festival" thus adding to positive image of WoM.



Photo caption: Highly attended Wine of Moldova festival in Snagov, Romania (September, 2019).
Photo credit: Wine of Moldova

With COVID-19, marketing and communication efforts had to be revised shifting towards online and traditional retail (that was allowed to operate), thus ONVV has established partnerships with online retailer Topdrinks.ro and 'brick and mortar' retail chain Carrefour do deploy sales campaigns backed by digital 'education' and promotional activities including virtual tastings organized on Facebook.

The cumulated result of implemented activities on Romanian market are astonishing, with the number of wineries exporting to this market having grown from 27 to 49 in the last 6 years, most of them are high quality wine producers that capitalize on the fact that in general Moldovan wine is associated with higher quality than locally produced wines. The average export price per bottle is net superior (+34% higher) to general average price of bottled wine exported from Moldova. Romania has been the birthplace of numerous success stories for Moldovan wine "Export Champions" as well as "New Generation Wineries". Purcari became a public company and are listed on Bucharest Stock Exchange with constant stock price growth, whereas wines in the premium range are among top performing brands in Romania and top selling according to multiple marketing studies. Such resonant names as Chateau Vartely, Fautor, Castel Mimi and Gitana also added their contributing to growing image of Wine of Moldova: these wineries were supported directly by MCP to use a mix of marketing tools to penetrate and/or expand on this market and capitalize on umbrella promotion of WoM (reported in detail in Export Support Program section).

Poland – a stable and reliable partner for WoM

Up until 2018, Poland has held the lead positions in bottled wine imports from Moldova by value. Poland still continues to be one of Moldova's top market priorities, generating over 5% of total by volume and 7.6% of the total earnings from wine exports. Poland is a net importer of bottled wine, 80% of total exported volume to this market are added value packaged wines. Historically, it was among the first markets to which Moldovan wineries tried to re-channel distribution after the Russian embargo, due to similarity of consumption preferences which matched the wine styles that Moldova has produced at that time: "cheap and sweet".



*Photo credit: Wine of Moldova Facebook page
Photo caption: Promoting the Wine of Moldova country brand*

However, since 2015 there has been a growing trend towards premiumization of consumption, shifting towards dry wine consumption. Moldova could not afford to continue staying in the low end shelf and significant efforts were invested by ONVV in cooperation with MCP to up-trade to higher value-added segments. The approach was complex and impactful, it has kicked off with a robust preparation phase in which MCP commissioned Polish wine trade expert, and local consultants to work with ONVV and leading wineries to develop concrete and implementable activities for WoM's repositioning. By Year 2, complex trade promotion activities backed by online communication campaigns were deployed in Carrefour and Selgros chains (repeated in 2018); dedicated events for trade professionals and wine public were organized as well as WoM was participating at all major sector events such as specialized trade fairs, gala dinners and congresses. The progress on expansion on new higher priced segment was slow but steady, from three years in the row 2016-2018 exports of bottled wine have experienced a qualitative growth, volumes increased with a CAGR of 20% whereas prices have raised by almost 30%.

Several wineries have managed to register considerable successes:

- The **largest wine exporter to Poland** and MCP beneficiary **Bostavan** has built a successful brand Moldawska Dolina, and in comparison to the baseline year of 2016 (first activity year on Polish market) Bostavan exports grew by almost 40%, and even during the pandemic year of 2020, continued to grow by +7%.
- MCP grantee and PQUP program beneficiary, **Suvorov and Kazayak** group diversified their exported wine style and upgraded to higher price segments - in 2020, the group increased its exports by a quarter exceeding **1.5 million bottles**.
- **Cricova**, whose entrance to the market was facilitated by Export Support Program (reported in detail below) has partnered with one of **top 4 wine importers** and distributors and has jump started exceeding 360,000 bottles by the end of 2019. However, due to the pandemic in 2020, there were almost no exports from Cricova to Poland.
- **Salcuta**, a winery from the New Generation tier and MCP grantee, has signed with multinational import and distribution company Orbico to penetrate Poland and guaranteeing continuous growth. As such, the **volumes exported in 2019 have grown by 75%** in comparison to 2016 – the first year of cooperation.
- **Asconi** has established its own import and distribution company in cooperation with a local entrepreneur, and volumes have almost **doubled year-on-year** since 2016 and even under COVID-19 sales continue to grow by 12%.
- The transition winery **Migdal-P**, which was supported by MCP to upgrade quality, signed with Partner Center (also importer of Bostavan wines), with **exports tripling over three years** and even in 2020 grew by +3%.
- **Castel Mimi**, after a contact with an importer of premium wines facilitated by MCP, signed a long-term **contract for premium wine range**.
- **Vinia Traian**, which had the reputation of production of low-end wine bottled in PET bottles, now exports to only Poland **premium oak aged wines** that are compliant to PGI standards.
- **Maurt**, that also had a reputation of cheap fizzy wine producer that were sold only on local market, after cooperation with MCP in PQUP has exported first **full-truck-load (FTL) of premium sparkling and still wines**.
- Small winemaker **Novak winery** has entered Poland, through an importer focused on **premium Moldovan wines** in 2019 and in spite of pandemics has doubled the exported amounts in 2020.

Wine of Moldova presence in the Czech Republic has seen significant growth reliable partner for WoM

The Czech Republic is one of Moldova's most reliable wine trading partners being ranked #3 among EU export markets in 2020, accounting for the import of almost 7 million bottles of Moldovan wine. In MCP's period of performance, exported volumes of bottled wine have registered a steady growth of 65% CAGR, resulting from trade and marketing activities implemented by ONVV with MCP support. Czech Republic has not yet benefited from country-wide and consistent promotional campaigns, but with MCP support, a strong foundation has been laid. In its first years, ONVV was supported to conduct market research and consumer behavior that improved the understanding of the market. Moreover, MCP supported the participation of Moldovan wineries focusing on PQUP program beneficiaries at several editions of the International Wine Show Prague as well as supported organization of dedicated events in partnership with Moldovan Embassy in Prague. Czech journalists were invited to Moldova during major wine industry events such as the Wine Vernissage and National Wine Day as well as two dedicated press trips organized that resulted in wide media coverage including feature stories on national TV stations.

One of the most impactful activities was participation at the biggest contest held in Czechia – Oenoforum where Moldovan wineries won 60 medals, 52 from which were gold, this proved Czech wine trade professionals that Moldova can produce wines that are competitive with other famous wine production countries and regions.

Ukraine – silent neighbor with untapped potential

Given the context of political and economic turmoil in Ukraine, for most of project period of performance, it was unfeasible to invest in marketing and export promotion activities. However, by 2020, experts noted strong signals from the market's growing export potential further backed by international expert opinions that Moldova must concentrate its efforts in wine and wine export promotion to easily accessible neighboring markets, in the post-pandemic period. Hence, MCP advocated for a more cohesive approach towards Ukraine. To date, ONVV has developed an integrated plan to approach this export market which includes partnerships with the biggest online retailers, press trips, participation at local fairs and exhibitions and organization of own events to be implemented in 2021 and 2022.

China – hardest to approach and main volume building market

In spite of its size, many international wine experts characterize China's wine market as being 'wild' and polarized and unstructured, with being composed of over 50 submarkets, each operating in different manners and under different rules. For this reason, it was impossible to develop a systemic and comprehensive approach to enter the market, and MCP focused on supporting ONVV's participation in B2B events and trade fairs as the main tool of entering this market. As such, MCP provided support in showcasing Wine of Moldova at over 10 such events, among which the most important were: Interwine (Guangzhou), China International Food and Drinks Fair (Chengdu), Vinexpo Hong Kong, Top Wine (Beijing) all accompanied by pointed communication campaigns and on-stand events.

In 2018, driven by sector demand, ONVV has tried to implement a more complex set of promotional activities and has partnered with China National Research Institute of Food & Fermentation Industries. However, the implemented activities did not produce many results and demonstrated the fact that to succeed, Wine of Moldova must have permanent representation in China that would provide “hands-on” control over implementation of promotional activities.

China remains a market with untapped opportunities for Moldovan wine exports. Moldova has been disadvantaged opposite to its competitors such as Georgia, Chile or Australia by the absence of a Free-Trade Agreement and could quickly gain a price advantage when such an agreement is signed. Given the realities of recent trade wars, ONVV and Moldovan wineries should carefully assess the market risks during allocation of resources for promoting exports to this market.



Photo Caption: Fautor sales representative with potential Chinese business partner during Interwine trade fair

Photo Credit: Fautor, Facebook

Market diversification in rest of the EU: Baltic, Scandinavia, Benelux

The Baltic, Scandinavian and Benelux countries are all situated above the northern 'winemaking belt' and are net importers of wine. On the global scale, according to UN Comtrade data, Netherlands, Belgium, Denmark and Sweden are ranked 4th, 7th, 9th and 10th among top wine importing countries and represent enormous opportunities for Moldovan wines, however Wine of Moldova should remain strategic avoiding scattering its scarce marketing resources on too many target markets. For this reason, the main approach of MCP and ONVV was to contribute to implementation of tailored, pointed and implementable activities - “quick wins”. In addition to activities implemented by ONVV, MCP directly supported wineries that planned to co-invest in marketing and promotional activities. Several illustrative activities are presented below to showcase MCP's complimentary approach to ONVV and wineries activities

The Baltic, Scandinavian and Benelux countries are all situated above the northern 'winemaking belt' and are net importers of wine. On the global scale, according to UN Comtrade data, Netherlands, Belgium, Denmark and Sweden are ranked 4th, 7th, 9th and 10th among top wine importing countries and represent enormous opportunities for Moldovan wines, however Wine of Moldova should remain strategic avoiding scattering its scarce marketing resources on too many target markets. For this reason, the main approach of MCP and ONVV was to contribute to implementation of tailored, pointed and implementable activities - "quick wins". In addition to activities implemented by ONVV, MCP directly supported wineries that planned to co-invest in marketing and promotional activities. Several illustrative activities are presented below to showcase MCP's complimentary approach to ONVV and wineries activities

Baltics. Collectively Latvia, Lithuania and Estonia account for 3% of the total volume of bottled wine exported and 5% out of volumes shipped to EU. In spite of a shared Soviet past, the perceived style of Moldovan wines is associated with cheap demi sweet wines, whereas most of the exporting wineries, are those that have had relationships and distribution even before Moldova has declared its independence. To address this, ONVV in a MCP facilitated partnership with CBI organized a matchmaking session and a 'roadshow' (several wine presentations held in short intervals of time) held in the capitals of these states, to showcase the new face and style of Moldovan wine and to introduce new wineries to trade partners on these markets. MCP offered support to the largest exporter of Moldovan bottled wine Purcari Wineries Group to deploy a communication campaign and trade promotion in two chains of supermarkets to promote its Daos brand (reported in detail in Export Support Program section).

Benelux. As per marketing intelligence data, these countries have a neutral to positive perception of Moldova – however, most consumers are not aware of Moldova as a wine producing country. Therefore, before engaging in large scale marketing and promotion activities it was necessary to build a cohort of wineries that could pave the way for others. Thus, ONVV hired an export consultancy firm to organize business matchmaking session between a selected group of wineries and interested importers in the Netherlands and Belgium.



Photo Caption: Moldovan winemakers met with Dutch wine professionals to discuss potential business partnerships
Photo Credit: Facebook, Gateway & Partners

MCP also facilitated participation of its beneficiaries to promotional events organized in the Netherlands by one of the largest group of importers. As a result, by 2020, Netherlands have shown one of the highest growth rates among all export destinations of bottled wine: 128% in comparison to previous year summing to 1.4 million bottles of high-quality wine or over \$2.5 million equivalent. Over 1/3 of exports to Netherlands are the merit of efforts of 2 MCP beneficiaries: Salcuta, which received MCP support to complete technological and quality upgrade, and Radacini, which received Project support to deploy social media and online campaigns in this market.

Scandinavian markets are usually regulated and governed through state monopolies, although each of them offers windows for workarounds for small batches of private imports. In Sweden, state monopoly Systembolaget until recently held Moldova on the 'grey list' due to quality and environmental impact concerns. ONVV and MCP jointly acted to address this situation including activities through economic diplomacy and direct dialogue with Systembolaget representative held at Prowein and with other occasions. Additionally, to drive demand, representatives of the Swedish press were invited to visit Moldova during National Wine Day Celebration, as well as Moldovan wineries to participate at image building events such as Stockholm Food and Wine Festival.



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

All these led to increased interest of the state monopoly towards Moldovan wines, some of the participating wineries have received permanent representation "codes", which guarantees long-term availability in Sweden. 2020 was the first year when an acquisition tender for wines of Moldova's indigenous grape varieties was announced. Another remarkable success was achieved by Vinuri de Comrat in Norway, who had been supported by MCP through winemaking consultations for 4 consecutive harvests and production seasons and equipment which dramatically increased wine quality. This winery has worked a lot to capitalize on a contact established at Prowein and from 2019 is exporting early over 15 thousand bottles of its high-quality wine.

Diversification of export to above mentioned countries plays an important contribution to Moldova's increased resilience and distancing from traditional CIS markets but also offers long term stability to shocks such as the 2020 COVID-19 pandemic. In spite of the pandemic, the annual quantity of Moldovan wines shipped to cited regions exceeded two-fold by volume (+115%) and value (+136%), all due to increased quality and competitiveness of Moldova wines, and marketing and promotion support.

Expanding in Asia Pacific region: Japan and South Korea

Although Japan and South Korea modestly contributes to the diversification and share in the structure of Moldovan wine exports (0.5% of total volume of bottled wine exported and 3% of volumes shipped to countries outside Europe and CIS), these were strategically leveraged as image building markets to build the reputation of Moldovan wine across the region. MCP and ONVV has had modest but direct contribution to Wine of Moldova growth in these market through organization of participation at B2B fairs in Japan – Vinexpo Tokyo and 3 editions of Daejeon International Wine Festival in South Korea. However one of the biggest effect was building a community of Wine of Moldova Ambassadors, one of which is Chan Jun Park who co-organized multiple press visits, facilitated contacts between Moldovan wineries and importers as well as established a Wine of Moldova club in Seoul. Another promoter of Moldovan wines was the Embassy of Moldova in Tokyo (responsible for South Korea and Japan) and H.E. Ambassador Vasile Bumacov in person (former Minister of Agriculture who supported and implemented wine sector reform in 2010-2014), with whom MCP had a fruitful cooperation in organizing receptions for wine importers and trade professionals. Compared to 2014, exports to the Asia Pacific region are four times higher in volume and six times in value, reaching around 260,000 of bottles exported per annum, the median exporting price per liter of bottled wine ranging around \$4.3 per litre or over twice as much as the world's average price of exported Moldovan wine. Most importantly, the image effect and consequent spillover effect generated on these markets as Moldovan wines have hit the menus of Michelin starred restaurants: small winery Et Cetera was offered to visitors of Ebisu-Minami restaurant in Tokyo since 2016, whereas small winegrower Carpe Diem Wines were listed alongside those from Castel Mimi in the Michelin star bearing restaurant 'Bicena' in the capital city of Seoul.



*Photo Caption: Moldova Wine Club in South Korea
Photo Credit: Jeonju Wine Culture Academy*

Canada – the success of one leads to success of all

Similar to Scandinavian markets, in Canada wine is mostly imported through province monopolies SAQ and LCBO. In 2017, a winery from the New Generation tier - Vinaria din Vale, succeeded in arranging imports to Canada of a considerable batch of excellent quality/price ratio bottled wine, being noticed by numerous wine writers and even being featured in TV shows. Canada was propelled to the top 5 export destinations for Moldovan wines, accounting by the end of 2020 for 1.7 million bottles and almost \$2 million in earnings. The success of Vinaria din Vale has paved the way for other wine exporters: in 2015 there were only 6 wineries exporting to Canada but by 2020, this number reached 18 companies, including other high quality wine producer and big names of Moldovan wine industry such as Purcari, Cricova, Chateau Vartely, Radacini, Gitana and Fautor as well as opened the market for small, boutique wineries such as Equinox, Pelican Negru, Minis Terrios, Carpe Diem, Novak and Gogu Winery. To sustain these trends, MCP offered its support to a private importer who operates through SAQ to participate and showcase top Moldovan wines at La Grande Degustation de Vins de Montreal, in addition to facilitating participation of Moldovan wineries at Canadian wine contests Selections Mondiales des Vin Canada, where Moldovan wineries won 22 medals, 5 of which were Grand Gold, 8 gold and 9 silver.

Leveraging the influence of United Kingdom and United States to build international reputation for Moldovan wines

The UK and US have been among top Moldovan wine importing countries along all MCP mandate, however these are huge markets in terms of volume, while currently Moldova accounts for only a fraction of the potential of these, holding a market share of the import wine segment of under 0.1% in US and 0.4% in UK. Over the last 6 years, quantities of exported wine from Moldova have grown constantly: 420% in UK, and 89% in the US (2020 compared to 2014 baseline). By opinion of wine marketing experts, these are the main worldwide trendsetters of wine consumption, having the highest concentration of wine bloggers, writers and influencers. However, Wine of Moldova still lacked a critical mass of wineries and wines of needed quality. MCP supported ONVV in organizing the participation of Wine of Moldova at specialized trade fairs such as Vinexpo New York, as well as assisted ONVV to deploy activities that engaged wine writers and incentivized them to review Moldovan wines. By the end of its mandate ONVV contracted a reputed PR firm commissioned to deploy annual press campaigns starting in 2021.

Remaining flexible to respond to emerging opportunities, MCP supported a diaspora owned importer in Portugal to showcase Moldovan wines at local fairs which motivated the company to open the first online shop able to deliver Moldovan premium wines, including wines from small winegrowers to over 41 countries across Europe, North America and Asia. Furthermore, when the Moldovan wine sector faced record high stocks due to high yields, MCP was flexible to engage in bulk wine sales. MCP invited a pool of highly rated buyers and experts to assess the results of bulk wine available for sales – the results were used as a communication motive to advertise Moldovan participation at the World Bulk Wine Exhibition in Amsterdam.

Export Support Program enhances WoM marketing via dynamic company-driven marketing programs

Since Year 1, MCP has implemented a firm-level Export Support Program, complementing the Wine of Moldova marketing and promotion framework, in line with the national brand communication strategy. Over 35 wine producers have benefited from this program, which targets markets in Romania, Poland, Czech Republic, China, Latvia, Lithuania, Estonia, Belgium, UK, Netherlands, Portugal, Germany, Canada, and participating wineries have reported impressive sales growths. This tailored support package was flexibly adapted to the size, export-readiness, and role in contributing to national brand equity on export markets of each winery and accounts for anticipated effects on other beneficiaries. The marketing opportunities and support available was tailored both for small wineries and large exporters, requesting 50/50 cost-share by the company, based on realistic and executable marketing plans. Project marketing assistance under the ESP Program benefited the WoM national brand image, with spillover effects to other Moldovan winemakers.

EXPORT SUPPORT PROGRAM (ESP)



35 supported wineries in individual or group marketing activities conditioned by: New Market/ New Product/ New category > boosting Wine of Moldova portfolio



50+ campaigns special promotion campaigns: 35 individual campaigns + 15 activities under the umbrella of ASW



64.8 million USD cumulative value of new export



14 new exporters among small wine producers



Photo Caption: Worker at Cricova winery, 2018
Photo Credit: Maxim Ciomas

Based on MCP's general tiered approach, the following assistance was delivered:

- **Small wineries** received group support to participate at B2B events targeting specialty importers that focused on rare and boutique wines as well as B2B themed festivals on target markets that were defined by ASW marketing and promotion network developed in 2016. As such MCP financed and organized participation at 15 such events in Romania, Germany and Austria. 14 new small wineries started exporting whereas exported quantities have increased 5-fold.
- **New Generation wineries and PQUP participants** benefited from group and individually delivered export consultancies delivered through trade professionals commissioned by MCP as well as by specialized consultancy firms to penetrate and establish exports to the wine markets of Poland, Chinese, UK, Belgium, and Germany.
- **Export Champions and New Generation wineries** such as Bostavan, Vinaria din Vale, Radacini, Cricova, Chateau Vartely, Fautor, Migdal P, Timbrus, Vinaria Hincesti received firm level support that was matched with wineries' marketing budgets to deploy digital communication campaigns (especially during the COVID-19 pandemic), communication campaigns on traditional media, as well as deploy complex trade promotion campaigns in Romania, Poland, China and Baltics. For these activities, MCP carefully analysed proposed activity plans and budgets, and guided by a 'build-on-top' approach, complemented and added resources for activities that could add value and impact beyond those covered by wineries.

Participation at international competitions contributes to international recognition of WoM

Participation in renowned international wine contests raised awareness on the improved quality of Moldova's wine and receive worldwide recognition for achieved results in quality improvement. In Year 2, MCP conceptualized and piloted a program that aimed to incentivize wineries to submit more samples to wine contests. However due to budget constraints, ONVV could not join and the program could not be deployed at larger scale starting with initial phase. Gradually during Years 2 and 3 ONVV joined issuing open calls for all wineries included in the Vine and Wine Register, whereas starting with Year 4 most of the budgets were allocated already from the Vine and Wine Fund, and MCP oversaw the activity implementation and complemented where necessary to ensure participation of small and transitional wineries. This activity had multi-faceted effects:

1. Given that all jurors are reputed wine experts, the **positive results** have demonstrated to the professional community that Moldova has tremendously progressed in its bottled wine quality.
2. **Medals influenced export sales.** As international wine markets are highly decentralized, wine buyers from retail chains are usually consulting the databases of results to find wine producers in winemaking countries or regions that influence them.
3. **Contributed to growth** of international awareness and to building of a positive reputation of WoM. The results were well advertised and disseminated through professional press by contests organizers. However, MCP and ONVV have also used achieved results in dedicated international press releases.



Figure 3. Medals count by year.

QUALITY - A CONSISTENT STRATEGY



In 2021 (6 months)
Wine of Moldova won

708

medals at
14 international
contests



PGI wine grew up to 30% in last 4 years
In spite pandemics, in 2020 bottled wine
exports grew by 9% on average

Total in 6 years

3411

Medals*

a quarter (25%)
won by beneficiaries of
MCP's quality
improvement programs

*to reporting date

To date, Moldovan wines have totalled 3,411 medals and awards at most renowned wine exhibitions such as Decanter World Wine Awards, Concours Mondial de Bruxelles, Mundus Vini and International Wine Challenge, from which almost a quarter or 533 were won by MCP beneficiaries of quality improvement programs: small and transitional wineries.

Based on achieved results, ONVV annually compiled the Golden Catalogue of Moldovan wines, highlighting best performing wines and received awards. The printed version of the Catalogue were given as gifts to partners and high-profile guests, whereas the electronic version was promoted through digital campaigns.

Concrete results in exports through MCP support

According to MCP's M&E Database, MCP has assisted over 80 wineries to grow exports directly or indirectly through country level support, over 200 marketing and promotional activities were organized or co-organized in partnership with ONVV, ASW, Moldovan Government and other international development organizations, generating increased export sales of over \$64.8 million, or over \$10 million annually on average each activity year.



Photo Caption: Vineyards at Etcetera winery
Photo Credit: Olesia Curalova

PROGRAM 4. Enhance wine culture and grow a mature local market



Photo Caption: Harvesting at Agrici winery

Photo Credit: MCP

Achieved Outputs:

- **1** comprehensive and in-depth **market study**
- **20 Moldovan sommeliers** and trade professionals were certified with WSET level II
- **92 Moldovan sommeliers** received EU recognized accreditation
- **2 national marketing campaigns** with 150+ promotional events
- Eight editions "**Wine Vernissage**" organized with MCP's support gathering around 2000 visitors each
- Five editions of "**National Wine Day**" organized, managing to position the event as the largest of its kind in South-Eastern Europe.

Achieved Outcomes:

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

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

Unfortunately, due to the economic effects of the COVID-19 pandemic, in 2020, wine sales in the domestic market have decreased by an estimated 30%. However, up to 2019, the Moldovan bottled wine market had experienced exponential growth in sales of high-quality bottled wine, accounting for approximately 15% of industry's sales and reaching a value of approximately \$26.8 million. Therefore, efforts to refine wine culture, support acquisition of wine knowledge in hospitality sites, connect emerging winemakers to consumers were critical for establishing a stronger domestic market, achieving synergies and a spillover effect on tourism development.

DOMESTIC MARKET

development of wine culture as a subject of national heritage



1 study

in-depth research
of the market



150+ promotional events

in Horeca



100 k visitors

at National Wine Day



92 sommeliers

with EU recognized
accreditation



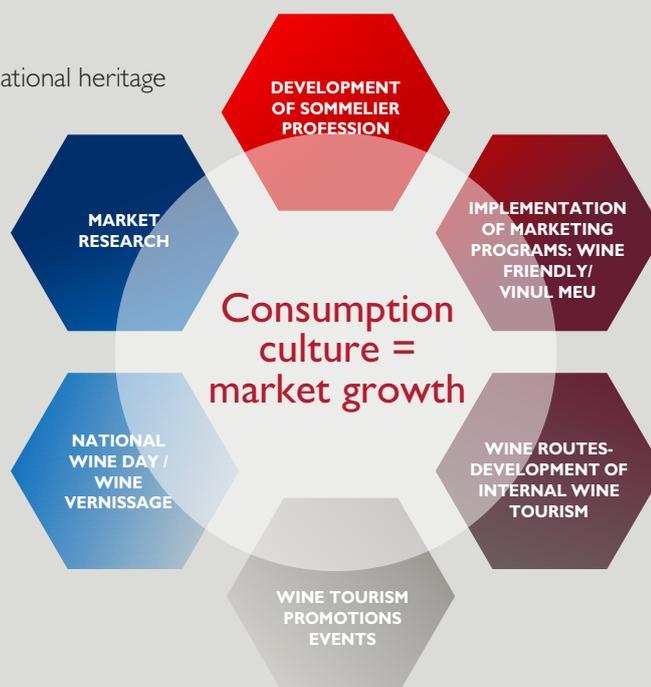
2 national campaigns:

Wine Friendly/Vinul Meu



2000+ visitors

of each edition of the bi-annual
Wine Vernissage



During the early years of MCP, the local wine market lacked industry data on local bottled wine market size, consumption, consumer profile, and behavior. Given the importance of such intelligence, extensive market research was performed with Project support enabling the wine producers and ONVV to develop coherent marketing strategies for the domestic market and plan their wine production. The extensive study of the domestic market encompassed essential information related to market size, production volumes (both homemade and industrially produced wine), per capita consumption, segmentation of wine consumers, consumption preferences and habits, as well as combined results of the in-depth interviews with HoReCa and retail professionals. The study also laid a foundation for future planning of MCP activities and served as a benchmark and reference point to measure achieved results. Unfortunately, the study was not repeated by ONVV, and has remained the sole reference source along all MCP mandate. Main conclusions were:

1. **Domestic bottled wine** consumption is very low, around 2.7 liters per capita per annum
2. **General public** is not aware of local wine producers of high-quality wine, varietals and tasting principles due to absence of consumption culture
3. **Underdeveloped HoReCa** segment with missing skills and knowledge.

To address this, MCP in partnership with ONVV and others has deployed a complex set of activities aimed to grow local wine culture and revive wine as a product of national pride.

Development of sommelier profession and promoting excellence in wine service

Sommeliers represent a critical link between wine producers and consumers. Under USAID CEED II, the sommelier profession was officially recognized and introduced in the register of activities. To build on this legacy and further promote excellence in wine service and enhance wine culture, MCP strategically partnered with Wine School NGO, which delivered educational courses of various complexity, starting with Express Sommelier – a three-day initiation course and ending with advanced 3-week intensive coursework which confers certification recognized by local authorities. In addition, the NGO offers on-demand training services for restaurants, wineries and rural guesthouses. Wine School activities are now self-sustained and provided on continuous basis, without needing MCP support.

The next challenge was to create opportunities for wine trade, wine service professionals and sommeliers to receive internationally recognized skills and knowledge. MCP partnered with the Association of European Sommeliers (ASE) to conduct in-depth trainings for Moldovan wine trade professionals delivered by Maître Sommelier, Brigitte Leloup, vice-president of the Association, after which participants received the Diploma of European Sommelier, which is recognized by the European Parliament. 4 such trainings took place, delivering international qualification to 92 Moldovan sommeliers that can professionally serve and present wines, whereas before MCP there were less than 10 people with such qualification. Most alumni still operate in the profession or have developed careers and personal projects in adjacent fields such as hospitality or personal wine blogs.

Furthermore, MCP extended its support to ASE graduates and operating sommeliers to receive a worldwide recognized certification in wine. Wine & Spirit Education Trust (WSET) is one of the world's most renowned and respected wine education programs and has ensured training and certification with WSET level I and II for over 20 professionals. ONVV similarly targeted mostly wineries personnel and ensured accreditation of over 50 people with level I, II and III.



*Photo Caption: Express Sommelier course trainers with new graduates during presentation of course diplomas.
Photo Credit: School of Sommeliers, Moldova*

Moldovan sommeliers have also begun receiving regional and international recognition. 4 ASE alumni have won sommelier and taster contests in Romania. The young somellier and ASE/WSET graduate Daniel Frumusachi has broken Guinness World Record at sabrage. Several descendants of Moldova work as chief sommeliers in top rated restaurants in UK, Denmark and in Italy, two are studying to obtain highest rated certifications in the wine sector: DipWSET (last certification before Master of Wine) and Master Sommelier. The Sirbu brothers, who worked as sommeliers in distinguished restaurants in Moscow, returned to their homeland, joined the sommeliers guild and even started their small wine production.



*Photo Caption: Group photo of WSET level II students
Photo Credit: Anghelina Taran*

Horeca (on-trade) is the sole distribution channel that contributes directly to enhancement of the wine culture. Unfortunately, before MCP the level of wine service was underdeveloped due to an absence of local trainers. As such, under an educational pillar of the WineFriendly campaign (reported below), MCP organized initiation trainings on wine service and wine and food pairing during the visits of Maître Sommelier Brigitte Leloup and Chef Alain Leloup. As such, over 400 hospitality personnel from over 30 restaurants in Chisinau were trained. Furthermore, to scale up and propagate wine culture in the regions, trainings for wineries, rural guesthouses and restaurants were organized in Balti, Orhei, Hincesti, Anenii Noi, Cahul, Stefan Voda and in Tiraspol, Transnistria.

Organic expansion of domestic wine culture

The expansion of the domestic market, which grew by 50% during the last five years up to 2020, as well as joint efforts of MCP, ONVV and winelovers community triggered the emergence of specialized “wine culture hubs” (wine shops, tasting rooms, vinoteques), and motivated venues from HoReCa segment (Hotels, Restaurants, Cafés) to give higher consideration to wine category. In 2014, in Chisinau there were only 2-3 wine boutiques, but through its life of project, MCP noticed 'organic' emergence of venues specializing in selling high quality wine: wine boutiques and restaurants with greater accent on quality wine service and wine and food pairing. Several new wine boutiques were launched: Invino, EmBarGo, as well as tasting rooms that have received MCP support: Decanter and Wine.md Tasting Room; and another several chains of small stores in the 'convenience' segment emerged with outlets quickly expanding throughout the whole territory of Moldova: DI&Vino, Alco Market and Drink Stock.

Multiple restaurants and cafes that have participated in cited wine service trainings have completely rethought their approach to wine, putting a stronger emphasis on its wine menu, wine and food pairing, and wine related events.

Sporadic wine events are also organized in regions mainly in Balti, Cahul and Tiraspol. This brings benefits to several tiers of MCP beneficiaries, serving as the most important distribution channel for small winemakers and a launch pad for transitional wineries. Unfortunately, COVID-19 has significantly impacted restaurants and “wine culture hubs”. As such, MCP provided much needed support and included partner venues in its VinulMeu digital campaign promoting online shopping and contactless delivery



Photo Caption: Bottling wine at Radacini winery
Photo Credit: MCP

Organic expansion of domestic wine culture

The expansion of the domestic market, which grew by 50% during the last five years up to 2020, as well as joint efforts of MCP, ONVV and winelovers community triggered the emergence of specialized “wine culture hubs” (wine shops, tasting rooms, vinoteques), and motivated venues from HoReCa segment (Hotels, Restaurants, Cafés) to give higher consideration to wine category. In 2014, in Chisinau there were only 2-3 wine boutiques, but through its life of project, MCP noticed 'organic' emergence of venues specializing in selling high quality wine: wine boutiques and restaurants with greater accent on quality wine service and wine and food pairing. Several new wine boutiques were launched: Invino, EmBarGo, as well as tasting rooms that have received MCP support: Decanter and Wine.md Tasting Room; and another several chains of small stores in the 'convenience' segment emerged with outlets quickly expanding throughout the whole territory of Moldova: DI&Vino, Alco Market and Drink Stock.

National communication campaign and promotional activities play a decisive role in wine culture enhancement

Before MCP, light alcohol beverages consumption was strongly dominated by beers, the wine lists in restaurants were short, unvaried, and overpriced being dominated by several large wineries. Now wine consumption is associated with a modern, trendy way of life and is linked to conscious and meaningful consumption and spending time. This was achieved through engaging younger consumer masses in the category, through bold, complex, and extensive communication campaigns organized by MCP and ONVV. The most iconic campaign was the WineFriendly campaign conceptualized by MCP and implemented in partnership with ONVV during 2016-2018.

The campaign was complex, multifaceted and deployed in 6 yearly communication waves (spring and autumn), including:

- Incentivization of restaurants through a Wine Friendly accreditation – over 30 restaurants were audited by the European Sommelier Association and have received project assistance through trainings and consultation to develop the wine category.
- Wine Friendly consumer tastings in HoReCa – over 150 consumer tastings were organized with professional sommeliers, attended by over 3,000 people. Many of these educational tastings were
- 'visitor-pays' events, generating over 600 thousand lei (\$33K) revenues for the restaurants.
- Wine Friendly awareness & community building – the Wine Friendly events were supported by a dynamic social media campaign aimed at increasing awareness about the program, the venues and the wine culture.

Unfortunately, ONVV decided to discontinue the fully-fledged “Wine Friendly” program that aimed to develop the domestic market, due to some allegations about market distortion. However, its impact remains: the restaurants that were initially accredited within the program proudly bear the Wine Friendly sign, promoting extended wine lists and welcoming small winemakers on their menus, and other nonaccredited restaurants follow. Currently, three or four wine related events are organized across Moldova each week, an achievement made possible through MCP support.

To avoid market distortion allegations, MCP has suspended its activities that included mid and large wineries promotion in the local market and after conducting discussions with sector stakeholders, received informal consent to assist only small winemakers to tap and grow sales on local market. ASW was endowed with pop-up trade equipment that enabled participation at 23 local events and festivals (Rose Day at Castel Mimi, DescOpera festival, Devin&Degust oenogastronomic festival, laMania, Dor Calator, and National Wine Day) which were co-organized by MCP and were included in the Tree of Life Agenda.

ONVV and MCP also deployed campaigns promoting PGI wines. The First Moldovan PGI certified wines appeared in 2016 at the early stages of MCP and at that time the notion of Protected Geographical Indication, which ensures origin, traceability and, ultimately, quality of wines and usually is positioned higher price segment, was not generally understood among local wine consumers. Thus, MCP advocated ONVV for organizing educational campaigns through a series of wine tasting within the sommelier community. ONVV gradually took over and embedded the PGI concept in all its activities, produced explanatory videos that were published online. Moreover, PGI wine producers were advantaged to receive additional activity funds from the Vine and Wine Fund.



*Photo Caption: Romanian star chef Catalin Scarlatescu featured in one of four episodes of the Domeniile Davidescu promotional campaign
Photo Credit: Vinaria din Vale*

Supporting small winemakers during COVID-19 through promotional campaigns

In early March 2020, MCP conducted research on the potential impact of COVID-19 on the wine industry. One of the key conclusions was that the most affected group of producers would be small winemakers, with forecasted decreases in sales of over 50%. MCP decided to respond proactively to this forecast, and mobilized a community of socially responsible citizens, wine lovers, sommeliers, trade professionals, artists and designers to implement the "Vinul Meu" promotional campaign. The campaign was deployed on social media platforms and aimed to sensitize the general public and wine consumers about the specifics and advantages of 'author wines'. The campaign included 23 short videos with small winemakers, the creation of a specific Facebook group and development of the community therein, numerous live events with local opinion leaders and influencers, and incentives for retailers to support the campaign both in online and offline forms. With MCP's support, ASW partnered with COR and ARTCOR under the Vinul Meu campaign to produce a series of live concerts with local musicians, who contributed their time to the campaign at pro bono or minimal rates. In addition, MCP partnered with local online wine shops and developed a program to promote the wines of small winemakers. The results of the campaign have exceeded expectations: the Facebook group Vinul Meu became the largest wine connoisseur community in Moldova gathering over 6,000 members (other similar groups do not exceed 2 thousand members) with many small wineries and specialized retailers reporting that they've maintained their levels of sales or even achieve slight increases in comparison to previous years, despite a 30% to 40% decrease in general wine sales on the local market.

MCP contributed to consolidation and enhancement of large-scale events as pillar activity in building wine culture

The Moldovan wine sector has two large scale events: the bi-annual Wine Vernissage series that take place in late April and late December, and National Wine Day, which is an official state holiday recognized by Moldovan legislation. All major product launches and promotions usually gravitate around these events.



*Photo Caption: Group picture of U.S. Embassy, USAID, Sweden, UK aid, MCP and ONVV at winter Wine Vernissage 2019
Photo Credit: Madein.md*

Wine Vernissage is a fashionable series of walk-around wine tastings that was conceptualized and deployed under USAID CEED II project and continued through MCP. Since its inception, it has grown from showcasing a dozen wineries to a couple of hundred of visitors to become an iconic bi-annual event that presents over 50 wineries at each edition and gathers over 2 thousand participants. Each edition of the series is used for mid and large wineries to test and launch new wine products and vintages, but has also become a launchpad for small winegrowers, who are given a dedicated area. Through MCP's life of project, the number of small wineries that participate at Wine Vernissage have grown from 7 to 18. Furthermore, the events were used to build relationships with press joining from neighboring and distant markets. Starting with 2016, all editions of the series were attended by participants of press trips organized for journalists from Romania, Poland, Italy and other countries.

National Wine Day catalyzes domestic and regional tourism, and greater awareness of Moldova's offerings

National Wine Day is celebrated annually on the first full weekend of October and is positioned as the biggest and most important wine festival in Southeast Europe. The festival showcases the achievements of the wine sector and harnesses Moldova's traditions and craftsmanship. MCP has continuously supported ONVV to enhance the event and remained vigilant to keeping the key components that were embedded in 2013, when it was first brought back by CEED II: "Wine School," "Wine Routes", "Traditional Crafts and Gastronomy". Thus, over MCP's period of performance, the event grew in space and complexity, enlarging the festival over a greater, comfortable area. Being also an important tourism attraction, the agenda of the festival included various satellite events being preceded and succeeded by: Chisinau International Marathon, Ravac Film Festival, and Fashion Shows, Art Exhibition, Theater festivals etc. which collectively attracted a greater number of visitors from Moldova and abroad. A record-breaking number of wineries (70) showcased their products at the last physical edition, with almost a third being small wineries.



*Photo Caption: USAID Mission Director Scott Hocklander awarding wineries at National Wine Day 2019
Photo Credit: ONVV.*

MCP and ONVV constantly ensured that the event received proper international coverage: each edition had a international pre-PR campaign as well as media campaign targeted at neighboring markets. As a result, over 80 journalists from 14 countries including the U.S., China, France, Italy, Japan, Korea, and Sweden, attended the event and explored Moldovan wines and local traditions each year. MCP estimates that each edition of the National Wine Day generated over \$5 million of foreign tourism dollars for the local economy. Unfortunately, due to COVID-19 restrictions on public gatherings, in October 2020 the festival was organized in a very restricted format: a small, closed opening ceremony was held in a private winery, and an exhibition with a photo zone installed in the Chisinau center. Nonetheless, ONVV has efficiently leveraged National Wine Day 2020 as a communication motive, with a media campaign on domestic market organized to spur national pride in the sector and increase support, PR activities deployed in international media, and the campaign advertised events privately organized by 22 wineries.

MCP and ONVV prototyped new event formats

The wine category and wine tourism are experience-driven as people interested in wine as a product and as a tourism attraction need to have physical contact with it and with the winemakers. For this reason there was a constant need to experiment and implement new event formats that would contribute to enhancing the domestic wine culture, spur wine tourism and serve as a PR motive for consumer communication campaigns deployed locally and internationally.

MCP and ONVV have developed and organized several new wine event formats among which were:

Devin&Degust festival.

It was originally designed and conceptualized as a oenogastronomic festival that was meant to highlight PGI regions, PGI wines and PGI specialities. It was planned that the event would be organized outside Moldova's capital or large cities, in the end of August thus exporting wine culture to rural areas. Unfortunately, after 2 editions, one took place in Strasenii, region and second in Ungheni (both parts of the Codru PGI region), the festival was discontinued as both ONVV as well as PGI regions did not recognize its usefulness.

“Open Cellars Days”

To fill the 'silence' in the incoming tourism high season (May-June), MCP conceptualized and developed a visual identity for “Open Cellars Days” festival, which according to its concept does not require any significant additional administrative or managerial effort to implement, in essence it was conceived as an umbrella brand and communication campaign for a series of event organized by wineries, included in a common agenda and advertised jointly. MCP has presented this concept to ONVV and the private sector and was included in 2022 activity plans.

“The Wine of Moldova Rosé Competition”

which also was a part of a wider 'Rosé de Moldova' communication campaign. Global rosé wine has seen sustained growth, driven consumption of by young age groups. Being well catered in rose production, Moldova had a business opportunity to grow its sales on both export and domestic markets, by strengthening the rose segment within its portfolio. The competition aimed to find the 10 best rosés of Moldova, expressing the local style and specifics, and which could serve as a benchmarking master-style for other Moldovan wineries. The competition had an internationally recognized tasting panel, including Robert Joseph (United Kingdom), Nathalie Pouzalgues (Oenologist at Research and Experimental Center for Rosé Wines, France), Lorena Deaconu-Stoian (oenologist and flying winemaker, Romania), Marco Tiggelman (international wine marketing expert, Holland) and a local tasting panel formed by authorized Moldovan tasters. Five wines produced by PQUP program participants were among the ten best 'Rosés of Moldova', proving again the significant leap of quality achieved in result of MCP support. This activity, and the post-event PR, brought international visibility to the national wine brand and incentivized Moldovan producers to improve the quality of their rosé wine. The contest's results were mostly promoted on the domestic market, where rosé wine sales are rising about 10% each year. Besides this, by organizing this competition MCP and ONVV grew internal capacities to be able to host other contests preparing Moldova to organize its own, long awaited international wine competition under auspices of Wine of Moldova.

“Art of Assemblage” conference and blind tasting.

A pilot event to create best practices in organization of large scaled seated events involving international opinion leaders. At the referenced event, Andreas Larsson (“Best Sommelier of Sweden”, “Best European Sommelier 2004” and “World's Best Sommelier 2007”) and Raimonds Tomson (“Best Sommelier of Europe & Africa 2017”) have tested and presented over 100 Moldovan wine blends creating visibility for Wine of Moldova the international community of sommeliers opening doors into the international “on-trade” segment (hotels, restaurants etc.).

“Slow.Food.Wine.Life”

In 2018, MCP partnered with ONVV and the French Culinary College to deliver a three-day event, as part of the international 'Gout de France' campaign. Three leading French chefs from the Bordeaux region demonstrated how to reinvent Moldovan cuisine and its wine-making traditions to a large audience and provided examples of how Moldova can upgrade its menus in restaurants, B&Bs, and wineries across the country, pairing Moldovan food with its wine. The journey culminated with a closed event, a gastronomic show under the patronage of Wine of Moldova and the College Culinaire de France through which MCP and ONVV have test piloted organization of high-class wine and dining event.

OBJECTIVE 3: IMPROVED SECTOR-ENABLING ENVIRONMENT AND INCREASED CAPACITY



Photo Caption: Worker in vineyards
Photo Credit: Andrei Cibotari

PROGRAM 5. Policy Upgrades and Legal Regulatory Reforms in the Wine Industry

Achieved Outputs:

- **Secured functioning** of ONVV and safeguarded continued implementation of reforms
- **Wine traceability system** efficiently managed by the ONVV
- **ONVV** defended from 2 attempts of liquidation
- **25+** legal amendments/legal initiatives
- **50+** reunions on ONVV platforms

Achieved Outcomes:

- Clear **long-term vision** throughout the Moldova's wine sector on future development
- Improved **business environment** in the wine industry
- Sustainable **public-private** dialogue and secured public-private partnership within the ONVV
- Enhanced **awareness** about PGI wines and the origin-based products locally
- Better **trained workforce** with skills responding to current private sector demands
- Increased **awareness** of Moldova's PGI regions and wines in local and international markets

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

FAVORABLE ENVIRONMENT FOR SECTOR DEVELOPMENT

Strengthening and increasing the capacity of ONVV as a leading sector's institution

- ONVV's institutional capacity;
- Sector accountability;
- Business intelligence;
- Defended from 2 attempts of

Ensuring a dialogue based on balanced Public-Private Partnership

- Mediation with the state regarding the liquidation of debts in FVV

Continuation of legislative reform and its transposition into normative acts

- 25+ initiatives legal/amendments;
- 50+ reunions on ONVV platforms;
- Harmonization with EU rules and regulations

Ensuring the sustainable development of the sector and creating a vision and common goals: Moldova Wine 2020 strategy

- Providing expertise on marketing, on the legal pillar (matrix of legal constraints) and
- access to finance

SUSTAINABLE DEVELOPMENT THROUGH PPP*	COMPETITIVE BUSINESS ENVIRONMENT
<p>The winegrowing sector was restructured grace to a common development vision</p> <p>National Office for Vine and Wine serves as a viable platform for sustainable development</p> <p> Management model through PPP</p> <p> 50/50 private/state investments</p> <p> \$3M Annual budget</p>	<p>A fundamental reform implemented of the winegrowing industry by moving to a business - oriented legal framework</p> <p>Legal constraints removed support the development and emergence of small and medium - sized wineries</p> <p>Product regulations have been hamrmonized with EU standards, streamlined labeling and traceability rules to facilitate market acces</p> <p> Winegrowing legislation revised to 80%</p> <p> Decreasing the costs of administration and certification with ~20%</p> <p> 25+ policy initiatives</p>

In spite of ONVV's progresses as the lead sectorial authority, it continues to stand precariously. MCP has instituted additional legal safeguards for the ONVV PPP, and requested diplomatic interventions by USAID and Sweden, when necessary. MCP has also offered its support to ONVV's Coordination Council (Board) strengthen its role in managing the ONVV institution and instill accountability and transparency. Additionally, MCP has provided ONVV with all needed assistance to modernize internal processes and management practices as well as to institutionalize and deliver new services to sector.

MCP has served as a watchdog ensuring that modifications to legislation are in line with industry's development objectives and do not harm the current sector's balance ensured through PPP governance. Furthermore, MCP has initiated the review of certification procedures and tariffs, aligning them to European best-practices. In spite of these efforts, the development and consequent approval of the long-awaited wine sector strategy - Wine of Moldova 2030 - has been postponed to the end of the calendar year 2021.

MCP has also collaborated closely with PGI Associations. The Project provided legal support and advocated for a common voice in several critical issues, such as the needs of state intervention arising from COVID-19 impacts. In addition, the Project has cooperated with the association to build capacities to implement sector wide projects such as Best Grapes, FlaveDor and Terroir; provide extension services to its members and enact the internal quality control functions.

Strengthen institutional management of ONVV and safeguard ONVV and the PPP mechanism

ONVV is the premier public-private partnership institution in Moldova, which has proven its efficiency and is regarded as a model to be replicated to other strategic sectors of Moldovan economy. Throughout MCP's mandate, ONVV has been the Project's main partner in implementing sector reforms, deploying marketing and promotional programs, organizing activities aimed at improving sector knowledge and workforce capacities, and representing the interests of the private sector in front of governmental bodies.

MCP had started operations only 18 months since ONVV start-up, and the institution needed to build its capacity to increase its credibility and position in the wine sector. For this reason, during its first years, the Project was involved in developing institutional capacities, institutionalizing extension services and intervened to ensure efficient functioning of this organization and its institutional health.

First, ONVV needed to improve the organization's communication practices. With Project support, an institutional communication framework was developed and implemented. ONVV staff were trained and coached for a semester in the implementation of the new practices. As a result, ONVV started to use tailored communication tools, professional presentations, institutional briefers, press releases templates, among others. ONVV initiated quarterly newsletters and organized meetings with the media and industry opinion formers, aimed at positioning ONVV as a top expert in the wine industry. These tools and procedures were outlined in an integrated communication manual, approved by ONVV Decree No. 07 as of March 17, 2016.

Additionally, the wine industry critically needed business and marketing intelligence support in order to better plan and organize marketing activities. The Project provided coaching to ONVV staff in developing such intelligence services within the existing marketing team. In the first stages MCP also helped generate first market intelligence reports based on Euromonitor data. Through time, ONVV has developed enough internal capacity to analyze local market and exports on Moldovan wine through connecting to customs database Asycuda. Key findings and general stats were constantly reported to the sector at bi-annual conferences. Until 2020, ONVV had also received significant amount of data through purchased reports from Wine Intelligence as well as commissioned specialized companies to conduct in-depth market analyses on key target markets, especially Romania and Russia, with key findings and conclusions presented through online webinars but also disseminated through dedicated newsletter entitled InfoWine.

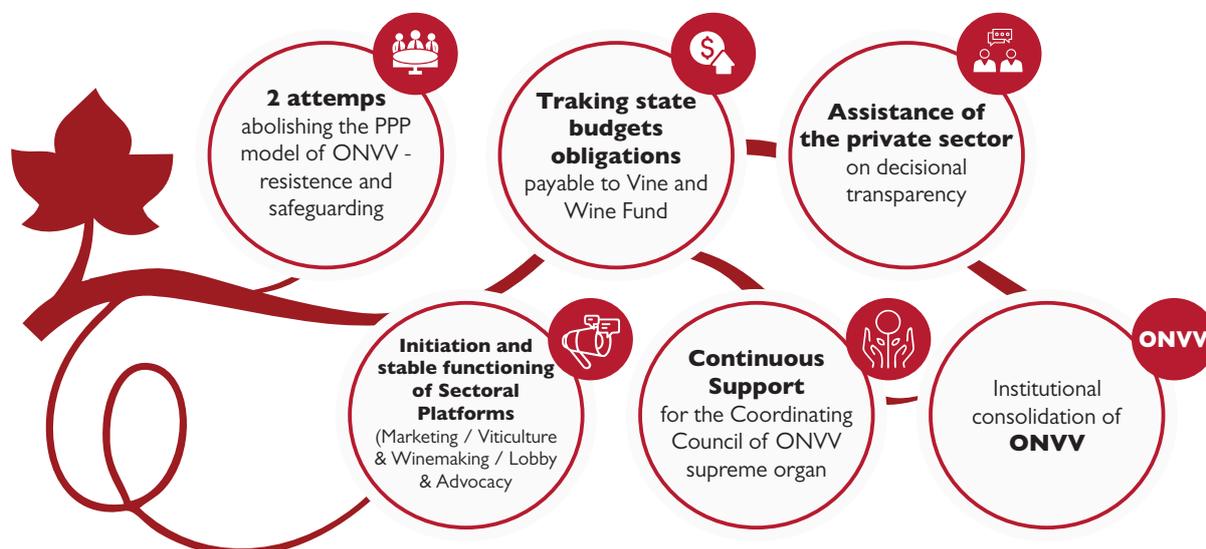
To enforce ONVV functions, MCP commissioned - through a dedicated grant - the European Business Association (EBA) and American Chamber of Commerce (AmCham), Moldova's two strongest lobbying and advocacy NGOs. This became critical due to an intensified 'anti-alcohol' lobby and several attempts to dissolve the PPP. The NGOs performed inception meetings and initial assessments of the lobbying and advocacy requirements, and performed trainings and mentoring sessions for ONVV's designated personnel.



Photo Caption: ONVV Director, Mr. Arpentin, presents the results of the Moldovan harvest at the National Wine Conference 2019
Photo Credit: ONVV

MCP addresses ONVV's institutional management challenges

MCP -STRATEGIC PARTNER OF THE WINEGROWING INDUSTRY WARRANT OF THE PPP AND PRIORITIZATION OF WINE AS A STRATEGIC PRODUCT



Through its life, ONVV experienced a series of institutional management challenges, amplified by staff turnover. Over MCP's life of project, ONVV had changed 3 general directors, 2 deputy directors, and 3 marketing team leaders. MCP had stayed close to support ONVV and the entire wine sector to safeguard transparent selection of new personnel on these lead roles as well as to ensure smooth and seamless transitions, acting as a repository of institutional memory and best practices. Additionally, MCP provided support to ONVV's Coordination Council to develop and/or revised regulations to streamline its procedures and achieve a higher efficiency of allocated resources and improve transparency and accountability. Consequently, technical assistance through specialized international consultants was offered to ONVV executive team to enact these regulations and implement international best practices.

In 2019, after nine months of continued auditing of ONVV's activities and the accounts of the Vine and Wine fund, the Court of Accounts of Moldova has published an Audit report containing its assessment and conclusions, alongside 14 recommendations for the Government, eight tasks were assigned to ONVV. MADRE and the ONVV's Coordination Council requested MCP support and the Project provided requested legal technical assistance to identify solutions to respond to the prescriptions from the Court of Accounts. To strengthen and protect the ONVV governing model and institutional operability, MCP advocated for expansion of competences of the Coordination Council which remains the principal platform for ONVV supervision and monitoring, equally representing public and private stakeholders, and balancing the need for control of the organization.

Unfortunately, during the first five years of ONVV activity, the Coordination Council strictly operated on formal terms, focusing on quarterly and annual reporting and approvals of administrative tasks e.g. wage tariffs. The Law on Vine and Wine tasks the Coordination Council with the role of being the supreme body of the ONVV, with a mandate to supervise ONVV executive activity. However, to date the Council has not been able to fulfill this role. All nine members of the Council representing private sector associations are CEOs and business owners, and work on the council as volunteers. These pressures prevent them from being able to undertake constant supervision of the ONVV team, and to continually enforce the Council's decisions and guide the executive team. The relationship between the Council and the ONVV executive team was also insufficiently regulated within the organization's statute, requiring more detailed regulation to improve the collaborative framework between the Coordination Council, ONVV, and MADRE. As such, MCP has been assisting the Council within its role as a permanent observer, remaining the spokesperson and protector of the interests of the private sector. MCP organized working sessions among Council members and guided the work of the Secretariat. During all attended meetings, MCP advocated for increased ONVV transparency and accountability towards its governing body and stressed the pressing need to approve new internal regulations, and to develop a broader mandate and authority of the Coordination Council. ONVV needs better internal processes, improved methods for reporting and measuring the impact of its activity and an incentivizing wage scheme for its staff. Due to the COVID-19 pandemic, work on ONVV's institutional improvements has slowed down, as ONVV has been challenged to fully review its plans, its priorities and assistance to the private sector.

Enhancing sector-wide transparency and leadership

In spite of these 'unseen' challenges ONVV generally improved its accountability to the sector, enhancing annual planning and reporting functions and managing to achieve recognition as the sector's lead and most referenced organization. By the end of MCP's mandate, ONVV has improved significantly its internal processes by providing greater inclusion of the sector in periodical planning and reporting. ONVV has regularly convoked consultations on all available platforms, including regular sessions of the Marketing Committee which was consulted referring to annual and quarterly activity plans. According to its statute, ONVV executive team have elaborately organized all sessions of the Coordination Council providing all preceding and following documentation in timely manner. Moreover, ONVV kept the Council, the private sector and other sector stakeholders informed on all important industry information (legislation changes, announcements, state of exports etc.) via regular newsletters and e-mails. Consequently, ONVV has followed its best practice to organize sector-wide reunions and assemblies to report on performed activities and general industry state.

As such, during the last three years of MCP's activity, ONVV organized two National Wine Conferences where the main KPIs of the wine sector were reported as well as the impact of the implemented activities. Additionally, ONVV organized scientific conferences on various subjects related to viticulture and phytoplasma diseases.

Also, ONVV has fully institutionalized several services rendered on continuous basis to the sector such previously reported: WoM Academy, Agri Intelligence (Best Grape and FlaveDor projects outcomes) and Marketing and Business Intelligence. One of the major challenges is continuation of Product Quality Enhancement service (ASW Mentorship and PQUP activities) as without external, donor support, ONVV cannot fully continue providing consultancy services delivered by third party consultants.

One of the statutory roles of the ONVV is safeguarding transparency and traceability and supporting denominations of origin and overall compliance with EU standards and regulations. ONVV, has been engaged in developing the Automatic Informational System for the “Wine and Vine Register” (SIA RVV) since 2014, supported by USAID and the UKZUZ program (Central Institute for Supervising and Testing in Agriculture of Czech Republic), and which will be implemented by the National Agency for Rural Development (ACSA). During the process, MCP received numerous complaints of bottlenecks regarding the performance of the Czech designated IT development company “Tender System”, as well as about interactions and lack of cooperation within the governmental counterparts involved. Considering the importance of the register's software in insuring wine traceability and, ultimately, quality, MCP decided to intervene by contracting a specialized IT consultant to act as project manager on behalf of ONVV, overseeing the software development contracted at a Czech IT company. As a result of this support, in 2017, the software had undergone use testing with all contractual test cases and is now fully operational. To date, the Register is available in its public version on rvv.gov.md containing information about over 80,630 parcels of vineyards and 327 companies and farmers that produce grapes, wine or store wine.



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

Photo Credit: ONVV

In spite of several institutional setbacks described above, ONVV has achieved sector recognition and is perceived as the lead sectorial organization. Serious progress in institutional management and implementation of modern management practices and procedures was noted by most of ONVV implementing partners and counterparts. To support this, during July 27-28, 2020, the National Office of Vine and Wine successfully passed the certification of the Quality Management System according to the international standard ISO 9001: 2015. The added value brought by the management system consists in the fact that the services provided by ONVV constantly meet the quality requirements of the sector and of the legal provisions in force. The external assessment of the compliance of the ONVV management system was carried out by the international Certification Body TÜV AUSTRIA, the market leader in certification and conformity assessment.

ONVV is MCP's largest PPP and legacy institution for wine industry development. Through MCP's life of project, ONVV leveraged a budget of \$14.8 million from public and private funds, invested primarily in trade promotion and quality enhancement programs, alongside MCP funds. MCP contributed to increased trust in ONVV as the premier PPP model ensuring ONVV meets budget leverage requirement, and that the Government pays their contribution. Unfortunately, it became clear that arising from cited Court of Accounts audit the Governmental bodies especially the Ministry of Finance do not fully acknowledge the principles of functioning of the Wine and Vine Fund and refuse to allocate positive balances that have been accumulated through years. ONVV is looking for solutions to resolve this situation.

According to MCP's M&E database the total value of the ONVV PPP which includes contributions from Vine and Wine Fund as well as in-kind contributions of wineries and other development partners exceed \$28.9 million.

ONVV

NATIONAL OFFICE OF VINE AND WINE PUBLIC PRIVATE PARTNERSHIP MECHANISM

This partnership between the Government of Moldova and the Wine and Vine private sector is designed to **collectively leverage a joint fund for trade promotion, regulatory reforms and economic growth**

ONVV is supported by **USAID** and the **Government of Sweden** to strengthen its governance and administrative capacity.

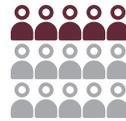
OPERATION OF THE PUBLIC-PRIVATE PARTNERSHIP



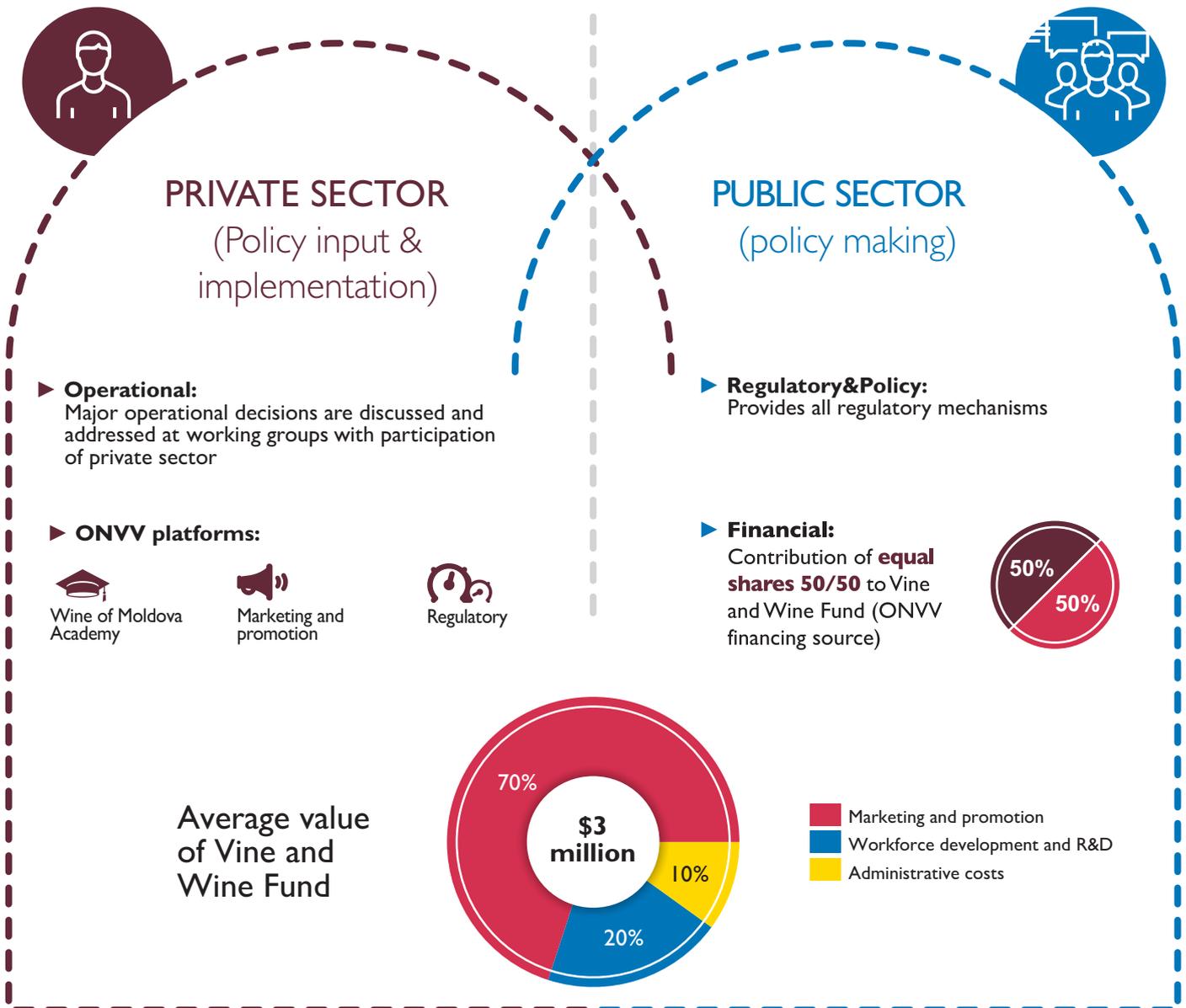
15 members
in ONVV Coordination Council



10 private sector members
are private sector representatives



5 state representatives
3 appointed by Ministry of Agriculture, Rural Development and Environment and 2 by Ministry of Economy and Ministry of Finance



ONVV – ACTIVITY PILLARS

1

Adding value. Marketing & Brand promotion

- Wine of Moldova Marketing platform – main tool for promotion and market development
- 70% of all spent budget from VW Fund
 - ▼ Constant international awareness
 - ▼ B2B – trade fairs
 - ▼ Target markets promotional campaigns: China, Romania, Poland
 - ▼ Business and marketing intelligence
- Development of local market and increasing local wine culture
- Wine tourism development

3

Workforce Capital development. Excellence and innovation

- Wine of Moldova Academy – initiative to address the need of continuous education, upgrade knowledge and skills of industry workforce
 - ▼ Over 119 seminars and trainings conducted
 - ▼ 4,400 wine industry specialists trained
- Collaboration and support of professional schools, excellence centers, and higher education institutions

2

Achieving & maintaining Quality & Compliance

- Quality conformity assessment
 - ▼ IT solution for wine tasting
 - ▼ More credible wine laboratories
- Wine of Moldova, PGI/PDO standards
 - ▼ Denition, control, support
- Best Practices in Winemaking
 - ▼ PQUP program- supporting wineries to transition from bulk to bottle and accept “quality over quantity” business model
 - ▼ Micro Winemaking under “Best Grapes” program – creating best practices to showcase the best of terroir
- Managing the Wine and Vine Register

4

Legal, regulatory & institutional Framework

- Lobby and advocacy – main voice of the private sector
 - ▼ Constant participations in consultations of normative and legislative acts with the government
 - ▼ 25+ regulatory initiatives
 - ▼ Harmonization to EU legislation and international regulations
- Collaboration with international bodies to secure fair
- Trade barriers & lobby requirements

RESULTS SO FAR



2 flagship projects launched with PGI Associations



9% growth of bottled wine exports in 2020 in spite Covid



40,000+ production, harvest and stock declarations introduced in Wine and Vine Register (in 2021)



670+ international press highlights (i.e. Decanter, CNN, Euronews, Fox News, The Drinks Business, New York Post)



3,400+ medals at international wine competitions (2016-2020)



\$ 3M average ONVV budget



119+ trainings for **4,400+** industry professionals



80% of legislation amended and harmonized with international and EU standards



Increased appreciation of Wine of Moldova.



First **PDO** wines expected to be produced

Support the continuation of policy upgrading and legal regulatory reforms in the wine industry

With Project support, Moldova was able to rethink its wine industry, ease regulatory challenges, and establish a new public-private industry management model through ONVV. Since the new wine legislation adoption in 2012, USAID helped to continue the momentum and deepen the regulatory reforms through implementation of regulations to enact the law. The Project supported the leading role of ONVV in disseminating the legal reforms among industry players and in building the often-uneasy public-private dialogue for sustained reform implementation.

MCP safeguarded and provided strategic assistance to ONVV in improving the current regulatory framework to support implementation of reforms in the wine industry, namely:

- Harmonize Moldovan winemaking standards in line with EU regulations and develop regulatory framework that support enforcement of the new Law on vine and wine.
- Deploy the technical regulations related to organization of the wine market, with specific regulations related to special wines, aromatized wines, brandies, PGI/PDO wines etc.
- Streamline product conformity assessment through mandatory certification procedures at lower costs.
- Exclude subjectivism, corruption, hardship, and arbitrary decisions in the organoleptic product assessment.
- Organize efficient and credible traceability system and develop a Vine and Wine Register.
- Ease the legal framework for small wine producers and adjust requirements to producer size.
- Assist MARDE and AIPA to align state subsidies policies to national development strategies in wine and tourism.
- Assist ONVV and MARDE to achieve recognition of wine as an “agri-food” produce instead of alcoholic beverage.
- Amend and update regulation regarding production and certification of grafts.
- Update the requirements on labeling and packaging.
- Enforce governmental control over production of wines with protected denomination of origin.
- Harmonize to EU regulations and protocols against import of infected planting material (grafts)

Along MCP's period of performance, the project has contributed to updating, amending or removing over 23 normative and legislative acts.

Pertaining controls and reduce costs and burden of certification

Before MCP the official controls in the wine industry were redundant, burdensome, and inefficient. Without effective controls over wine products, the industry was threatened to continue to struggle with counterfeited wines, which damage the image of Moldovan wine, affect public food safety, and preserve the unfair competition in the wine industry. Under MCP's period of performance, State Inspectorate for Controls over the Wine and Alcoholic Products (ISSPA) was dissolved, and its competences passed to ANSA, resulting from cross-sector public policy was initiated by the Government, with World Bank support. Even though this is not the impact of direct MCP intervention, the reform has brought positive results, as wineries report more professional and less burdensome controls.



Photo Caption: National Wine Conference 2020

Photo Credit: ONVV

Akin to official controls, the existing certification procedures were obsolete and excessively restrictive, moreover the study of best international practices demonstrated that the costs of wine certification exceed substantially those adopted in such developed countries as Germany and Spain. Thus, MCP was keen to assist ONVV and the private sector to streamline and reduce the burden of existing wine certification procedures. The Central Tasting Laboratory of Alcoholic/Nonalcoholic Beverages and Canned Products (LCTBANPC) that operates under ANSA is the sole quality control and certification unit in Moldova with the authority to issue certificates of conformity for Moldovan wines prior to entering the market. MCP has been trying to establish cooperation with this organization for a long time but has encountered numerous impediments and resistance from the former management. A new executive team has been appointed in 2020 at LCTBANPC unblocking the dialogue, and with support from ONVV, MCP has managed to initiate a process to reduce redundant and obsolete procedures within the certification process, and to decrease certification costs.

MCP supported ASW and ONVV in discussing with LCTBANPC the necessity of reduction of certification costs. As such and as reported above, the ASW have prepared a memorandum with LCTBANPC that will ensure for ASW members special discounted prices on Laboratory's services. Both parties also developed a written demarche towards the MARDE to reduce the number of physico-chemical indicators needed to obtain the quality and conformity certificates. Subsequently, MCP has participated in common workgroup sessions with ONVV and LCTBANPC aimed to find possibilities to optimize certification and evaluation costs for the entire sector. Subsequently ONVV and MCP have developed a negative notice on the proposed draft of the Government Decision "On the approval of the Methodology for calculating tariffs for services provided by the Public Institution" Central Laboratory for testing alcoholic / non-alcoholic beverages and canned products" vetting for the need of the additional, more detailed analysis of the Tariff Calculation Methodology, with the involvement of expert economists and the submission of proposals for cost optimization and tariff reduction. Finally, the wine industry requests for a less costly, simplified and eased conformity assessment procedures were included in the `Matrix of Economic Recovery Policies for business in the pandemic context` developed by the Economic Council by the Prime Minister office. The application of these have been postponed due to resignation of the Government.

Develop and strengthen the PGI wine associations



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

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

MCP intensified the collaboration with PGI Associations, providing technical support to develop internal capacities, start and provide extension services, enforce self-evaluation and self-control functions as well as legal support and advocated for common voice of the associations in several critical issues such as the needs of state intervention arising from COVID-19.

MCP and ONVV worked together to ensure the full functionality of these associations.



*Photo Caption: Presentation of Sustainable Viticulture and Winemaking in Switzerland delivered by French expert Olivier Viret at the 3rd Edition of the National Wine Congress.
Photo Credit: Wine of Moldova*

First, ONVV hired the executive directors of all PGI associations on a part-time basis, increasing wages and guaranteeing full time employment of professional executives. Secondly, MCP and ONVV assisted PGI associations in developing the capacity needed to conceptualize, develop and implement extension services to their members, delivering specific viticulture and winemaking best practices that adjust to the terroir of the wine regions. Thus, each Association developed above reported agri-intelligence projects and received MCP grant funding for implementation, mainly “Best grapes” was implemented through a grant allocated to PGI Association Valul lui Traian; “FlaveDor” was the direct responsibility of “Codru” association; and the third project “Terroir” – that was intended to be implemented by PGI Association Stefan Voda aiming to define and establish the first Denominations of Origin (DOP).

MCP assisted Stefan Voda PGI Association to develop a new logo for the PGI wine region as well as develop annual promotional activities plan and organization of subsequent dedicated events. Additionally, Stefan Voda and Valul lui Traian association received MCP support to develop new, modern websites containing all necessary information about the winemaking regions and the associations as institutions. Subsequently, MCP enabled Codru PGI Association to provide first services to its members: as such, 17 representatives from five wineries participated at labor security trainings and wineries were assisted to develop labor security documentation, which is required by law.

To be fully accepted and to bring value to Moldovan wines, PGIs must be internationally recognized. ONVV became a member of the International Organization of Protected Geographical Indications (OriGin), enabling access to international knowledge and best practice in managing and promoting PGIs, and strengthen traceability and quality control. Additionally, ONVV signed a Memorandum of Understanding with the National Institute of Origin and Quality (INAO) in France, defining a cooperation which will provide a framework of support and technical assistance to Moldovan producers to strengthen the quality systems of local wine products. This agreement highlights ONVV's efforts to develop quality signs such as Protected Geographical Indication (PGI) and Protected Designation of Origin (PDO), which are guarantees of wine quality for final consumers, and reflects the originality and typicality of Moldovan wines and of traditional winemaking methods. These designations also facilitate Moldovan winemakers' access to foreign markets by adding value and internationally recognized standards to their products. The Memorandum is an essential component of the “Terroir” project that aims to identify and establish the first PDO in Moldova, in compliance with EU requirements and regulations.

*Photo caption: Vineyards of the MCP-supported Crama Mircești.
Photo credit: MCP.*



Finally, MCP and ONVV helped PGI Associations to exert their self-governance. The four PGI associations – Valul lui Traian, Stefan Voda, Codru, and Divin - have a leading role in promoting high-quality wines and the regional wine traditions. However, with limited experience and low capacity, Moldovan PGI wine associations needed support to organize their internal control procedures, and to clarify and adjust their PGI technical specifications aimed at promoting the specific features of each wine region. As such ONVV has organized regional assessment tastings in cooperation with the corresponding PGI Association. The authorized tasters and representatives of the PGI associations evaluated wine samples in blind tastings, following the internationally accepted 100-point OIV scale and using tasting software developed with MCP support. The results were made public to all the members of the associations to assess the overall level of quality per harvest year, region, as well as to inform association members about quality issues in some wine batches. Most of the wines produced by MCP beneficiaries under its quality upgrade programs (PQUP and ASW Mentorship) received above-average scores.

Develop the WoM 2030 strategy

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. In 2017, following requests from MARDE and ONVV, MCP has initiated the development of a national wine industry strategy, guided by international best practice, which draws on international and local expertise, and ensures participatory and consultative involvement from all stakeholders. The “Wine of Moldova 2030” strategy shall focus on development, grounded in 5 key pillars, with a scope of implementing an innovative concept of sustainability of the wine industry:



Photo Caption: International wine experts discuss the Wine Quality Audit.
Photo Credit: MCP

To sustain the development, MCP delivered all needed resources, organizing study visits to acquire international best practices in wine sector sustainability to California (USA), Alsace (France), and La Rioja (Spain), organizing wine assessment exercises by panels of international tasters, and allocating necessary expertise in marketing, winemaking and regulatory framework. 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 2030 strategy. ONVV and MCP organized several workshops/sessions for the Marketing, Legal and Winemaking technical teams, during which a SWOT analyses were defined, and preliminary expert recommendations were presented to the sector. 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 to evaluate of the normative - regulatory framework of the wine industry, in order to identify regulatory barriers, influence factors of the activity, and to develop proposals for achieving specific objectives of the strategy. MCP fully delivered its inputs for the Wine Sector Marketing, Winemaking and Legal pillars of the Strategy to ONVV and MARDE.

However, the development process has been postponed several times, delayed further by the COVID-19 pandemic. MCP has adapted to new circumstances and provided ONVV a study on the financial state of the sector and means to overcome the finance gaps generated by the pandemics entitled "Bridge Finance" study, which proposed several innovative activities including creation of a private equity fund. Unfortunately, the draft strategy did not include any of the proposals presented in the study for unclear reasons.

Finally, in 2020 ONVV released for consultation the first draft of the strategy that is based on 4 principles: Trust, Sustainability, Collaboration and Premium Quality. MCP has analyzed the documents and proposed a series of initial improvement amendments. The main drawback of the draft was that it was developed in its majority before the outbreak of COVID-19 and contained provisions that were largely not adapted to the new circumstances. Soon after the release, a new Director of ONVV was elected, who did not agree with several main proposals envisaged in the document. The work on finalizing the strategy has resumed, and ONVV hired a team of local experts to finalize the document considering the provided feedback to the draft.



26 | assisted companies
of which 51 are women owned
(80% of the total sector)



New sales
Cumulative increase of sales of directly assisted
Export 64,8 million USD
Domestic: 64,5 million USD



158 million USD
Total facilitated investments
(cumulative, grants + private investments)



119 events
on workforce capacities development
(trainings, seminars, study visits)



4400 participants
at educational events



30%
annual average growth of productivity



25 legal acts
developed / revised



TOURISM

*Photo caption: Pottery masterclass at MCP-beneficiary
Vasilii Gonciari pottery complex*

Photo credit: Stella Dontu

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



Photo Caption: The Benzing family welcomes guests at Casa din Lunca guesthouse
Photo Credit: Maxim Ciomas

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

Achieved Outputs:

- **91 Tourism businesses** with improved quality, processes and knowledge during MCP's life of project
- **Wine Routes of Moldova** - the first **Moldovan Tourism Route integrated into the European Cultural Routes, accredited by the Council of Europe**, awarded finalist of the 2020 Destination of Sustainable Cultural Tourism Award by European Travel Network
- **35 wineries** upgraded and launched tourism services with MCP assistance, to integrate within Wine Routes of Moldova
- One country-wide **national infrastructure with 350 tourism signages** installed across the country towards over 70 tourism sites
- **34 rural B&Bs** expanded hospitality infrastructure in the tourism hubs by 60% in the overnight rooms and tripled the tourism experiences capacity (restaurants, activities, etc). 18 B&Bs were new grassroots start-ups empowered by MCP's Hospitality Program
- **12 soft-adventure, experiential tourism routes** developed and expanded in the tourism hubs, Stefan Voda, Orhei, and Codru regions
- **15 Moldovan hotels** enhanced theory client satisfaction through improved operational processes and quality services based on international practices
- **69% of foreign tourists in Moldova** had a positive experience during their visit and more than 70% would recommend Moldova to their friends and relatives, according to the Tourism Exit Survey in 2018
- **19 tour operators and tourism agencies** were coached within Start-Up Tourism Moldova Program on tourism product development, marketing and tourism management
- **48 tourism guides** certified by **WFTGA** under international standards, including 18 trainers of trainers. **A new Tourism Guides Professional Education Program developed** at the Moldova State University according to WFTGA guidelines.

Achieved Outputs:

- **400 students and young tourism professionals** enhanced workforce skills in tourism industry as part of the NEXT Tourism Generation Academy public-private initiative
- **25 websites** have been developed for rural guesthouses, touristic small wineries to enhance digital sales and tourism offer accessibility
- **8** tourism businesses initiated one-of-a-kind **real-time booking and payment systems**, with MCP support
- **Three tourism-hubs: Codru, Valul lui Traian and Purcari (Stefan Voda)** developed as leading tourism destination regions of Moldova, with diversified offer, tourism infrastructure and increased visibility
- **A National Tourism Info-Center established in the capital with 6 regional tourism info-points** developed to enhance the information infrastructure in key tourism hubs.
- **2,177 individuals with improved job skills aligned with the industry needs**, within MCP tourism industry support programs
- **\$6.3 million investments mobilized** for MCP-assisted tourism businesses
- **\$1.45 million of SEED grants** invested in the tourism businesses' sustainable growth, hospitality infrastructure development, and product diversification
- **10% annual average growth of productivity** in MCP-assisted tourism SMEs.

Achieved Outcomes:

- **Enhanced wine tourism products** that boosted sales within wineries and rural guesthouses
- **Increased accommodation capacity** of assisted rural guesthouses to attract high-value visitors in a post-pandemic period
- **Upgraded and diversified** tourism offers with cultural, gastronomical, and wine experience products
- **Strengthened online** presence of Moldovan guesthouses and wineries
- **Enhanced resilience** of the Moldovan tourism businesses
- **Trained workforce** and streamlined education programs to align with private sector needs

To boost and diversify the extremely weak tourism offerings in Moldova, in 2016, MCP kicked off a complex program called 'Start-Up Tourism Moldova,' with the goal of fostering quality growth, innovation, diversification, and expansion of tourism services - especially within three main wine regions: Codru (including Transnistria region), Stefan Voda (Purcari hub) and Valul Lui Traian (including Gagauzia region).



MCP's 'Start-Up Tourism Moldova' Program provided support for capacity building, mentorship, grassroots grants, rural entrepreneurship, workforce development, tourism information infrastructure and strategic planning. Through its sub-programs - Wine-UP Accelerator Program, Hospitality+Moldova, Inbound Startup, and 'Go Regional' - the 'Start-Up Tourism Moldova' program supported over **233 assisted business in the tourism industry, including 69 tourism grants awarded with over \$1.45 million.** MCP beneficiaries play an outsized role in the tourism industry value chain, encompassing wineries, rural pensions, Bed & Breakfasts (B&Bs), artisans and craft centers, hotels, soft adventure and activity providers, tour-operators and tourism agencies, tourism guides, tourism info-centers, universities and colleges, as well as emerging destination management organizations (DMO).

For six years, with MCP support, Western-standard tourism products and accommodation facilities have been developed to attract high-spending tourists in rural tourism hubs for longer periods of time: 91 businesses improved quality, processes and tourism business operations; and 2,177 individuals improved job skills as a result of MCP programs. With MCP grants, 34 rural guesthouses were able to initiate tourism businesses or improve their hospitality facilities, as part of the MCP Hospitality+ Program, out of which 18 were grass-roots tourism hospitality start-ups;

34 wineries established and upgraded wine tourism facilities, becoming the first Moldovan Tourism Route to be internationally accredited in 2020 under the Council of Europe Cultural-European Routes as the 'Wine of Moldova Routes'; **twelve soft adventure and experiential routes connecting over 70 tourism sites** were developed across Moldova, diversifying the reach of national tourism and new business opportunities for Moldovan inbound tour-operators. **15 Moldovan hotels upgraded their management processes and service quality** to ensure client satisfaction and greater new business opportunities. Furthermore, to consolidate the tourism guide profession and create enabling services to the industry, **48 tourism guides were trained and certified by the World Federation of Tourist Guide Associations (WFTGA)**, enhancing skills to align with international guiding standards, resulting in a new 'Professional Education Program for Tourism Guides' established at the Moldova State University from fall 2021. Over 400 students and young tourism professionals have benefited from the NEXT Tourism Generation Academy trainings, volunteering programs and internships, aligning private sector demand for better trained professionals.

Also, as part of a public-private partnership agreement initiated by MCP, **350 tourism signages were installed across the national road infrastructure, directing tourists to over 70 tourism sites** across Moldova's tourism hubs. This became part of a national network of Tourism Information Centers, geared around the **National Tourism Info-Center in Chisinau and its 6 regional antennas** established in the tourism hubs across Moldova.

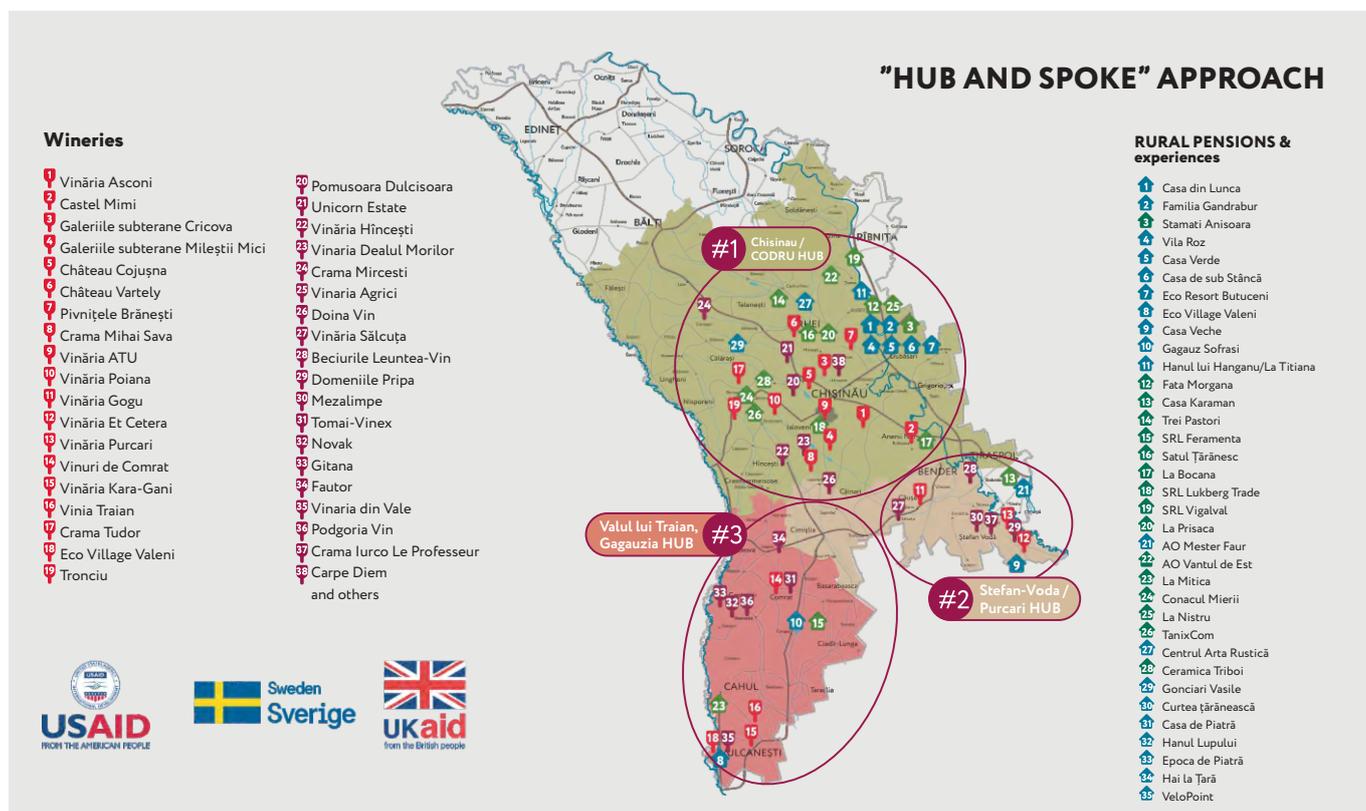


Figure 1. MCP illustrative interventions according to Hub & Spoke methodology

MCP's approach to developing Moldova's tourism industry is focused on enhancing interventions in key tourism destinations, following a "hub and spoke" approach. Moldova's 'tourism hubs' include regions close to the capital city, Chisinau, called the 'Codru' region (Hâncești, Ialoveni, Strășeni, Anenii Noi, the districts of Orhei and Călărași, Orheiul Vechi reservation, as well as the Transnistria region), the 'Ștefan Vodă' wine region with the pivot attraction in Purcari village (including also the Căușeni, and Ștefan Vodă districts), and 'Valul lui Traian' region, which also includes the Gagauzia region, clustered around the Lower-Prut Natural Reserve. MCP's 'Go-Regional' Tourism development program has driven growth and investments into developing consistent networks of tourism services and facilities, cultural events and tourism trails, as well as local destination management capacities.

The average growth in foreign tourists' accommodation during 2015-2019 indicated an annual 16.5% increase, with an 84% increase of foreign tourists in 2019, compared to 2015. Due to the COVID-19 pandemic, the National Bureau of Statistics (BNS) reported a 75.9% decrease in the number of tourists hosted in accommodation units in 2020, compared to 2019. The occupancy rate shrunk from 23% to only 6.9% in hotels and 9.7% in B&Bs. This significant decrease directly affected hotels and accommodation facilities, which have not been able to capture enough domestic tourism to make up for the lost international travelers. At the same time, **20 out of 34 MCP-assisted beneficiaries reported a recovery of 70% in 2020**, compared with 2019 turnover, reflecting MCP's valuable strategic support to build resilient and sustainable rural businesses in the tourism industry.

With the outbreak of the COVID-19 pandemic, MCP had to adjust its strategy to new realities, one of the measures being to incentivize even more tourism sector stakeholders to adopt much needed innovation and digitalization. Just in years 5 and 6 of MCP activity, **25 rural guesthouses and wineries developed their websites with MCP support**, given the need for enhanced visibility in online platforms. MCP guided the tourism businesses towards new, innovative, and complex digital solutions to ensure greater digital accessibility to tourism products via a **real-time booking and online payment system**, implemented successfully for 7 tourism businesses and resulted in increased online sales. Observing the trend promoted by MCP, more tourism businesses explored digitization opportunities and ANTRIM has initiated a digitization project with USAID's Tekwill project to aggregate tourism offers on a national platform.

MCP setting the blueprint for wine tourism development in Moldova

At the beginning of the Project, Moldova had several wine tourism destinations, but many did not meet the standards and expectations of foreign tourists or offer innovative products essential for developing attractive and diverse wine tourism offerings. Acknowledging the country's enormous potential, MCP paved the way for the development of the first 'Blueprint for Wine Tourism Development' that deformed the roadmap for developing Moldova's wine tourism, and the 'Wine Tourism Manual' providing business guidelines on setting up wine tourism services. Wine tourism was also acknowledged by MCP's international experts as the cornerstone of Moldovan tourism offerings, with a special action plan included in the draft 'Tourism Strategy' for 2021-2025, which is being promoted for adoption by the Government.

The 3rd UNWTO Global Conference took place in September 2018 under the aegis of the UN World Tourism Organization (UNWTO), in partnership with the Government of the Republic of Moldova, and the Investment Agency of the Republic of Moldova, with the organizational support from ONVV and MCP. Moldova's invitation to host the conference was a direct result of USAID-assisted international awareness for Moldova as a tourism destination.

34 wineries develop and upgrade their tourism facilities and new products with MCP assistance

MCP's "Wine Tourism Accelerator Program - WineUp" set the foundation for systemic interventions on behalf of MCP with tailored expertise, strategic coaching, mentorship and targeted grants via the SEED Fund. The Wine-Up Program's strategic goal was to increase the number of wineries opened for tourists on the national tourism routes and upgrade diversified and up-to-market services. Wineries were deemed as having strong potential to attract visitors and raise demand for regional tourism services such as rural accommodation, ag-tourism experiences, guiding services, among others. As such, consistent wine tourism development has helped Moldova's international position as an authentic wine tourism destination, in light of its centuries-old winemaking history, largest wine cellars in the world, and thriving wine export industry across over 65 countries.

MCP's selected beneficiary wineries were called to develop and upgrade their wine tourism services and facilities, including basic-tasting rooms, trained guides and sommeliers, wine quality, guesthouse partnerships for overnight accommodation, experiential wine tourism events, and other modern winery experiences. MCP also encouraged wineries to engage in partnerships with local community members, with the goal of fostering regional sustainable development and serve as a tourism attraction supporting existing rural pensions, hospitality businesses and local tourism attractions.



*Photo Caption: USAID Assistant Administrator for Europe and Eurasia Brock Bierman in a visit at Asconi winery.
Photo Credit: MCP.*

MCP's selected beneficiary wineries were called to develop and upgrade their wine tourism services and facilities, including basic-tasting rooms, trained guides and sommeliers, wine quality, guesthouse partnerships for overnight accommodation, experiential wine tourism events, and other modern winery experiences. MCP also encouraged wineries to engage in partnerships with local community members, with the goal of fostering regional sustainable development and serve as a tourism attraction supporting existing rural pensions, hospitality businesses and local tourism attractions.

MCP's wine tourism development used the 'Hub & Spoke' approach, as well as clustering techniques, spurring innovation and best practices through a spillover effect. Also, MCP encouraged scaling from company-level to regional and national-level interventions, leveraging the Wine of Moldova country brand programs, tourism industry's broader marketing activities and expertise within business associations, such as ANTRIM and Office of Vine and Wine (ONVV).

Wine Tourism Accelerator Program Results

Additional **34 wineries** with operating tourism facilities began or improved operations by 2021, compared to 9 tourism wineries active in 2015, increasing the number of wineries participating in the national 'Wine Routes of Moldova' to 46

Success Stories

Asconi opened 8 boutique guesthouses for tourists, doubled restaurant places, and opened an experiential area for tourism master classes, becoming a leading wine tourism landmark.

Vinuri de Comrat restored its 1895 wine cellar into a 60 places restaurant and an authentic terrasse for over 100 guests pivoting tourism development in the Gagauzian region.

16 small wineries opened tourism services, offering genuine rural and ag-tourism experiences: **Leuntea-Vin, Tronciu Winery, Crama Tudor, Kara Gani, Gogu winery, Atu winery, Branesti Cellars, etc.** – benefited from complex assistance with design services, product development, improved tourism facilities, such as tasting rooms, wine shops and resting areas.

Migdal-P reconstructed the Wine Museum at Chateau Cojusna and reinvented its wine tours.

Two new vinoteques were formed with MCP support offering genuine wine education experiences to tourists in the capital and Comrat - '**Decanter wine shop & café**' and '**Wine.MD**' opened in 2019 at the heart of Chisinau.

Crama Mircesti, opened its doors in September 2020, during the pandemic period, with genuine wine experiences, tours, restaurant and 5 rooms, regularly booked.

Pomusoara Dulcisoara, a small winegrower, restored an 1800s cellar, organizing wine tastings

As a result of 5 years of implementing Wine Tourism Accelerator Program, the number of tourist-friendly wineries has grown exponentially since 2015, from 9 to 46 wineries opened for tourists, integrated within national tourism routes via a tourism signage and informational network. MCP mentorship and assistance had broad reach throughout the entire wine tourism sector, covering wineries, vinoteques, wine-related events, wine culture, sommelier profession skills development, as well as specialized wine tour-operators. **34 functioning wineries** upgraded and launched tourism services throughout MCP's period of performance, upgrading the Wine Routes of Moldova to become a world-class tourism itinerary, a dozen wine culture tourism events have been nurtured as a side-intervention via the Tree of Life Cultural-Tourism Agenda, using the flagship annual National Wine Day to boost tourism circuits. With MCP support, over five years, National Wine Day (NWD) has evolved its concept with enriching elements such as: the NWD guided tours, Wine School, Food&Wine pavilions, sustainability elements. During National Wine Day 2019, all hotels, guesthouses and wineries had fully-booked accommodation facilities, hosting over 15,000 visitors in two days at their premises. The main event located in the central square of Chisinau was visited by a record number of 100,000 visitors in 2019, the last successful edition of the event, before the COVID-19 pandemic.



Photo Caption: Press trip at Crama Mirecesti winery
Photo Credit: MCP

MCP support was especially valuable during the COVID-19 pandemic, when tourism businesses were severely impacted by the crisis and were unable to conduct business as usual. Through project assistance, wineries with tourism facilities like Crama Mircesti were able to launch operations during the pandemic, and still capture an impressive number of tourists, while providing safe and high-quality services to their guests.



Photo Caption: Tourists at Etcetera winery
Photo Credit: Magdalena Tomaszewska-Bolalek

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

*FORBES. July 2019.
By Per and Britt Karlsson*

International experts, sommeliers and celebrity chiefs assist Moldovan wine tourism businesses upgrade their tourism offers

The Wine Tourism Accelerator Program rolled out a systemic intervention matrix involving in-depth analysis, service and product audit, conceptualization of tailored business models, tailored category-driven assistance programs, and industry-level programs. The “Wine-Up” Program used local and international consultants, individual grants-based and generic training programs, such as:

- **15 wineries** with emerging or established wine tourism services were audited for their products, services and business model via **“mystery shopping”** visits by the MCP wine tourism consultant, Diana Isac, based on which individual intervention plans were developed and agreed with the wineries held workshops to upgrade existing wine tourism products.
- Moldovan **wine tourism guides from 10 wineries were trained by Laurentiu Achim**, Chairman of Romania's Sommelier Federation, with the goal of creating quality and unforgettable experiences for tourists.
- **25 professionals** from Moldovan wineries were trained in social media communication and best practices in **digital marketing**, receiving tailored mentoring to improve their visibility on social media.
- Leading UK Master Sommelier **Xavier Rousset provided trainings** on wine service and food & wine pairing, and future growth to five leading Moldovan wineries.
- UK-based celebrity chef **Sven Hanson Britt supported eight leading wineries develop gourmet menus** using local ingredients and create optimal food and wine pairing recommendations.
- **French Maître Sommelier Brigitte Leloup and Chef Alain Leloup held annual trainings for 92 sommeliers**, awarded with the European Sommelier Certificate, as well as indoor **trainings for over 250 professionals** from Moldovan wineries, vinoteques, tour-operators and tourism guides in the hospitality industry.
- **34 wineries were awarded with SEED grants** to develop, expand, and improve tourism facilities and develop wine tourism experiences within their premises.
- The criteria to enter the **Wine Routes of Moldova** trail were updated and approved by an Order of the Ministry of Economy and Infrastructure in 2018, unlocking the installment of over 250 tourism signages to wineries offering tourism services.
- Moldova hosted the **2018 UNWTO Global Wine Tourism Conference**, positioning Moldova's wine tourism potential on international markets via extensive PR campaigns and exposure.
- MCP **assisted 15 wine tourism events** to attract more foreign tourists via the **'Tree of Life'** tourism-cultural events' agenda of Moldova during 2017-2019.
- Moldova was acknowledged as an emerging **top destination** offering wine tourism experiences by **Vogue.Com, Winerist.Com, Forbes.com**, among others.

Tourism signage direct tourists to flagship tourism locations and wineries included in the Wine Routes of Moldova

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), ONVV, and Moldova Investment Agency (MIA) on the Wine-Up Tourism Accelerator Program to install 240 road signs across Moldova, guiding travelers to over 70 flagship tourism locations across Moldova, including 35 wineries on the Wine Routes of Moldova.

The Wine Routes of Moldova is the first tourism route integrated into the European Cultural Routes certified by the Council of Europe, called the ITER VITIS ROUTE, and was a finalist of the 2020 Destination of Sustainable Cultural Tourism Award, organized by the European Travel Network. Wine Routes of Moldova has developed seven unique wine and gastronomic itineraries across the country, including visits to 30 wineries, mostly MCP beneficiaries, cellars and tasting rooms, access to 15 wine tourism events, and dozens of immersive cultural experiences. The Wine Routes of Moldova is the result of five years of continuous MCP and ANTRIM efforts to integrate Moldova's wine tourism in the regional and European tourism market.



Photo caption: Tourism road signage indicating Asconi Winery and tourists on bikes. Photo credit: Maxim Ciomas



“The Wine Routes of Moldova is a network of three routes, which reach into the country's historic wine regions of Codru, Valul lui Traian and Stefan Voda. The roads – each can begin from the capital, Chisinau – also serve as cultural and adventure corridors that map out festival, events, and key points of interests such as B&Bs, fortresses, monasteries, nature reserves, and archaeological sites. For travelers, this network provides clear itineraries while exposing an unsullied authenticity and unexpectedly gourmet mindset anchored by more than 5000 years of wine-making history and a significant level of wine production.”

Lonely Planet, 2020, by Alex Crevar
<https://www.lonelyplanet.com/articles/wine-routes-moldova>

Hospitality + Moldova Program Results

34 B&Bs with operating tourism facilities began or improved operations by 2021, out of which 15 were grassroots start-ups, compared to 23 in 2016.

Success Stories

Conacul Mierii launched their family guesthouse offering honey tastings, accommodation services for 5 rooms, a restaurant with a capacity of 20 people and an orchard with fruit trees for walks and fruit picking.

Casa Bunicului offers 6 accommodation rooms, 1 restaurant, 3 outdoor pavilions, 2 hammocks, 4 bicycles and trails around Lake Manta, Cahul.

La Bocana opened the guesthouse for tourists eager for routes along the Dniester, offering 4 rooms and 2 bungalows, located right next to the river.

Fata Morgana guesthouse renovated the wine tasting room, which has a capacity of 30 people, as well as the conference and training room, with a capacity of 20 people.

Casa Karaman renovated its terrace and playground for children. They also bought new kitchen equipment that allowed to provide additional service to tourists visiting Transnistria.

Through the Hospitality+ activity, launched in 2016, MCP aimed to increase destination diversity and innovation of rural experiences in wine regions by supporting rural B&Bs meet international tourism standards and prototyping best practices for rural tourism. For maximum impact, MCP applied a multidimensional approach offering support through the grants program and technical assistance simultaneously.

As such, during life of project, 34 rural guesthouses received support through the grants program related to the improvement of their facilities including landscaping, setting up playgrounds, refurbishment of their guest houses, kitchens, dining areas, development of rural and gastronomic activities, handicrafts, and others. Also, with MCP assistance, the beneficiaries can operate during cold seasons, unlike before. Local experts in architecture and design were hired to ensure that local norms were being respected and both rustic and modern trends were balanced. These essential infrastructure and service upgrades were geared to meet the expectations of international visitors, enabling tourism capital to benefit rural communities.

As part of the MCP's 'Hospitality + Moldova' program, assisted B&Bs increased their hospitality capacity by 60% - on average, the number of rooms for overnight accommodation increased by 90%. Following strategic investments in rural tourism infrastructure and promotion, MCP-assisted guesthouses hosted more than 36,000 visitors in 2019, a 20% increase from 2018, providing increased employment and economic stability in rural areas. Though the COVID-19 pandemic caused a 75.9% decrease in tourist numbers in 2020 compared to 2019, shrinking the occupancy rate in rural accommodations to 9.7%, the guesthouses still benefitted from domestic tourists who were motivated through MCP-supported communication campaigns.

In addition, MCP-assisted B&Bs showed the highest resilience pattern during the COVID-19 outbreak, recovering the fastest and having the greatest credibility among domestic tourists due to their quality standards and sanitation protocols. As such, 20 out of 34 MCP assisted beneficiaries reported a recovery of 70 % in 2020 compared with 2019, a reflection of MCP's valuable strategic support to build resilient and sustainable rural businesses in the tourism industry.

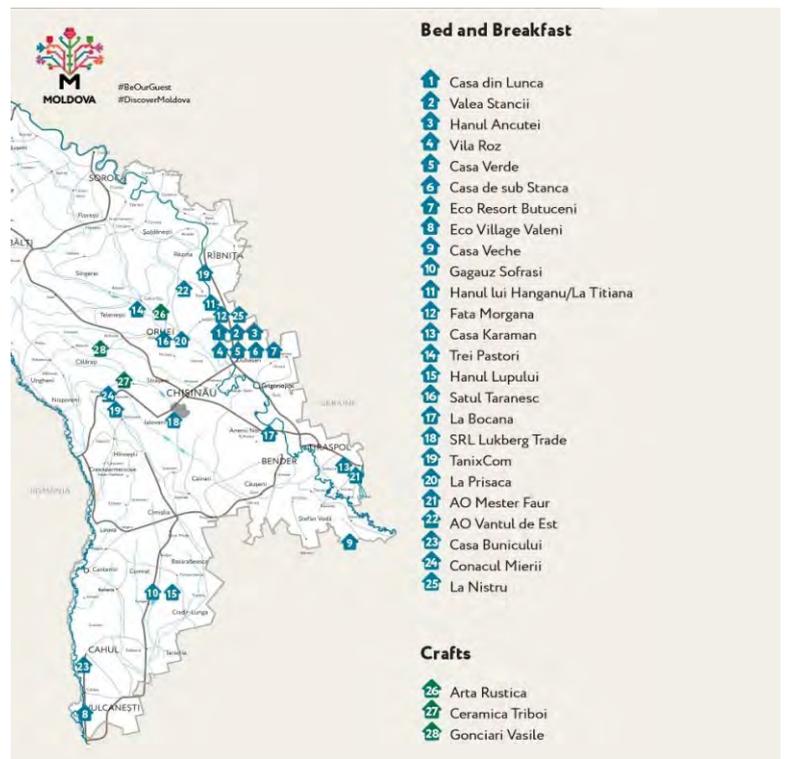


Figure. Map of Beneficiaries B&Bs that began operating or expanded tourism facilities with MCP support in Y5.

FEATURE STORY

Family of the Moldovan diaspora opens guesthouse in rural Moldova

Casa Veche, a guesthouse in rural Moldova, hosted its opening ceremony in year 5 of MCP. It attracted the participation of more than 30 tour operators, supporting partners and journalists. Located in the Stefan Voda region, Casa Veche fulfills the need for additional overnight accommodation in the area to accompany the region's growing number of wineries. MCP has supported the creation of rural guesthouses and biking trails in the Stefan Voda wine region, building on and diversifying its flagship wine tourism program. The owners of the guesthouse, former members of the Moldovan diaspora applied for MCP assistance and leveraged their experience working abroad to renovate their ancestral home and open Casa Veche. 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 \$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. Amid international travel restrictions due to the COVID-19 pandemic, the guesthouse managed to safely host over 540 guests during its first year of activity, being nearly always fully booked.



Photo Caption: Scott Hocklander, USAID Mission Director and Anna Lyberg, Ambassador of Sweden receive a warm welcome at the opening of "Casa Veche" rural guesthouse.
Photo Credit: Igor Rotari

Digitalization enhances online presence and increase sales



creating a series of vibrant, high-quality tourism sites promoting authentic tourism experiences

34 total = 18 brand new

GRANTS AND MENTORSHIP:

\$ 494,050 value of grants (~\$14,500)
\$ 1,5 million private contributions

+150% expanded capacity
(overnight and hospitality services)

TECHNICAL ASSISTANCE

Marketing and Digitalization
Legal support and trainings



Figure. Infographic showcasing the updated rural guesthouses under the MCP-supported Hospitality+ Program. Credit: MCP

MCP beneficiaries upgraded their online presence and enlarged their customer base by updating or developing websites, visual identities, social media accounts, and becoming more accessible on international promotional and booking channels such as booking.com, TripAdvisor and Airbnb. MCP has been encouraging rural guesthouse, wineries, and other tourism businesses to adopt digitalization, including the integration of real-time booking and payment solutions, which enabled resilience and progress during the COVID-19 pandemic. To start a broader trend, MCP initiated a digitalization pilot project to improve the digital presence of the flagship Moldovan winery, 'Castel Mimi' and the flagship agro-tourism complex 'AgroPensiunea Butuceni'. This resulted in seven new wineries and tourism SMEs integrating real-time booking and payment solutions with MCP assistance, facilitating interactions with customers and improving the efficiency of online bookings. To date, MCP has assisted over 25 tourism businesses to upgrade their websites and increase their online visibility.

FEATURE STORY

MCP assists eight tourism sites improve efficiency and customer interaction through digitalization

Considering the decrease in tourism caused by the COVID-19 pandemic, the Moldovan tourism industry is looking for options to re-launch and improve economic resilience. Digitalization represents a major recovery factor for tourism. However, only few tourism sites have online presence, with tools like direct booking not available to tourists. To counter this challenge, MCP assisted eight wineries and tourism SMEs integrate real-time booking and payment solutions that facilitate interaction with customers and improve the efficiency of online bookings. This complex form of digital assistance enables cross-connection with major booking platforms and leads to an increased number of visitors and greater sales. A clear example is the National Heritage Winery Mileștii Mici, which registered sales of over 30,000 lei (approx. \$1,500) in only four days after implementing real time booking and payment solutions features on their website.



Photo Caption: Mileștii Mici cellars
Photo Credit: MCP

As result of MCP's e-commerce support, major tourism sites ranging from Castel Mimi and Mileștii Mici to guesthouses like Eco Resort Butuceni and Casa din Lunca, are launching direct booking services to enhance digital sales. To date, MCP has assisted 25 tourism businesses to upgrade their websites and increase their online visibility. The SMEs benefited from e-commerce and digital marketing support, including website upgrades, development of logotypes, social media content development and integration of e-payment. Adopting digitalization enables Moldovan tourism SMEs foster customer interaction and expand their market reach.

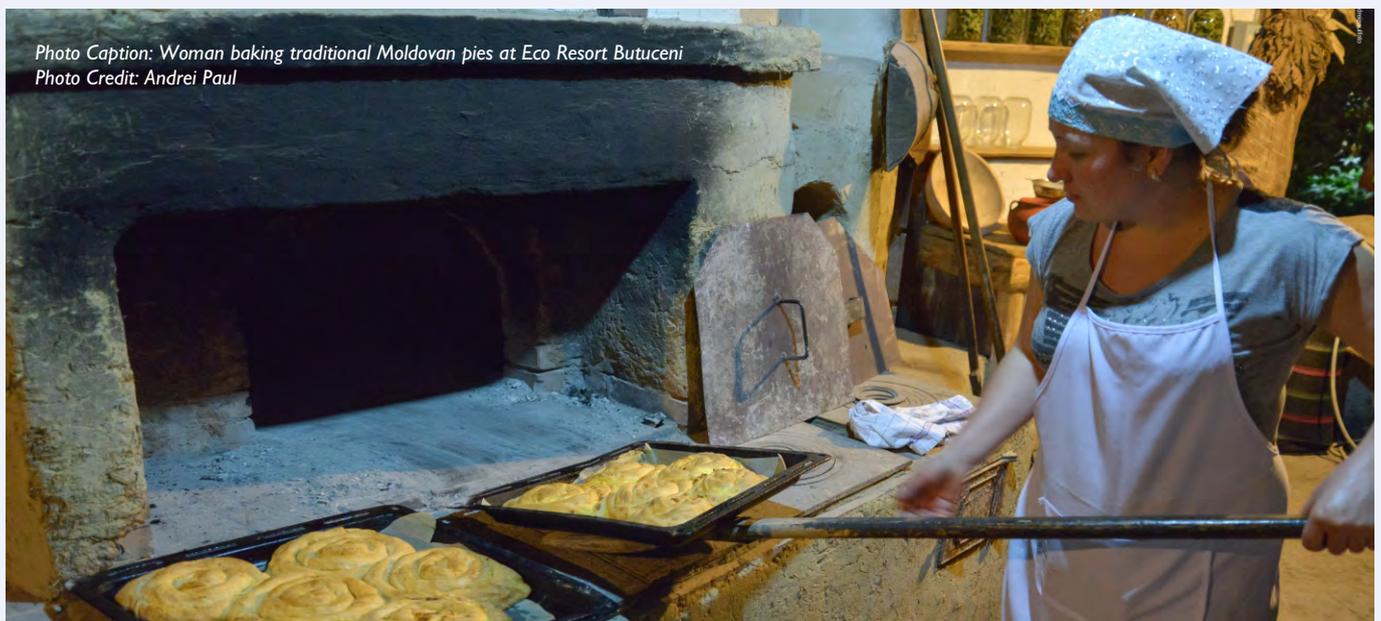
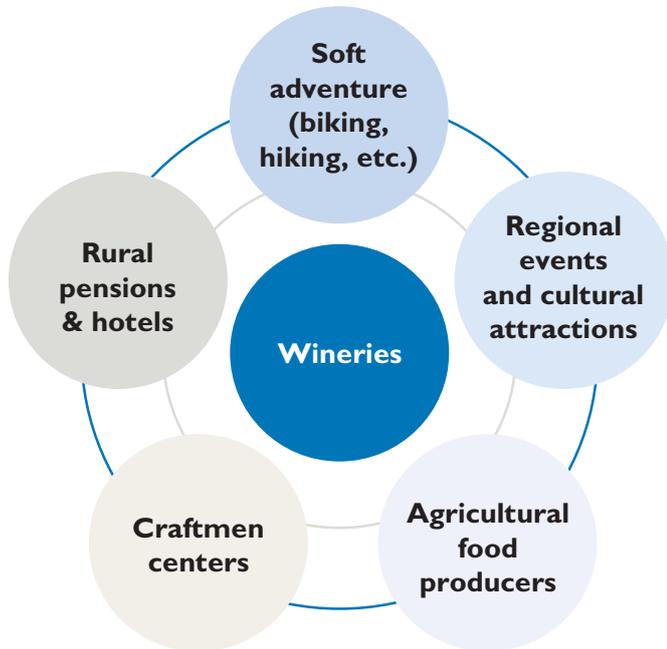


Photo Caption: Woman baking traditional Moldovan pies at Eco Resort Butuceni
Photo Credit: Andrei Paul

Rural B&Bs develop soft adventure products as the core for experiential tourism

Regional tourism product development matrix.
MCP technical approach.



MCP's Investment in Soft Adventure Products

- **51 bikes, 17 kayaks, 50 hammocks** purchased for 23 rural tourism entrepreneurs
- **Pilot birdwatching area** developed within the Orheiul Vechi Reserve, and 6 rural guesthouses trained to encourage visitors to use the trails
- **12 binoculars and birdwatching maps** funded by the project
- **6 gastronomic trainings** organized to consolidate the food offer in Orheiul Vechi with chief Marin Danu
- **12 soft adventure itineraries**, including WRM and Stefan Voda biking route, developed and promoted
- UK-based Michelin star pastry chef **Kae Shibata consulted 6 Orheiul Vechi B&Bs** to improve the attractiveness of their menus and cooking with local ingredients

Rural guesthouses do not only serve as accommodation infrastructure in rural regions, but also act as platforms for community-based tourism, offering experiential tourism activities that contribute to the revival of lost traditions. Soft adventure tourism products are at the core of experiential tourism, a major growth sector in the global tourism industry. To help rural entrepreneurs improve their tourism products and incentivize local tourism agencies develop inbound tourism specifically related to soft adventure, MCP assists guesthouses, wineries, and other tourism industry stakeholders enrich their soft adventure equipment inventory and develop new itineraries, aiming to capitalize on the rapidly growing global market for such tourism. These products diversify and enrich the offerings of a tour destination and help extend the duration of tourist's stay, resulting in increased revenues for tourism providers in rural areas.



FEATURE STORY

ANTRIM launches seven new soft adventure tours

Three MCP beneficiaries, Kayaking Tours, VeloPoint, and Crama Tudor winery, now offer hiking, biking, and kayaking tours. The new tours were launched by ANTRIM as part of an info-tour organized under the MCP-supported "Rediscover Moldova" campaign. In addition, ANTRIM in partnership with the Ministry of Economy, Culture and Research developed four other hiking and biking routes of 102 km in the 'Plaiul Fagului' National Park (in Calarasi district) and a 12 km family-friendly route in Nisporeni district (located in the Codru region, in the center of Moldova).

A 2020 national study on Moldovans' perceptions regarding local tourism showed that 26% of people look for soft adventure and dynamic activities when traveling around the country. The tours provide an opportunity to experience rural tourism adventures through interaction with local people and immersion in nature. The itinerary developers were trained on mandatory COVID-19 health and safety measures. Visitors were also introduced to rural guesthouses, wineries, local museums, and monuments that were located along the tour routes. MCP support included technical assistance and grants for the procurement of bicycles, kayaks, and other equipment, which allowed tourism businesses to improve the quality of their services.



Photo Caption: Kayaking on Dniester River
Photo Credit: Victor Garstea

Orheiul Vechi emerges as the jewel of cultural heritage and sustainable tourism development in Moldova

With MCP's assistance, Orheiul Vechi became the flagship of Moldova's rural and cultural tourism sector, also serving as a catalyst for wine tourism in the Codru region. MCP provided critical assistance to help elevate Orhei Vechi to the top national priorities for Moldova since Year 1. Over the last six years, MCP invested over \$250,000 in the development of Orheiul Vechi through a variety of activities including: SEED grants for rural guest houses to improve tourism facilities; creating new soft adventure trails of hiking, biking, and birdwatching; organizing flagship events such as the DescOpera; developing the destination management and zoning plans for the reserve; promoting the reservation abroad and with international media, upgrading the reservation's website and facilitating the opening of a Tourism Information Center.

MCP empowered the local business community as well as NGOs to enact new product development projects, enriching the destination's tourism offerings with soft-adventure routes, cultural events, rural experiences, and sustainable tourism initiatives. Besides its archaeological and cultural sites, the reserve has showcased its natural park elements, due to the birdwatching activities MCP helped develop through a partnership with the Reserve with the Moldova Environmental Movement, tourism entrepreneurs, local school and local authorities. In conjunction with International Bird Day on April 1, 2019, a suite of six tourist trails for bird watching, hiking and cycling in Orheiul Vechi were opened in October 2018, providing opportunities for tourists to see more than 100 species of birds (30% of the total bird biodiversity in Moldova) and enabling local guesthouses diversify their tourism offering and extend visitor stay time in the region. The US State Forestry Service contributed to the project with technical assistance, expertise and trails marking. In addition, an interactive digital map of birdwatching trails was developed, local tourism sites have been trained to guide tourists on the trails and special binoculars and birdwatching maps were funded by the project.

Under the “Hospitality+ Program” 10 tourism entrepreneurs placed in Orheiul Vechi reserve, including nine guesthouses and a winery, proved their economic resilience during the COVID-19 pandemic and partly re-launched their activities to recover some of their lost revenues.



Photo Caption: Opening of the hiking, biking and bird watching trails in Orhei Vechi.
Photo Credit: Ana Maria Moroz, MCP.

FEATURE STORY

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

Moldova singers known for their performances at the Vienna Opera and Milan's La Scala took to the stage at the fourth annual DescOPERA open-air classical music festival in 2019, attracting a record 5,500 tourists to the Orheiul Vechi rural tourism hotspot. By showcasing global artists from the Moldovan diaspora, the increasingly well-known festival introduced Moldova to a new audience and brought cultural tourists to stimulate the rural local economy. The region's eight MCP-supported guesthouses were fully booked over the festival weekend, and the project also brought 20 Polish, Romanian and Italian journalists to Moldova during the festival period, contributing to its promotion as an international tourist destination. DescOPERA is the only open-air classical music festival in Eastern Europe and operates as a strong public-private partnership (PPP) between the local community, the Moldovan Government, and the tourism private sector. MCP has supported the festival which has gathered an average of 4,000 tourists per iteration since its start in 2015 and played a key role in institutionalizing and strengthening the PPP to ensure the festival's long-term sustainability. The pandemic led to the cancellation of the 2020 and 2021 iterations of the festival, yet all involved parties remain certain that the next iteration will be organized once the pandemic is contained.



Photo caption: DescOpera 2019 Festival, day 2.
Photo credit: MCP

Blueprints established for the sustainable management of Orheiul Vechi

MCP supported the MECC to jointly preserve and sustainably develop tourism around Orheiul Vechi. Robert Travers, a well-known tourism expert provided by MCP, developed and presented the first Destination Management Plan (DMP) for Orheiul Vechi, providing a management vision that outlined priorities and direction for destination management activities (e.g. better management, development, and promotion) to double Orheiul Vechi's revenues from increased visitor spending. Following international best practices, MCP assisted the MECC in developing a tourism management and zoning plan, encouraged collaboration between the Reserve's administration, central and local public authorities, private sector and the local community.



*Photo Caption: Orheiul Vechi natural reserve
Photo Credit: Iulian Bercu*

In spite of the Government delaying the approval of the Orheiul Vechi Zoning Plan, the DMP was locally implemented as a public-private collaboration platform between the Reserve Administration and local tourism businesses. Through the collaborative platform, a plan of priorities and actions were agreed upon, including the tourists traffic management, waste management, road reconstruction, tourism services, and local security issues. As a result, with MCP support, the destination management platform organized a public parking space, expanded the tourism information boards, improved management of tourism circuits and access to the reserve's site, restricted access to protected areas with barriers and info-panels, deployed local information campaigns to reduce cars' entrance into the Butuceni village and protected areas, put in place safety measures to manage the COVID-19 context. A local task force was also formed to better communicate with the local police services, environment protection services, as well as with the local school and farmers. Despite the COVID-19 pandemic, in 2020 the Orheiul Vechi reserve's revenue grew by 50% compared to 2019.

DescOPERA premises converted to promote business activities and resilience

The pandemic caused the cancellation of the flagship “DescOPERA” festival and smaller events that were planned during the spring season of 2020. Once the sanitary protocols allowed, local entrepreneurs re-oriented their conceptual approach and started organizing small concerts in the courtyards, strictly obeying sanitary norms aligned with ANTRIM's COVID Code of Protocols, accredited by the WTTC 'safe travels' standards. As such, the concerts' premises used previously for DescOPERA and other large tourism events have been adopted for smaller but more frequent open-air cultural events, such as concerts, theatres, art exhibitions, masterclasses, and others, helping local businesses initiate business activities and partly recover their lost revenues. Also, a local open-air rural farm 'Ferma Veche' (the Old Farm) showcasing traditional farming was established by a local entrepreneur in partnership with a concert and event organizing company, attracting more than 3,000 visitors in the very first season from its opening.

FEATURE STORY

USAID Assistant Administrator and US Ambassador showcase soft adventure tourism products in the Orheiul Vechi tourism hotspot

USAID Assistant Administrator Brock Bierman and U.S. Ambassador Dereck J. Hogan visited MCP-supported rural guesthouse EcoResort Butuceni in the Orheiul Vechi tourism hotspot to showcase its cooking workshops. The visitors made traditional Moldovan pastries and pickles under the supervision of local cooks from the village employed by the rural enterprise. Local media broadcasted the visit on Moldovan TV channels, raising awareness about U.S. Government support for Moldova's tourism industry. EcoResort Butuceni has grown to host 30,000 tourists every year and is continuing to grow. The guesthouse is among the few employers in Butuceni providing jobs for 20 women from the village and sourcing vegetables and other produce from local growers. Soft adventure tourism activities, from cooking workshops to hiking trails, are one of the fastest growing segments of the global tourism industry, and a great incentive for Moldova's rural areas, already rich in opportunities to experience nature, culture, and traditional food and drink.



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



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

Purcari wine region hub promotes inbound tourism

MCP's approach to develop Moldova's tourism industry is focused on pivotal interventions within key tourism destinations to enhance their tourism capacities. Moldova's tourism hubs include Chisinau and the surrounding area, the Orhei Vechi reservation, and the Purcari flagship wine region (Causeni and Stefan Voda districts). The Stefan Voda region has one of the most concentrated group of wineries connected through road signs developed by MCP's National Wine Trail activity. In partnership with the Polish Development Foundation, MCP also launched three bike routes that total 17 km. The wineries connecting the routes were equipped with bicycle rental stations and a web application that featured the developed routes.

The flagship wineries of the region inspired local entrepreneurs to invest in new tourism facilities. In 2018, MCP approved a new rural B&B beneficiary in the Palanca village, which successfully launched Casa Veche rural guesthouse in the fall 2019. Casa Veche became a must-visit authentic rural destination, being fully booked even during COVID-19 and winning the 2020 Tourism Excellency Awards at the Tourism Forum in May 2021.

As a result of the destination development activities throughout the years, the tourism cluster of Purcari region became more diversified with an increased number of stakeholders. A local NGO was established to act as a destination management organization (DMO), attracting funds and projects into the region. This reflects the maturity of local tourism entrepreneurs as well as greater economic interests in developing the region as a flagship tourism destination in Moldova. Besides MCP, the Purcari DMO attracted other smaller donor projects from Polish Aid, UNDP, and EU that allocated smaller tourism development grants spurring entrepreneurship and tourism businesses in the region. The collaboration between the Local Public Authorities (LPA) and local economic agents was motivated by the current development of tourism in the region. A series of organized study visits (tourist routes, tourist pensions, honey houses, etc.) led to LPA's concept of tourism development in Palanca, which will be carried out by the "Lunca Nistrului" Local Action Group. The first of these activities have already been organized: the installation of first signs to tourist attractions in Palanca and the development of a tour guide. MCP 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, developing the hospitality services in local wineries, installing road signage to local tourist destinations, and developing new tourism products in the region.

MCP has also driven the development of new adventure routes: namely the cycling route that crosses the Purcari region and liaises with most of the tourism attractions in the region. A map with GPS locations of key sites on the route were developed and are being integrated on the digital map on the country tourism website moldova.travel, professional photos, videos, and a communication campaign were implemented to promote the biking routes. Moving forward, the local entrepreneurs, LPAs and NGOs will take over the administration and promotion of the longest tourism biking route of Moldova, linking Purcari region to the capital of Moldova, Chisinau, via 226 km of tourism biking itineraries.

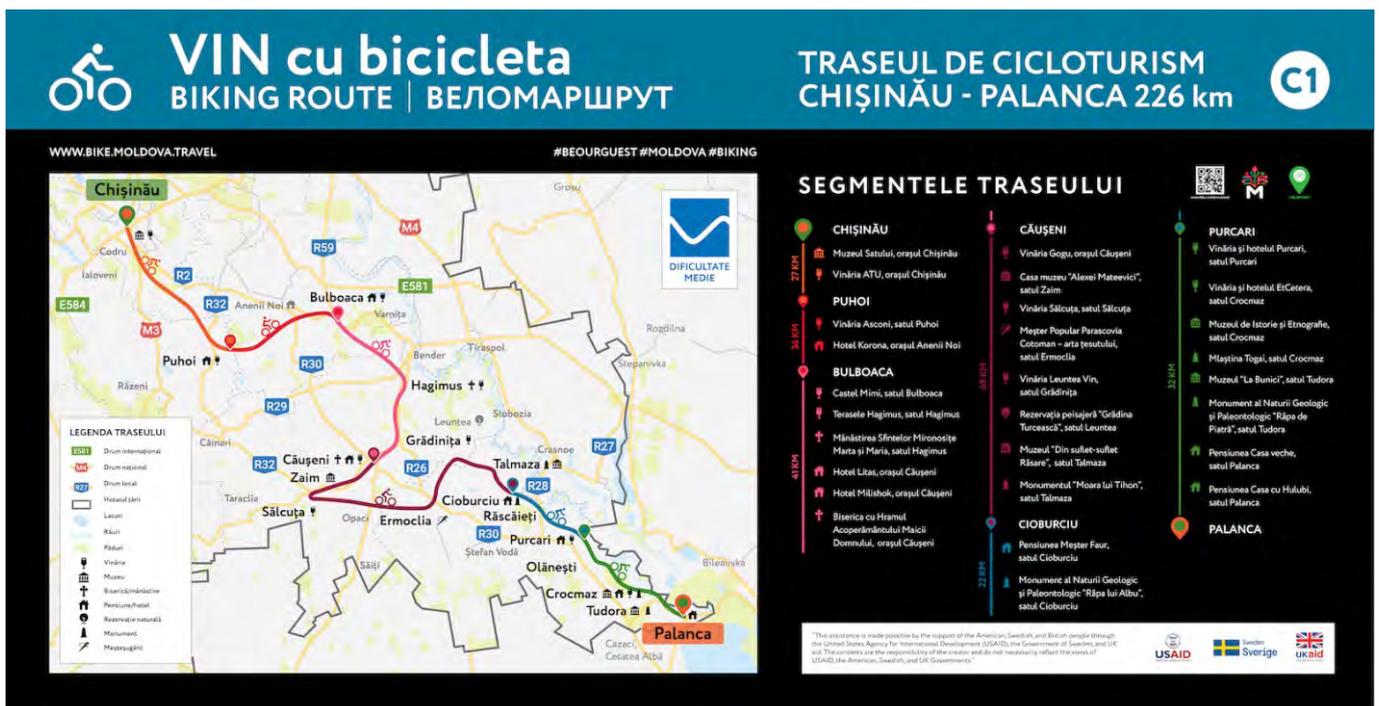


Figure. Map of Chisinau Palanca bike route developed with MCP support.

Tourist Information Centers established as critical components of tourism infrastructure

Moldova's first Tourism Information Center key facts:

Located in **Chisinau City Hall building**

Public-private partnership

Chisinau Mayoralty

ANTRIM business association

Donor partnership

\$72,000 USAID & Sweden

\$13,000 European Union / UNDP

Opened in November 2017

In 2021 extended network to **6 TICs in Moldova**

Served over 18,500 tourists from 95 countries before pandemic outbreak in 2020

Interactive displays, 360 virtual tours, tourist information maps, site tours, city bike tours, trainings and industry events, collaboration with the City Hall to develop Chisinau as a tourism destination, assistance in opening of new branches.

The 2016 tourist exit survey revealed that 22% of respondents think tourist information access in Moldova needs to be improved, identifying bad roads and lack of tourism infrastructure as areas for improvement. Moldova did not have any Tourist Information Centers (TICs) at that time, and acknowledging the gap, MCP initiated a partnership with ANTRIM and UNDP project "Support for Confidence Building Measures Program (IV)" to design and deliver a TIC in Chisinau. A Memorandum of Collaboration was signed in March 2017 between Chisinau General Mayor, Dorin Chirtoaca and ANTRIM Chairman, Emilian Dzugas, outlining the main cooperation pillars, including an offer from the Mayor's office to provide space for the tourism office on Stefan cel Mare, the capital's main street.

The TIC was opened in November of 2017. During its two years of activity, the TIC recorded more than 18,000 visitors from 95 different countries, and around 500 more tourists were served during the first months of 2020. However, the growing numbers were abruptly cut by the pandemic outbreak, and the TIC had to transfer its activity to the digital realm to assist potential travelers online.

Among other achievements, the TIC launched the first bicycle tour of Chisinau in six languages, in partnership with the local bicycle company Velopoint, also a MCP grant beneficiary. In 2020, ANTRIM signed a collaboration agreement with City Hall, the authority making \$28,500 available, as well as human and administrative resources, to promote the image of Chisinau as an attractive tourist destination, while the TIC took on the implementation role. Although the pandemic slowed down the implementation process, the TIC managed to develop a visual identity for the sightseeing trolleybus, launched a Tree of Life branded sales place for artisans, and developed audio guides for tourism locations in Chisinau. The TIC is currently offering input into developing the City Hall tourism website.

The TIC is also offering its expertise and support in opening satellite Information Centers throughout Moldova, like the TICs in Transnistria, Gagauzia, the Lower Prut Reserve, Orheiul Vechi Reserve, Budesti and Rezina townhalls, as well as in Causeni, Ungheni and Cahul regions (upcoming), expanding its network to improve access to information for tourists at the national level once travel restrictions are lifted.

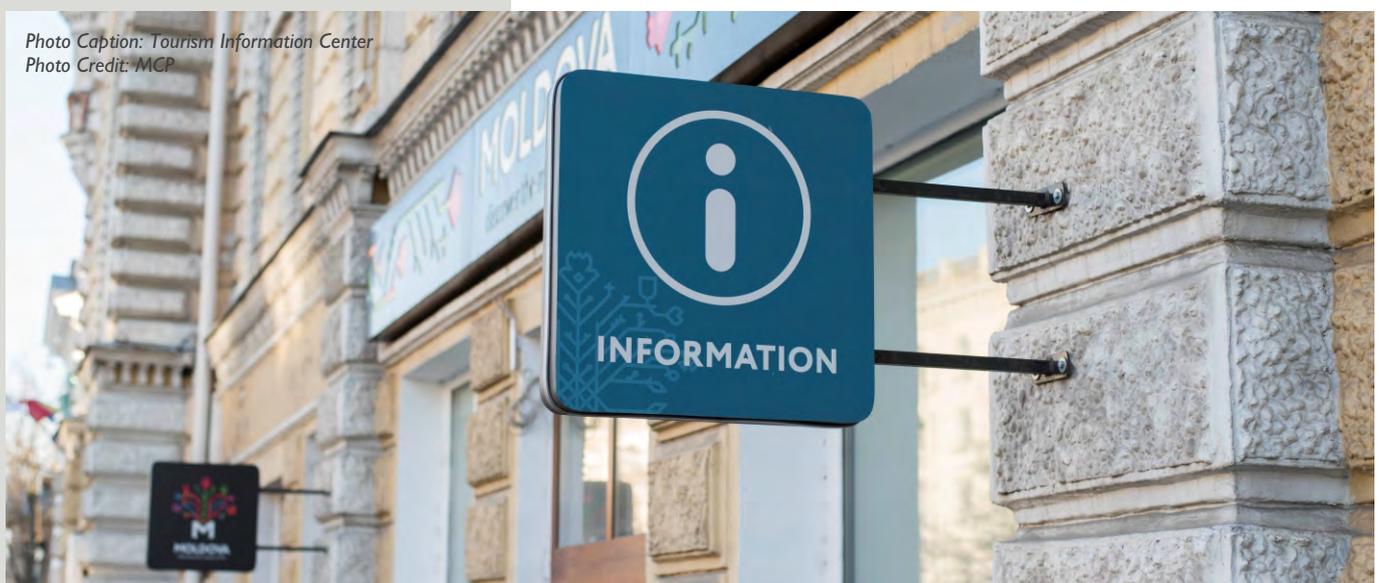


Photo Caption: Tourism Information Center
Photo Credit: MCP

Startup Tourism Moldova Program built Tour Operators' capacity

One of the challenges faced by the tourism sector in Moldova was the limited number of tour operators (TOs) that focus on inbound tourism and promote Moldova as a tourism destination on international markets. The role of tourism agencies in Moldova's tourism value chain is important as Moldova partially relies on group travel (specifically for markets like Japan, China) and self-travel is still challenging due to a lack of information, car rental services, and lack of developed tourism products, amongst other issues. Notably, attracting foreign tourists to Moldova has a 10 to 50 times higher revenue margins for the travel agency, compared to taking Moldovans to travel abroad.

To fill this gap, in 2016, MCP conceptualized the Startup Tourism Moldova Program to help companies better understand inbound tourism products, international market demand, find partners, and create local tourism products, especially focusing on experiential and eco-tourism.

Success Stories

- **Winetours** received assistance to create a new online platform, winebus.md, which provides visitors with the ability to easily arrange private transportation between wineries and tourist destinations.
- Two start-up tourism agencies, **Wine Ways** and **GSA Global**, received strategic guidance and assistance to **develop digital** website and B2B platforms, enabling them to begin efficiently promoting their tourism products and packages to foreign partners and expand business linkages.
- **Tatra Bis** tour operator developed **new visual identities** and a new website to reposition and adjust to market trends and improve their promotion activities.
- **Visit Moldova** hosted over **5 business partners' farm tours** which unlocked new business partnerships in Germany and Austria



*Photo Caption: Hospitality training for hotel representatives, organized with MCP-support
Photo Credit: MCP*

Through six years of operations, MCP provided direct assistance to 19 inbound TOs and programmatic assistance for over 30 TOs and tourism agencies estimated to service over 80% of the total organized number of foreign tourists in Moldova (based on 2019 data). Beneficiary tourism agencies received individual tailored assistance to develop a modern brand identity; properly package their tourism products; improve marketing collateral; participate in international trade shows in Italy, Poland, Romania, and Germany, with MCP support; join informational trips with international media; invite their foreign partners for informational trips to Moldova; and develop complex digital platforms. Although MCP has been encouraging TOs to integrate real-time booking and payment solutions to make their offers more accessible for e-transactions, the COVID-19 pandemic caused a full stagnation of activities; thus, beneficiaries have postponed investing into new IT solutions, rebranding activities, and developing innovative inbound tourism products until business recovers.

COVID-19 restrictions on traveling have severely affected the tourism industry. The initial blow came from the cancellation of previous bookings. In most cases, these reservations accounted for over 60% of turnover. Thus, by mid-2020, according to the COVID Matrix developed by the Economic Council under the Prime Minister, travel agencies lost about 52 million lei in orders, airlines lost 40 million lei, hotels lost 29.5 million lei, and event organizers lost 2.5 million lei. As a result, many tourism businesses, especially tour operators and travel agencies have ceased operations. Some TOs and agencies were able to stay in business by focusing on the outbound sector. Most TOs expect that the recovery will begin in 2022, as the 2021 tourism season remains uncertain.

Next Tourism Generation Academy (NTGA) leads a better trained workforce

Moldova does not have adequate training systems or university programs to meet the changing needs of the modern tourism industry. To address this problem, ANTRIM, with MCP support, created the Next Tourism Generation Academy (NTGA) - a platform with a vast range of activities oriented to prepare a new generation of specialists for Moldova's hospitality and tourism industry. Led by speakers and experts who are ANTRIM members, trainings were delivered to over 400 tourism and marketing students at the National Trade College of the Academy of Economic Studies of Moldova (ASEM) in Chisinau. Other trainings delivered under NTGA include hospitality training for hoteliers and WFTGA tourism guide trainings.

The experts identified three major areas for improvement in the surveyed hotels: (a) outdated sales practices; (b) unsatisfactory organization of professional services; and (c) poor online and digital promotion.

ANTRIM with MCP support and in partnership with the State University, developed three professional course modules for tourism guides, accredited by the Ministry of Education, Culture and Research (MECR). The newly developed courses will be delivered to students in the second half of 2021 and will provide participants with valuable, up-to-date information and skills sought after by tourism businesses.

Hotel improvements lead the enhanced hospitality sector

According to the 2016 tourist exit survey, 71% of foreign visitors to Moldova reported positive experiences with local hospitality and rural life attractions. Nevertheless, not all locations provide the level of services desired by international travelers that Moldovan tourism businesses target.

In 2017, per the National Bureau of Statistics, the average occupancy rate in hotels was just 23.1% and 13.5% in rural B&Bs. The quality of hospitality services was one of the key issues driving these low occupancy rates in Moldova. To address this issue, MCP identified weaknesses in the quality of leading hotels that could be addressed to improve the guest experience. In November 2017, "mystery guest" visits were organized in six of the largest hotels in Chisinau (Berds Hotel, Manhattan Hotel, Jolly Alon Hotel, Jazz Hotel, Regency Hotel, and Bristol Hotel) using a peer review method. The mystery guest experts submitted detailed reports with recommended areas for improvement.

Following the visits, a training program was developed to assist the hotels to overcome these issues and support other hotels that were experiencing similar issues. The trainings gathered 33 participants from 13 hotels.



Photo Caption: Frequency of overnight stays in touristic structures with accommodation facilities in January-June 2016 - 2020.
Photo Credit: National Bureau of Statistics of Moldova

Following this experience, In Year 5, in collaboration with ANTRIM, MCP organized a series of ten trainings for professionals in the hotel and hospitality industry under the Hospitality+ Program, delivered by international experts Danilo Di Pasquale and Vincenza Enzo. The trainings were attended by employees from 12 different tourist accommodation establishments. The attendees showed a high level of satisfaction with the courses, stating they had improved their skills and knowledge. The skills developed by the participants of the Hospitality+ Program will add value to the entire tourism sector including travel agencies, tour operators, wineries, guesthouses, and the tourists they work with every day.

World Standards' Accreditation for Moldovan Tourism Guides

The shortage of tourism guide services and insufficient services quality is a serious barrier to the development of Moldova's tourism industry, as identified in the Tourism Industry Regulatory Reform White Paper, published in 2018. In Years 4 and 5, MCP organized a series of intensive trainings at different levels for 48 participants. The trainings took place under the World Federation for Tourism Guide Associations (WFTGA), an institution offering the highest standard certification for tourist guides worldwide. As a result, 18 WFTGA Train the Trainer (TtT) Moldovan course graduates are now accredited to deliver trainings to other local guides in Moldova.



Photo Caption: WFTGA TtT guides deliver training at the Gagauzia Tourist information center.

Photo Credit: Facebook, Tourist Guide Moldova

WFTGA guide trainings results

- **48 WFTGA** Hand on Training accredited guides
- **18 new WFTGA** Train the Trainer accredited guides
- **43 employees** from 4 Moldovan Wineries trained by local WFTGA graduates
- **Trainings** for tourism students and professionals held by local WFTGA graduates in 4 Moldovan cities
- **WFTGA techniques** to be taught to students at the Moldova State University as part of a new Professional Continuous Education Program of Tourism Guides

In collaboration with ANTRIM and the Tourism Information Center (TIC) in Chisinau, MCP supported the organization of multiple tourism guide training series as part of the MCP-supported Next Tourism Generation Academy platform. The main objective of the activity is for certified WFTGA graduates to cascade their expertise across the country, thus upgrading the quality of tourism guide services in Moldova. For this purpose, six trainings took place at leading Moldovan wineries, and in collaboration with the Investment Agency, the TtT tourism guides also delivered trainings in Balti, Comrat and in Chisinau, at the State University, helping tourism guides and students throughout Moldova improve their knowledge, increase job skills, align with international quality standards, and consolidate the tourism guide profession.

Tourism guides were severely impacted by COVID-19. To help the guides build back stronger, MCP assisted ANTRIM in developing a digital platform for Moldova's tourism guides, which will be cross-linked with the www.moldova.travel national website and www.antrim.md to increase orders from tourists for professional tourism guiding services. On the platform, guides can present their services, receive reviews and ratings, and contribute to the website blog. The website has been designed and programmed, and the tourism guide community have begun populating it with content. The platform will be available for the public in the second part of 2021. It is anticipated that a real-time booking and payment solution will also be integrated on the website in the following upgrade, with ANTRIM's support.

FEATURE STORY

Balatel Elena – a returning student evolving from a TIC voluntary to an internationally accredited tourist guide and a Moldova travel influencer

Elena has had her degree in biology but has left the country for various foreign programs. Upon return, in 2017, she joined the very first Tourism Information Center in Moldova, offering herself as a volunteer for one year. Elena was always passionate about nature, culture, diversity and heritage. Also, she had great language and communication skills, which encouraged her to pursue in more advanced activities in the tourism industry. During her time as part of ANTRIM team, she had the opportunity to interact with local and international journalists and consultants from tourism industry, as well as to discover her own country and meet tourism businesses. This motivated Elena to develop and upgrade her knowledge and skills as a tourism guide. Later, in 2019, she participated in the international trainings provided by the WFTGA with MCP support to become an internationally accredited guide and also a trainer of trainers. As a tourist guide, Elena has guided journalists from reputed magazines like National Geographic, Lonely Planet, Vogue etc., as well as sommelier groups, students, etc.

Elena specialized in developing touristic products, touristic trails, promoting sustainable way of travelling in the Natural Protected Areas from Moldova and partnered with ANTRIM in developing the Sipoteni Tourism routes, and assisted the Moldova Investment Agency in developing the Stephen the Great Route in Moldova. Also, in 2020, Elena with a group of WFTGA Moldovan guides founded a new NGO "Tourist Guide Moldova" with the goal to encourage local guides, especially from the rural areas to improve skills and also to promote the tourism guides profession and domestic tourism among Moldovans, via storytelling on social media. She was awarded with the "Tourism Ambassador" award in 2021 within the Moldova Tourism Forum, praising her efforts to support Moldovan tourism industry during the pandemic period.



Photo Caption: Elena Balatel promoting MCP-supported Gagauz Sofrasi rural guesthouse
Photo Credit: Elena Balatel, FB

OBJECTIVE 2: EXPANDED MARKET LINKAGES



Caption: Moldova's stand at ITB Berlin 2019 showcasing a hand-crafted tapestry.
Credit: ANTRIM

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

Achieved Outputs:

- **18** complex integrated international communication & marketing campaigns for promoting Moldova as a tourism destination and engaging the diaspora, with over 12.2 million people reached in digital media platforms.
- **36** international press trips to Moldova involving over 200 journalists from 12 source markets
- Over **200** dedicated articles published, **16** video documentaries broadcasted on foreign TV and approximately **1500** press-hits as part of the international press wires.
- A one-of-a-kind comprehensive national tourism portal **www.moldova.travel** developed with over 15 sub-sites presenting leading tourism destinations and experiences in Moldova
- A **rich digital and media content portfolio** developed with over 5,000 travel photographs, **19** virtual 360-degree videos, **37** presentational videos, **3** campaign spots and **6** creative communication concepts, available for industry utilization in tourism marketing and promotion
- **40** tourism events included in the Tree of Life Agenda strengthened as tourism attractions, supported and promoted, 60% of the events located in the regions, hosting over 280,000 tourists
- **Three Tourism Guides on Moldova** as a tourism destination developed and published with MCP support in Italy, France, and Poland

Achieved Outcomes:

- Enhanced international awareness about Moldova as a tourism destination
- Consolidated brand equity for the tourism country brand “Tree of Life”
- Increased awareness in the local market on tourism attractions
- Increased digital communication and promotion for Moldova as a tourism destination

Next Tourism Generation Academy (NTGA) leads a better trained workforce

“When we’re planning a getaway, there are a couple of things we look for. Beautiful scenery, delicious food and wine and a lack of crowds. We’re sick of jostling for sidewalk space in Paris and New York. Give us land, lots of land, under starry skies above, don’t fence us in.

Which is why this destination – which has been named one of Intrepid Travel’s best places to visit in 2018 – just shot to the top of our bucket list. Moldova, the tiny eastern European country nestled between Romania and the Ukraine, is one of the least-visited countries in the world.” - “This tiny country is one of the top travel destinations for 2018”, published in New York Post, October 3rd, 2017

<http://nypost.com/2017/10/03/this-tiny-country-is-one-of-the-top-travel-destination-for-2018/>

In Year I, Moldova was far from being known as a tourism destination. For six years MCP delivered multidimensional support for destination marketing, including familiarization trips in Moldova for international media, international travel photography camps, participation in important travel events in source markets in the EU and Asia under the “Tree of Life” country brand, and deployment of numerous viral communication campaigns, bringing international focus on Moldova as a tourism destination. In total, MCP supported 18 promotional campaigns, including the award-winning campaign #BeOurGuest, reaching in total over 12 million views on the local and international markets.

As a result of monumental marketing efforts undertaken by MCP, in partnership with ANTRIM, ONW and other tourism industry counterparts, over 200 international journalists have been hosted in Moldova, resulting in over 300 articles in important publications and 16 documentaries broadcasted on popular TV channels in source markets. Consequently, Moldova is now perceived by the international travel media as an exciting new tourism destination, earning notable ratings from CNN Travel, Forbes, Lonely Planet, and other influential international media that have described Moldova as a “surprising country”. Familiarization trips have been proven to be one of the most effective promotion channels, as they secure \$4 worth of media coverage for every \$1 invested in travel costs for selected journalists.

Another promotion channel has been the development of the Tree of Life national events agenda. The “Tree of Life” Program was conceptualized to position Moldova as a tourism destination locally, regionally, and internationally by supporting cultural tourism events that highlight Moldova’s tourism offerings. The agenda allows tourists to plan their trips around major events and draws visitors to rural regions. In total 86 events have been organized under the Tree of Life agenda, benefiting from MCP support.

With the COVID-19 pandemic, MCP’s plans to capitalize on the growing international interest for Moldova as an emerging tourism destination were abruptly interrupted. Nevertheless, the Project adjusted its strategy to stimulate domestic tourism through such author-campaigns like: ‘Redescopera Moldova’ (Rediscover Moldova), ‘Let Me Walk Moldova’, and the viral “Hora Martisorului”. At the same time, the Project and ANTRIM continued the communication on international markets by maintaining the relationship with previously hosted journalists and by inviting foreigners to virtually visit Moldova through 360 online tours on the MCP supported platform 360.moldova.travel.

Moldova promoted by prominent international journalists and influencers

For six years MCP leveraged the international visibility of the national tourism brand “Tree of Life: Discover the Routes of Life” by inviting foreign tourists to ‘discover the unknown’. In total, over 200 foreign journalists and bloggers participated in over 35 press trips hosted by ANTRIM with MCP support. The press trips were strategically planned around Moldova’s main tourism events, such as DescOpera and National Wine Day, resulting in a total of over 300 articles and mentions in international media outlets, as well as 11 documentaries about Moldova’s tourism product that were broadcasted in target countries like Poland, Italy, and Japan.

“Wedged between Romania and Ukraine, tiny Moldova is one of the world’s least-visited nations, but that’s quickly changing, fueled by wine tourism. Wine is the lifeblood of Moldova; grapes a beloved crop that have grown on family farms for centuries.”

Alia Akam in Vogue.com, 2018

“Luxury group tour operator Intrepid Travel cites a cultural resurgence—marked by a burgeoning wine scene and unspoiled natural beauty—as the reason and has introduced new itineraries and more than doubled its bookings to the Moldova this year, compared to last year.”

**Nikki Ekstein
via Bloomberg.com**

FEATURE STORY

Promoting Moldova's tourism experiences through photography

Few things speak clearer than a photo. However, Moldova lacked quality photographs to promote its authentic experiences. For this reason, MCP supported the organization of two photography camps in 2016 and 2017 for local and foreign photographers. To provide an international perspective and a new vision of travel photography to local artists, at the Project's invitation, in 2016 international photographer Fabien Laine led two master classes for local photographers and together with ten other local and international photographers embarked on a five-day trip through Moldova. The Project conducted an online promotion campaign allowing more than 500,000 people from target markets discover the pictures and Google posts for vernisaj.moldovaholiday.travel, which were viewed by more than 1.6 million users in 2016 alone.

In August 2017, MCP, in collaboration with ANTRIM and ONVV, organized the second edition of a travel photography camp called "Discover the Roots of Life Photo Trip". A group of 12 photographers from Italy, Poland, Romania, and Moldova visited 16 sites throughout the country, including Transnistria. This activity was part of larger efforts to consolidate a database of high-quality photos for the use of the tourism industry. As a result of this activity, MCP received over 5,000 pictures which were used to promote Moldova as a diverse tourism destination and will continue to be an asset used by the industry after project close.



Photo caption: Picture of traditional Moldovan pies taken by international photographer during the MCP-supported travel photography camp, 2017. Photo credit: Laura Masi, Italy.

Furthermore, an ANTRIM international press wire about the launch of Moldova Wine Routes in Y5, released with MCP support, had impressive visibility worldwide with over 295 mentions in the foreign press outlets. A second press wire promoting Moldova's tourism as part of the Hora Martisorului campaign in Y6 resulted in another 194 articles about Moldova in foreign media. In 2020, the frequently-visited French travel publisher 'Le Petit Futé', featured an online article about the main tourist attractions in Moldova, reaching out to French-speaking tourists.

FEATURE STORY

The first Italian travel guide featuring Moldovan destinations published through ANTRIM and MCP's marketing support

MCP and ANTRIM supported the launch of the first Italian Green Guide to Romania and Moldova (Guida Verde Romania Moldova) in 2020. The guide, written by the major Italian national tourist association, Touring Club Italiano with over 280,000 members, features Moldova's popular tourist attractions such as rural guesthouses and wineries alongside those in Gagauzia and Transnistria.

The publication of the guide is the result of a three-year strategic marketing program implemented by ANTRIM, with support from MCP, to promote Moldova on the Italian market. As a result of its promotional efforts, Moldovan tourism packages were featured in 13 travel catalogs by Italian tour operators and the number of Italian travelers visiting Moldova increased by 26%, before the onset of the pandemic. As a follow up to the 15 press tours for Italian journalists, major Italian magazines such as National Geographic Italy, DOVE, Gambero Rosso, and La Repubblica featured articles on Moldova's tourist attractions.



Photo Caption: Woman cooking traditional Moldovan dish "coltunasi" in Butuceni village.

Photo Credit: Laura Masi

Local content is also important to promote a country as a tourism destination. To support Moldovan tourism sector representatives attract international media, MCP and ANTRIM organized a training session with Alex Crevar, journalist for National Geographic Traveler and Lonely Planet, who encouraged local media, bloggers, and vloggers to create local, authentic content that will increase Moldova's presence in online travel journalism. As a result, 18 tour operators, winemakers, rural guest houses, bloggers, and journalists learned how to pitch a story and work with international media.

FEATURE STORY

UK press trip to Moldova generates impactful viewership



Photo Caption: Cover of Italian Green Guide featuring Moldova.

Photo Credit:

<https://www.touringclub.it/>

Five international journalists from top UK travel publications visited Moldova in August 2019 for a four-day tour of cultural attractions. With support from MCP, 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, Daily Mail Newspaper, The Times Newspaper, Metro Newspaper, and Entrepreneur & Investor Magazine, 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.



Photo caption: UK travel journalist visiting ATU Winery.

Photo credit: Alina Scobici, Facebook

MCP helped support an exponential growth in media exposure that was primarily unpaid. Challenged with the monumental task of promoting Moldova as a travel destination with such a limited national country marketing budget, MCP's marketing and promotional assistance generated transformational impact in the tourism space.

FEATURE STORY

Moldovan wine tourism featured in leading international gourmet magazine

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



Photo Caption: Panoramic view of Asconi winery.
Photo Credit: MCP

Promotional Campaigns and Diaspora



Photo caption: #BeOurGuest TV Commercial snapshot.
Photo credit: Moldova Travel, Facebook

In Year 2, aiming to building awareness for Moldova internationally, MCP worked with ANTRIM, local and international consultants to develop a new, complex campaign concept **"#BeOurGuest"** representing the first professional and integrated country promotional campaign. The award winning #BeOurGuest campaign was produced with a budget of only \$30,000 and earned more than 3 million views by potential tourists in Romania, Poland, and Italy, becoming a news story featured in more than 100 publications, TV shows, and radio programs. Additionally, the campaign attracted 12,000 people to the moldova.travel website.

FEATURE STORY

#BeOurGuest campaign goes viral with over three million views on social media

In Year 2, aiming to building awareness for Moldova internationally MCP worked with ANTRIM, local and international consultants to develop a new, complex campaign concept “#BeOurGuest” representing the first professional and integrated country promotional campaign. The concept was built on Moldova's most important tourist attraction: its people and their hospitality. The 2016 tourist exit survey administered by MCP and the 2017 Marketing & Promotion Framework were used as the foundation of this campaign, unfolding the Tree of Life brand values. The #BeOurGuest campaign was displayed mainly via digital media, focusing on the key target markets of Romania, Poland, and Italy. A viral TV commercial was filmed and produced to catalyze the campaign reach. A central element of the campaign was a call-to-action, aimed at inspiring the Moldovan diaspora and Moldovan citizens to invite guests and friends to discover their country, and serve as tourism ambassadors. Engaging the diaspora as a marketing channel was feasible, since Moldova's emigration rates are high. Italy is a top destination for Moldovan labor migrants, with an estimated half-million Moldovans, or 15% of the country's population.



Photo Caption: Screenshot of foodandwine.com portal “One of Europe's Least-Visited Countries Is a Land of Luxury Wine Hotels”.
Photo Credit: foodandwine.com portal

The #BeOurGuest campaign was produced with a budget of only \$30K and earned more than 3 million views by potential tourists in Romania, Poland, and Italy, becoming a news story featured in more than 100 publications, TV shows, and radio programs. The campaign won the 'Best Destination Campaign' prize at the 2018 ETRAVEL Romania conference, and in 2019, it was invited to compete in the prestigious Emerging Europe Awards in the “Best Tourism Campaign” category. The tourism campaign also won the public vote for Best Campaign at the Moldovan ADOR conference for the creative industry, a subsidiary event of the international 'Night of the AD Eaters' movement celebrating the advertising industry. Additionally, the campaign attracted 12,000 people to the moldova.travel website.

Pavel Bas and his friends saw an advert within the #BeOurGuest campaign, inviting youth to create a video showcasing Moldovan tourism opportunities to other youth. The group plotted a route around destinations they had never visited and decided to visit them all by hitchhiking 530 miles. The resulting high-quality video won the #BeOurGuest video competition and is has been profiled on national television, inviting other young Moldovans to get 'out of their comfort zone' and discover their country. The prize was a hot-air balloon ride over the country, but Pavel and his friends have given the ride to a children's' leukemia charity, “we already live our lives to the max; I think there are other people who deserve it much more than us”, said Pavel.



Photo caption: Pavel Bas, BOG video contest winner
Photo credit: MCP

In anticipation for the 2018 Easter holiday, MCP organized a two-week campaign under the #BeOurGuest campaign. Together with the Diaspora Bureau, ONVV, and the Light Industry association APIUS, tourists arriving at the Chisinau International Airport during the Easter holiday were welcomed with promotional vouchers for goods and experiences with the DININIMA fashion brand, local wineries, and rural B&Bs. Similarly, in August 2018, members of the Moldovan diaspora were greeted at border crossings with a 'Tourism Passport' that included discounts on products and services provided by SMEs in the wine and tourism industries and encouraged members of the diaspora to rediscover their home country as tourists.



Photo Caption: #BeOurGuest visual showcasing the DescOPERA classical music festival in Butuceni, Orheiul Vechi.
Photo Credit: Moldova Travel, Facebook

Building on the unprecedented success of the 2017-2018 “Be Our Guest” campaign, which resulted in a 20% increase in the number of foreign tourists, ANTRIM launched a new tourism campaign “Visit My Home!” with support from MCP. The campaign encouraged members of the Moldovan diaspora to explore national tourist attractions and become ambassadors of their country by welcoming international guests to Moldova. Within a month, the video “Visit My Home!” reached more than 93,000 viewers and engaged over 600,000 people on social media. In anticipation of the National Wine Day key event, a second edition of the campaign was organized, earning more than 200,000 additional content views on social media.

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.



Photo Caption: Infographic showcasing data for tourism campaigns supported by MCP. Photo Credit: Redescopera Moldova

Domestic promotional campaigns stimulate local tourism products



Photo Caption: Capture of “Visit My home for Wine Day” campaign online banner.
Photo Credit: MCP

With the onset of the pandemic, and traveling restrictions, MCP had to adjust its strategy, transitioning its efforts to encouraging domestic tourism. As such, MCP and ANTRIM aligned efforts with the Investment Agency to stimulate demand for local tourism products, through such author-campaigns like: 'Redescopera Moldova' (Rediscover Moldova), 'Let Me Walk Moldova', or the authority-driven campaigns like 'NeamPornit' (Lets Go), and other smaller consumer-generated initiatives. These communication campaigns generated hundreds of thousands of views for hundreds of tourism destinations on social media for local tourism businesses, user-generated content, and recommendations, as well as much needed high-quality photo and video content, to be used for subsequent promotional activities. At the same time, the Project and ANTRIM continued communication on international markets inviting foreigners to virtually visit Moldova through 360 online tours on 360.moldova.travel.

FEATURE STORY

Online virtual tours promote Moldovan tourism

MCP planned to continue building on the success of the campaign #BeOurGuest from previous years, however, the outbreak of the pandemic made such activities impossible. Thus, ANTRIM with MCP support, launched a social media campaign entitled “Discover Moldova online at 360” to encourage locals, the diaspora, and travelers from target source markets to visit Moldova virtually.

Travelers can access a library of 19 360° videos and pictures on the MCP- powered platform 360.moldova.travel, showcasing Moldova's main tourist sites and promoting Moldovan culture, wine, hospitality, and soft adventure experiences.

The campaign served as a continuation of the project's communication and promotional activities targeting tourism journalists and opinion formers in source markets like Romania, Poland, Italy, and Germany, and raised awareness on Moldova's tourism offers among local and international travelers, encouraging future visits. Children across Moldova also had the opportunity to discover and explore the country's tourism attractions through an Easter virtual education program initiated by the Ministry of Education, Culture and Research, titled “Discovering the Republic of Moldova, Together!” In April alone, the virtual platform registered a 623% increase in traffic and a 905% increase in individual sessions initiated by users, while over 940,000 people interacted with the campaign on social media channels. Eight articles featured the campaign in local media outlets, gathering another 18,000 article views, and a media campaign facilitated by MCP for 21 Romanian journalists resulted in multiple social media posts on popular profile pages to promote Moldova during the Easter Holidays.

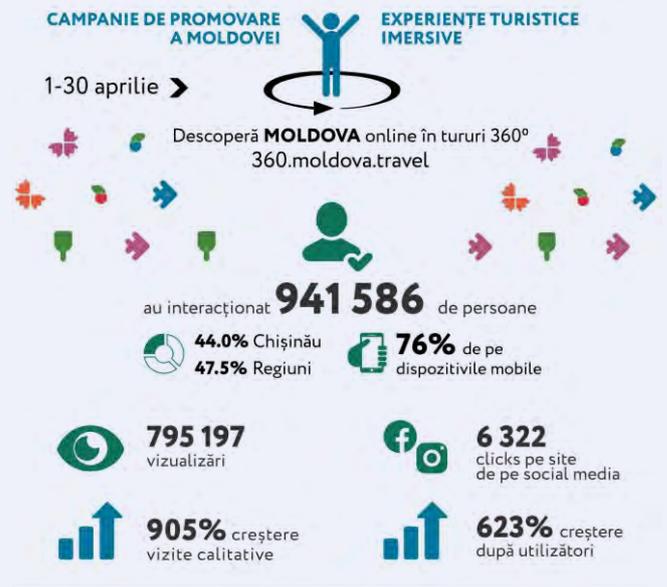


Photo Caption: Infographic showcasing the results of the “Discover Moldova online at 360” campaign.

Photo Credit: ANTRIM Facebook page

Sensing the need for unity and consolidation among those isolated during the pandemic, MCP and ANTRIM initiated a digital campaign entitled “Hora Martisorului”. The campaign mobilized an unprecedented cultural awareness of Moldovan values and traditions, reaching an audience of more than 550,000 people from Moldova, Romania, Ukraine, Poland, and Italy. Over 150 community leaders, ambassadors, diplomats, singers, influencers, and Diaspora members engaged in the awareness campaign Hora Martisorului to express their solidarity during the COVID-19 pandemic and share a virtual Martisor (a little talisman with red and white strings) with their families and friends. The campaign went viral and generated over 1.2 million impressions on Facebook, Instagram, Tik Tok, and other social media platforms.



Photo Caption: “Hora Martisorului” digital campaign
Credit: ANTRIM Facebook page

Hora Martisorului". The campaign mobilized an unprecedented cultural awareness of Moldovan values and traditions, reaching an audience of more than 550,000 people from Moldova, Romania, Ukraine, Poland, and Italy. Over 150 community leaders, ambassadors, diplomats, singers, influencers, and Diaspora members engaged in the awareness campaign Hora Martisorului to express their solidarity during the COVID-19 pandemic and share a virtual Martisor (a little talisman with red and white strings) with their families and friends. The campaign went viral and generated over 1.2 million impressions on Facebook, Instagram, Tik Tok, and other social media platforms.

Travel and tourism are among the most affected sectors with a massive fall of international demand amid global travel restrictions. To ensure the industry's recovery, MCP supported Moldovan tourism businesses to employ sustainable practices and security measures to re-launch their businesses safely, while deploying impactful digital campaigns in the online environment.

The “Be Our Guest, Again!” Awareness Campaign encourages tourists to visit Moldova after the COVID-19 pandemic



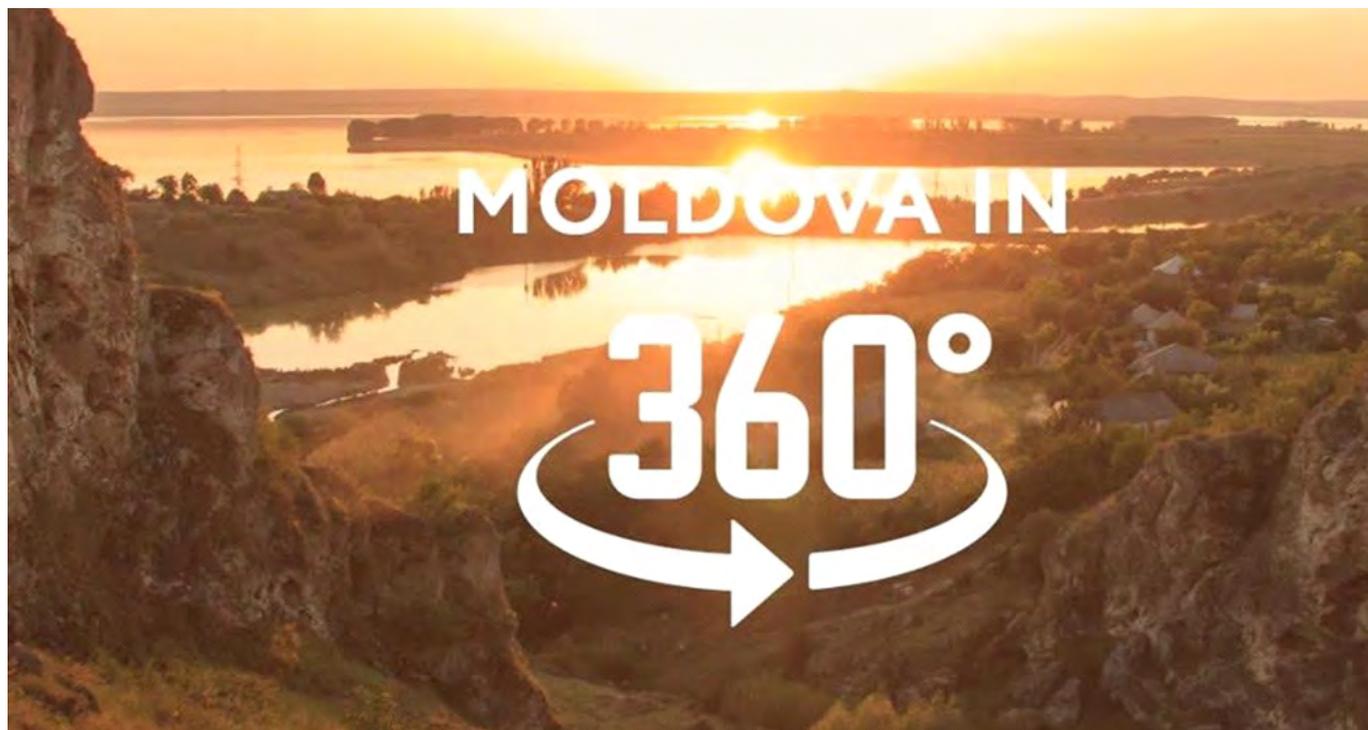
Photo Caption: Visual of the MCP-supported “Be Our Guest, Again!” promotion campaign to re-launch tourism.
Photo Credit: ANTRIM

Photo caption: Visual of the MCP-supported “Be Our Guest, Again!” promotion campaign to re-launch tourism. Photo credit: ANTRIM In light of the gradual global re-launch of the tourism industry in the 2021 tourism season, MCP, in partnership with ANTRIM, initiated an awareness campaign called “Be Our Guest, Again!” to encourage tourists to visit Moldova. The campaign promoted Moldovan tourism experiences, including soft adventures, wine, and gastronomy, and inspire diaspora, international, and local guests to explore national tourist attractions and experience Moldovan hospitality and scenery. Besides Moldova, the campaign was promoted via social media and PR activities in Romania, Poland, Ukraine and Italy, re-engaging with the media contacts that were set out over the MCP mandate.

Building on the success of the 2017-2019 “Be Our Guest” campaign, which resulted in a 20% increase in the number of foreign tourists, the new post-pandemic campaign announced the relaunch of tourism in Moldova with safety measures in place and invited visitors to discover Moldova's new tourism offerings. More than 40 small wineries, 34 rural guesthouses, and dozens of soft adventure tourism companies, hotels, tour operators, and tour guides supported by MCP joined the campaign and opened their doors for visitors. The campaign was developed in partnership with a group of young creatives from Moldova, who produced a video spot that showcased real tourism hosts of Moldova, owners of guesthouses, wineries and real people that were awaiting for guests to return. In a short time after its launch in early June 2021, the campaign earned an increased organic visibility on all social media, including Facebook, Instagram, Tik Tok, and YouTube. In only one week, the spot registered over half million views, thousands of comments and shares, and over 2.5 million total reach, being embraced by ones of the most influencing media, creative and tourism industry representatives in Moldova, as well as in Romania.

Enhance Moldova's digital content and online presence to promote inbound tourism

In 2016, Moldova's small size became an advantage when positioning the country internationally, as it became the tourism destination with the widest coverage of 3D tours offered by the national travel portal. MCP supported the production of 360-degree videos of Moldova's top 19 tourism destinations including Orheiul Vechi, Curchi Monastery, Et Cetera, Asconi, Cricova, Milestii Mici, Purcari, Castel Mimi, and other flagship destinations. The videos allow travelers from all around the world to virtually discover, experience, and share Moldova's tourism attractions via social media. The National Office for Vine and Wine and ANTRIM purchased VR sets to offer novel experiences to booth visitors at international trade exhibitions (ProWein, Chengdu, BIT Milano, TT Warsaw, etc.). Later the tours were integrated on the 360.moldova.travel portal and used as an efficient promotional tool during the pandemic when people could visit online and plan their trips.



*Photo Caption: Visual of the MCP-supported "Be Our Guest, Again!" promotion campaign to re-launch tourism.
Photo Credit: ANTRIM*

Considerable effort and time were put into upgrading the national tourism portal moldova.travel, which is the most important digital promotional platform for tourism. The updated website features general travel information, destinations, rural tourism, wine and gastronomy, soft adventure products, experiences, and other information that can be used by foreigners and locals willing to explore Moldova. Local consultants and subcontractors were involved in developing a platform with a user-friendly design, mobile responsiveness, improved search engine optimization, and 360-degree virtual tours of the most attractive tourist destinations. The Moldova Travel Facebook page has over 36.5 thousand followers and will serve as another valuable asset that will continue to bring visibility and international brand awareness to Moldova's tourism industry.

'Tree of Life' tourism events national agenda serves as a catalyst for tourism

Well-organized and targeted events have the potential to generate an inflow of new tourists and resources as well as create a base of loyal, return visitors. MCP began exploring the opportunity to create and support new major events, capable of attracting domestic and international audiences. The Program "Tree of Life" was conceptualized to position Moldova as a tourism destination locally, regionally, and internationally by supporting cultural tourism events that highlight Moldova's traditions, heritage, folklore, gastronomy, and art. While events can be a major attraction for the tourism industry in Moldova, event organizers need coaching in event management. As such, MCP led the way for the development of the first cultural-tourism event guide that addresses how to develop and deliver a quality event.

#BeOurGuest MOLDOVA THE "TREE OF LIFE" AGENDA 2020 CULTURAL - TOURISTIC EVENTS

9 February MILEȘTII MICI WINE RUN a unique race through the world's biggest wine cellars Mileștii Mici	1-10 March MĂRȚIȘOR international cultural festival Chișinău	30 April WINE VERNISSAGE wine tasting in a gala atmosphere Chișinău	1 May MAI VIN first spring picnic at Asconi winery Ialoveni, Puhoi v.	2 May MOUNTAIN BIKE MARATHON cycling marathon Orhei, Trebujeni v.
6 May HEDERLEZ celebration of horse racing and gagauzian traditional games Ceadrî-Lunga, Gagauzia	23 May URBAN VIBES urban culture festival Chișinău	23 - 24 May STREET FOOD & WINE FESTIVAL gastronomic festival Chișinău	24 May ART VIN celebration of wine and contemporary art Stefan-Voda, Purcari	30 May VELOHORA fun bicycle race Chișinău
30 May SPARKLING PARTY sparkling wine night Cricova Winery	31 May MAI DULCE festival of sweet traditions Chișinău	31 May iProsoap festival of traditional towels Cimălia, Selemet v.	6 June STRAWBERRY & WINE FEST strawberry and wine festival Orhei, Château Vintely	7 June DUMINICA MARE festival of Moldovan traditions Floresti, Domulgeni v.
13 June ROSÉ DAY rosé wines celebration at Castel MIMI Anenii Noi, Bulboacă v.	13 June GAGAUZ GERGEFI regional festival of national costume Comrat	14 June FRUMOS COVOR BASARABEAN festival of traditional carpets Orhei, Clisova Noua v.	19-21 June DeacOPERĂ open-air classical music festival Orhei, Butuceni v.	28 June ZIUA PORTULUI POPULAR ethno-folklore festival Chișinău
5 July IA MANIA Festival of arts born out of traditions Dubasari, Holeraceni v.	9 August LA VATRA OLARULUI VASILII GONCIARI international pottery fair Calarasi, Hoghnesti v.	15-16 August HODINA picnic and outdoor activities Dubasari, Pohrebea v.	15 Aug.-15 Oct. WINEMAKERS BATTLE competitions during grape harvest Stefan-Voda, Purcari	27 August DOR CĂLĂTOR music festival at Poiana Winery Ialoveni, Ulmu v.
4 September VINOPERA classical music festival and wine at Castel Mimi Anenii Noi, Bulboacă v.	4-16 September "MARIA BIEȘU" INTERNATIONAL OPERA AND BALLET FESTIVAL Chișinău	5 September PURCARI WINE RUN a unique trail run through vineyards Stefan-Voda, Purcari	13 September OSIER FESTIVAL the craft festival in Codri Straseni, Lozova v.	19-20 September BOSTANIADA pumpkin festival Criuleni, Balabanesti v.
25-27 September CHIȘINĂU INTERNATIONAL MARATHON running race Chișinău	25-27 September ETHNO JAZZ international music festival Chișinău	12 September MUST FEST young wine festival Cricova Winery	3-4 October NATIONAL WINE DAY the greatest celebration of wine traditions Chișinău & Regions	14 October CHIȘINĂU CITY DAY celebration of the capital Chișinău
1 November GAGAUZ ȘARAP YORTUSU gagauzian wine festival Comrat	28 November UNDERLAND WINE & MUSIC FEST wine and street culture festival Mileștii Mici	12 December COVORUL DORULUI national carpet fair Chișinău	18 December WINE VERNISSAGE wine tasting in a gala atmosphere Chișinău	

Folklore and traditions **Wine** **Music and culture** **Sport** www.moldova.travel

The Tree of Life calendar of events includes events that are supported by the Moldova Competitiveness Project, which is funded by USAID, Sweden and UK aid, the Moldovan Investment Agency, the Ministry of Education, Culture, and Research, the National Inbound Tourism Association, the National Office for Vine and Wine, and other private partners.

Photo caption: Tree of Life agenda 2020. Photo Credit: MCP

In its first year, MCP provided support for the organization of 10 events. Building on this success, in February 2018, MCP in collaboration with ANTRIM and in partnership with the Ministry of Culture and ONVV, launched the first centralized calendar of cultural events, "The 2018 Tree of Life Agenda." The calendar highlighted 27 events, while the 2019 Tree of Life tourism calendar grew to include 29 events. The centralized calendars were also used to promote Moldovan tourism opportunities in target markets such as Poland, Romania, UK, and Italy, allowing visitors to plan their trips around different festivals showcasing Moldovan wine, local traditions, culture, crafts, food products, and tourism attractions.

FEATURE STORY

Online virtual tours promote Moldovan tourism



Photo caption: Tourism Gala 2017
Photo Credit: MCP

In Year 2, in addition to the Tree of Life agenda, MCP supported the organization of the second edition of the Moldova Tourism Gala. The event took place on April 7, 2017 and highlighted best practices, and best promoters of Moldova's tourism industry, awarding prizes in 20 categories. Rankings were made based on two voting processes: a public vote on the website (www.galaturismului.md) and scoring by a specialist jury. Around 100,000 votes were received through the website, demonstrating interest for tourism initiatives in Moldova. US DCM Julie Stuftt and Swedish Ambassador Signe Burgstaller awarded the prizes for the top three accommodation units and tourism projects outside of Chisinau, including rural B&Bs and wineries supported by MCP. The "Wine of Moldova" country brand and "DININIMA" umbrella brand for Moldova's fashion industry, both developed with USAID support, were announced as the top brands promoting Moldova overseas.

Given the nascency of the Moldovan tourism sector, the event emphasized the importance of tourism in the Moldovan economy. The event was also purposed to motivate tourism companies improve their performance and build greater industry competitive, demonstrating to other sectors the strength of Moldova's tourism industry. Building on this success, the third edition of the Tourism Gala was organized with MCP support in 2018, awarding prizes in 20 leading categories and serving to set the tone for growth, excellence, and innovation for the entire industry.

In 2019 the Tree of Life agenda events attracted more than 238,000 local and foreign visitors, and 60% of the events took place outside the capital, drawing attendees towards rural areas and stimulating the local economy. Although the 2020 Tree of Life Agenda brought the total number of events in the calendar to 39, only six events could be held before COVID-19 related restrictions were imposed, and all events were canceled. In total, 86 events have been organized as part of the Tree of Life agenda since its conceptualization.

Milestii Mici Wine Run 2019 picked up by prestigious international news agencies



Photo Caption: Participants of Milestii Mici Wine Run event
Photo Credit: mlestiimici.winerun.md.

The 2019 Milestii Mici Wine Run, a six-mile race through the world's largest wine cellar, located just an hour outside the capital Chisinau, was picked up by international news agencies Reuters, Euronews, and Yahoo News, and was further highlighted in wine publications such as Wine Spectator, Food and Wine, and Decanter Magazine. On January 20, 2019 more than 350 athletes from Moldova, Romania, Ukraine, the UK, and the United States took part in the Milestii Mici Wine Run, whose cellars are featured in the Guinness Book of World Records. The race was part of the MCP-supported Tree of Life tourism calendar, which promotes cultural, soft adventure, and wine-tourism events, drawing high-spending international visitors to Moldova's rural areas.



Photo Caption: Moldova's team of representatives of the "Moldova: Discover the Routes of Life" national brand at TTR Bucharest 2020 Travel Fair.
Photo Credit: ANTRIM Facebook

PROGRAM 3. Foster business linkages and expand target markets

Achieved Outputs:

- **105 tourism companies** participated to MCP's marketing and business promotion programs
- **+85% growth of foreign visitors** in 2019 vs 2015, and a **16.5 % CAGR rate** for non-residents hosted in accommodation units during 2015-2019
- **3.8 million** foreign visitors registered at the borders, out of which **1.7 million foreign tourists** stayed in Moldova between 1 to 30 days in 2018. **9.4%**, or 160.2 thousand foreign tourists have been served by the inbound tour operators and tourism agencies of Moldova.
- **26 travel** tradeshows and exhibitions attended with a Moldova country booth and over 100 tourism businesses, generating new business partnerships and \$16M new sales.
- **16 B2B** events organized on 6 source markets for 81 Moldovan tourism businesses.
- **Two extensive Tourism Exit Surveys** executed during MCP's life of project, according to the UNWTO methodologies.
- **Two Marketing & Tourism Strategic Frameworks** developed under MCP guidance in 2016 and 2019 to guide strategic marketing and promotion activities.
- A regional wine route that links Romania to Moldova along the route of Prince Stephen the Great and Saint was developed.

Achieved Outcomes:

- Increased number of Moldovan tourists interested in domestic tourism
- Enhanced visibility of local tourism businesses among Moldovans and diaspora
- Consolidated brand equity for the tourism country brand "Tree of Life"
- Increased sales for the inbound tourism sector
- Strengthened leadership of ANTRIM on the local tourism market
- Increased awareness in the local market on tourism attractions

For the past six years, MCP supported tradeshows, familiarization tours and press trips, capitalizing on growing international interest for Moldova as an emerging tourism destination, which resulted in an increased number of inbound tourists up until the COVID-19 pandemic outbreak. In collaboration with ANTRIM and other partners including the Investment Agency, MCP assisted 105 tourism businesses to promote Moldova's tourism at 26 editions of major international exhibitions, other 16 B2B events and a number of in-person trade events. Since 2020 some fairs have been held online, including ITB Berlin 2021 and BIT Milano 2021, while others were postponed until the pandemic is contained.

Participation at international trade fairs and targeted trade missions was key to fostering business partnerships for Moldova's tourism industry. The effectiveness of trade fair participation was enhanced by additional marketing activities, including press conferences, B2B presentations, informational tours for potential partners, and customized B2C events. Targeted familiarization tours for potential partners also proved to be a very efficient way to penetrate new markets, build new partnerships, expand the scope of existing tours as well as develop and launch new products. MCP supported multiple group familiarizations tours from target markets, which translated into tangible growth of travel groups.



Photo caption: Moldova's team of representatives of the "Moldova: Discover the Routes of Life" national brand at BIT Borsa Milano, Italy, 2019.
Photo credit: ANTRIM Facebook

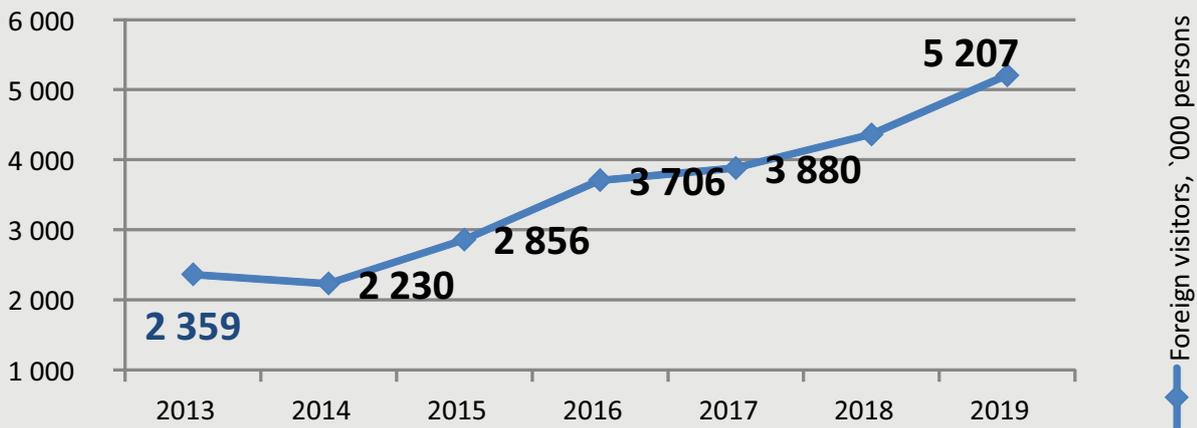
As a result, the tourism industry numbers showed a continued, consistent and qualitative increase over years after Moldova's association to the European Union (in 2014) and the visa free regime with the EU (since 2016). The promotion and marketing campaigns directly contributed to enhancing and stimulating sustainable growth, during 2015-2019, with a +85% increase of foreign visitors' numbers in 2019 compared with 2015, the year preceding the visa-free regime entering into force and the launch of MCP activities. In addition, the number of foreign tourists with overnight stay in accredited accommodation units grew exponentially with +84% in the same period, or a 16.5% average annual growth rate. The total expenditures that foreign tourists spent in Moldova in one-year interval were at \$500 million, a figure that was captured through MCP's assessments and represents the major role the tourism industry plays in state budget earnings, given its share at 4.4% of the country's GDP, more than the critical wine industry (up to 3% of the GDP). Of note, inbound tour operators and travel agencies have reported a slightly slower increase of foreign tourists, in line with international travel market trends, given that the tourists prefer to organize their travelling individually, especially to soft-adventure destinations such as Moldova.

These quantitative results were also sustained by the tourism beneficiaries' survey performed at the completion of MCP activities – as 71% of MCP's beneficiaries (45 respondents) indicated an average annual growth of 20% between 2015 and 2019, until the pandemic. Businesses attributed their growth with MCP assistance, regarding it as a central factor.

Market intelligence is vital for efficient promotion. MCP has developed marketing policies based on market research, tourists' exit surveys, and constant monitoring of brand awareness and market evolutions. MCP also supported ANTRIM and the Investment Agency strengthen their business and market intelligence service by assessing statistics, market surveys and data, and provided the information to the industry via newsletters and events like webinars, ANTRIM's Inbound and Domestic Travel Forum, Moldova Business Week, and the Moldova Tourism Forum 2021.

TOURISM INDUSTRY PROVED ECONOMIC IMPACT FOR MOLDOVA ECONOMY

Bord-crossings by foreign visitors, Bord Police



+85% growth of foreign visitors in 2019 vs 2015

Foreign tourists, by Statistics Bureau



CAGR 2015-2019 was **16.5%** for non-residents in accommodation units

2018

\$500 millions total expenditure in Moldova by foreign tourists, or 4,4% GDP; 1,7 million foreign tourists stayed 1-30 days

International trade fairs drive sales in the Moldovan tourism sector

MCP consistently supported international tradeshow participation since Year 1, in addition to targeted marketing activities including press conferences, B2B presentations, road shows, informational tours for potential partners, and customized B2C events. In total, 29 tourism companies including tour operators, wineries, event organizers and other tourism businesses shared a single country booth under the Moldovan Tree of Life national tourism brand at 26 editions of live international tourism fairs in 8 countries, and delivered multifaceted awareness and promotion activities, including press workshops.

Some of the results were:

- 1 **More business contacts.** Participating companies have established 2,562 new business contacts, and recorded over \$16 million contract sales in export in six years, according to MCP M&E data.
- 2 The participation at BIT Milano and **TTG Rimini Incontri** led to **10 Italian travel agents and tour operators** offering tours to Moldova.
- 3 In Y3 Moldova was awarded the **best stand** at two of the most important Polish exhibitions – **TT Warsaw and Poznan Tour Salon**. The Moldovan booths offered wine tastings, presented the innovative #BeOurGuest social media campaign, and offered 360 virtual tours.
- 4 **Francorosso**, a brand of Italy's number one tour operating group Alpitour, **included Moldova in its packages** and brought 14 groups of Italian tourists of about 15-20 people each to Moldova in 2019.

International Tourism Tradeshows attended with MCP support:

- ITB Berlin, Germany
- TT Warsaw, Poland
- Tour Salon Poznan, Poland
- TTG Rimini Incontri, Italy
- BIT Milano, Italy
- TTR Bucharest, Romania
- MATKA Nordik Fair, Scandinavia
- WTM London Tourism Exhibition, UK
- IBTM World MICE Tourism Exhibition, Spain
- IMEX Frankfurt, Germany
- Donaufest, Germany
- Vakantiebeurs Tourism, Netherlands



Photo Caption: Moldova's team of representatives of the "Moldova: Discover the Routes of Life" national brand at BIT Borsa Milano, Italy, 2019.
Photo Credit: ANTRIM Facebook

Participation at the international tourism fairs was organized by ANTRIM with MCP support. Throughout the years, other partners have helped Moldova's participation at tourism exhibitions including Netherlands Embassy and the Moldova Investment and Export Promotion Organization (MIEPO). Once the Investment Agency was established in 2018, it has led the country participation at tradeshows, in close cooperation with MCP and ANTRIM. ANTRIM was chosen as part of a public competition as the sole business association capable of leading the participation at international exhibitions according to modern and impactful practices.

With the onset of the pandemic, a majority of international exhibitions have been postponed or moved virtually. Since February 2020, MCP supported the participation of Moldovan tourism businesses at three events that were organized online, including ITB Berlin 2021. Other tourism businesses who have not fully adapted to the online form are eagerly waiting for opportunities to participate in physical tourism trade shows, once they resume.

Familiarization tours foster business linkages

To incentivize foreign tourism agencies to offer Moldova as a tourism destination, over life of project, MCP supported the organization of familiarization tours in Moldova for foreign business partners, most of them being part of the StartUp Tourism Moldova Program. Familiarization tours are an effective way to demonstrate tourism products, and result in increased sales of tourism packages. ANTRIM, with MCP support, organized over 20 tours for tourism agencies from Poland, Japan, Germany, China, and other countries, resulting in increased inbound numbers and sales. According to inbound tour-operators, the probability of contract-signing is doubled when familiarization study visits are organized and about 70% of the businesses who partook in such visits are continuing with a contractual relationship.



Photo Caption: Moldovan influencers promote rural tourism within a local press tour organized by MCP.

Photo Credit: Madein.md

Developing the strategic vision for Moldova as a destination for MICE tourism

With the goal of diversifying Moldova's tourism offer and addressing seasonality, in 2016, MCP supported the creation of the first PPP platform for MICE (Meetings, Incentives, Conferences & Events) tourism development and elaborated the MICE Tourism Development Roadmap, which set the strategic vision and promotion of this key tourism course and the basis for the creation of the Convention Bureau of Moldova. MICE is one of the most reliable types of tourism for the development of a destination, and given Moldova's convenient location in Europe, the country has the potential to tap into this lucrative market.

Moldova launched itself as a new MICE tourism destination at the IBTM World exhibition on November 2016 in Barcelona, Spain, the leading global event for the MICE and business travel industries. Subsequently, to strategically plan MICE development, ANTRIM organized a specially dedicated workshop on MICE activities as part of the Incoming Tourism Forum in July 2017. MICE International expert, Milos Milovanovic was invited by MCP to talk to 140 tourism industry representatives about MICE, its transformational economic impact, the roles, and purposes of a Convention Bureau, and how to develop MICE in a new destination. In 2019, the ANTRIM Board took the decision to initiate the establishment of a Convention Bureau as part of ANTRIM and liaise with similar bureaus in target markets. Unfortunately, ANTRIM's project was postponed for the post-pandemic period.



Photo Caption: Anna Statova, owner of MCP-supported rural guesthouse Gagauz Sofrazi gives a warm welcome to guests

Photo Credit: Igor Rotari

Market intelligence driving strategy to compete in the international tourism marketplace

As a newcomer to the international tourism marketplace, Moldova needs to maximize the efficacy of its efforts, based on a sound development and marketing strategy, closely coordinated with other non-tourism institutions (Security, Energy, Health, Public Infrastructure, etc.). In Year 1, it was established that a marketing strategy and action plan was required to materialize the huge opportunity lying ahead.

In FY16, MCP initiated development of a 3-year Tourism Marketing Strategy and Action Plan. Aside marketing intelligence, the most difficult yet critical aspect was the process of getting the private sector and then existing National Tourism Agency to agree on setting priority markets, aligning budget and efforts for joint trade goals. The Tourism Marketing and Promotion Framework was developed by a UNWTO marketing expert provided by USAID.

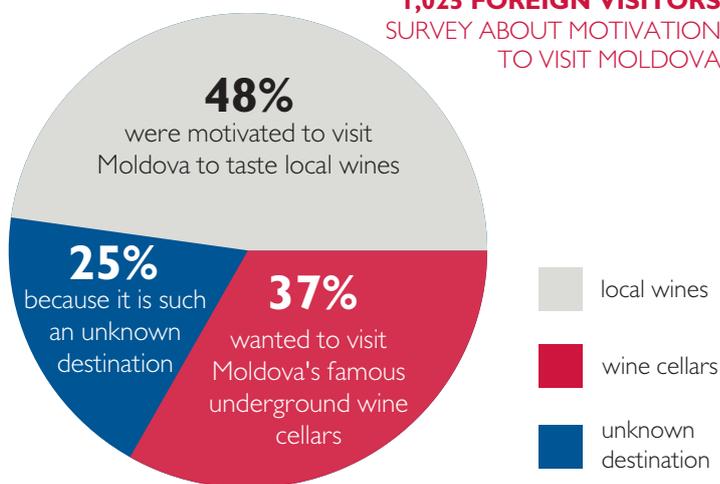
In 2016 and 2018, MCP funded a visitors' survey which provided valuable, accurate data that was used as a basis for the development of the Marketing Strategy and other vision setting documents. The findings also guided the tourism businesses in upgrading and diversifying their tourism products, and the tourism industry associations have adjusted their actions accordingly. For instance, since the biggest issue identified by tourists was access to information and tourism signage, these were immediately addressed by ANTRIM by establishing TICs and tourism signages across country's roads.



Photo Caption: Jack Delf, international tourism consultant speaks about sustainable tourism
Photo Credit: MCP

The new tourism authority, Agency for Investment, was established in 2018 and private sector stakeholders rely on marketing intelligence for planning and executing marketing programs. Visitor surveys are one of the most important tools for understanding visitors' profile, preferences, and identified necessary improvements to further strengthen the tourism market. In September 2018, MCP launched the second national visitor survey, interviewing tourists at the airport and main Romanian border crossings. This analysis allowed the update of the Marketing & Promotion Framework (2016 edition) and confirmed the effectiveness of its promotional activities. Data was also disseminated to tourism industry stakeholders to support business decisions. The survey interviewed 1,025 foreign visitors during the 2018 tourism season and revealed that:

1,025 FOREIGN VISITORS SURVEY ABOUT MOTIVATION TO VISIT MOLDOVA



Key insights into the preferences of target nationalities, including reasons for visiting, potential locations, and types of tourism activities.

FEATURE STORY

The Strategic Tourism Marketing and Promotion Framework updated for 2021



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

In 2018, under MCP leadership, the Moldovan Strategic Tourism Marketing and Promotion Framework 2019-2021 was discussed and updated with the Moldovan Investment Agency and the Ministry of Economy and Infrastructure. The framework incorporated the results of consultations with key stakeholders from Moldova's tourism industry and the tourism exit survey conducted in 2018 and was developed under the guidance of international tourism marketing expert Augusto Huescar. This updated framework guided the international promotion of Moldova's tourism under the Tree of Life country brand, resulting in more visitors and high value tourism dollars reaching Moldova's rural regions. The document was subsequently used for the creation of the Tourism Strategy for Moldova, which is awaiting official approval.

During Year 5, MCP assisted ANTRIM and the Investment Agency by providing high level speakers during the Moldova Business Week and the fourth edition of ANTRIM's Incoming and Domestic Forum, who shared valuable insights, data, and recommendations, helping the organizations position themselves as specialized think tanks for the sector. Unfortunately, due to the pandemic, the Tourist Exit Survey planned for June 2020 was cancelled, being substituted with a Domestic Tourism Survey, undertaken via online tools by the Moldovan Investment Agency.

With MCP's support, ANTRIM developed a Digital Tourism Registry that includes over 360 locations, companies, and routes, which has provided important insights during the development of the new Tourism Strategy. ANTRIM, with MCP support, also began using more advanced customer relationship management tools and communication tools (Apricot system) to disseminate informative bulletins on tourism trends, market profiles, and COVID-19 related news.

The Strategic Tourism Marketing and Promotion Framework updated for 2021

In May 2021, MCP and ANTRIM partnered with the Investment Agency to organize the high-level Moldova Tourism Forum 2021, a hybrid (online and offline) event aimed to increase public awareness and engagement, discuss pathways for Moldova's tourism industry to emerge stronger from the crisis and contribute to sustainable development as a competitive destination, and increase awareness around career options in the tourism field. MCP once again provided high level international speakers who shared their broad expertise with the public, helping the Investment Agency and ANTRIM fulfill their role as an industry think-tank and platform for sharing market trends and business opportunities, build business relationships, and consolidate as a sector.



Caption: Anna Lyberg, Swedish Ambassador and Scott Hocklander, USAID Mission Director provide welcoming remarks at Moldova Tourism Forum.
Credit: MCP.

Integrating Moldova into regional tourism

Wine Routes of Moldova entered thanks to MPA and ANTRIM efforts the European Wine Routes networks via the ITER VITIS- Les Chemins de la Vigne Federation that links together 18 countries with their wine routes into a pan-European wine itinerary network. As such, Moldova became part of the Black Sea wine routes, along with Romania, Bulgaria, Georgia, and Armenia as well as with Western and Central European wine routes. This opens new opportunities for Moldova to engage in regional offers and attract more visitors interested in wine tourism packages.



Moldova's tourism industry would benefit from integration into regional tourism offerings from Romania and Ukraine, specifically for niche countries like USA, China, and Japan. Aiming to fuel regional tourism, in 2016, a collaborative partnership agreement was signed between Moldovan and Romanian Incoming Tourism Associations at the first Inbound Tourism Forum. Romanians have constantly been the number one traveler to Moldova, representing an average of 25% of international visitors to Moldova each year.

In 2018, building on the MCP-developed national Tourism Strategy to target the Romanian market, The Moldovan Investment Agency partnered with the Romanian Ministry of Tourism to develop the first Moldova-Romania cross-border tourism product, a tourism trail linking key sites associated with shared regional hero Stefan cel Mare. The development of this tourism trail demonstrates the sustainability of MCP's work to strengthen Moldova's nascent tourism industry, and to build the capacity of the national institutions which support it.

With the pandemic onset, MCP had to cancel the familiarization tours for tourism agencies from neighboring countries initiated to develop regional tourism and had to shift its strategy. Considering the rise of regional tourism due to travel restrictions, MCP facilitated the collaboration between ANTRIM and the Hospitality Association of Ukraine (supported by the USAID EDGE project) which resulted in the signing of a Memorandum of Understanding between the two associations, several online public events discussing the prospects of regional tourism, and B2B sessions on the development of common tourism products.

FEATURE STORY

Moldova joins Ukraine and Belarus in regional forum to provide sustainable solutions for tourism industry to recover from COVID-19

*The COVID-19 pandemic has significantly impacted the tourism industry worldwide, generating losses in global revenue of over **\$1.3 trillion in 2020**. However, despite travel restrictions, Ukraine welcomed 3.4 million foreign visitors in 2020, one-third of which were from Moldova (**933,000 visitors**).*

*At the same time, **13.5%** of the tourists visiting Moldovan wineries and guesthouses in 2020 came from Ukraine, preceded only by Romania with **31.4%**.*

Over 300 tour operators and hotel representatives from Moldova, Ukraine and Belarus gathered at an online forum „Anti-crisis measures and tourism development during the pandemic: Ukraine, Moldova, Belarus” to discuss measures for regional tourism development and provide sustainable solutions for the industry's recovery. Michael Jones, from USAID Moldova, joined the event alongside Moldova's secretary of state at the Ministry of Economy and Infrastructure and the First Deputy Chairman of the State Agency for Tourism Development of Ukraine, to provide welcome remarks and show support for the tourism industry. Michael Jones applauded the regional initiative to develop joint tourism itineraries and underscored the importance of regional cooperation in enhancing the tourism industry's resilience and accelerating economic recovery. The forum was organized by the National Inbound Tourism Association of Moldova (ANTRIM) in partnership with the Hospitality Association of Ukraine, with support from MCP and EDGE projects.

OBJECTIVE 3: IMPROVED SECTOR-ENABLING ENVIRONMENT AND INCREASED CAPACITY

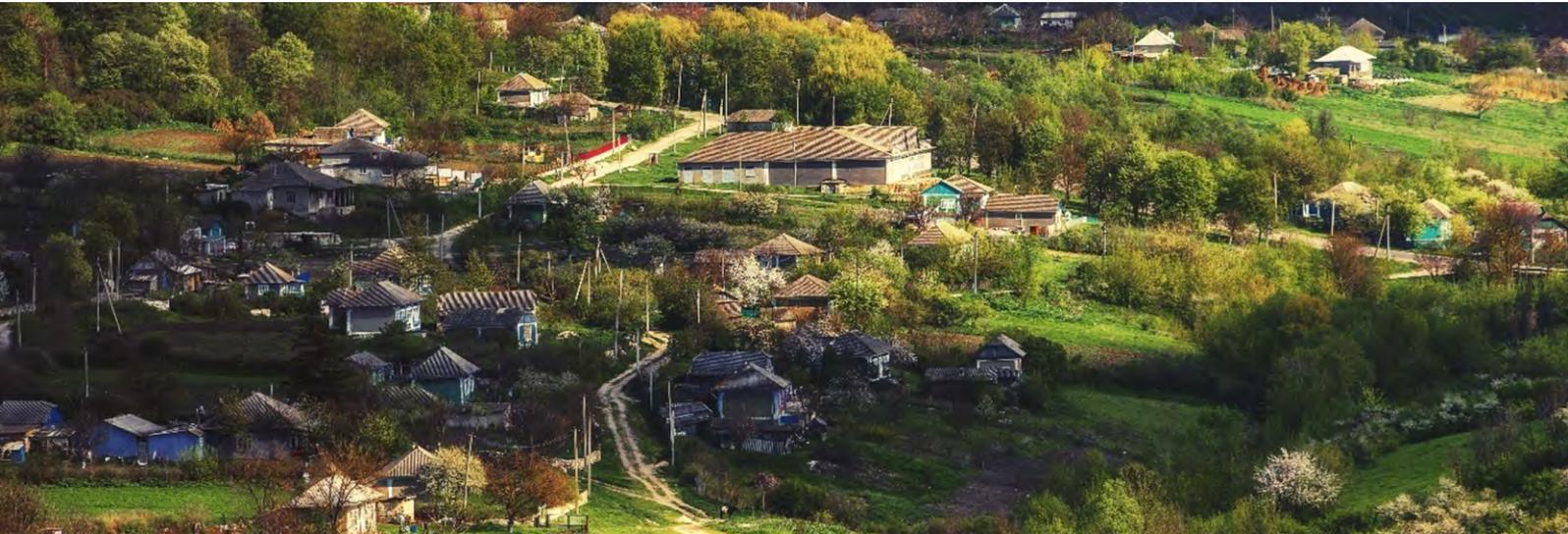


Photo caption: Village life in Moldova. Photo credit: Maxim Ciumas

PROGRAM 4. Sustainable Tourism Policies and Friendly Business Environment

Achieved Outputs:

- Moldova improved its Travel & Tourism Competitiveness Index by **14 positions in 2019**, moving **up to 103th place** (ranked out of 140), from being 117th in 2017.
- **Tourism Strategic Development Program 2021-2026** with an Action Plan and a strategic action roadmap developed and publicly submitted for Government approval after a wide public-private dialogue process
- **16 regulations and administrative procedures** eliminated, streamlined or simplified with MCP support
- **Legal amendments** easing and improving regulatory framework for rural tourism activities adopted and entered into force in two phases: in 2018 and 2020
- **Entrepreneurial patent** for tourism guides, rural guesthouses and experiential tourism organizers approved after a decade of lobbying, providing a clear and streamlined legal regime
- VAT for HORECA has been lowered from 20% to 10% (in 2018) and later from 20 % to 15% (in 2020) following best practices in fiscal regulation
- The Municipal tourism tax in Chisinau was kept at its original rate of 10%, due to ANTRIM's efforts, despite several attempts to increase it (2019).
- A Government Decision on `Orheiul Vechi Reserve development and protection`, developed and approved (2016), complementing MCP assistance with a Destination Management Plan and a Zoning and Physical Plan developed through life of project.

Achieved Outcomes:

- Improved business environment in the tourism industry
- Enhanced public-private dialogue in the tourism industry
- Reformed tourism industry for sustainable development
- Strengthened leadership of ANTRIM in the local tourism market



Photo Caption: Stakeholders from Moldova, MCP, and international consultants meet to discuss Moldova's tourism strategy

Photo Credit: ANTRIM Facebook page

Existing tourism sector legislation in Moldova needs a systemic structural reform to consolidate small and medium size entrepreneurs' tourism services, mainly in rural areas, into comprehensive, attractive Moldovan tourism products. Small service providers, namely rural B&Bs, small wine producers, tourism guides, craftsmen and other small operators face burdensome procedures and regulatory conditions that discourage business initiatives and prevent the development of tourism in Moldova. In addition, regulations related to accommodation and tourism agencies are not compliant with international best practices, and impose excessive bureaucracy on Moldovan enterprises, negatively impacting the competitiveness of Moldovan tourism services on the international market.

Over its life of project, MCP provided extensive technical assistance on legal, fiscal, and economic aspects related to legal amendments, including a 2018 Tourism Whitepaper assessing the regulatory environment and defining a set of recommendations to ease and modernize the Moldovan tourism regulatory framework, and the development of the new Tourism Development Program 2021-2026. While the Program was on track for approval, it has been paused due to political instabilities during 2020-2021. With MCP and ANTRIM's persistent efforts, several legal amendments have been approved by Parliament, easing business regulations and building resilience for small rural entrepreneurs during the COVID-19 pandemic.

The tourism legal and regulatory framework requires profound rethinking

Since Year 1, MCP acknowledged the critical need to improve the country's legal, regulatory, and institutional framework and to align them with best practices in other countries while also responding to private sector needs. MCP assisted the then existing National Tourism Agency to design the first Tourism Development Master Plan for 2017-2025, which would formulate a long-term development framework for tourism. However, this plan was postponed in favor of developing the Tourism White Paper.

In FY17, the National Tourism Agency attempted to amend existing Moldovan tourism legislation with draft law initiative no. 302/2016, which outlined additional administrative requirements and regulatory conditions for the tourism industry. This legislative initiative was opposed by ANTRIM, MCP and World Bank experts in business regulation, and the law did not progress to the adoption phase.

The following regulatory issues were included in a business agenda for regulatory reform in FY16:

- Legal regulatory and institutional **reform**
- **Simplification of certifications** process for guides and licenses for tour operators
- **Special legal regime** for the rural and agro-tourism businesses, namely wineries, guesthouses, kraft centres, etc.
- **Reduction of VAT** for hotels from 20%
- Changing the mechanism for city tax calculation to fixed **2 EUR per tourist**
- Simplification of **visa regime for Asian** tourism markets
- An institutional reform to establish a National Tourism Organization using **PPP** elements

Developing position papers to underpin tourism advocacy

MCP provided strategic support to Moldovan inbound tourism associations, enabling them to consolidate and formulate strategic and comprehensive position papers, and tactically organize efficient lobbying and advocacy activities. As a result of the submitted position paper, the Parliamentary Committee on Public Administration, Regional Development, Environment and Climate Change organized a public debate on March 1, 2017 with participation from USAID Mission, the World Bank and private sector. MCP invited Syuzanna Azoyan, program director of the Armenian Development Foundation to showcase Armenian regulatory reform efforts, demonstrating how a country can drastically improve its tourism sector growth through the implementation of positive reforms.

As a result of the joint efforts between MCP, USAID mission, the World Bank, AmCham and Moldova's tourism private sector, and following institutional reforms within the Government of Moldova, the Ministry of Economy agreed to withdraw draft law #302. Instead, the Ministry has agreed to embark on a strategic rethinking of its tourism regulations and governance, via a White Paper developed with MCP assistance.

Meanwhile, the Tourism Agency dissolved as part of complex Moldovan Government restructuring, given its underfunding and inefficient operations. The new Investment Agency took over tourism promotion and development functions, becoming the Destination Management Organization (DMO), while MoEI took ownership of tourism policies. MCP facilitated the institutional transfer of industry vision, marketing goals, policy priorities, minimizing gaps in information and funding. MCP carried forward marketing promotion activities including international tradeshows, promotion campaigns, and media trips to support the Investment Agency during its start-up period.

The position paper also resulted in a new law that allowed the construction of tourism facilities on agricultural land, without needing subsequent payment for the change in land use. The changes allowed many landowners develop tourism facilities in addition to their primary agricultural activity, diversifying Moldova's tourism offering.

Moldova hosted the 61st Meeting of the UNWTO Commission for Europe on June 6-7, 2017. Over 30 UNWTO members participated in the event. MCP discussed with Dr. Taleb Rifai, UNWTO Secretary General, reforms, and structural changes needed for Moldova's tourism industry.

FEATURE STORY

White Paper on Legal Regulatory Tourism Reform paved the way in tourism industry regulation and management



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

Photo Credit: Moldova's Ministry of Economy and Infrastructure website mei.gov.md

Considering the legal regulatory issues brought by the draft law #302, and with UNWTO experts, Robert Travers and Roger Goodacre, and international tourism consultant, Ibrahim Osta, MCP decided to postpone the initiation of the Tourism Master Plan development in Moldova in favor of assisting the Ministry of Economy draft a White Paper for Tourism Industry Regulatory Reform.

The presentation of the Tourism White Paper in June of 2018, a document developed during 6 months of extensive public-private dialogue, and study visits to Georgia and Armenia, supported by USAID and Sweden, was an important milestone as the document outlined critical proposals to reform tourism legislation that would generate a pro-entrepreneurship business environment and reduce existing significant barriers to entry for SMEs.

These included the creation of financial incentives for tourism small businesses in rural areas, such as a unique tax for rural guesthouses and simplified fiscal reporting procedures; the establishment of tourism development regions to enhance private investment; the ability to apply the "patent" procedure (a form of legal registration in Moldova) to tourism guides and rural guesthouses; the removal of several redundant mandatory courses for accreditation; and the reduction of VAT tax for tourism accommodation and HORECA (hotels, restaurants, and cafes) services to 10%.

In 2018, the Municipal Council of the Chisinau City Hall unexpectedly increased local hotel taxes from 5% to 10% without public consultation. MCP supported the tourism private sector via legal assistance provided by ANTRIM, resulting in the Municipal Council retracted the increase in local hotel taxes.

The White Paper has become a frequently referenced document by both public authorities and the private sector, being used as a source for new amendments, position papers and proposals, shifting perspectives in the tourism industry towards smart regulations and agile methodologies.

The White Paper acted as a baseline for a set of amendments to the Tourism Law and Fiscal Code, developed by MoEI with MCP assistance, and were issued as a draft law initiative by the Government and later approved by Parliament on June 12, 2020, easing the regulatory burden on the small and micro businesses, by introducing the entrepreneurial patents for guides, guesthouses and experiential travel service providers. Also, the White Paper's strategic recommendations have been used to implement public-private advisory platforms by MoEI and MIA.

Tourism Industry Strategy planned to pave the future of the Moldovan tourism industry

During Year 5, MCP worked intensely on creating Moldova's new Tourism Industry Strategy, engaging representatives of the MoEI, USAID, international experts, business associations, and tourism industry stakeholders in the process. Though the new Strategy was in the process of official approval, the document had to be revised and adapted to the new context caused by the COVID-19 pandemic outbreak. With MCP support, the Ministry of Economy submitted the revised strategy entitled Tourism Development Program 2025 for public consultations which is being currently assessed for Government approval. However, the situation remains uncertain amid the political turmoil and sanitary crisis. It is expected that the blockage could be resolved following the snap parliamentary elections held on July 11th, 2021.



Photo Caption: Cooking masterclass at Vila Roz rural guesthouse.
Photo Credit: MCP.

Before the COVID-19 crisis hit, it was expected that with the right policies in place, Moldova could reach 5.8 million border crossings by 2025. Projections also estimated that, if properly organized and supported, the tourism sector in Moldova had the potential to double in the next 10 years, contributing up to 7% in GDP. However, as the pandemic is not yet contained, there is still anxiety and uncertainty in the tourism sector in Moldova, as the future of the industry is dependent on the evolution of the pandemic and the aftermath of the political situation. It is expected that the tourism sector recovery in Moldova will begin in 2022.

Legal amendments ease business regulations to facilitate inbound tourism



Photo Caption: ANTRIM Facebook post announcing the approval of legal amendments meant to improve the tourism business environment
 Photo Credit: ANTRIM Facebook page

These significant milestones build on the multi-year efforts of ANTRIM, MoEI, and MCP to improve the tourism legal framework and remove burdensome regulations imposed on tourism entrepreneurs. Following the legal amendments and understanding that entrepreneurs and start-ups in the tourism industry often do not have advanced entrepreneurial education and experience, MCP offered to assist the MoEI in developing an explanatory Legal Guide for Starting a Tourism Business, written in a simple language, that will serve to inform, guide, and encourage entrepreneurial initiatives with touristic income-generating activities, which will in turn ensure the socio-economic prosperity of Moldova's regions.

After continued efforts and sustained public-private dialogue assisted by MCP, on June 12, 2020, the Moldovan Parliament approved a set of tourism law improvements aimed to ease business regulations and enhance the development of the country's inbound tourism. The improvements remove the stringent regulations applied to tourism entities and enable Moldovan entrepreneurs to replicate and apply international best practices of doing business.

The **key legal improvements** include:

- **Simplification of the legal entity** ('entrepreneurial patent') for tourism guides, rural guesthouses (that own up to 3 rooms) and experience providers (e.g. cooking masterclasses), which will significantly ease the cost of doing business for micro/small tourism entrepreneurs;
- **Elimination of the tourism contract and voucher**, which was a mandatory requirement impeding the implementation of e-commerce and creating additional barriers for businesses;
- **Removal of the once mandatory tourism diploma**. Exempting tourism entrepreneurs of this cumbersome requirement will enable the industry to incentivize and train its own employees based on market needs;
- Establishment of the **Advisory Tourism Council**, which will operate as a public-private partnership under the Ministry of Economy and Infrastructure;
- Streamlining of the tourism law with the new **Civil Code and EU Directives**.



Photo Caption: #CurajTurism solidarity campaign online banner.
 Photo Credit: ANTRIM

PROGRAM 5. Strengthen public-private dialogue and industry associations

Achieved Outputs:

- **ANTRIM** became the **leading business association of the tourism** industry with 75 members, growing from 8 members in 2015. Since 2018, ANTRIM became a member of the Economic Council by the Prime Minister, representing the industry's agenda.
- A **Strategic Partnership Roadmap** established in 2017 united the majority of the tourism industry associations around a common agenda aimed at increasing the industry competitiveness index.
- A **public-private Advisory Council** established by the Ministry of Economy and Infrastructure in 2020, as a result of the legal & regulatory reforming amendments developed based on the White Paper released with MCP support in 2018.
- **4 editions of the Incoming and Domestic Forum** initiated and conducted successfully by ANTRIM during 2017-2020, strengthened its role as a think tank within the tourism industry and a business support hub for its members and the private sector.
- **Two editions of the Tourism Gala** (2017 and 2018) and the first edition of the Moldova Tourism Forum (2021) developed and organized with MCP support, used as a public-private platform to enact dialogue with government authorities, spread best practices and award the most important tourism industry achievements.
- **ANTRIM proved high resilience and crisis management** ability during the COVID-19 pandemic, leading the industry throughout the crisis, developed and implemented the first 'WTTC Safe Travel' accreditation in Moldova, organized webinars and campaigns to support the tourism industry.

Achieved Outcomes:

- **Enhanced public-private dialogue** in the tourism industry
- **Improved private sector cooperation** and enhanced capacity to represent the industry's unique voice
- **Strengthened leadership of ANTRIM** in the local tourism market

For the past six years, ANTRIM has been MCP's main counterpart and legacy organization in international marketing, implementing press tours, organizing familiarization tours for foreign businesses, participating in international tourism exhibitions, workforce skill development programs, tourism product development and conducting lobby and advocacy activities for the sector. MCP assisted ANTRIM through grants and technical assistance, helping it become a leading inbound tourism association and an industry think tank. At its 2021 General Assembly, ANTRIM welcomed 26 new members mainly from rural areas, raising the total membership to 75 tourism businesses. This makes ANTRIM the largest and most representative inbound tourism organization in Moldova.

Despite the pandemic, with MCP support, ANTRIM continued to build its institutional capacity and expand its membership, serving as the voice of the sector and lobbying for institutional reforms to help sustain tourism's post-pandemic recovery and growth. Furthermore, after years of MCP support and facilitation, ANTRIM proved its ability to attract and absorb funding from other organizations including local authorities, large donors, and private companies, reflecting the association's maturity.

Positioning ANTRIM as the leading inbound industry association through capacity building

ANTRIM has been the leading inbound tourism association since Project start and played a critical role in the development of the sector. However, the nascent association initially lacked the capacity to advocate on behalf of sectoral companies and promote sector enabling regulations. In Year 1, MCP started an organizational development program to strengthen the lobbying and advocacy, communication, operational, and financial management capacity of business associations, including ANTRIM.

The association was trained on conducting regulatory impact assessments, law drafting techniques and implementing advocacy initiatives. Also, ANTRIM received technical assistance from a communications specialist on best communication practices with its members, donors, other stakeholders as well as the community at large. Just in Year 1, the number of association members grew by 30%, reaching a total of 27, following the successful implementation of numerous high-visibility activities and rebranding of the association's image aligning it with the country brand "Tree of Life".

ANTRIM continued to implement a vast number of activities to promote Moldova as a tourism destination and support its members in developing and increasing their market linkages. These activities included organizing press tours, supporting familiarization tours, and participating in international tourism exhibitions. In Year 2, ANTRIM management participated in a series of workshops delivered by the European Business Association (EBA) and AmCham, aimed at developing a position paper on behalf of the industry, and learning best practices in initiating and maintaining dialogue with public institutions. As a result, ANTRIM was able to serve as a leader in forming the inbound tourism industry platform, on which the position papers regarding law no.302, previously mentioned, were based. Also, since 2017, ANTRIM has been successfully managing the Tourism Information Center in Chisinau, growing to date the national network of TICs to 6 units throughout Moldova, including Transnistria and Gagauzia.

Following the successful participation by ANTRIM at the first two editions of the European Festival of "Tourism and Strategy"– in Rueil Malmaison, France and Dubrovnik, Croatia, Moldova was selected to host the 3rd edition of the event during May 31 - June 3, 2017. The official delegation from France was invited by ANTRIM.

With MCP's continued support, ANTRIM strengthened its position as a specialized think tank to support the industry's lobbying and advocacy initiatives and provide valuable support to public authorities in the management of destination marketing activities on international and domestic markets. Following competitive processes, the Moldovan Investment Agency has constantly elected ANTRIM to be the business association responsible for leading Moldova's participation in international travel fairs under the 'Tree of Life' country brand.

In 2018, the three leading tourism associations (ANTRIM, FPTM, and APIT) co-organized the third annual Tourism Gala competition for the first time, demonstrating growing private sector governance within the tourism industry.

FEATURE STORY

ANTRIM Hosts the Fourth Edition of the Incoming & Domestic Travel Forum

In 2020, ANTRIM organized the fourth edition of the Incoming & Domestic Travel Forum with the support of MCP; the European Bank for Reconstruction and Development (EBRD); and the EU4Business initiative. High-level speakers from the World Tourism Organization in the United Nations (UNWTO), TripAdvisor, Oxford Economics, Winerist.com, Myriad Marketing and other important tourism experts joined the three-day event, discussing topics such as digitization trends, regional and local travel, direct booking, COVID safety measures, and authentic tourism opportunities. The forum was livestreamed nationwide, reaching over 30,000 views in total.



*Photo Caption: Scott Hocklander, USAID Mission Director gives opening remarks at the ANTRIM Incoming & Domestic Travel Forum.
Photo Credit: ANTRIM*

Scott Hocklander, USAID Mission Director and Chris Perkins, Head of Programmes at the British Embassy, joined the forum to support the recovery of the Moldovan tourism industry, which was severely affected by the COVID-19 pandemic. Mr. Hocklander stressed the importance of adopting digitization and encouraged Moldovan tourism businesses to shift market strategies and focus on enhancing the domestic tourism market.

With strategic MCP support, ANTRIM has been organizing the Incoming Travel Forum event since Year 1. The event which has been gaining popularity throughout the years represents a platform for collaboration among all sector actors and related fields and aims to identify ways to replicate and amplify achievements.

NEXT Tourism Generation Academy bridges domestic skills gaps

MCP's skills gap analysis concluded that tourism program graduates have limited knowledge about local tourism attractions and critical tourism selling points. Aiming to address the inadequate tourism education infrastructure, ANTRIM decided to build on its previous experience of organizing the Training of Trainers (ToT) Academy and Tourism summer school during Year 1, and with support from MCP, designed and launched the NEXT Tourism Generation Academy (NTGA) at the State University Faculty of Economic Sciences, Economics, Marketing and Tourism, to train young Moldovans in the soft and hard skills needed within a successful tourism industry. The initial two-week, practical open lecture series that included guest speakers from the tourism industry has grown to a complex platform delivering high quality trainings to tourism industry stakeholders, such as WFTGA trainings for guides, and Hospitality + trainings for hoteliers. Under the grant agreement, ANTRIM in collaboration with the State University, developed three training modules for tourism guides which have been accredited by the Ministry of Education and will be delivered to tourism students in the second part of 2021.

ANTRIM responds to COVID-19 with proactive action

Anticipating the impact of the COVID-19 crisis, ANTRIM, with MCP support, was the first Moldovan business association to respond by submitting a position paper requesting economic support to the Government at the beginning of March 2020. Subsequently, ANTRIM delivered excellent lobby and advocacy activities, managing discussions and relationships with public authorities and donors, as well as initiating supportive activities for its members.

To help tourism businesses adapt to new realities, MCP supported ANTRIM to initiate a series of webinars called "Recovery Pills for Tourism Businesses" designed to offer recommendations in the areas of product development, digitalization, innovation, promotion, customer service, and safety procedures in the context of current circumstances. To date, 12 webinars have been organized, with over 700 participants from the tourism industry. In light of World Tourism Day, ANTRIM, with MCP support, launched a solidarity campaign in support of the Moldovan tourism industry entitled #CurajTurism (Courage Tourism). The solidarity campaign included activities that supported the industry recovery process like the MCP facilitated partnership with the private company Efes Vitanta Moldova Brewery, who provided six grants of around \$5,000 each, to support the development of rural tourism businesses in Moldova.

Dezvoltat de:



Cu suportul strategic:



GHID CU RECOMANDĂRI DE PROTOCOALE SANITARE

PENTRU ÎNTREPRINDERILE DIN DOMENIUL TURISMULUI
RECEPTOR ȘI INTERN DIN REPUBLICA MOLDOVA ÎN
CONTEXTUL SITUAȚIEI EPIDEMIOLOGICE DE CRIZĂ
CAUZATE DE VIRUSUL COVID-19



FEATURE STORY

ANTRIM develops a health and safety guide for tourism businesses



Photo caption: WFTGA TtT guides deliver training at the Gagauzia Tourist information center.
Photo credit: Facebook, Tourist Guide Moldova

To help Moldovan tourism businesses re-launch their activities safely, MCP supported ANTRIM develop the Guide with Recommendations for Sanitary Protocols for Enterprises Operating in Domestic and Inbound Tourism in Moldova in the Context of the Epidemiological Situation Caused by COVID-19, which complies with World Health Organization (WHO) and United Nations World Tourism Organization (UNWTO) standards. The guide was developed in coordination with local authorities and was endorsed by the Moldovan National Agency for Public Health in July 2020. ANTRIM presented the guide to tourism businesses in public webinars in Romanian and Russian, informing participants about main health, safety, and hygiene measures to take. The Guide is available online and was shared with all active ANTRIM members. Informative stickers were also disseminated to MCP-supported tourism businesses to inform visitors and customers of the sanitary measures for preventing the spread of the COVID-19 virus. Furthermore, the guide was certified under the “Safe Travels” standards of the World Travel and Tourism Council (WTTC), ANTRIM being the only organization authorized to offer WTTC “Safe Travels” accreditation to Moldovan inbound and domestic tourism businesses that are committed to strict health and safety rules. To date, more than 20 tourism businesses received the “Safe Travels” accreditation, while several are pending approval.

After years of MCP support and facilitation, ANTRIM began to prove its ability to attract and absorb funding from other organizations including local authorities, large donors, and private companies. As such, in 2020 ANTRIM signed an agreement with Chisinau City Hall to promote the image of Chisinau as an attractive tourist destination. Other successful partnerships include the collaboration with the Ministry of Education, Culture and Research and GIZ for a complex initiative aimed at developing the Sipoteni region; ANTRIM's participation in the Heirpreneurship project, which is financed through the Black Sea Basin Program; and the collaboration with the private company Efes Vitanta Moldova Brewery which aims to support the industry recovery process. ANTRIM has also applied to implement several other projects, including a Polish Aid activity which would allow the development of a new biking and gastronomy tourism route in the Valul lui Traian PGI region and is waiting on the competition's results.

LIGHT INDUSTRY

Photo Caption: Seamstress sewing clothes
Photo Credit: MCP

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



*Photo Caption: Sewing clothes at Maicom apparel factory
Photo Credit: MCP*

PROGRAM I. Strengthening ZIPhouse as the Flagship Institution in Workforce Development and Fashion Startup Acceleration

Launched in late 2015 with USAID support (CEED II) as a partnership between the Technical University of Moldova and APIUS, the fashion industry's association, ZIPhouse Technical University of Moldova with participation of APIUS, the fashion industry's association was created to address challenges in the fashion industry's education, promote fashion startups, and foster collaboration between academia and industry. Considered as a flagship institution in workforce development and fashion startup acceleration, ZIPhouse supports the industry transition to higher value by developing critical skills and abilities of the labor force in the fashion industry.

After 6 years of continuous MCP support, ZIPhouse managed to strengthen their operational, institutional and human capacity through more partnerships with various development and private partners and a wider portfolio of services and educational agenda.

MCP Main Achieved Objectives in Light Industry

Objective 1:

ZIPhouse strengthened its 5 programmatic pillars supporting its emergence in local and international markets.

Objective 2:

ZIPhouse strengthened the partnership with APIUS as a representative of the private sector in terms of education and workforce development needs. ZIPhouse contributed to knowledge sharing by engaging professionals as mentors for ZIPhouse residents and accelerating start-ups.

Objective 3:

ZIPhouse became the entity for discovering fashion talent, providing support for market penetration, both in local and international markets.

Objective 4:

ZIPhouse connected to a global fashion network of experts, similar accelerators, or excellence centres, while becoming a leader in the local deployment of global development trends, such as sustainable fashion, smart textiles, and factory digitalization, which are critical for long-term industry competitiveness.

Objective 5:

ZIPhouse increased its sustainability by attracting multiple development partners and private sector partners.

Objective 6:

ZIPhouse consolidated its educational agenda with long term courses and service portfolio.

ACTIVITY I. I. Solidify ZIPhouse Institutional Capacity

Achieved Outputs:

- ZIPhouse consolidated its educational agenda with **20+ permanent courses** for the fashion industry.
- ZIPhouse developed partnerships with 7 other development partners and similar international centers to gain more sustainability and independence.
- ZIPhouse is the only fashion coworking space fully equipped for young designers and fashion startups.
- ZIPhouse became the incumbent of acceleration in the fashion business accelerating to date **90+** businesses, enhancing creativity, collaboration, transformation, and **190+** companies received assistance to improve knowledge, processes, technologies, and practices.
- **8,000+** ZIPhouse community followers.
- **7953+** unique beneficiaries (~ 15% annual increase).
- **20%** increase in the number of memberships sold per year and launches online purchase for membership and their services and events.
- **45+ entrepreneurs** launch ecommerce through ecommerce Acceleration Program, including **15 startups**.
- **100+** speakers/mentors involved, both local and international, 50% through a pro-bono contribution.
- Yearly around 50 young designers were helped to make their first sales through the organization of 6 pop-up shops.
- ZIPhouse implemented 258 training events and workshops to improve knowledge through 3,272 hours of training and **50+** community building events.

Achieved Outcomes:

- ZIPhouse responds to the local fashion industry needs by generating yearly five creative crosscutting competitions in visual merchandising, fashion photography, design creativity and innovation.
- ZIPhouse became the nodal point for fashion creativity, startups and community, launching in Y5 the ZIPshop and ensuring more visibility and sales of fashion goods.
- ZIPhouse increased its independence and financial sustainability by positioning itself as a unique fashion innovation hub by becoming a strong and reliable partner of development donors and the incumbent voice of Moldovan fashion design, innovation, and technologies.
- ZIPhouse becomes a training resource for the industry, building knowledge in product quality and prototyping, fashion design and e-commerce which are critical for shift to value added business models.
- Enhanced skills and abilities of local specialists and improved workforce.
- ZIPhouse connects the local fashion industry with the international fashion community.
- ZIPhouse became the platform for identification of new names and talents, supporting their emergence on local and international markets.

MCP supported ZIPhouse in consolidating its institutional capacity and content development with an eye towards its sustainability. MCP had an active role in the ZIPhouse long-term strategic development while setting up a new Board comprising of nine local and international mentors in order ZIPhouse to be managed democratically by an active and well-balanced board, including the private sector and academic stakeholders.

An expansive agenda of fashion activities, events and profiled courses was made possible due to all these years of effort in consolidating the ZIPhouse capacity to operate as a vibrant platform capable of encouraging creativity and design, technology and innovation, fashion business acceleration and fostering startups, thus impacting 6,923 women and 5,698 youth through 3,272 hours of training and building a community of over 8,000 followers on social media, which makes the only platform of such kind in Moldova.

ZIPhouse responds to industry needs...

Ziphouse programmatic pillars

FASHION ACADEMY



Developing forward-looking industry skills through advanced technical training and workshops led by local and international experts

ACCELERATION PROGRAM



Accelerating forward-thinking innovators to make their ideas a little bit further, by offering mentorship, networking opportunities and professional development

COMMUNITY BUILDING



Connecting to local and international fashion community and offering access to collaboration, co-working space and knowledge exchange

MARKET ICEBREAKER



Discovering new fashion talent and brands, designers and startups while facilitating market penetration, online and offline sales

LEADERSHIP



Improving the professional skills of senior and middle management of Moldovan fashion companies and academic staff

The fashion industry is a complex one, thus ZIPhouse became the facilitator and the center for mentoring excellence while offering a range of tools, programs, courses, and trainings that are must on becoming a professional of the industry to mastering excellence on becoming an expert with a vision toward the future of fashion.

The Center builds forward-looking skills and professional mindset by having a permanent agenda of specialized courses in Fashion Design, Pattern Making in 2D and 3D with top relevant software such as Gemini CAD, Optitex and CLO, Trendsetting Courses with full access on the biggest specialized platforms such as WGSN and Business of Fashion, and on demand specialized workshops and other continuous training on e-commerce, entrepreneurship, leadership, marketing and sales.

ZIPhouse brings innovation and competitiveness by owning and conducting yearly a list of flagship events for the industry.



“Moldova in Fashion”
conference which has the main goal to share valuable knowledge and innovative techniques for the industry through local and international expertise.

“Z Generation” contest which discovers, trains and mentors yearly over 25 young fashion designers to launch their first collections.

“Fashion Photography”
contest which aims to strengthen the collaboration between young designers and photographers.

“Fashion Hackathon” contest serves as a platform for innovation, creativity, builds the community among young designers and stimulates collaboration.

“Best Window Display”
stimulates the industry and related fields such as merchandising and window displays to increase the competitiveness of local brands on the domestic market.

Photo Caption: Young designers participating in the 4th edition of the Fashion Hackathon organized by ZIPhouse
Photo Credit: ZIPhouse

...and becoming a sustainable institution.

ZIPhouse leveraged MCP and other partner resources to independently implement activities so far a budget of \$1,454,854 out of which \$418,486 was support from MCP only. Partnering with other donors provides more independence and sustainability of the Fashion Hub, thus since its existence, ZIPhouse attracted more than seven development partners (Sweden, UK, EBRD, US Embassy from Moldova, Agency of Investment from Moldova, European Commission through COSME program, International Trade Center and more than 70 private partners and other institutions such Fine Art Academy de Como, Accademia di Belle Arti "Aldo Galli", European Institute of Design (IED), Polimoda University, Secoli University and Polytechnic University of Milan, European Creative Hub Network, British Council, Fashion Technology Accelerator Milan and “Alovera Consultancy” Fashion Accelerator, Paris, France and private schools like the Kiev Fashion Institute, Studio One in Kiev, and the “Merchandising & Windows” School in Moscow.

Every year, ZIPhouse engages with a community of more than 1,200 fashion students, professionals and entrepreneurs in nearly 60 or more knowledge building and community events. Encouraging entrepreneurship and job placement, ZIPhouse continues to offer their co-working space for rent, stimulating 10-12 residents yearly to thrive in the fashion business. This enables ZIPhouse to generate income from membership fees, space rental, consultancy, educational activities, and training fees, resulting in an average annual increase in revenues by 20%. ZIPhouse diversified its revenue portfolio by providing additional services that registered a monthly profit from independent activities (excluding MCP support), averaging an amount of \$1,600 which demonstrates its readiness to slowly shift towards financially self-sustainability.

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

With MCP's support, ZIPhouse has organized several study tours and knowledge sharing visits primarily outside the country in order to bring know-how and build strong partnerships with other similar organizations and excellence centers. Thus, Executive staff of ZIPhouse gained cutting edge industry knowledge by attending:

- In November 2015, a similar Fashion Accelerator in Estonia. Being a newly launched organization, ZIPhouse experienced challenges with setting up operations, management and mobilizing a team, to implement this innovative concept in Moldova. With sustainability in mind, MCP helped to address the main operational and institutional constraints faced by the Center as a newly created institution. As a result of this visit, ZIPhouse developed and created a policy and operations manual, guidelines, job descriptions, and a communication plan for efficient operational processes within the center and its partners.

- In May 2017, the WEAR Sustain (Wearable technologists Engage with Artists for Responsible Innovation) event was held in London, UK. WEAR Sustain is a research and innovation initiative to engage the art, design, and creative industries to work more closely with technology and engineering to shift the wearables and e-textile landscape towards a more sustainable and ethical approach. As a result, ZIPhouse gained and shared knowledge of global industry trends in innovation, wearable technologies, and sustainability with the academic and private sectors, via activities at TUM and ZIPhouse, while Moldova was included in the list of eligible countries for the WEAR Sustain project. ZIPhouse was also connected to the project network for future collaborations.

- In October 2018, a study trip to Portugal to learn the country's experience with the development of the fashion sector, through visiting Associations, Excellence Centers, Universities and apparel and footwear manufacturers. Learnings will contribute to ZIPHOUSE becoming an important player in the regional fashion world, and to be a liaison for the industry with the global fashion community.

- In September 2018 and 2019, the Fashion Tech Summit in Kiev which featured 50 + speakers and worldwide companies present successful cases and trends at the intersection of fashion and technology. As a result, ZIPhouse was able to connect with the Kiev Fashion Institute, the leading educational organization in fashion from Ukraine, but also acquire updated knowledge on industry trends at the intersection of fashion and technology, ensuring its transfer to industry, startups and ZIPhouse residents.

- ZIPhouse organized young designers' study visits at Polimoda University, Academia di Belle Arti "Aldo Galli", IED Istituto Europeo di Design, COMO in Italy, and Fashion Technology Accelerator Milan, thus improving skills and knowledge of participants but also strengthening institutional connections with fashion networks, expert partners, and educational programs.

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

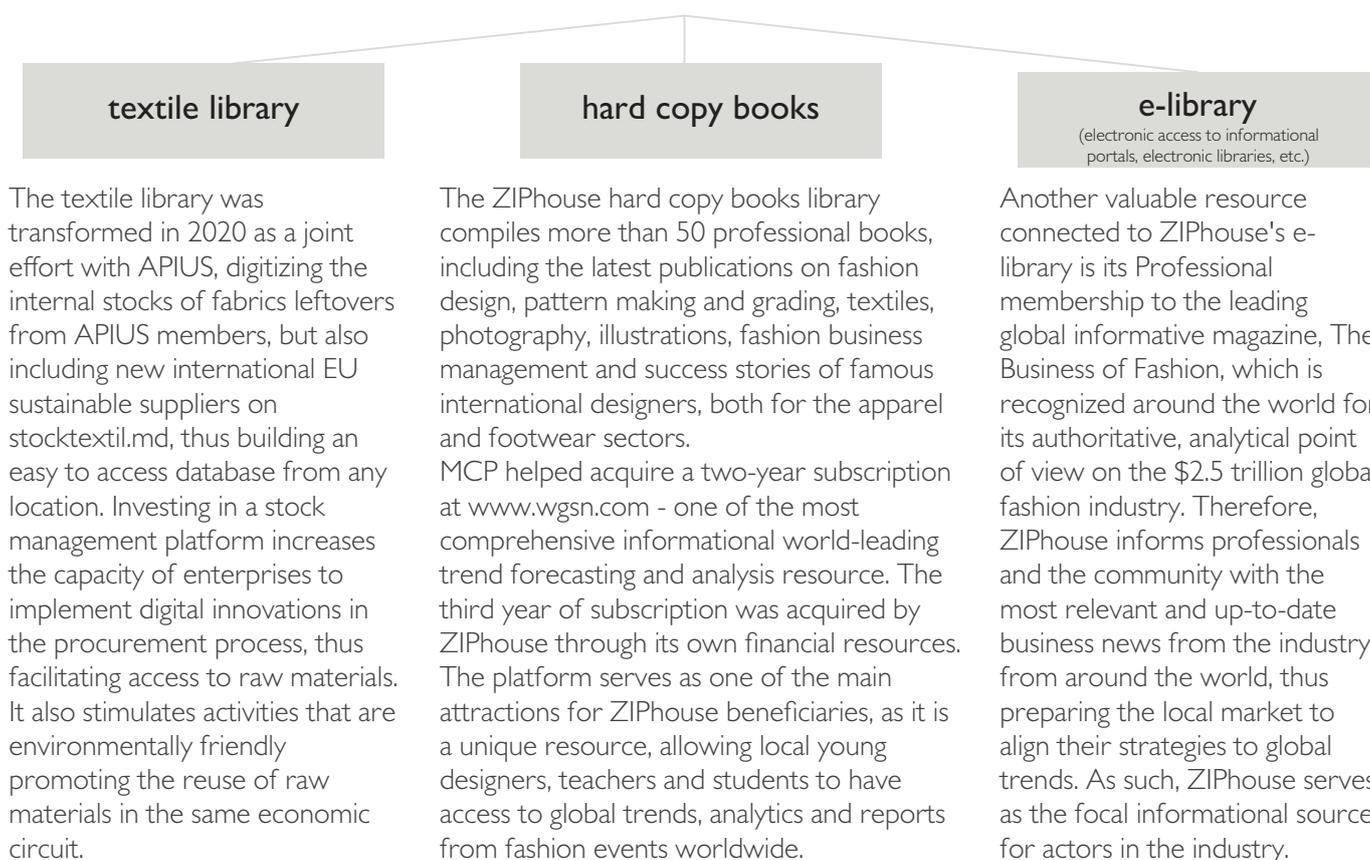
- In February 2020, ZIPhouse supported the participation of Moldovan designers at Premiere Vision, a sourcing exhibition in Paris for finding new suppliers with a focus on sustainability, technology, and fashion innovation. As a result, ZIPhouse has created a database of 50 European suppliers which later was included on the platform created by APIUS, stocktextil.md/.



Photo Caption: Premiere Vision Suppliers Exhibition in Paris, France, February 11-14th, 2020.
Photo Credit: ZIPhouse

ZIPhouse fashion library is serving as a critical resource for the Moldovan fashion community.

To enrich the educational curricula, improve access to resources and open new horizons for students and young designers, MCP supported the creation of a Library at ZIPhouse, which comprises three sections:



Moldova in Fashion: Infusing Sustainable Development Right at The Core

Since its launch, ZIPhouse has enjoyed close collaboration with APIUS, where 90% of their activity agenda are activities in partnership with APIUS. Most of the trainings, seminars, study visits as well as flagship events including the Moldova in Fashion Conference, Best Window Display, Moldova Fashion Days, the market penetration Pop-up events, the Acceleration Program in ecommerce – Level Up, are organized by both entities leveraging common budgets from MCP, APIUS members and other development and private partners. Few APIUS board members are included in ZIPhouse's board as well to create better synergies between both institutions' action plans and build on a common agenda of creating a more sustainable and competitive industry at the local and international level.

ZIPhouse, as an innovative public-private partnership, has been driving technology and innovation across the sector, providing unique opportunities to enrich knowledge and technical abilities, developing entrepreneurship skills and communicating the country's commitment to sustainable fashion through its annual global fashion conference – 'Moldova in Fashion', a flagship event organized in partnership with APIUS over five iterations.

MOLDOVA IN FASHION CONFERENCE

ABOUT

Praised by local media as a trendsetting fashion industry event critical to Moldova's sustainable development, ZIPhouse's first 'Moldova in Fashion' event tackled such topics as design& branding, business fashion, PR and digitalization, and visual merchandising.

KEYNOTE SPEAKERS:

- **Marian Spier, the Netherlands.**
- **Giusy Cannone, Italy.**
- **Jarvis Macchi, Italy.**
- **Alexander Zaikin, Russia.**

ABOUT

The third edition of 'Moldova in Fashion' Conference captured spectators' imagination by including emerging fashion topics, such as smart garments, wearables, ultra-customization, and digital fashion systems.

KEYNOTE SPEAKERS:

- **Andrea Galuzzo from Polimoda, Italy**
- **Nicoletta Pezzoli from Istituto Europeo Di Design, Italy**
- **Mirela Bucovicean, Romania**
- **Yana Chervinska and Iana Buchko, Ukraine**
- **Ricardo O'Nascinme, the Netherlands.**

ABOUT

With fashion being the second most affected industry by COVID-19 in Moldova, the fifth edition of Moldova in Fashion Conference 'Recovery Measures For Sustainable Fashion' presented recovery measures for sustainable fashion. EURATEX's Executive Director Dirk Vantyghem joined the event and encouraged Moldovan light industry representatives to rethink their business models. The conference adopted an online format and addressed global fashion trends related to sustainability, circular economy, digitalization and innovation, 3D for sustainable design & prototyping.

KEYNOTE SPEAKERS:

- **Gwen Cunningham, the Netherlands.**
- **Johanna Nilson, Sweden.**
- **Susanne Najderas, Sweden.**
- **Anna-Lisa Persson, Sweden.**
- **Marielle Pesant, Italy.**

2016
edition

2017
edition

2018
edition

2019
edition

2020
edition

KEYNOTE SPEAKERS:

- **Johanna Nilsson, Sweden**
- **Polina Stepanova and Filippo Fanini from Polimoda, Italy**
- **Reivo Kuivjogi, Estonia**
- **Marina Loseva, Ukraine**
- **Olga Vladimir, France/Moldova.**

KEYNOTE SPEAKERS:

- **Ricardo O' Nascimento, the UK**
- **Giovanni Ottonello, Istituto Europeo di Design, Italy**
- **Anna Shoykhet, Israel**
- **Philippe Pourhashemi, Belgium**
- **Geta Rasciuc, the Netherlands**
- **Nicholas Opopol, Moldova**
- **Amnon Shalev, Israel**
- **Laurenti Arnault, the UK.**

ABOUT

The second edition of 'Moldova in Fashion' Conference had raised and tackled global issues affecting the business of fashion, slow fashion, marketing, sales, exports and development, capsule collections development, and automatization.

ABOUT

The fourth successful run of Moldova in Fashion Conference 'Innovating for Sustainability' focused on innovative concepts, emerging technologies, and out-of-the box solutions that can create and support a more sustainable fashion industry, including consumer behavior, sustainable fashion development, innovation and sustainability, 3D design and printing.

ZIPhouse offers full fledge facility for fashion inspiration, creation and production and acceleration

Launched in late 2015, ZIPhouse was created to address challenges in the fashion's industry education, promote fashion startups, and promote academia-industry collaboration in developing critical skills and abilities of the labor force in the fashion industry. ZIPhouse is now a legacy institution bringing advanced technical education opportunities and serving as an accelerator for startups and the fashion community, having hosted more than **461 residents** who have acquired ZIPhouse memberships to benefit from its facilities and resources.

ZIPhouse's coworking space can simultaneously host 10 to 15 residents and provides equipment for the entire production cycle, such as sewing machines, ironing equipment, coil-floss machines, and tailoring materials. It offers a conference area with a capacity of 50 people, a library area with a capacity of 20 people and an IT area with a capacity of 10 PCs, offering access to 2D and 3D prototyping technology, access to the biggest international platforms for fashion forecasts and trends, (WGSN and BoF) and other additional tools such Adobe Illustrator and Photoshop.

In order to systemize collaboration between ZIPhouse residents and staff, MCP helped install an Access Control System with a timekeeping table. This offers residents more flexible working conditions as they pay by the hour whenever they access the facilities. Previously, residents were able to access the facilities through a subscription which included a certain number of working hours. The automated system enables ZIPhouse to receive reports for each individual resident, including the time entering the center and hours worked in the ZIPhouse. The system also allows residents to increase their number of subscribed hours when they have been exhausted. Since its start, more than 40 residents consolidated their own brands within ZIPhouse's facilities, enabling them to open their own stores and registering sales in local and international markets.

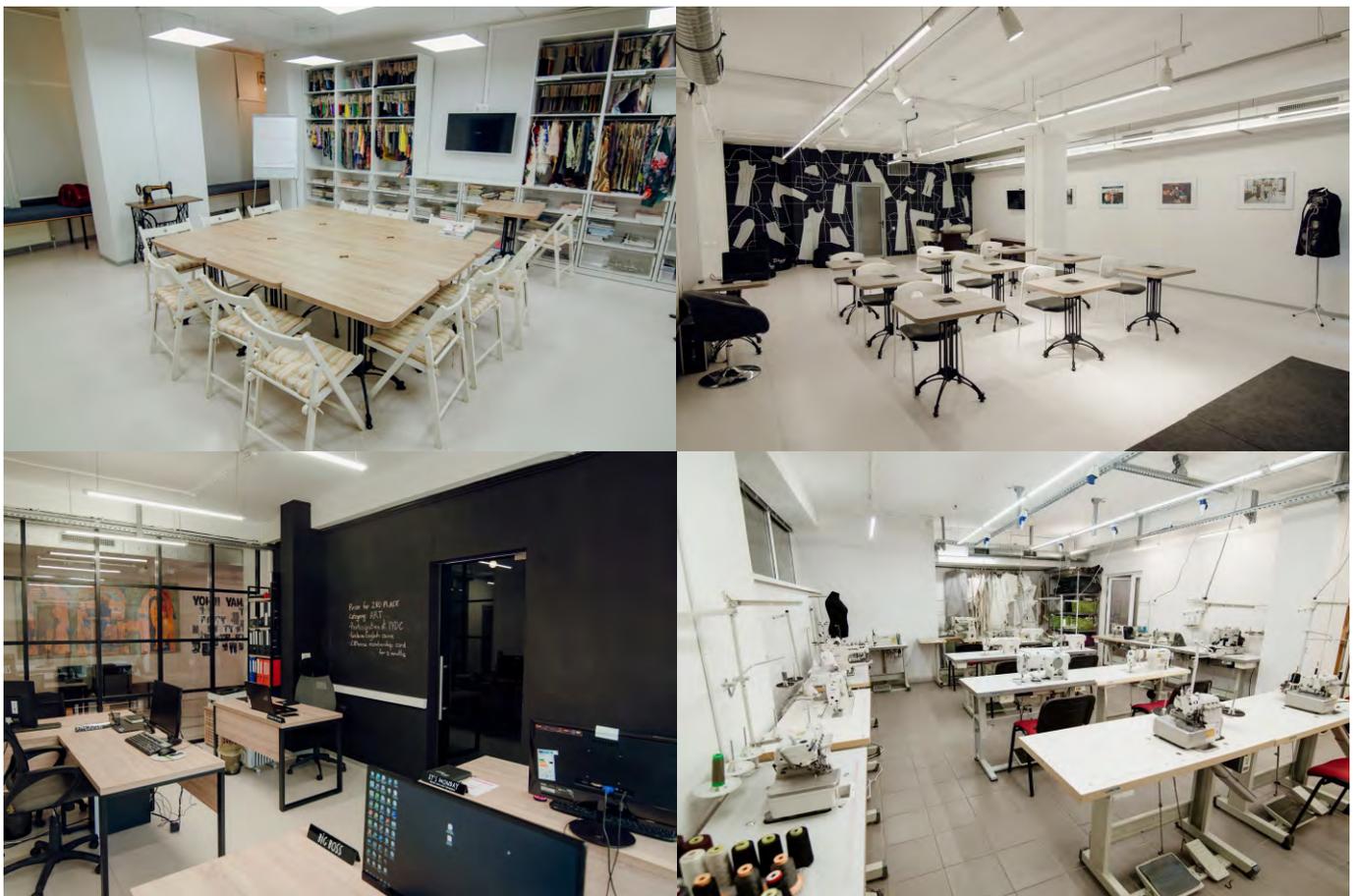


Photo Caption: ZIPhouse Center of Excellence in Technology and Design's co-working spaces and facilities, developed with MCP support.
Photo Credit: ZIPhouse

Activity 1.2. Boosting Creativity, Entrepreneurship and Building Community

MCP helped ZIPhouse strengthen the emerging fashion community in Moldova and promote fashion entrepreneurship. Additionally, MCP supported ZIPhouse extend its area of intervention and serve in the crossroads between different creative disciplines, contexts and expertise. ZIPhouse's agile approach to community building, creativity, entrepreneurship support, and sales facilitation has been expanded through a strong portfolio of e-commerce business acceleration. During COVID-19, with the direct assistance of MCP, ZIPhouse quickly launched two acceleration programs in e-commerce, helping entrepreneurs digitize their business operations and develop new sales channels in the online marketplace. The programs addressed the needs of startups and young designers in addition to other well-established DININIMA brands pivot their sales online and fully incorporate functional e-commerce processes and logistics.

ZIPhouse offers full fledge facility for fashion inspiration, creation and production and acceleration

Since its beginnings, ZIPhouse supported **7,953+ industry professionals** and provided knowledge and collaborative support to **190+ unique private companies** (or over half of active SMEs working in light industry in Moldova). The center accelerated 90+ startups helping them reach international visibility, acknowledgment by big fashion houses and platforms, international signers, and public stars.

Ciresel, Constanzia Yurashko, Lavielace, Julia Allert, Lilia Ceaicovski, Ana Popova, Yulia Efros, Katea Gri, Ramuri, Julia Allert, MOVE, Sofie by Elena Zbarnea are just a few of the emerging ethical and sustainable brands that received support from ZIPhouse's development programs and MCP's financial assistance. This support helped brands gain international visibility, build sustainable partnerships, and reach international sales.



Photo Caption: Constanzia Yurashko presents her collection at London Fashion Week 2019
Photo Credit: Constanzia Yurashko

ZIPhouse increases its sustainability and boosts Moldovan fashion design, innovation and technologies

After two years of secured access by MCP, in Year 5, ZIPhouse managed to independently cover the yearly subscription to WGSN – the online world-leading trend authority offering its members, students and teachers at the Technical University of Moldova (TUM) access to forecasting and global fashion industry analysis on consumer, design, markets, and retail trends. This access enables Moldovan fashion designers to optimally position their products in the global market and prepare them to increase international exports and revenues within the Moldovan fashion industry. Other crucial software for the fashion industry is Adobe Illustrator and Photoshop for marketing purposes, which ZIPhouse offers to their residents as well as the Business of Fashion (BOF) – a digital platform which covers fashion news, analysis and business intelligence from the leading authority on the global fashion industry.



Photo Caption: Resident in the ZIPhouse Production Facility.
Photo Credit: ZIPhouse Facebook page

Partnering with other donors provides more independence and sustainability of the Fashion Hub. Since its existence, ZIPhouse attracted more than seven development partners (USAID, Sweden, UK, the U.S. Embassy in Moldova, the European Bank for Reconstruction and Development (EBRD), Invest Moldova Agency, European Commission through COSME program, International Trade Center) and more than 70 private partners and other institutions (Fine Art Academy de Como, Accademia di Belle Arti "Aldo Galli", European Institute of Design (IED), Polimoda University, Secoli University and Polytechnic University of Milan, European Creative Hub Network, British Council, Fashion Technology Accelerator Milan and "Alovera Consultancy" Fashion Accelerator Paris) and private schools (Kiev Fashion Institute, Studio One in Kiev, and the "Merchandising & Windows" School in Moscow).

ZIPhouse connects Moldova to the digital global fashion world

ZIPhouse made significant progress in connecting to the global fashion network of experts and become a leader in the deployment of global development trends. In Year 5, ZIPhouse became an associate member of the Future Fashion Alliance from UK – a global group of companies operating at the intersection of fashion, media, technology, and sustainable development, with each member being carefully selected for synergistic potential and capability to work towards a common goal.

As a founding member of this group, ZIPhouse enables sustainable and future thinking designers such as Constanzia Yurashko, Julia Allert, Ramuri and Move to penetrate international markets and access famous online marketplaces and fashion world magazines, such as **Fashion Scout** (UK's largest independent showcase of emerging and established design talent during London Fashion Week); **Slow Creative** (a Creative Fashion platform based in London and Stockholm, which offers a diverse range of services including creative direction, tailor-made visual identities, editorials, commercial photoshoots, digital content creation, and documentaries); **Anaise** (an online platform which promotes and sales collections from emerging and established designers from all over the world); and **Wardrobe of Tomorrow** (a highly-curated marketplace dedicated exclusively to sustainable luxury fashion designers from all over the world).

Moldova designers were featured in Vogue, IN BLACK Magazine, WHYTT Magazine, Collection Magazine, ASBO Magazine, BIG SEE and A Shaded View on Fashion' (ASVOF) platform, putting Moldova on the European and international map of the creative and fashion world.

ZIPhouse received applications from over 90 young fashion designers in Moldova for the Fashion Acceleration Program. With a duration of six months at minimum, the program is dedicated to emerging fashion designers and provides intensive support from a team of international experts in design, business, and manufacturing. To date, over 50 startups have graduated from the program with great success. Furthermore, 18 startups were showcased in previous years at London and Paris fashion shows, while 15 startups that received e-commerce support are now present at international marketplaces such as the Wardrobe of Tomorrow, Anaise, and NOTJUSTALABEL.

'**Constanzia Yurashko**' was the first Moldovan designer to have been selected to showcase at Fashion Scout during the London Fashion Week. As a premium fashion brand, it uses 100% natural and organic fabrics, leveraging sustainable fashion to develop Moldova's value-added light manufacturing industry.

'**MOVE**' is another highly successful graduate of ZIPhouse's Accelerator program. It now presents its collections in showrooms at Paris Fashion Week. This unique womenswear brand creates ethereal hand-painted silk garments within the 'wearable art' concept.

'**Lavelace**' and '**Ciresel**', also depict rare craftsmanship techniques. Specifically, these include putting Romanian lace and handmade embroidery, inspired by local fairytales, onto natural fabrics.



Photo Caption: Constanzia Yurashko's presentation at London Fashion Week, 2019.
Photo Credit: Oxana Berzan

ZIPhouse sparks industry creativity and innovation through competition

Competition encourages innovation, which is critical for a sustainable industry in setting new trends, embracing new technologies, engaging innovators and creators. With this goal in mind, since its inception, ZIPhouse had organized several contests every year which became a tradition for the entire fashion community. These contests focused on topics such as fashion photography, visual merchandising, fashion design, fabrics and prints, and sustainable fashion which are at the core of ZIPHOUSE's fashion agenda.

ZIPhouse organized Fashion Hackathons, which are 24-hour contests organized 4 times a year and engaging up to **25 Moldovan design students**, serving as a platform for innovation, creativity, and collaborative community-building among young designers. The contest sets up a jury of up to seven judges, including Moldovan designers, fashion journalists and design academics, facilitating the 24-hour competition where students were tasked with creating an outfit based on relevant fashion topics. Participating teams received access to ZIPhouse's full facilities, mentorship and social media visibility, with attractive prize packages being offered for winning teams.



*Photo Caption: ZIP Fashion Photography Contest Awarding Ceremony.
Photo Credit: ZIPhouse, Facebook page.*

The ZIPhouse Center of Excellence and Design also organized the 3rd ZIP Fashion Photography Contest in 2020, with MCP support. Fashion Photography was a component of the Z Generation Young Designers competition and aimed to strengthen collaboration between young designers and photographers. About 15-20 photographers were engaged during each two-day contest and developed artistic photographic concepts for the collections created by young designers. The photographic concepts were evaluated by a group of six national and international fashion photography experts from US, France, UK and Romania. The best three photographers won financial prizes in the form of trainings and promotional services. MCP supports events like the ZIP Fashion Photography Contest to consolidate the fashion network and inspire an emerging generation of Moldovan fashion creatives.

FEATURE STORY

14 Designers and Students Showcase Clothing Collections at Z Generation Young Designers Competition Finale

ZIPhouse, the center of excellence and design, organized the 3rd edition of Z Generation Young Designers national competition that nurtures local design talent and supports emerging designers, which is essential for the long-term competitiveness of Moldova's fashion industry. The final catwalk featured collections of 14 young designers and students from the Technical and Fine Arts Universities, who competed in the Art and Ready-to-Wear categories. The open-air catwalk took place in Northern Moldova, at Pommer historical mansion, to connect culture, fashion and tourism.

To prepare for the competition, over the course of six months, Moldovan designers received guidance from international mentors Filippo Fanini și Polina Stepanova from Polimoda fashion school in Italy, one of the top ten fashion institutes in the world. Practical online mentoring sessions in fashion design, trendsetting and styling enabled designers to unleash creativity and innovation and create collections relevant for the international fashion world.

A jury of six national and international industry professionals selected two finalists to represent Moldova at the International Young Designers Contest 2020 in Kiev, Ukraine, that is one of the largest and most influential international fashion events in Eastern and Central Europe. In 2019 the Moldovan finalist designer was spotted by a Japanese influencer from Vogue, which helped put Moldova on the international fashion map.



Photo Caption: Mira Matchina showcasing her collection at Z Generation final catwalk, 3rd edition.
Photo Credit: ZIPhouse

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

Moldovan fashion startups are limited by lack of education and training in key elements of the fashion industry from pattern making, designing, producing coherent seasonal collections, to specific business skills related to fashion marketing, including brand management, supply chain management, finance and sales. To enter the market and support local fashion start-ups and emerging designers grow domestically and internationally, ZIPhouse developed and conducted the yearly **Fashion Acceleration Program (FAP)** from 6 to 9 months at first in collaboration with Fashion Technology Accelerator Milan and APIUS. In 2020 for the e-commerce accelerator ZIPhouse attracted more development partners, such as the EBRD that contributed \$31,000, the Invest Moldova Agency with a contribution of \$11,000, GoOnline partners and others, establishing a PPP valued at \$241,283 to accelerate 45 brands in e-commerce, including 15 startups. The accelerator has served as a launchpad for start-ups to compete on local and international markets. Stimulating own-brand fashion labels results in high value-added per dollar of MCP investment, and builds a strong fashion industry providing jobs for thousands of Moldovans, especially women.

“The Level Up Acceleration Program in ecommerce was the main catalyst to start this project on the local market. Otherwise we would have adopted local e-commerce much later, and we would not have achieved online monthly sales of \$10,000.”

Mihai Dirtu,
Administrator "OLDCOM", participant of 2020 FAP edition

“We already operate at another level compared to our last IMONI presentation in March 2017. Research for our SS18 collection started in early February with our visit to Premier Vision sourcing expo and then with Polimoda design courses. Afterwards, MCP supported us through the “Flying designers” program to build a complex collection and to strengthen the fairytale DNA story in our brand. We have built a unique vision of our brand. This progress is also due to accelerated support through the Fashion Acceleration Program, ...support in creating high quality look books, video, and printing materials to complement our sales effort.”

Lilia Surdu
Designer and owner of fashion brand "MOVE" Participant of 2018 edition



FAP extended its area of support to include fashion technology and lifestyle through engaging international experts and mentors but also through tailored technical assistance in brand building, market access, design and pattern making, and improving business practices for building competitiveness for global export markets. Additional emphasis was also made for building presence in the e-commerce space, developing sites with a worldwide delivery option, international payment systems, and e-fulfillment.

Photo Caption: Fashion Acceleration Program awarding ceremony, 2019.
Photo Credit: MCP

FEATURE STORY

Moldovan Fashion Brands Focus on E-commerce to Increase Sales

Moldovan apparel companies are focusing on e-commerce to boost sales during and after the Covid-19 lockdown period. E-commerce is nascent in Moldova, facing many barriers, such as lack of technology, knowledge, underdeveloped logistics, and cost-effective e-payment solutions. The Moldova Competitiveness Project (MCP) designed the E-commerce Acceleration Program to accelerate e-commerce in Moldova's fashion sector and help manufacturers establish a strong digital presence.



Photo Caption: Bombonici clothes for children
Photo Caption: Bombonici apparel factory

With support from MCP, a handful of firms in Moldova's fashion industry now have functioning and online platforms. MCP beneficiaries, **Bombonici, Ponti, Georgette, Malena** and **Arillu** fulfilled monthly online orders of \$7,000, which is about 30% of their retail sales. Nearly 45 Moldovan clothing producers benefited from the E-commerce Acceleration Program and are setting up online shops. Producers were assisted at all stages, from website upgrades and establishing online payment systems to streamlining customs clearances, managing international logistics, and ensuring digital marketing. The nine-month e-commerce program was implemented by the ZIPHOUSE Center of Excellence in Design and Technology in partnership with the APIUS Moldova Light Industry Employers Association, and the Moldovan Investment Agency. MCP leveraged additional support from the European Bank for Reconstruction and Development Advice to Small Businesses program, to provide individual coaching on e-commerce and establishing an online digital presence.

ZIPHOUSE FASHION ACCELERATION PROGRAM, HIGHLIGHTS

90% of all the start-ups have a **physical showroom**.

30% of them are present on **international marketplaces** and digital fashion platforms, such as etsy.com, anaise.com, notjustalabel.com, wardrobeoftomorrow.com reaching customer orders from Romania, Europe, the U.S., and Australia.

Accelerated over **90 start-ups** and **95%** of them continue to perform on the local and international markets.

40% of them have fully functional websites for **online sales**

80% of them attended at least one **international exposure event tapping into export markets** and hitting their first sales due to marketplace presence and attending events such as London Fashion Week, Paris Fashion Week, Bridal week in Romania, Romanian Fashion Philosophy, Strasbourg Fashion Week, Bijorhca in Paris, Homi in Italy, and Maison&Objet in Paris and building B2B partnerships from Japan, USA, Kazakhstan, Ukraine and EU countries.



Photo Caption: Young designer sketching outfits during ZIPhouse hackathon
Photo Credit: ZIPhouse

ZIPhouse acts as a platform for young designers' market penetration

The fashion industry is increasingly using pop-up stores to make the retail experience more convenient and immersive for consumers, makes the relationship between customer and brand more meaningful. For emerging designers, it is a unique opportunity to showcase their products in public, test the product with potential customers, and make their first sales. Annually, ZIPhouse organizes around 6 pop-up shops which engages more than **50 participating designers**, mostly women, from both Chisinau and other regions. For most of these designers, the format of a joint pop-up shop is their first chance to enter the market, strategically connected to large events like Moldova Fashion Days and Fashion Expo to ensure a greater flow of customers, or organized within hotels, to extend outreach to tourists. The events have resulted in a combined **\$15,700 USD** total of on-the-spot sales and individual orders per event, generating income, providing market insights and building market confidence for the next wave of Moldova's fashion entrepreneurs. These designers are carefully hand-picked by ZIPhouse, aiming to stimulate excitement for customers having the chance to connect with emerging and undiscovered local fashion talent. ZIPhouse aims to increase its capacity for organizing pop-up shops within the Market Ice Breaker pillar, and to facilitate sales events on a regular basis.

ACTIVITY 1.3 Developing Industry Skills through Advanced Technical Education and Training

ZIPhouse conducts continuous, on-demand professional trainings for industry qualifications

Better training is required to support the industry's transition to higher value-added products. ZIPhouse aims to address the skills gaps in qualified labor, including supervision, management, marketing and sales.

ZIPhouse Fashion Academy is the center's branded educational pillar, launched in Y2 with MCP support, providing advanced technical trainings led by local and international experts with broad practical knowledge to enhance the skills and abilities of local specialists. Following collaboration with APIUS, the Academy tailored its training programs and seminars to the needs of professionals and entrepreneurs, including a list of workshops on fashion product development, counting inspiration sources, creativity, pattern making, computer-aided-design; and fashion business development and management, leveraging global industry trends and practical trainings on marketing, sales and merchandising.

7953+ participants representing local companies, students and teaching staff from TUM and other educational institutions benefited from **258 practical workshops** led by international and local trainers, with **3,272 hours of training** in total. Since its launch, ZIPHOUSE has trained **190+ unique private companies**, more than **50%** of the industry's SMEs in Moldova.

A pool of local trainers, including University staff, is being nurtured by the project. Over **60 university professors and college teachers received training** on technical topics, e.g. pattern making and Computer Assisted Design (2D and 3D prototyping) to be able to upgrade their courses. Local training expertise is scarce, so during this initial stage MCP deployed international trainers to provide courses on technology, productivity, and marketing, with a local pool of trainers expected to emerge in the next few years. MCP helped identify a pool of trainers from Romania, Italy, Germany, UK, Belgium, the Netherlands, Russia and Ukraine to bring the know-how and technology used in developed and neighboring countries for peer-to-peer collaboration.

ZIPhouse's continuous and on demand PROFESSIONAL TRAININGS AND WORKSHOPS



Innovation and technology

- Constructive modeling of apparel
- Computer Aided Design (AutoCAD) for apparel, footwear and leather accessory pattern making in 2D and 3D
- Pattern making for various apparel modules (suit, dresses, shirt, pants, skirts, etc.)
- E-commerce trainings for fashion website development, efficient payment systems and logistics
- Fashion design for women and kids
- Pattern Making & Grading
- Training of trainers for apparel companies' non-professional operators
- Advanced technologies in the apparel industry, including 3D prototyping
- Training of non-qualified personnel: methods and efficient techniques



Efficiency enhancement

- Fashion business launch and management
- Increasing production efficiency when working with clients
- Efficient organization of the production flow: workloads and quality management
- Production Supply System: calculating raw materials and accessories
- Efficiency enhancements in the client-work process
- Efficient and sustainable sourcing
- Timing for operations in apparel: methodology
- Increasing Productivity
- The acquisition process in CM, CMT and FOB production schemes: cost calculation
- Fashion Business English



Marketing, sales and merchandising

- The role of Marketing and Fashion Merchandising in ensuring sales growth
- Online sales on social media
- Online sales on international marketplaces
- Online and offline branding



Global fashion industry trends

- WGSN Fashion platform fashion trends
- Business of Fashion (BOF) fashion business and global trends and innovations

Workshops with broader outcomes were directed towards the private sector, to help improve responses to the challenge of workforce development. ZIPhouse delivered “Training of trainers (ToT) for apparel companies” due to industry demand, building in-house expertise and knowledge which helps to increase the operational capacity of companies and creates sustainable processes. Other popular courses that are offered all year around are “Fashion Design” and “Computer Added Design for Pattern Making in 2D and recently in 3D”, where specialists and teachers from the Technical University of Moldova were trained for use in both TUM and ZIPhouse curricula. The impact of this activity is broad, building professional forward-looking skills for the industry and forming a cadre of trained teachers able to apply their gained skills and knowledge in their teaching programs for students.

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

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



Photo Caption: Young Moldovan designers and fashion startups participating at Polimoda International Institute of Fashion Design and Marketing from 2017.
Photo Credit: ZIPhouse

“Fashion Leadership Program” is a ZIPhouse branded educational pillar, launched in Year 2 with MCP support. The main goal of the Fashion Leadership Program is to develop better professional skills in mid- and senior-level company management and academia, who can influence the quality of the workforce and bring added value to the production process.

Under this program, MCP assisted ZIPhouse and TUM build collaborations with leading Italian fashion universities. As a result, over 80 Moldovan fashion representatives, including professionals and young designers or startups, attended two-week training courses at top international fashion schools such as Polimoda, Istituto Europeo di Design from Como, and Istituto Secoli -The Fashion School in Milano, where participants studied fashion design, fashion brand management, and fashion business administration. MCP has sent four years in a row a group of participants, attending about 40 hours of training for each course, with free access to university facilities (museum, workshop premises, and the library) and discounts of 10-30% for Moldovan groups.

The program also led to a successful one-year academic BA exchange at the Fine Art Academy in Como, for 6 senior year students from the Light Industry Faculty at TUM. These academic exchanges impacted the quality of Light Industry education at TUM, the development of a highly qualified workforce for Moldova’s fashion industry but also the development and creation of high-end fashion brands. ZIPHOUSE takes the lead in the collaboration with Italian educational institutions and liaised with schools in the region. Beneficiaries of the Fashion Leadership Program learned global skills in fashion design, contributing to a quality workforce for the Moldovan fashion manufacturing industry.

By attending Fashion Brand Management at Polimoda we gained practical knowledge that we have already started to apply. We learned that a fashion brand has to be built around a special product range, visibly positioned, to insure differentiation and clear segmentation. After the course, we worked with our team at Zorile to identify the things to improve, and decided to implement them for the autumn collection.

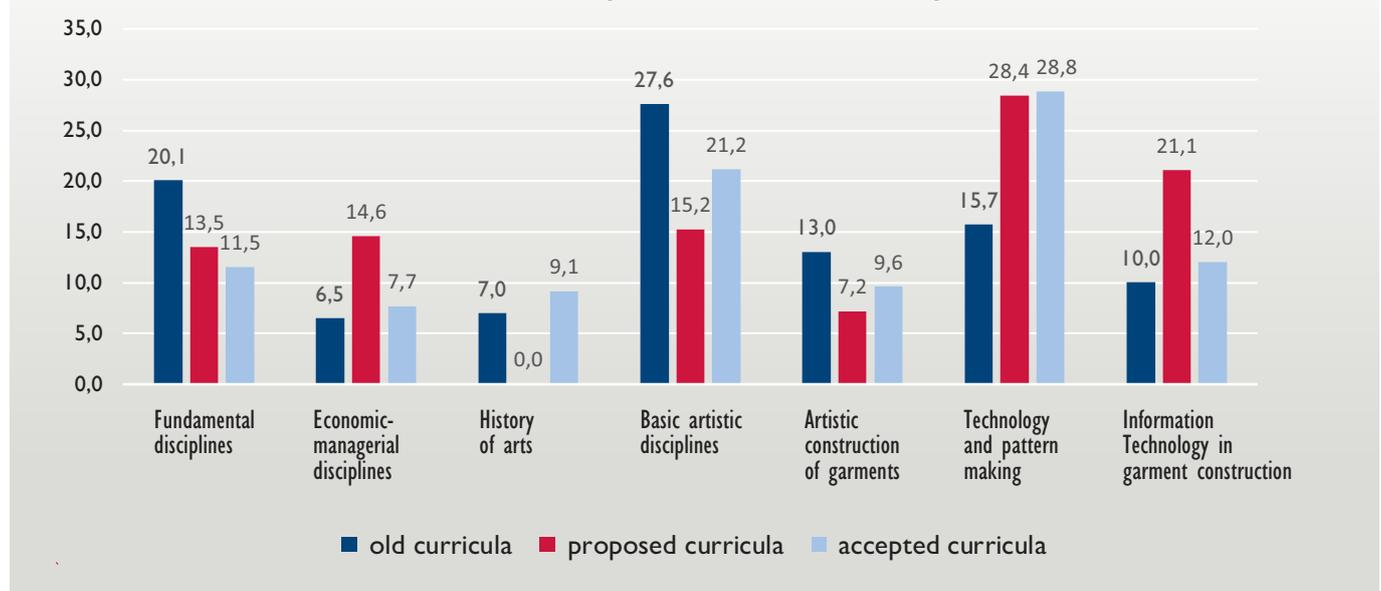
**Corina Sirbu,
Production and Retail Department,
Zorile**

It was amazing to receive insights and share experience with teachers that are also brand owners, with years of experience behind them. We learned how to work on a collection, keeping in mind the brand identity. The practical work in Polimoda creation atelier was extremely useful and interesting”

**Ludmila Storojuc,
Designer of the Fashion brand
“Ludmila Storojuc”**

To internationalize businesses to outside markets and benefit from international industry educational opportunities, the local industry needs to adapt and improve their language skills. As such, on January 2017, ZIPHOUSE conducted a training “**English for the Fashion Industry**” where 24 applicants, including selected participants for Polimoda school significantly improved their level of professional English. All beneficiaries provided positive feedback and expressed the necessity of courses like this for future program participants, to overcome the language barrier impeding further collaboration with the global fashion world. In 2020, MCP assisted ZIPHOUSE in applying to a \$29,303 grant opportunity at the US Embassy in Moldova, for a 12-month **Basic, Intermediate and Advanced Business English Courses** through which more than 50 participants have improved their language skills. These courses strengthen and increase the number of English-speaking professionals and enables access to more opportunities from the fashion industry, while also becoming a trusted resource for professional training for educators, students, and entrepreneurs.

Curricula for Fashion Design TUM, in % of hours per blocks of disciplines



MCP supports Technical University upgrade the educational curricula, adjusting the educational programs to worldwide digital trends

Fundamentally revised curricula for fashion design were adopted by the Technical University in 2016, fueled by a six-month dialogue lead by manufacturers from APIUS industry association and assisted by MCP. The Technical University is the leader in developing a design and technological workforce in Moldova, with over 200 students studying fashion-related disciplines in the school. The curricula were approved by the Senate of the Technical University and by the Ministry of Education. The extensive business-academia consultations led to major adjustments in the approach to teaching fashion design and will contribute to educating better skilled designers and pattern makers for the fashion industry.

As shown in the chart below, the revised curricula focus more on pattern making skills and project-based learning, thus cultivating practical abilities and real-world understanding for future professionals, in line with industry demand for greater technical skills. The industry proposed a reduced focus on fundamental disciplines and art history, and more on pattern making, information technology (including usage of computer-generated fashion design), as well as disciplines like economics and management.

The apparel manufacturing industry is becoming increasingly digitalized, with many global fashion brands embracing digital transformation and 3D creation tools to enhance sustainability across supply chains. To help Moldovan fashion designers improve the design workflow and address the waste management issues in the apparel manufacturing industry, MCP facilitated the development of a 3D fashion prototyping program that will be implemented by the Technical University of Moldova and the ZIPhouse Center of Excellence in Design and Technology as part of their curriculum program. The guide is developed by Marielle Peasant (previous Moldova in Fashion Conference speaker), a UK-based international expert in 3D fashion prototyping and digital marketing and showcases international best practices in 3D fashion design.

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

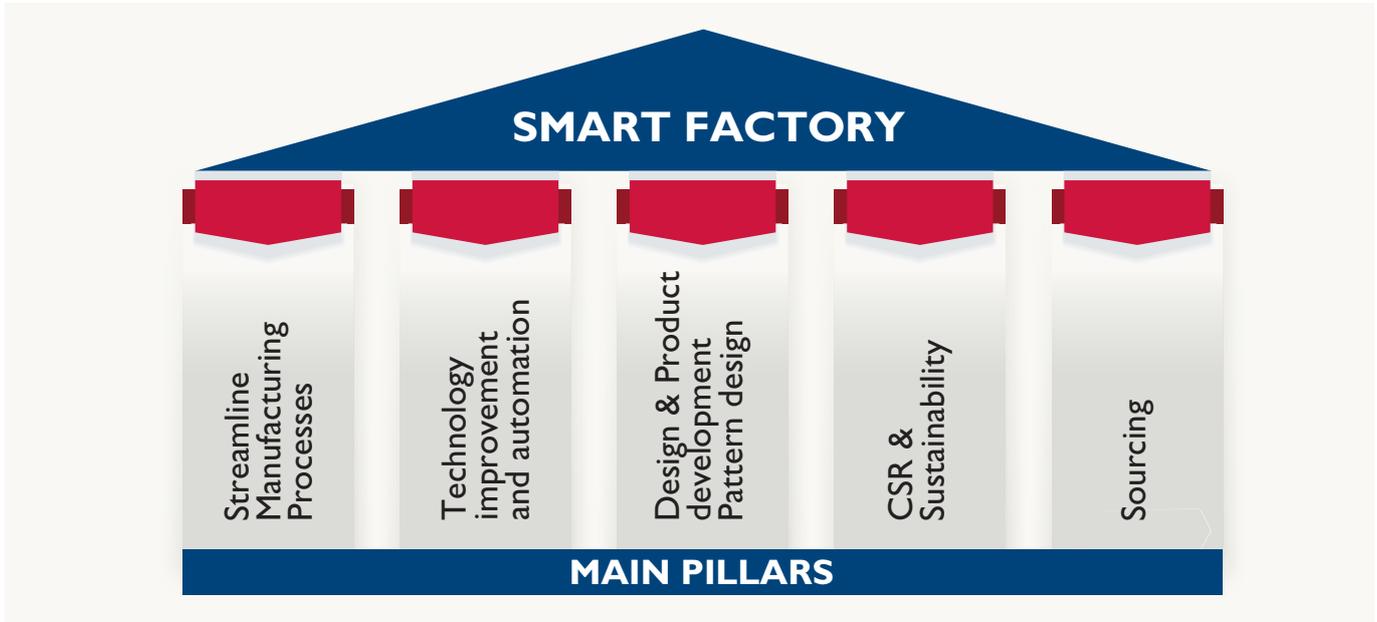
Achieved Outputs:

- **140+** assisted companies, including 24 start-ups
- **25%+** increase in productivity
- A spillover effect on **15,100** employees, or more than **57%** of the total number of the Moldovan light industry personnel
- **60%+** increase in wages due to operator performance increase in assisted companies in comparison with average salary per industry
- **400+** designers, pattern makers, production and quality control managers improved their skills
- **12%** time loss elimination
- **5%** prevention of defects
- Reduction of production cycle by up to **20%+**
- Improving workforce productivity up to **27%**
- Optimization of equipment and space usage
- **\$1,500,000** total investment, with every invested **\$1** from MCP SEED Fund leveraging **\$2** from private companies
- **400 units** of new equipment, including software, plotters, embroidery, and printing machines. CAD/CAM equipment led to a five-fold productivity increase.
- **450+** new jobs created.
- **36** Light industry SMEs (5 shoes manufactures, 2 bag producers, 29 apparel producers, including 15 start-ups and emerging designers) improved the product design
- **50** designers improved design skills
- **72** new high-performance collections, including more than 1,750 pieces developed
- **23** companies certified in Integrated Management System and Social Audit, with a spillover effect on **4,750** employees
- **25** companies improved sourcing skills and received access to well-known textile hubs.

Achieved Outcomes:

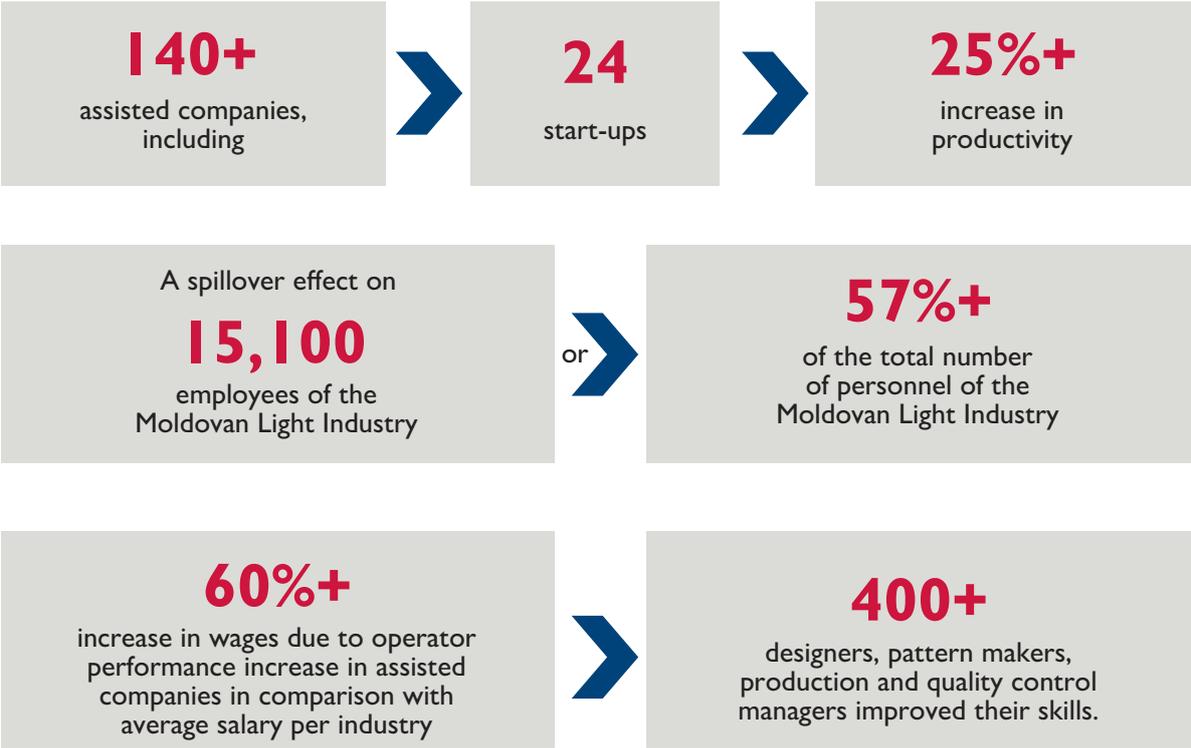
- Increased factory efficiency and productivity
- Upgraded practices to higher value-added manufacturing
- Reduction of Lead and output time
- Reduction of Working in Progress
- Substantial improvement in product quality
- Improved product quality due to enhanced business knowledge and abilities to create seasonal collections in line with international fashion and design trends, as well as access to better-quality textiles and accessories.
- Upgraded practices to higher value-added manufacturing.
- Applied the Slow and Eco Fashion concept
- Embraced eco-responsible textile trends
- Become sustainable and social responsible.

Sustainability and social compliance, slow fashion, technology and digital transformation and producing higher value goods at lower price points, are core elements for greater competitiveness in the fashion industry today. To keep pace this competitive environment, MCP conceptualized and assisted light industry companies to implement a SMART (Streamline Manufacturing, Accountability, Resource Efficiency, and Transparency) factory program based on five intrinsically linked pillars: streamline manufacturing process, technology improvement and automation, design and product development, pattern design, CSR and sustainability, and sourcing. (Figure 1 - Five intrinsically linked pillars of SMART Factor Program).



These are key areas for improvement that catalyzed Moldovan light industry companies to become higher-value manufacturers of quality and value-added products, underpinned by a skilled workforce that enjoy higher salaries and quality of living. During Years 1 through 6, MCP's SMART Factory program supported **140+** apparel and footwear firms, including **24 startups**. In Y6, MCP deepened assistance with existing beneficiaries and welcomed **4 new firms** to move towards a critical mass of innovation and improvements across the industry. Implementation of SMART program elements in the Moldovan apparel industry led to **25+ percent** average productivity gains, with a spillover effect on their **15,100** employees (or to more than **57%** of the total number of workers in the Moldovan Light Industry), **90%** of which are women, ensuring a salary growth in assisted companies of up to **\$515** compared to the average salary of **\$320** per industry (compared to year 2019 with an MDL/USD exchange rate of 17.5). The SMART program supports the vision for Moldova's garment and footwear industry manufacturing quality and high value-added products underscored by a skilled workforce that will enjoy higher salaries and enhanced quality of living.

SMART Factory Program results in Year 1-6



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

Arising from the fact that Moldovan light industry factories lag in efficiency and productivity by an estimated 25-30% compared to regional competitors, MCP supports Moldovan factories improve productivity through **streamlining manufacturing processes**, which are driven by three controls – cost, quality, and delivery time. A crucial determinant of these three controls is the productivity and efficiency of key inputs, which influence the cost. See Figure 2 below for more detail.

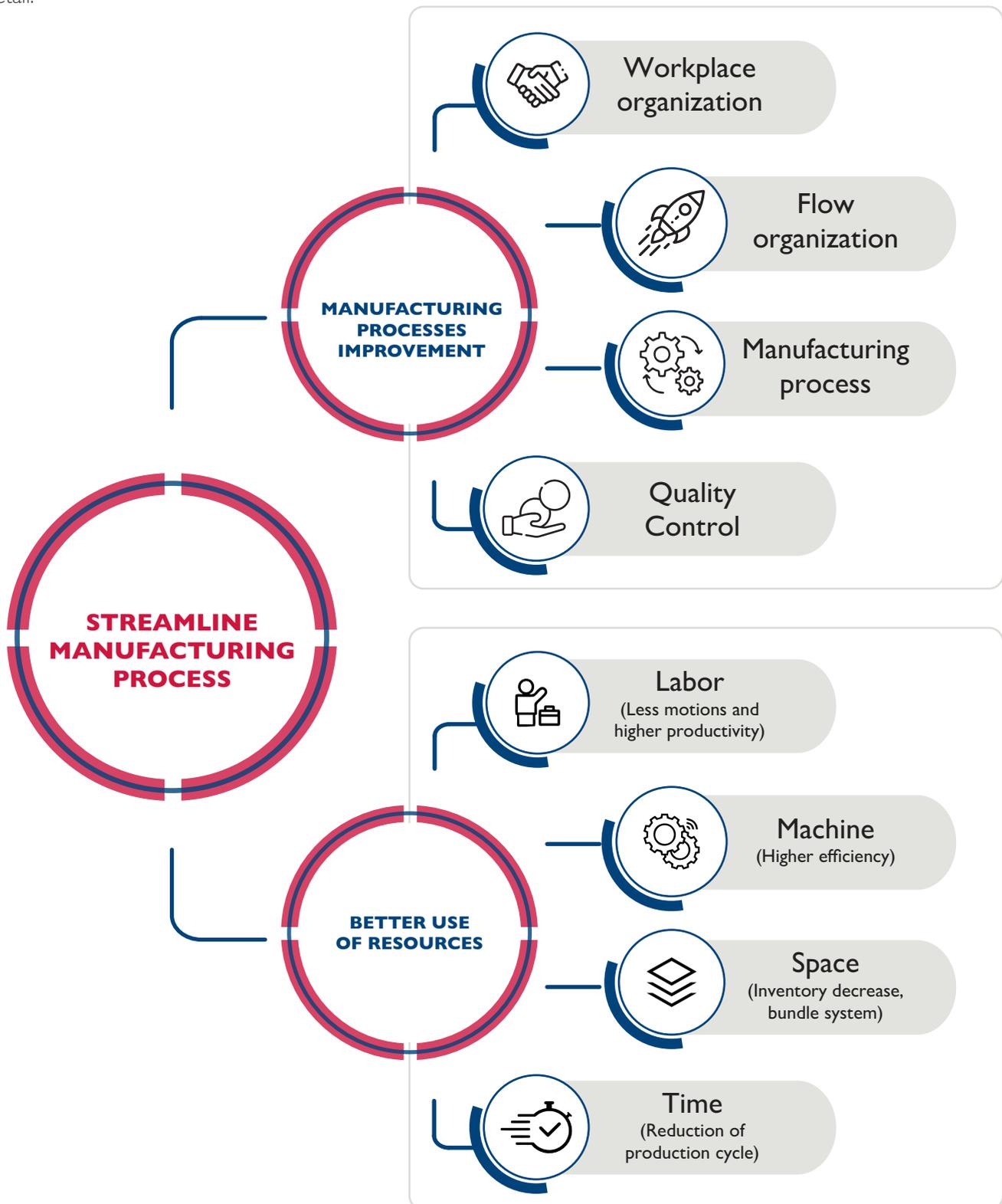


Figure 2. Critical determinants of Manufacturing process

Improved manufacturing processes lead to productivity gains

To achieve better and more sustainable results, MCP assisted companies in advanced techniques including high-end production engineering, Lean Management tools and Modular Arrangement of Predetermined Time Standards (MODAPTS). MCP engaged external consultants to demonstrate practical improvement measures in production units. The Project also hired regional experts and paired them with local expertise, assessing the production units of beneficiary factories and supporting implementation of improvement measures on the factory floor.

RESULTS OF STREAMLINE MANUFACTURING AND PRODUCTIVITY GROWTH

- Eliminating time loss up to **12%**
- Preventable defects by **5%**,
- Reduction of production cycle up to **20%+**
- Improving workforce productivity up to **27%**.
- Optimization of equipment and space usage

In-company assistance addressed existing manufacturing constraints and generated:

1. Manufacturing Processes Improvement

- Workplace organization.** The productivity audits showed that workstations and sewing machines remained in their original, out-of-the box conditions. MCP experts helped companies implement high-end production engineering, individually organizing each shop-floor workstation and sewing machine in line with their technical operations, resulting in minimized material handling time, reduced operation cycle time, and less seamstress fatigue.
- Flow organization.** Project experts optimized workflows and reorganized factory floors to reduce transport times and improve productivity.
- Manufacturing process (utilization of new methods to carry out technological operations).** The project improved the quality of technological operations in the beneficiary companies, including improving the assembly processes. Experts recommended and implemented templates and training videos to improve technological capability, and on-the-job training corrected seamstress's techniques and supported the development of new methods. Technologists (technicians) also received training and can now select appropriate elements and movements to improve efficiency.
- Quality control.** Factories were recommended to implement randomized Quality Control Systems, which are more effective than standardized testing at controlling line quality.

2. Better use of resources

- Labor (fewer motions, new manufacturing methods and training for low-skilled and new operators generated higher operation productivity).** An analysis of the working methods of operators and implementation of the MODAPTS system led to the elimination of unnecessary movements and improvement of working methods. The combination of fewer steps, new manufacturing methods and training of low-skilled and new operators has generated an increase in productivity of up to 20-27% on average.
- Machine (speed control on devices generate higher efficiency).** Seamstresses were found to be running sewing machines slower than necessary, so seamstresses received on-the-job training and time saving devices, increasing production rates and reducing operation cycle times by 12% on average.
- Space (inventory decreased, bundle system improved).** The production spaces of participating companies had inefficient workflows and poor systems to transport completed garments from the factory floor. Improvements to workflow design and bundling (transport) systems increased productivity by 5% on average.
- Time (reduction of production cycle).** The use of new time technology and appropriate time studies successfully reduced the length of the production cycle by more than 20%, and time study technicians at participating companies received intensive and detailed timing training to enable continuous monitoring and improvements.

CASE STUDY

Productivity Gains Reached by Beneficiary Companies: ENNSGERN Apparel Factory

Quick Facts:

Location	Balti, Northern Moldova
Number of employees	100
Ownership	100% local capital
Product range	Padded women and man jackets
Production model	C&M and CMT services to European clients
Production capacity	7,000 – 10,000 pcs/month

Ennsgerm is a medium-size company located in Balti, While Ennsgerm's performance is higher than the industry average in Moldova, the factory faces issues related to labor productivity and efficiency including high daily absenteeism, high staff fluctuations, poor layout of the cutting department, and high consumption of energy. MCP assisted Ennsgerm to systematically improve its productivity and efficiency leading to notable changes in operations including:

- Doubled the productivity of the work preparation department, by increasing fabric bundles from 8 to 16 pieces.
- Improved efficiency of the cutting department by 8 percent by making improvements to the cutting table to increase band cutting capacity and balancing operations.
- Doubled the seamstresses' productivity by introducing an improved label application process with laser control for proper label positioning resulting in improved finishing processes.
- Achieved important energy savings by reducing consumption of 4,300 Kwh per year by switching from neon tubes to LED, thereby reducing the number of tubes in use by 60.
- Employed trainees from vocational schools. The company began regularly testing and training its new employees. As a result of key trainings, new employees' speed performance indicators increased. In-company trainings were organized for exiting employees and students from vocational schools. Beneficiaries displaying the best results were then employed by the company.

To amplify the assistance provided to enterprises through experts, MCP established collaborative linkages with Senior Experten Service (SES), the German Economy Foundation of International Cooperation, which is a non-profit, private limited company (GmbH) in the field of productivity enhancement for Moldovan light industry companies. As a result of the win-win partnership with SES, MCP brought pro-bono expertise from Irmgard Guse, a specialist in production organization and quality control, who provided productivity and quality enhancement assistance to Vistline SRL, which resulted in a new production line dedicated to coats. Due to new production line organization, the production cycle time was reduced by 21% (from 4 hours per coats to 3 hours and 10 minutes per coats) and quality control became easier to conduct. The SES expert, Brigitte Koenig, also assisted Ponti Apparel company to improve its production planning and re-organization, as well as sewing methods, to improve the quality of its finished product. As a result of this targeted assistance, Ponti Apparel developed and implemented weekly planning boards; developed a detailed overview of all existing orders to better calculate production capacity for one-week orders; improved its pattern cutting capabilities leading to 5% savings in material costs; and improved its method for stitching pockets, resulting in a productivity increase of about 10% and a corresponding increase in quality.



Photo Caption: Laser controlled for proper label positioning, proposed by MCP international consultant Martin Buecher. Photo Credit: MCP

Study tours to experience best practices in apparel manufacturing

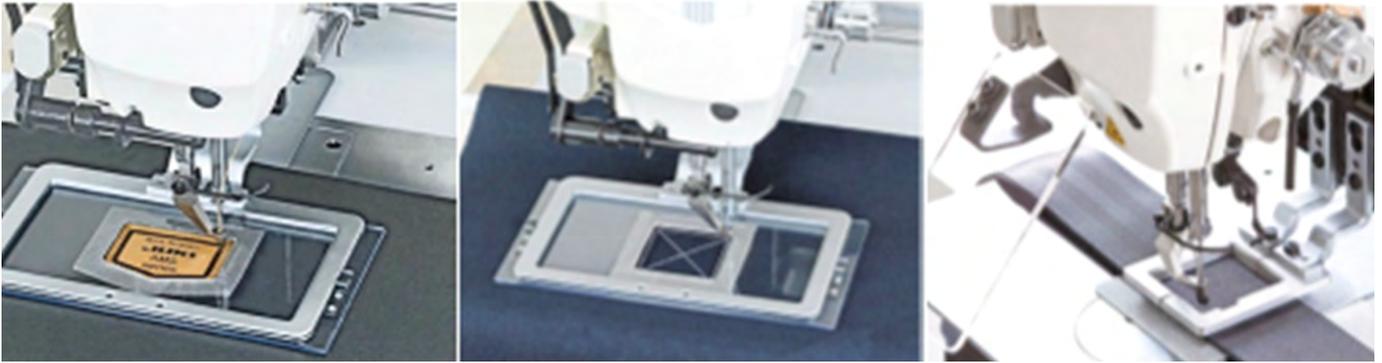


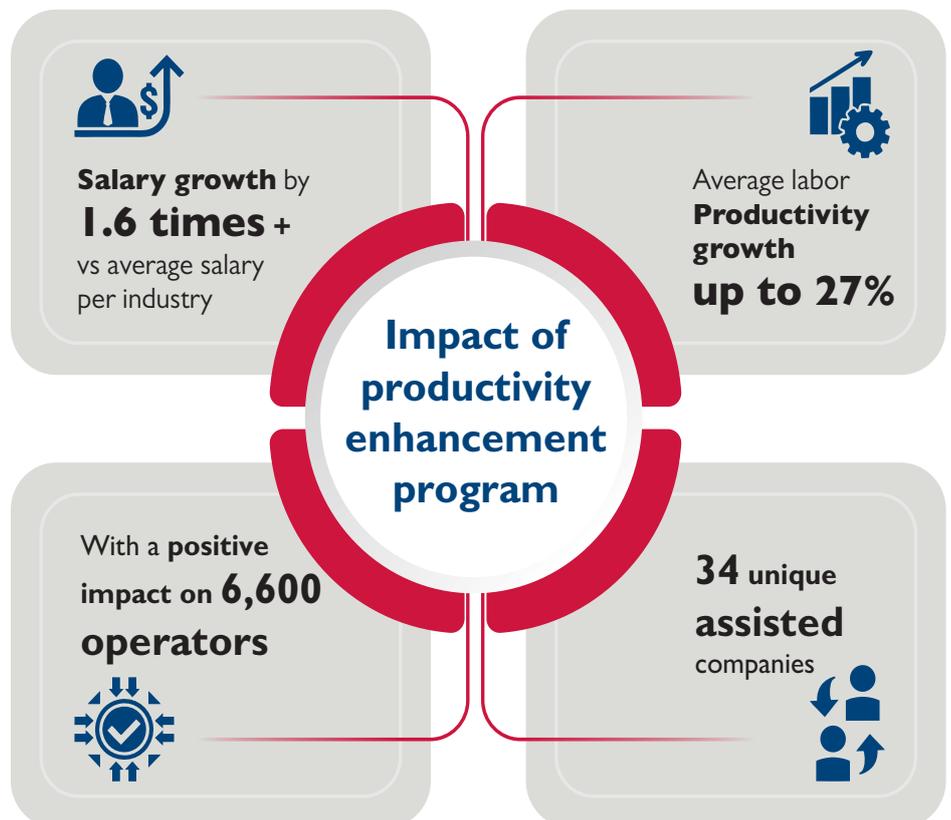
Photo caption: Laser controlled for proper label positioning, proposed by MCP international consultant Martin Buecher.
Photo credit: MCP

MCP organized study tours for **35+** production specialists and executive directors from different Moldovan apparel companies to several of Romania's top fashion manufacturers (Artifex, Sorste, Dan International, Tannex, Pandora), with high quality standards, combining new technology equipment and highly qualified operators. By visiting those companies, Moldovan manufacturers had the opportunity to study best practices in production organization and productivity enhancement, observe the high technical level of the companies, supported by investments in new equipment and new technology.

Moldovan specialists had the opportunity to visit the biggest high value-added producers from sketch to manufacturing, that use high quality sustainable fabrics and complies by fair wear standards. Following these visits, Moldovan companies established good business relationships with Romanian manufacturers, so they may collaborate on taken orders with them. MCP also organized trainings in the classroom, provided by well-qualified specialists from ARTIFEX Apparel Company, one of the biggest and well-organized JV from Romania. Assistance on the job, classroom trainings and visits to the best factories in Romania motivated Moldovan CEOs and production specialists to make changes in local apparel manufacturing by implementing good manufacturing practices.

MCP support leads to apparel companies' productivity gains and positive industry spillover

During Years 1-6, MCP provided support in streamlining manufacturing and increasing productivity and resource efficiency of 34 progressive Moldovan manufacturers. The systemic and sustainable implementation of these practices led to average productivity gains up to 27%, with a spillover effect on their 6,600 employees, including more than 275 production specialists and ensured a 60% salary growth in assisted companies. This Activity was designed for larger manufacturing operations that service foreign clients, as well as for small- and medium-sized enterprises and newly created companies, which have started to produce own-designed and labeled products, thus engaging the full manufacturing cycle.



MCP support leads to apparel companies' productivity gains and positive industry spillover

At the beginning of 2020, the COVID-19 pandemic has drastically affected Moldovan light industry enterprises. Under Moldova's state of emergency which led to the stationing of the enterprises compounded with the lack of orders due to reduced demand negatively affected the industry. The pandemic disrupted the Moldovan light industry like never before, especially in labor productivity, making the implementation of the SMART program more important than ever. The productivity-enhancing assistance provided to enterprises has allowed them to return very quickly to pre-pandemic productivity levels.



Photo Caption: Visit to Dan international Apparel Company in Bacau, Romania
Photo Credit: MCP

New machines encourage latest technological knowledge, raise quality and speed of production

Technological innovation, especially automation, is a key driver of growth in the garment and footwear production value chain, advancing many manufacturing processes, building long-term competitiveness, and allowing Moldovan companies access to international markets. In addition, technology improvement and automation are key factors for increasing productivity, quality, and reducing cost. As such, MCP assisted the light industry sector with modernized machinery and equipment, increased automation and flexibility for large, small, and emerging manufacturers through its grant program. In order to motivate companies to invest in the technology of tomorrow, MCP supported visits in 2017 and 2019 to the leading international trade fair for processing textile and flexible materials, Texprocess, in Germany. Moldovan companies were exposed to the latest manufacturing innovations and connected with global suppliers for further production-related investments. They had the opportunity to see product groups follow the entire value creation chain – from design to preparation, processing, logistics, finishing, and disposal.

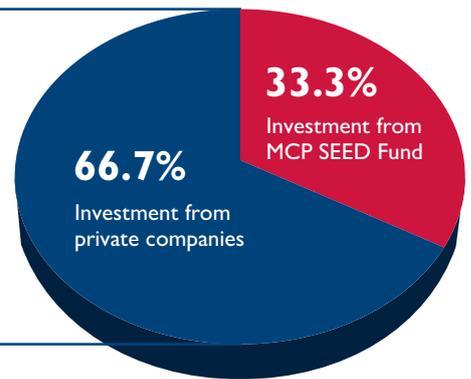


Photo Caption: Ionel SA equipped with high-end innovative Beisler sewing machine, for run stitching of straight and slanted openings, leading to productivity and competitiveness enhancement.
Photo Credit: MCP

MCP grants stimulate additional co-investment in new technologies.

Through its grants program, during Years 1-6 MCP supported **37** light industry companies adopt new technologies, leading to improved product quality and manufacturing efficiency, new jobs, and the possibility of entering new markets. The total investment from MCP SEED fund constituted around **\$500,000** and stimulated a co-investment from the industry around **\$1,000,000**, with every invested **\$1** from MCP SEED Fund leveraging **\$2** from private companies.

\$ 1.5M TOTAL INVESTMENT



Companies invested in CAD/CAM equipment which led to more than **5-fold** productivity increase, on average, through use of special machines in finishing, automation, embroidery technology and stitching, joining, and fastening technology which further improved quality and created new jobs. Through MCP grants and private co-investment, more than **400 units** of equipment, including software, plotters, embroidery, and printing machines, as well as tailoring complexes were acquired. Cumulatively, these investments led to greater productivity and higher apparel exports, which fueled the creation of over **450+** new jobs. These investments further complement and strengthen the project's investments in technical know-how, and when combined, produces a demonstration effect, stimulating greater business appetite for investment.

KEY RESULTS FROM THE LIGHT INDUSTRY GRANT PROGRAM

1 INVESTMENTS

\$500,000 USD MCP CEED funds invested in **37 champion factories** and Generated **\$1,000,000** or **200%** in leveraged funds

2 EQUIPMENT

Investment in more than **400 units of equipment**, including software, plotters, embroidery, and printing machines. CAD/CAM equipment led to a **five-fold** productivity increase

3 JOBS

New investment generated creation of **450+ new jobs**

FY 1-6

FEATURE STORY

U.S. Ambassador to Moldova visits Gagauz apparel factory that creates new jobs for women in rural areas

U.S. Ambassador Derek J. Hogan visited RiDiager, an apparel factory in Comrat, Gagauz autonomy, that has successfully transitioned to more complex manufacturing services garnering new EU clients in Italy, Denmark, and Finland. Thanks to a complex support package, including a **\$21,000** USD grant from MCP, Ridiager-SV opened a new rural production unit creating more than 50 quality jobs for seamstresses – providing employment opportunities for women in their home villages and helping reduce out-migration. The MCP grant leveraged Ridiager's own investment in modern sewing machines and enabled the company to grow its production facilities in four villages in the area, providing living wages and good working conditions for nearly 200 women.



Photo Caption: Ala Arabadji, co-owner of RiDiager apparel factory in Comrat, Gagauzia, presenting the factory and working conditions to U.S. Ambassador Derek J. Hogan during his visit on February 1, 2019. Photo Credit: Olesca Galusca, MCP

Implementation of Integrated Quality and Safety Management Systems increase the reputation of Moldovan light industry companies as a reliable manufacturing partner

Manufacturing clothes and footwear is highly labor intensive, and companies look for a cheap workforce all around the globe: as a result, the production process is commonly transferred to countries with low wages. Given such, corporate social responsibility (CSR) plays a major role in light industry companies' management. Responsible business practices, including accountability and transparency and environmentally friendly practices are necessary for future factory and industry success, and are becoming increasingly important for international customers and required by European clients in their suppliers. European clients encourage Moldovan suppliers to follow international standards (ISO 9001, ISO 14001, ISO 45001), create extended frameworks, implement supplier codes of conduct, and conduct supplier social audits. Moreover, consumers – especially younger generations - are also paying closer attention to social and environmental issues, demanding better working conditions in the industry and expecting that businesses are leaving a positive impact. Companies can demonstrate this through corporate social responsibility, the practice of sustainable development by delivering economic, social and environmental benefits for all stakeholders.

Considering these trends, MCP has assisted companies to implement an Integrated Management System through its life of project which improves sustainable enterprise growth through the production of exceptional products that ensure environmental protection, consumer safety and labor rights, including working conditions, working hours and wages. See Figure 3 below for additional details.

Figure 3. The model of Integrated Management System



During FY 1-6, MCP assisted **23** companies to implement Integrated Management System and Sedex Members Ethical Trade Audit (SMETA) and the Business Social Compliance Initiative (BSCI) social audit, which had a spillover effect on **4,750** employees. These social audits enabled factories to assess their workplace standards and the working conditions across the global supply chain.

MCP assisted the implementation of an integrated management system in **18** companies based on one of the following combinations of international standards:

- Integrated Management System "Quality - Occupational Health and Safety"(based on requirements of ISO 9001 and ISO 45001 international standards);
- Integrated Management System "Quality - Environment - Occupational Health and Safety" (based on requirements of ISO 9001, ISO 14001, and ISO 45001 international standards).

MCP engaged a local consultant to implement the required quality standards in factories and prepare for the third-party certification. Implementation of Integrated Management System through a chain of activities is presented below in figure 4.

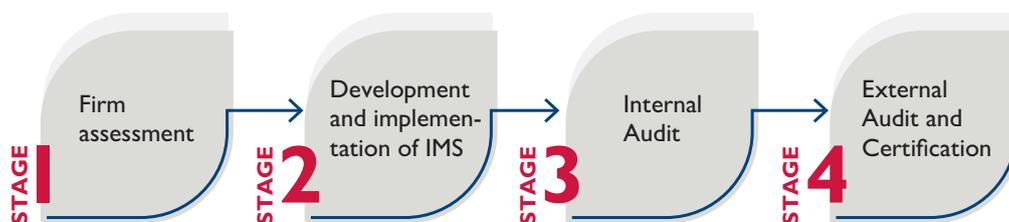


Figure 4. Chain of activities for implementation of Integrated Management System

The Integrated Management System benefits light industry companies through increased efficiency, effectiveness, and cost reduction. It also demonstrates the company's commitment to increased performance, employee and customer satisfaction, and continuous improvement. The improvements resulted in more orders from the manufacturers' foreign clients who are increasingly demanding high social compliance standards.

FEATURE STORY

Rural Apparel Factory Receives Environmental Management Certification and Preserves Jobs amid COVID-19 Pandemic

NT Textile Group from the Rezina town is the first Moldovan apparel factory to implement the environmental management systems (EMS; ISO 14000:2015), which involves greater environmental responsibility and cleaner manufacturing processes. The implementation of the EMS enables the factory to integrate environmental issues into corporate strategies and increase customer loyalty. NT Textile Group has also implemented social audit, compliance and quality control standards, meeting the demand for transparency and safe jobs from the international supply chains. The Integrated Quality Management System (ISO 9001:2015) and Occupational Health and Safety Management System certification (ISO 45001:2018) received by the MCP-assisted manufacturer ensures improved production efficiency and better working conditions for its nearly 100 employees. The international certifications have allowed NT Textile Group to gain greater credibility from international clients such as the British luxury brand Barbour and preserve jobs for women in rural villages and Transnistria.

By receiving international accreditation, MCP beneficiary companies are making steady improvements towards attracting quality-conscious European buyers, and increasing long-term sectoral competitiveness.



Photo Caption: NT Textile Group's environmental management certification
Photo Credit: NT Textile Group apparel factory

MCP also assisted 5 companies to pass the SMETA (Sedex Members Ethical Trade Audit) ethical audit which encompasses all aspects of responsible business practice and BSCI (Business Social Compliance Initiative) social audit. SMETA is one of the most widely used ethical audit formats in the world, and uses the ETI Base Code, founded on the conventions of the International Labor Organization, as well as relevant local laws. Therefore, the UK client Barbour, which is one of the most important clients of NT Textile Group and Artizana requires such audit. The other three companies (lonel, Portavita and Listex) passed verifications by the Business Social Compliance Initiative (BSCI) which promotes workplace conditions in accordance with human rights, ILO conventions and national labor law.



Photo Caption: Working conditions at lonel apparel company, certified to be in accordance with national labor law, human rights, and International Labor Organization convention standards
Photo credit: MCP

FEATURE STORY

MCP-supported apparel company Portavita demonstrated improved social performance by successfully passing Business Social Compliance Initiative (BSCI) AMFORI Social Audit

The AMFORI BSCI social audit aims to continuously improve the social performance of suppliers, enhancing working conditions in factories worldwide. The audit certificate is valid for two years and demonstrates that a company's workplace conditions are in accordance with national labor law, human rights, and International Labor Organization conventions. Specific codes of conduct that protect the human rights of the manufacturing workforce are increasingly required to satisfy international consumers and add social value to products, which is vital for export-oriented companies like Portavita. Audits like AMFORI BSCI strengthen customer confidence, and the certification has helped Portavita in its current negotiations with a new foreign client placing higher value-added orders. This is the second social compliance certificate obtained by Portavita in the last three months. The company was previously awarded the Sedex Members Ethical Trade Audit (SMETA) certification, which resulted in a contract with an EU clothing manufacturing client worth \$1.7 million.



Photo caption: NT Textile Group's environmental management certification.
Photo credit: NT Textile Group apparel factory.

ACTIVITY 2.2. Create brands and products aligned with fashion trends

Strengthening design skills within own-brand fashion companies to align products with international fashion trends

Good quality design is critical for the success to apparel companies selling original designs and brands in the world of fast-changing fashion trends. Design and style activities are used to attract customer attention, improve product performance, cut production costs, and give the product a strong competitive advantage in the target market.



Photo Caption: Seamstress at lonel apparel factory
Photo Credit: MCP

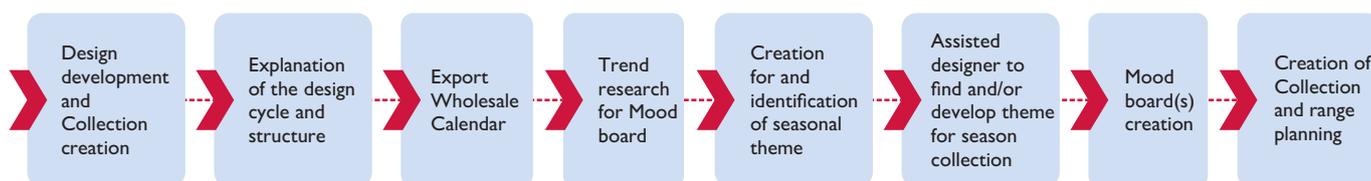
Since many experienced Moldovan designers want to penetrate foreign markets and with a new generation of emerging designers started to enter the Moldovan market, MCP through its “Flying Designers” program brought international designers to Moldova to consult Moldovan factories improve designers' skills and their collections. During FY 1-6, with the support of MCP 36 Light industry SMEs (five shoes' companies, two bag producers and 29 apparel producers, including 15 start-ups and emerging designers) were assisted to create each year two capsule collections (for SS and for FW season). Most of them were shown at fashion shows with the generic “See now, buy now” and enjoyed great popularity among the public, especially the capsule kids collection developed by the emerging designers.

Results of Flying Designer Program

- **Assisted 36 Light industry SMEs** (5 shoes manufactures, 2 bag producers, 29 apparel producers, including 15 start-ups and emerging designers)
- **50 designers** improved design skills
- **72 new** high-performance collections, including more than 1,750 pieces developed.

Through the Flying Designers program, MCP assisted 50 designers to improve design skills and develop Ready-to-Wear collections in line with seasonal fashion trends. Interventions were tailored for each company, focusing on the best strategies to strengthen each brand. MCP invests in design support programs like Flying Designers due to their critical role in shifting Moldova's fashion industry to value-added production schemes and own-label manufacturing.

The coaching made by the international designer Kelly Denooyer was focused on the following steps to correctly launch the design process:



The companies learned the steps needed to correctly launch the design process, methods, and techniques to add value and create a capsule structure. As a result of this assistance, during FY 1-6 **72 new** high-performance collections were developed (2 collections per year for the SS and FW seasons), each consisting of three capsules. In total, Moldovan designers developed **216** capsules for SS/20 season collections which included more than **1,750** pieces). The design and manufacturing quality of these collections enabled them to compete with international brands on the local market as well as enter regional markets.

To develop new talents for the industry, MCP provided enhanced design training for fashion startups and emerging designers within the ZIPhouse Fashion Acceleration program. They studied themes and brand identity, mood boards, collection structure, correct implementation of the design process, basic costing and pricing tools, and the wholesale design calendar, which they used to improve their design ideas and inspire their new collections.



Photo Caption: Seamstress sewing clothes at MCP-supported apparel factory Maicom
Photo Credit: MCP



Photo Caption: International expert Kelly Denoyer providing support to Malena brand
Photo Credit: MCP

Moldovan designers were also trained to understand and apply the Slow and Eco Fashion concept to their work. While the coronavirus is changing the fashion sector, it is also changing the world, and consumer's feelings and purchases. It has become apparent that in Moldova, where the Slow and Eco Fashion concept had already begun in its application, there is great potential to strengthen the integration of the concept in the close-knit fashion industry, creating a strong statement that the manufacturing sector can benefit from. In this context, MCP's consultant worked to support Moldovan designers implement the practice of Slow Fashion.

A clear summary document explaining the subject was produced, and the consultant offered concrete examples on how to use technology to innovate in Slow and Eco Fashion, with references to producers of raw materials and brands. Each designer received tailored consultations to adopt Slow Fashion in their company and grow in this segment. Some suggestions reinforced quality and the creation of smaller sustainable collections, and others received completely new capsule ideas to increase the potential of their brands. Specifically, they were trained:

- To understand what Slow Fashion really means and how it can fit into the Moldova fashion segment for their brand.
- To analyze brands' current practices and outline how they are already involved in the Slow fashion sector and how to strengthen their current practices.
- How to increase visibility and customer awareness of their current ethical fashion practices (local production, eco fabrics and factory certifications).
- How they can increase their ethical practices: using a raw material that is Organic and GOTS certified, bamboo, Lenzing, QMILK Fiber, or other ethical materials, Tencel and stock fabrics that can be repurposed and UP CYCLED.
- How they can innovate in this field inside the fashion community with the main players and then inside the local community.
- Promote their strengths in responsible local production. Domestic production strengthens national employment rate, promotes a healthy local economy, and guarantees that workers are working under fair conditions and receiving fair wages.

Supported by international footwear and handbags designer Luisa Fazio, Moldovan shoes and bag manufacturers learned how to create and communicate original collection concepts, how to translate these concepts into practical design features, and how to create collections with added value. Each element added value to the companies' collections, distinguishing them from their competitors in the domestic market and giving them a strong brand identity.

Shoes manufacturers introduced a series of designs called the Wave collection: Special attention was paid to creating total looks which mix and match pieces, producing more concentrated designs with thought out collections, and increasing sales in the process.

The overall focus of the Flying Design Program was to assist the Moldovan designers in creating capsule collections, which when applied may increase the company's ability to enter additional markets. The international consultant Luisa Fazio also recommended Moldovan shoes and bag designers to shift their business models away from Fast fashion to Slow fashion.

On-the-job training improved pattern design techniques and grading, and improved skills of pattern makers

Patternmaking is one of the most important processes in the apparel value chain, as it ensures that designer's ideas are correctly translated into the final product and fit. Good patterns lead to high quality finished goods, and ensure a high level of competitiveness, especially for exports. International pattern maker, Ms. Eva Hillers from the Senior Expert Service (SES) in Germany supported 16 Moldovan companies and 6 start-ups that design, produce, and sell under their own label to improve their patterns. Ms. Hillers trained local patternmakers in different patternmaking approaches taught in different European schools of patternmaking. Trainings focused on best practices in patternmaking and grading for women's and children's wear and resulted in fundamental improvements within the beneficiary companies' patternmaking departments. Through on-the-job pattern design training, MCP assisted 35 patternmaking specialists to improve their pattern design skills.

MCP continued the partnership with SES Germany based on which the pattern making specialist Brigitte Koenig assisted another 2 apparel companies to implement patternmaking and grading based on European practices and improved the quality of finished goods. Key changes resulting from this assistance include the development of accurate measurement tables, and a body dimension table to refer to when clothing a child, and the division of clothing sizes into 6 cm intervals based on the standard for all international children's fashion manufacturers. These changes have improved the quality of finished products and increased sales by more than **15%**.

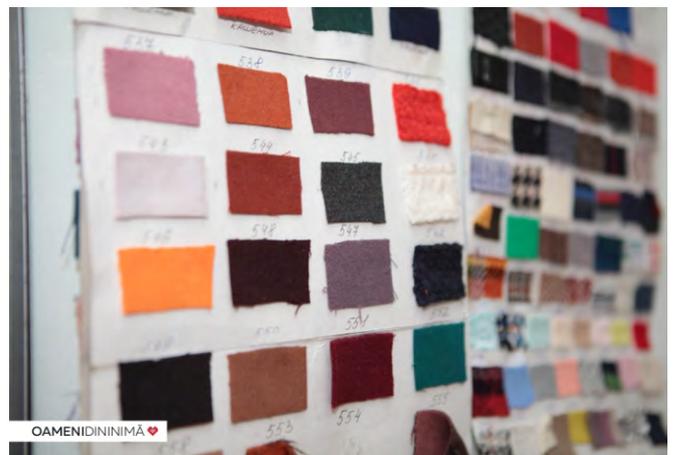


Photo Caption: Vistline collection and materials
Photo Credit: DININIMA

Pattern design platform for light industry companies and foreign clients established and equipped with a Computer Aided Design System

Patternmaking is one of the most important processes in the apparel value chain, as it ensures that designer's ideas are correctly translated into the final product and ensure a perfect fit. 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 given the fact that more than **120 brands** currently operate on the local market, most of which have been established by small businesses and emerging designers with support from MCP. Pattern design has become a bottleneck in their apparel value chain because the processes require deep knowledge and skills that are expensive. At the same time, the demand from foreign clients for pattern design services is growing rapidly, as fashion companies look to optimize their costs.

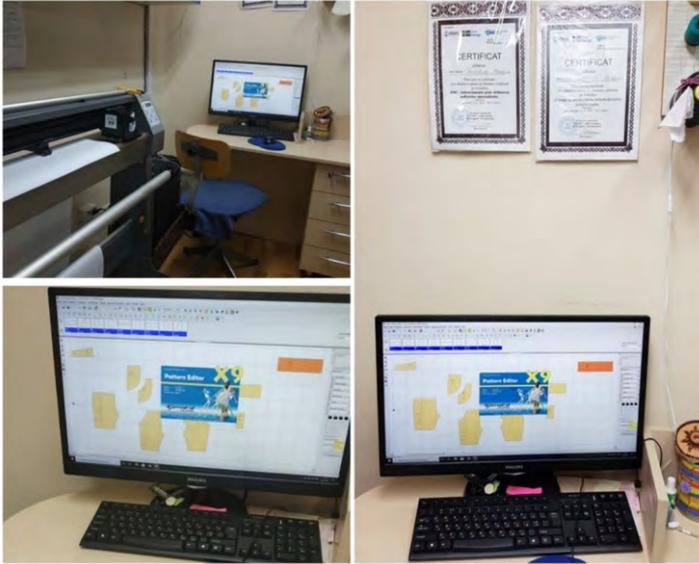


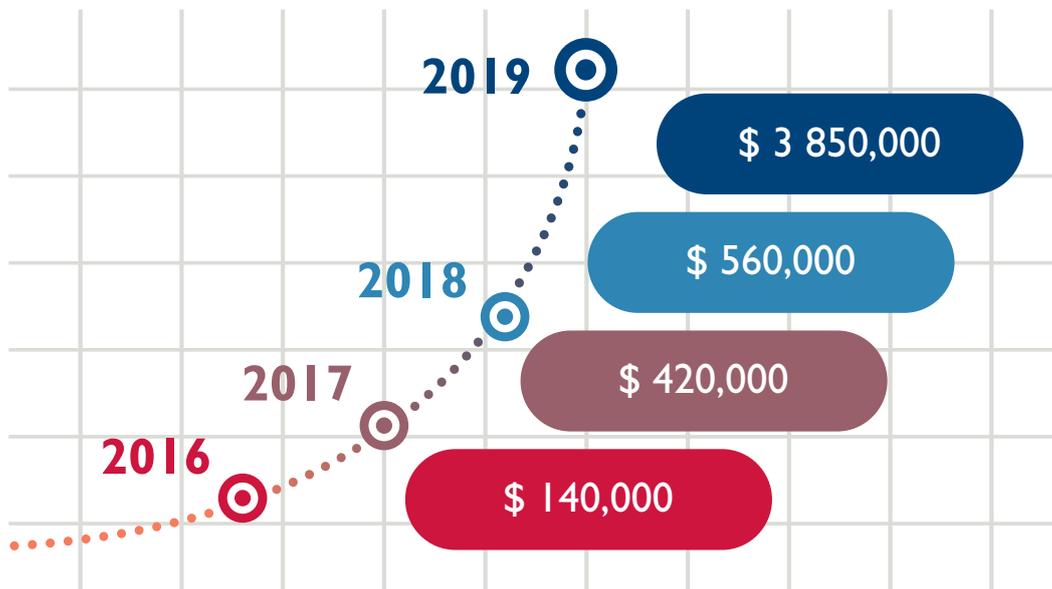
Photo Caption: Gemini software, a part of Computer Added Design System (CAD) package provided by to Zivax Max Company to automatize the patternmaking process
 Photo Credit: Zivax Maxi

The pattern design platform includes **4** specialized small companies providing pattern design services for local companies and individual designers. **Two** firms also make samples.

To increase the quality, productivity and competitiveness of pattern design services, MCP provided a grant to patternmaking companies to procure Gemini CAD Systems to automate the pattern development process. Implementation of a CAD System allowed firms to increase productivity by up to 4 times, with the number of customers and number of developed patterns increasing by 1.5 - 5 times. For the first time, Moldova has started exporting patternmaking services to 5 clients from EU market (one from United Kingdom, one from Bosnia and Herzegovina, and three from Romania) because of their high-quality patterns.

Access to quality textiles and accessories strengthened sourcing skills and supported factories to upgrade to higher segments of the value chain

With MCP support, the number of light industry companies that started to use business models which ensure higher value added such as Own label, FOB, and Private has increased in the last 6 years by more than 4 times. All business models involve fabric and accessories acquisition, which are key success factors in the garment industry, because the fabric is the most important part of the outfit. The wrong choice of fabric affects quality and dramatically influences the garment sales. Moldova does not manufacture textiles nor has significant domestic warehouses. As such, through life of project, MCP facilitated access to quality textiles for Moldovan companies and strengthened sourcing skills and supported factories to become 'full package' suppliers to EU clients and manufacture higher quality products in the fashion value chain.



MCP supported sourcing visits for **25** Moldovan beneficiaries, including manufacturers and start-up designers to access critical raw materials and accessories hubs, including the largest EU textiles and leather tradeshows, Premier Vision, Texworld, Interfilierie in France, Liniapelle in Italy and exploring silk and other textiles in Dubai. As a result, Moldovan designers and acquisition specialists built new supply channels of high-quality affordable raw materials and accessories. Through MCP's multi-year support, many companies have created business relations with certain suppliers from Portugal, Turkey, Uzbekistan, Italy and Belarus that continue to supply the necessary fabrics. In 2019 Moldovan companies bought over **\$3,850,000** in textiles (seven times more than **\$560,000** purchased in 2018 and **27 times** more than **\$140,000** purchased in 2016), demonstrating movement to 'full package' services, buy-in and sustainability for Moldovan factories in accessing quality textiles.

OBJECTIVE 2: EXPANDED MARKET LINKAGES



Photo Caption: Georgeta Mir, own of Georgette brand monitoring the working process at her apparel factory
Photo Credit: Georgette.

PROGRAM 3. Expand market linkages

Achieved Outputs:

- **48** companies participated in **84 editions** of international tradeshows
- **95.5%** of assisted companies are companies that produce and sale niche products under their own brands
- **\$20.3M** contracts concluded for export
- **5** companies sell more than **\$121,800** on regional market in Kazakhstan
- **3,200+** new contacts established.

Achieved Outcomes:

- Moldovan suppliers positioned as manufacturers of high value services for European customers
- Diversified networks to export markets
- International recognition of Moldovan fashion brands on regional markets
- Moldovan wedding wear & accessories fashion niche conquers Romanian market and starts exports into the EU
- Hand-made textile accessories break ice to UE, US and Japan markets

Moldova's light industry is an export-oriented industry. MCP has continuously supported the increase of exports in this industry during all 6 years of implementation, focusing on the export of high value-added products. MCP supported Moldova's light industry to jump from low-value cut-and-make (C&M) services, to high value-added products, which create more stable and better paying jobs. MCP and industry partners merged efforts to reposition Moldova as a full product manufacturing partner for European and regional clients. Since Moldovan designers are better understood in regional markets, Moldovan brands have prioritized exports there. To increase revenues within the industry, create better working conditions and compensation for the workforce, MCP assisted Moldovan light industry companies to penetrate new markets and increase exports.

MCP offered strategic marketing opportunities for Moldovan producers to increase sales in the following markets:

1. **Domestically** - by raising awareness of Moldova's own-brand producers on the domestic market to cultivate pride in wearing local brands; stimulate local brand consumption versus imported products; strengthen collaboration between local manufacturers; and empower joint marketing efforts which increase production for the local market and acquire greater market share.
2. **Internationally** - to raise the profile of Moldovan light industry on the global market as a full product manufacturing partner; position Moldovan suppliers as manufacturers of high value services for European market and build recognition of Moldovan fashion brands in the regional market.

The global pandemic has fundamentally changed the exhibitions industry. Amidst the pandemic, many events moved to a virtual setting to overcome the inability to gather in person. In such conditions, MCP reoriented its support to enterprises to implement e-commerce. Nevertheless, the Covid-19 pandemic drastically affected the activity of this industry, decreasing exports in 2020 by 13% compared to 2019.

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

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

In order to showcase products from the Moldovan light industry and attract new clients, MCP during its life of project has repeatedly supported many light industry companies to participate at various international exhibitions. MCP supported the participation of Moldovan light industry SMEs in leading international exhibitions in France, Germany, Italy, Spain, UK, Czech Republic, Kazakhstan, Russia and Ukraine. These markets were defined jointly with the private sector, representing primary targets for sourcing services for international clients (mainly EU) or introducing Moldova-branded apparel (mainly regional markets). MCP and industry partners collaborated to reposition Moldova as a full product manufacturing partner for European clients. In addition, MCP assisted the internationalization of Moldovan fashion brands that have emerged in recent years, starting with regional markets whose styling preferences are more familiar to Moldovan designers.



Photo Caption: Moldovan brands' stand (Georgette, Julia Allert, EHO by Evgheni Hudorjcov, Cocsinelle Nikita Rinadi and Ana Popova) at Pure London international exhibition, 2017
Photo Credit: APIUS, FB page

During FY 1-6 MCP supported light industry companies participate in 84 editions of different EU and regional international exhibitions which generated more than \$20.3 million worth of signed contracts and over 3,200+ business contacts. A significant accomplishment is that around 90 percent of these new exports are for more value-adding manufacturing concepts, including sourcing, patternmaking, and design, which support the industry's competitiveness. Moldova's light industry struggles to upgrade from low value stitching services, which make up over 80% of its exports today. Higher value-added manufacturing services mean that businesses can offer more stable and better paying jobs in country.

	2016	2017	2018	2019	TOTAL
Number of participating companies	32	34	48	34	148
Number of tradeshow editions	11	19	30	24	84
The value of signed contracts, Million \$	5,2	5,6	3,8	5,7	20,3
Number of contacts	600	834	844	927	3205

While offering export development support through participation at exhibitions and specialized showcasing events, MCP focused on putting participating firms through a thorough market readiness assessment and preparation process. This entailed each company developing a full marketing package required for the brands to succeed on western markets, such as visual presentation, professional web presence, catalogues for buyers, among other components. MCP assisted firms in creating campaign images and look books for their next seasons' collections, macro images of the products, videos of their production sites and other visual presentation elements that are critical for fashion buyers.

Moldovan brands premiered on the global market under the "MY Heart Moldova" umbrella brand.



*Photo Caption: Anna Lyberg, Ambassador of Sweden and Brian Wittnebel, USAID witness working conditions at Maicom apparel factory
Photo Credit: MCP*

The success in the local market resulted from the promotion of over 60 light industry brands under Din Inima Branduri de Moldova (**From the Heart Brands of Moldova**) umbrella brand, an initiative developed with MCP support, motivated companies to consolidate their efforts to enter the international market under the locally recognized umbrella brand, **From the Heart Brands of Moldova**.

Joint participation under the Moldovan common stand allowed more companies, including emerging and startup manufacturers, to attend multiple events at a lower cost. The common stand was marketed with the From the Heart Brands of Moldova logo, garnering greater visibility from visitors. In addition to booth development, MCP assisted APIUS and participating companies in developing high-quality marketing materials.

The success in creating market linkages and sales generation at tradeshows were due to focused efforts by MCP and industry players. Repeated participation in the Fall and Spring editions of different tradeshows positioned Moldova as a reliable partner for customers.

Moldova started selling own fashion branded products on regional markets

Continued MCP support for regional tradeshows helped the Moldovan light industry companies increase value-added exports of their own brand apparel and footwear, which is currently in its very early phase. Only 20 percent of Moldova's fashion industry has own-branded products mainly geared for the domestic market, while the rest constitute lower-end manufacturing services. Moldovan own brands were promoted at tradeshows in regional markets, namely Kazakhstan (where many companies started exporting to), Ukraine (remaining a top market for Moldovan and Transnistria footwear), Russia (accounting for significant exports of branded apparel, including Transnistria), as well as Romania (new market being entered by a couple of apparel and footwear brands). These markets were defined as priority because they are open to new emerging brands and Moldovan designers understand consumer preferences and styles. Eventually, these markets will become a foothold for exports to markets further in the West.

MCP helped explore and launch exports of several Moldovan fashion brands to **Kazakhstan**, a new market identified as having high potential for Moldovan own branded apparel. The Iulia Allert brand has already established itself very well in this market, even opening a franchise store.

FEATURE STORY

Five Fashion Brands Sign Orders Worth \$121,800 at Regional Trade Fair in Kazakhstan.

On March 17-19, 2019 MCP supported five Moldovan own label fashion brands – Allert & Co, Premiera Dona, Infinitextil, Evadeya, and Antigona – to take part in Central Asia Fashion international exhibition in Kazakhstan, one of the most influential and successful fashion exhibitions in the Central Asian region. The event is the only specialized event for the Kazakh fashion retail market, and it attracts both established market leaders and new players in the field. Moldovan brands established 88 new contacts and signed orders worth \$121,800 USD at the event, including Allert & Co who secured their presence in Kazakhstan and signed new contracts worth \$40,000 USD. Consistent, year-on-year participation in international exhibitions is a key component for success, building credibility and long-term collaboration between brands and buyers. This is the fourth year in a row that MCP has supported Moldovan brands like Allert & Co to attend Central Asia Fashion, resulting in Allert & Co opening a franchise shop in Almaty, Kazakhstan in 2017.



Photo Caption: Moldovan brands meet with potential clients at Central Asia Fashion trade fair in Kazakhstan
Photo Credit: APIUS

Moldovan manufacturers broke into the Czech Republic as a new market, by gaining feedback from potential clients and new experience through showcasing at STYL KABO, an international exhibition in Brno, Czech Republic. Moldova was represented by three Moldovan DIN INIMA brands – Julia Allert (womenswear), Vitalie Burlacu (handbags) and Floare (footwear). The fair is one of the most prestigious professional shows of Czech products and foreign fashion manufacturers within Eastern Europe. As a result of its participation, Julia Allert collaborated with a prestigious fashion showroom in Prague and signed agreements with Slovak multibrand store Rena Exclusiv. This is attributed to the designer's participation initially at STYL KABO where Julia Allert not only impressed its audience, but also began real collaborations, appearing immediately in a prestigious concept store in Brno and Prague. To fortify Moldova's position in the Czech market, MCP supported Julia Allert to showcase at two significant fashion and design events, "Czech Design Week" and "Prague Design Market".

The **Ukrainian** market also represents large potential for Moldova's footwear brands. Footwear producers, especially those from Transnistria, and Oldcom, a producer of canvas shoes, have positioned themselves quite well in this market. With regard to footwear manufacturers, Rotan JSC, the most successful Moldovan manufacturer of special and work footwear, began exporting on the Ukrainian market.

Regional markets tradeshows

- **"Leather&Shoes exhibition"** for footwear brands, UKRAINE
- **"Styl Kabo"** for apparel brands, CZECH REPUBLIC
- **"ExpoZahid, Galychyna Shoes Expo"** for footwear and handbags, UKRAINE
- **"Kiev Fashion"** for apparel brands, Kiev, UKRAINE
- **"Fashion Central Asia"** for apparel brands, KAZAKHSTAN
- **"Tirgul de Nunti Ghid Mariaj"** for apparel brands, ROMANIA
- **"Ghidul Miresei"** for apparel brands, Bucharest, ROMANIA
- **"Mariaj Fest"** for apparel companies, ROMANIA
- **"Wedding Market fair"** for apparel companies, ROMANIA
- **"Baby Fashion"** for kids' brands, UKRAINE
- **"Next Season"** (for apparel and footwear companies), UKRAINE
- **"Republic of Moldova Presents"** for apparel brands, ROMANIA
- **"ExpoZahid, Galychyna Shoes Expo"** for footwear brands, UKRAINE

Moldovan wedding wear & accessories fashion niche conquers Romanian market and starts exports into the EU

In the wedding wear industry, high attention to detail, and quality manual work is critical to obtain a unique end-product. Moldovan designers have access to both these skills, creating a niche for outstanding Moldovan-made wedding wear. MCP has successfully consolidated the Moldovan wedding-wear market, sending eight apparel and accessories companies to the three most important wedding fairs in Romania: “Targ de Nunti” in Iasi, “Ghid Mariaj” and “Mariage Fest” in Bucharest. Ilet'te, which produces wedding dresses, signed a contract with an official distributor in Romania. Rodica Braga jewelry exhibited in two important Romanian cities, Bucharest and Pitesti, and July Anne Millinery started a collaboration with a concept store in Bucharest. MCP also supported Moldovan wedding brands Sophie and Braga to participate in “The Wedding Market”, a popular wedding fair in Romania. MCP supports Moldova's nascent bridal apparel sector to penetrate regional markets, generating high value export contracts.

Moldovan fashion brands' product design skills and high manufacturing quality recognized by Romanian consumers

Aiming to promote Moldovan products to Romanian B2B and B2C markets to inspire future collaborations, MCP supported the participation of Moldovan brands and designers at fashion events and specialized fairs, bringing the Moldovan product closer to the real consumer. Thirteen brands have been well received by Romanian consumers at prestigious international fashion event Romanian Fashion Philosophy. This was the first catwalk in Romania to present a large group of Moldovan designers and Moldova as a destination for fashion. This international event gathers designers from the EU, USA, Mexico, China and Moldova, showcasing the newest trends in the field.

Regional markets remain a major target market for Moldovan own-branded apparel, including Transnistria-based companies. While Europe is a key partner for manufacturing services, including private label apparel.

At the same time, MCP assists companies produce under their own label, and are part of the DININIMA umbrella brand, to take part in international pop-up shops, specifically in the Romanian market. This is a great opportunity for brands to test customer behavior, deepen their relationship with clients and build an offline arm for their business at reduced costs.

Brands such as Arti Macarale, Emilita Lux, Intercentre Lux, Artizana Factory, Lia Fia, Andal Plus promoted their collections at few pop up shops in cities across Romania, including Alina Bradu who opened their second store in Romania during the quarter, this time in Iasi Pallas Mall, where the brand presented their products in a pop-up shop in December last year and Maicom opened 6 physical stores in Romania. MCP helps DININIMA brands test new markets, as pop-up stores also allow retailers to engage customers with product demonstrations and answer questions on the spot. Brands benefit from face-to-face interaction, and customers learn more about their products and get immediate answers but also can root themselves in a community to find their target customers within an area and build trust with customers prior to fully investing in a new market.



*Photo Caption: Alina Bradu store in Palas Mall, Iasi, Romania
Photo Credit: Alina Bradu*

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

MCP is always looking to diversify and expand the presence of local manufacturers on international markets. For this purpose, MCP approached 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 emerging designers specialized in sustainable fashion to exhibit their Ramuri brand on the Dult - a Local Fun Fair which took place on Regensburg Germany, the fashion accessory companies, specializing in handmade jewelry to exhibit at international selling exhibition AF-L'artigiano, Fiera Italy and local designers, whose design and production are based on slow fashion, participate at different pop-up shops in Bucharest, Cluj and Iasi, Romania.



Photo Caption: MCP-supported Ana Popova jewelry brand exhibiting at Bijorhca international trade fair in Paris, 2017
Photo Credit: Ana Popova

The main aim of this support was to promote local brands enter new niche markets with niche products, and to understand the customer demand for Moldovan products.

MCP also supported young and emerging fashion designers to participate in international fashion weeks, such as Paris and Milan. Moldovan designer Olga Blank participated in the Pernia Collections Fashion Week in Paris. Pernia Collections Fashion Week is a unique concept that merge a tradeshow and showroom during Paris Fashion Week.

Hand-made textile accessories break ice to UE, U.S. and Japan markets

MCP also worked with niche producers. Several emerging fashion accessory designers, specializing in handmade textiles and beads, started exporting, serving as the first designers in Moldova to sell handmade products internationally. These sales were made possible through MCP-assisted participation in the largest accessories fair, Bijorhca in Paris, France, and Bijutex in Madrid, Spain. Four accessories' designers were assisted: Ju-Bijoux, Marinelle, Natalya Maskvina and Rodica Braga.

Participation at these important trade platforms exceeded the expectations of Moldovan designers, enhancing their jewelry exports to EU buyers and allowing them to enter new markets.

Moldovan Brands exhibit in a Strasbourg pop-up and increase European visibility at Strasbourg Fashion Week

MCP supports home-grown fashion brands to penetrate regional and international fashion markets, through targeted participation in trade shows and partnerships with key retail chains. MCP supported seven Moldovan clothing brands to participate in Strasbourg Fashion Week in partnership with the industry association APIUS and MIEPO. In addition to catwalk shows, the brands received product exposure in the first popup "Printemps" store in Strasbourg during the Fashion Week. The "Printemps" store was opened to continue exposing Moldovan brands for a longer testing period. The presence of Moldovan brands in this prestigious network served as a strong foundation for the recognition of quality Moldovan garments.

Niche markets and products

- **"Scoop"** for apparel brands, UK
- **"Strasbourg /Printemps/Fashion Week"** for selected apparel companies, France
- **"Bijorhca"** for jewelry handmade brands, France
- **"HOMI tradeshow"** for accessories & lifestyle, Italy
- **"Maison&Object"** for accessories & lifestyle, France
- **Bijutex in Madrid, Spain** for accessories & lifestyle
- **"Capsule exhibition"** (for apparel brands), Los Angeles, USA
- **"Who's Next "** for apparel companies, France and the UK
- **Strasbourg and Ukrainian fashion weeks**, for apparel brands
- **Pernia Collections Fashion Week in Paris** for clothes for special events
- **London's famous Saachi gallery** for apparel brands.

The first Moldovan designer showcase at leading contemporary womenswear event in London's famous Saatchi gallery

MCP provides tailored support to Moldovan designers and brands to reach markets with the most potential. MCP supported Georgette to be the first Moldovan brand to attend the leading contemporary womenswear trade show, Scoop, in London. Recognized by designers, fashion buyers, and industry experts, the UK's leading fashion trade show, Scoop is an exclusive platform for sought-after fashion collections and emerging international designers, all of whom are specially approved to showcase to visitors from department stores including Harrods and Bergdorf Goodman. Georgette's inclusion in one of the world's leading womenswear trade shows is a major achievement for the Moldovan fashion industry and is a sign that its design capacity has reached a new level of maturity recognized at the international level.

Moldovan emerging designers get international recognition at acknowledged runways

MCP supports emerging designers to showcase their work to industry professionals at international fashion weeks and other well-known platforms. **Young designer Katea Gri, a participant in MCP Flying designers' program, explores export opportunities in Ukraine.** MCP helps home-grown fashion brands penetrate regional and international fashion markets through targeted support for marketing and design. Moldovan designer Katea Gri worked closely with an MCP-provided Flying Designers consultant to align her work with international fashion trends and calendars. Katea Gri presented her AW18 collection in Kyiv at Ukrainian Fashion Week. As a result of this presentation, Katea Gri received an offer to collaborate with a popular Ukrainian platform which promotes young designers.



Photo caption: Autumn/Winter collection of young designer Katea Gri showcased at the Ukrainian Fashion Week, 2018.

Important international chains became interested in MOVE brand due to exposure at IMONI Showroom Paris

The young and prominent designer Lilia Surdu, a beneficiary of MCP FAP and "Flying Designers" programs, showcased the SS18 MOVE collection at IMONI showroom during Paris Fashion Week. IMONI is a seasonal showroom presenting specially selected brands. The IMONI showroom was visited by more than 100 different buyers representing various department stores. Important international chains, such as Moda Operandi, global marketplace Wolf & Badger and Biffi developed interest in Moldovan brands. Still, more time and effort is needed to develop relationships with these giants. MOVE was selected as one of a small group of brands to join the physical stores in prestigious neighborhoods in London, as well as online. Finally, MOVE has also tested its products in two concept stores in Paris and Milan as a result of participation in Paris Fashion Week. Producing outstanding handmade painted silk garments, MOVE is an example of aesthetic wearable fashion, with great potential to leverage its niche in high value-added conceptual fashion.

APIUS Light Industry Association Promotes Moldova as a Reliable Apparel Sourcing Destination in Eastern Europe

Recent McKinsey report "State of Fashion 2019" highlighted that to meet customers' needs in the fashion industry, apparel companies need to focus on nearshoring, automation and sustainability. With MCP support, APIUS has developed a fashion catalogue promoting the top reasons to source in Moldova, including a database of local DININIMA brands and the top 170 Moldovan manufacturers. Nearshoring can be economically viable due to savings in freight costs and customs duties – given such, APIUS decided to promote the Moldovan fashion industry to Western countries, as they started moving production closer to home, focusing on shorter lead times. By reducing time-to-market, companies can produce in closer alignment with demand, reducing overstocks and increasing full-price sell-through. Catalogues can be a powerful brand engagement tool, promoted through digital media but also at major relevant events to attract interested buyers and potential investors.

Recent McKinsey report “State of Fashion 2019” highlighted that to meet customers' needs in the fashion industry, apparel companies need to focus on nearshoring, automation and sustainability. With MCP support, APIUS has developed a fashion catalogue promoting the top reasons to source in Moldova, including a database of local DININIMA brands and the top 170 Moldovan manufacturers. Nearshoring can be economically viable due to savings in freight costs and customs duties – given such, APIUS decided to promote the Moldovan fashion industry to Western countries, as they started moving production closer to home, focusing on shorter lead times. By reducing time-to-market, companies can produce in closer alignment with demand, reducing overstocks and increasing full-price sell-through. Catalogues can be a powerful brand engagement tool, promoted through digital media but also at major relevant events to attract interested buyers and potential investors.

Moldova's fashion manufacturing industry has been severely affected by the COVID-19 pandemic, registering an 11% decrease in exports in 2020, compared to 2019. Leading business partners from Italy, Romania and France reduced manufacturing orders between 35% and 60%. Given such, MCP supported APIUS in deploying a five-month online Business-to-Business (B2B) campaign and promote competitive advantages of sourcing from Moldova to seek new partnerships and investments from international fashion buyers, As a result, nearly 880 EU businesses expressed interest in sourcing fashion manufacturing services from Moldova and visited APIUS's dedicated website, accessing a database of 170 local manufacturers featured in Moldova's first Clothing, Footwear & Accessories Manufacturers' Guide, which was developed with MCP's support. The manufacturers vary from apparel factories, patternmaking studios, and design bureaus to independent fashion brands. APIUS became a one-stop shop for international inquiries, providing match-making services and putting international buyers in contact with Moldovan manufacturers based on pre-selected criteria, such as production capacity, order requirements and international certification. Most of the interested fashion buyers were from the Netherlands (191), Sweden (184), and Germany (122), followed by Finland, France, Spain, Austria, Italy, Poland, and Croatia. 125 fashion buyers (14%) established contacts with Moldovan manufacturers, while eight others started negotiations for collaboration.

Advantages to Nearshoring in Moldova

<p>Large Assortment</p> <p>Women, men, kids; woven-knit-jersey; light fabrics; tailoring</p>	<p>Flexible Orders</p> <p>Orders of 800 – 30,000 units per month</p>	<p>Short Delivery Time</p> <p>Geographical positioning ensures delivery in short terms (2-4 weeks)</p>	<p>Great Experience</p> <p>Decades of experience with European and international clients</p>
<p>Qualified Labor Force</p> <p>Strong manufacturing and design education, specialized vocational schools and universities</p>	<p>Multilingual</p> <p>Multilingual workforce: ENG, GR, IT, FR, RU, RO</p>	<p>High Quality</p> <p>Long track record of quality clothing</p>	<p>Full-Service Package</p> <p>Full array of manufacturing services, from C&M and CMT to full-service package and private label operations</p>
<p>Features</p> <p>Customs facilities for raw material storage and export</p>	<p>Tax Free</p> <p>Tax Free access on EU markets, Eastern Europe and Turkey</p>	<p>Sustainability & Innovation</p> <p>Strong fashion design, eco-friendly fabrics</p>	<p>Investment</p> <p>An investment friendly environment</p>

Photo caption: The advantages of sourcing to Moldova featured on APIUS landing page
Photo Credit: APIUS

The COVID-19 pandemic also led to an unprecedented disruption in supply chains, pushing the world fashion industry to shift towards digital transformation. In this context, many EU buyers look for reliable apparel destinations closer to Europe to facilitate apparel production and distribution. Moldova is a good fit, offering a wide range of competitive advantages such as short delivery times (starting from two weeks), flexible orders with no minimum requirements (an important advantage for international buyers who aim to reduce their stocks), and ethical production standards, which demonstrate good working conditions for employees and fair-trade practices.

ACTIVITY 3.2 Promote the DININIMA Umbrella Brand and Expand Domestic Market

Achieved Outputs:

- **120+** brands acting jointly under DININIMA common brand
- **45+** local brands participating at joint promotional campaigns
- **up to 40 brands** and **7 emerging designers** showcase collections at Moldova Fashion Days each edition within 17 editions
- **30** DININIMA brands engaged in the E-commerce full cycle
- One local marketplace www.fromtheheart.shop
- **12** DININIMA brands expand online and offline sales on the international market
- DININIMA umbrella brand gained **60% recognition on local market**.
- **6** DININIMA common stores

Achieved Outcomes:

- Improved image of the local brands and enhanced consumer perception toward conscious and eco purchases through DININIMA awareness and direct promotional campaign
- Improved and advantageous partnerships with e-commerce partner-suppliers
- New digital promotional instruments absorbed by the local companies
- **Moldovan Fashion Days** flagship fashion event present online and offline
- Common online and offline retail as a competitive solution to increase domestic sales
- The value added for own brand is **6.8 times higher** than the value added for C&M services, contributing to quality jobs and industry competitiveness.

The DININIMA (From the Heart Brands of Moldova) local fashion umbrella promotes local brands and motivates consumers to buy domestically made apparel, footwear and accessories. The brand was launched in 2012 by USAID and APIUS to bring together Moldovan brands under one recognizable label, and since then, DININIMA has become the singular identity of Moldovan fashion, revolutionizing how locally made clothes are perceived by domestic consumers. Over 100 local fashion brands have emerged in recent years, as a direct impact of DININIMA.

With MCP assistance, the domestic market for Moldovan light industry products has grown by 20-30% each year. Over 6 years, with the exception of the year of Covid-19 which affected the sales for the entire industry, Moldovan brands have earned over \$7 million in new sales. The success of the DININIMA brand has encouraged young design talents to emerge, and in recent years many nascent fashion brands have made their way to the Moldovan market. For many emerging designers and small manufacturers, Moldova remains their only market. The domestic market acts as a trampoline for international sales, as Moldovan designers build more confidence and seek international markets. In 2021, Moldovan producers sold 20% on the domestic market (compared to only 11% in 2011), exporting the remaining products. Footwear producers had experienced particularly high growth, having sold 40% locally in 2015. At the same time, 75% of domestic market consumption consists of imported goods, demonstrating further growth potential for Moldovan producers.

The growth of own-label fashion brands on the domestic market is changing Moldovan manufacturers' business models, supporting the industry to transition to higher value add products for greater long-term viability and competitiveness. MCP focused on the domestic market as the driver of development for high-value Moldovan fashion brands and own-branded products. The value-added for own-brand products is **6.8 times** higher than for cut-and-make services, enabling higher profitability, investment and better paid jobs.



Photo Caption: DININIMA country umbrella brand
Photo Credit: DININIMA

With MCP support, cooperation and trust between producers were strengthened, as they realized the benefits joint marketing under the DININIMA initiative. This cooperation was fueled by APIUS, which owns and manages the DININIMA initiative, with strategic assistance from MCP. The project acts as a facilitator and coach, consolidating this uneasy industry cooperation and ownership of DININIMA by APIUS and its members. Producers see additional value in acting under the common industry brand DININIMA and may become part of DININIMA by becoming members of APIUS. The APIUS membership fee is affordable at only USD \$300 (3,600 MDL) per year, returning value to producers in the form of cost-shared participation in joint DININIMA promotion campaigns, pop-up shops and other sales events, and fashion shows. To date, DININIMA umbrella has raised the total number of members to 100 companies, representing approximately **25 percent of the total 467 active enterprises** in the sector.

With MCP support, participating producers improved their brand identity, marketing, and designs, transitioning to high-value original products. Companies and startups cooperated to participate in multiple promotion campaigns and events under the DININIMA identity, cost-sharing with MCP funds.

More than 3,000 square meters of Moldovan products gathered under the DININIMA umbrella identity, consolidating domestic market

The DININIMA common stores operate as a public-private-partnership, with the objective of increasing producers' sales on the local market, increasing consumption of local products, stimulating deeper understanding of the efficiency of multi-brand stores, and absorbing new knowledge and skills in visual merchandising. Fashion retail constant improvement is a priority for MCP assistance, with a focus on joint retail under the DININIMA identity.

There are now more than 3,000 square meters of retail space selling Moldovan products under the DININIMA umbrella identity. These new stores demonstrate the increasing maturity of the DININIMA brand and the efficiency of joint retail areas. They include:

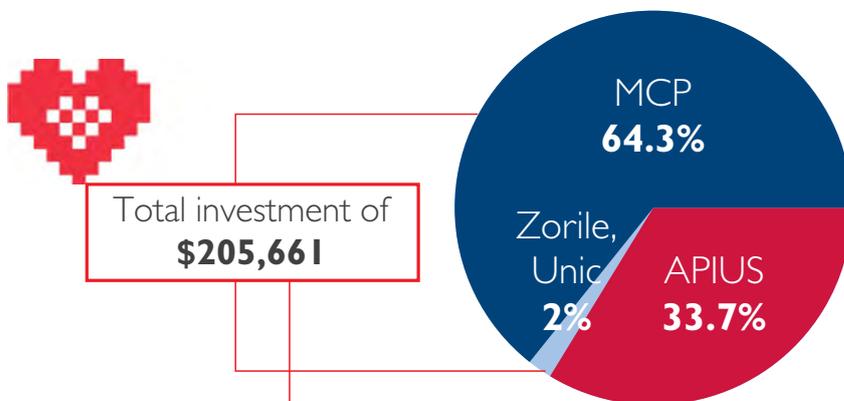
- The common store "Capsula" was launched in downtown Chisinau on M. Eminescu street with 4 local brands.
- The common store "DININIMA" was launched in Chisinau on Izmail street, with 3 local brands
- The common store "DININIMA PAN COM" was launched on Aleco Russo street in the Riscani sector of Chisinau with 8 local brands
- The common store "DININIMA" was launched in ZITY Mall, Chisinau with 2 local brands.
- DININIMA common platform within "UNIC" shopping center
- The common store "MODA" on Stefan cel Mare within the right heart of Chisinau



<p>MODA</p> <p>Adresa: 83, Stefan cel Mare si Sfint blvd.</p> <p>Branduri: Georgette, Sekana, Katea Gri, Premiera Dona, Evadeya, Crème Brulee, Vitalie Burlacu, Shram, Ionel, Haskel</p>	<p>DININIMA OUTLET STORE</p> <p>Adresa: 84, Ismail str.</p> <p>Branduri: Vistline, Vasconi and Georgette</p>
<p>DININIMA STORE</p> <p>Adresa: 16/1, Kiev str., Pan Com</p> <p>Branduri: Georgette, Crème Brulee, Vasconi, Mallena</p>	<p>CAPSULA STORE</p> <p>Adresa: 39, Eminescu str.</p> <p>Branduri: Haskel, Lavielace, Vivi Art Boutique and Arabadji</p>
<p>ZORILE MALL ON CALEA IESILOR</p> <p>Adresa: 8, Calea Ieşilor str., "Zorile" CC</p> <p>Branduri: Brio, Liudmila Storojuc, Shram, Alina Bradu, Maxi Kids, Ravetti, Crème Brulee, Passer, Aimo, Mallena, Georgette, Bombonici, Ionel, Evadeya, Perna mea, Croitor Tricot</p>	<p>SHOPPING CENTER "UNIC" CC, 3rd floor, "DININIMĂ"</p> <p>Adresa: 8, Stefan cel Mare si Sfint blvd.</p> <p>Branduri: Vitalie Burlacu, Brio, Vistline, Ionel, Olsa Shoes, Tiras</p>

For manufacturers with good products and branding, a well-planned and managed space in a retail store is the cornerstone for success. The quality of the retail space influences sales and perception of the brand. Moldovan fashion brands typically develop and manage their own retail spaces, which can lack critical success elements, including merchandising, lighting, good design/layout, and service. The domestic market is a foothold for emerging designers and brands, preparing them for future exports, and international trends have shown that consolidation is key for success in retail. Domestic fashion retail improvement was therefore a priority for MCP assistance, with a focus on joint retail under the DININIMA identity.

To date, DININIMA promotional campaigns raised a total investment of \$205,661, of which MCP invested USD \$132,240 (64.3 percent), APIUS invested USD \$69,451 (33.7 percent) and Zorile and Unic CC invested USD \$3,970 (2 percent), efforts to raise Moldovan brand awareness and increase domestic sales.



Moldova Fashion Days is now the leading professional industry event, showcasing collections of established Moldovan brands and young talent

Fashion shows are essential in connecting designers to consumers, but also exposing creative skills and talent. Moldova Fashion Days became a permanent semi-annual professional event of the Moldovan fashion industry. With USAID support, Moldova Fashion Days (MFD) became the leading industry event showcasing original designs and brands from Moldova. Moldova Fashion Days enables Moldova to connect to the global fashion map, as each country runs their own local or international fashion week in the Fall and Spring to preview collections. Understanding the importance of fashion shows for the industry ecosystem, USAID initially supported a small fashion show concept in 2012 with public figures and the diplomatic community as catwalk models. With each edition, USAID assistance was critical for fashion shows to grow in stature, making these events regular (twice a year), raising professionalism on the catwalk, facilitating industry cooperation in organization and management, leading to greater sustainability. Today, the event is owned and organized by APIUS industry association, and it covers a majority of the costs through sponsorships and tickets.

Each edition gathers up to 40 national brands including new young designers, offering them the first opportunity to appear on the biggest national stage for fashion. As a strategic partner, MCP helped to further position Moldova Fashion Days as a professional fashion event, and supplemented the main catwalk event with fresh satellite sales events, such as Fashion Soiree, Sparkling Party, and popup shops where consumers could buy the local brand collections. This innovative concept provides flexibility and opportunity for further evolution but most importantly, an opportunity to raise sales while embracing the concept of “See Now-Buy Now”. A community event – Fashion Soiree – showcased a series of special summer collections, and famous women, businesswomen, and political leaders served as models on the catwalk. Each event reached more than 70,000 social media users and over 100 media appearances.



USAID, Sweden and UK Embassies' officials attending MCP-supported event Moldova Fashion Days, September 2019. Credit: Moldova Fashion Days, Facebook.



Photo Caption: Ionel showcasing the Autumn/Winter collection at Moldova Fashion Week, 2019
Photo Credit: Moldova Fashion Week

The fashion industry has been negatively impacted by the Covid-19 outbreak, which reduced retail production and consumer demand. A majority of Moldovan small apparel producers are dependent on the domestic market, and retail closures have deprived them of critical sales, putting their businesses and thousands of women's jobs at risk. The MCP-supported impact assessment of the pandemic on Moldova's apparel manufacturing industry revealed that sales on the local market have decreased by 56 percent, or 160 million MDL (\$9 million) during March – May 2020, and sales continued to be low even after shops had reopened. In response, MFD was adapted and organized into two digital events serving as an interactive marketing opportunity and tool to boost local sales.

Sales-driven promotion becomes the top priority of the DININIMA brand and APIUS

DININIMA campaigns on the local market as a PPP, with an average of 40 brands benefiting and contributing to about 15 different events and digital campaigns, annually. During its six years of operation, DININIMA's joint marketing campaign as a PPP raised \$35,839 USD, with MCP contributing 44% of this value, and the majority of resources being supplied from the private sector (APIUS and sponsors). This funding share confirms the enhanced capacity of APIUS to lead innovative marketing initiatives, and the effectiveness of joint actions.

Strong PR and communication, advertising and sales campaigns, and events actively promoting the DININIMA common stores raised significant visibility and national recognition to Moldova's fashion industry. Implementing these activities is part of the communication and promotion strategy for the DININIMA umbrella brand, with both PR and sales objectives. DININIMA promotion activities were adapted to a segmentation approach. For example, APIUS organizes special events and large online campaigns dedicated to children's wear brands, such as a "Back to School" catwalk supported by a PR and communications campaign. Recognizing the power of the DININIMA umbrella brand, local brands have taken the lead in organizing promotional events, using their own resources and leveraging APIUS's organizational support. As such, yearly brands gather at seasonal popup shops, conceptual presentations and small catwalks presenting limited collections and seasonal pre-collections. Popup retail is increasingly popular in international fashion, creating temporary low-cost retail installations in unexpected places.



Photo Caption: USAID Mission Director, Scott Hocklander witnessing working conditions at MCP-supported apparel factory Coralay-Lux in Balti
Photo Credit: MCP

MCP propelled the status of the #DININIMADigitalAmbassadors, connecting journalists, bloggers, and fashion vloggers to DININIMA initiatives, inviting them to join social media campaigns, and involving them with Moldova Fashion Days and other fashion events (e.g. inviting them to model at the Fashion Soiree community event.) transforming them into ambassadors embodying the slogan, “Be proud to wear local”. MCP assisted APIUS and umbrella brand DININIMA to organize virtual fashion shows, featuring prominent Moldovan businesswomen, journalists and influencers wearing Made in Moldova outfits from DININIMA womenswear and children's wear brands. This social media campaign increased visibility and spurred domestic sales during the entire life of the project. The launch of influential campaigns further demonstrated the maturity of APIUS as an industry association and umbrella brand DININIMA in their ability to organize sophisticated marketing activities, harness the power of local influencers, and target key periods in the Moldovan retail calendar.



Photo caption: Online banner of DININIMA campaign to support sustainable fashion and spur online sales, organized with MCP support.
Photo credit: DININIMA

Twenty apparel brands from the MCP-supported DININIMA umbrella brand have come together to launch the first multi-brand DININIMA e-commerce site, www.fromtheheart.shop. Moldova has a successful ICT industry and some of the world's fastest internet, yet e-commerce legislation is weak, stifling the growth of online sales and negatively impacting the domestic market. This initiative, which capitalizes on the strength of the DININIMA platform, has been developed despite this regulatory challenge, and represents a big step forward for the sector. The website invites customers to “Discover local fashion makers. They create here, at home, quality articles that are in line with international trends”, further stimulating the domestic market for Moldovan fashion brands. Since its launch, MCP has organized common marketing campaigns targeting DININIMA brands for online shopping, thus reaching around \$20,000 per campaign.

DININIMA fashion identity shares sustainable environmental values and raises awareness across local brands

The Light Industry Employers Association (APIUS) launched a social media campaign “I wear what I feel. I feel what I wear” to promote sustainable fashion (including DININIMA brands) and encourage eco-conscious purchases. With MCP's support, the campaign also promotes the e-commerce websites of DININIMA brands and encourages local sales. DININIMA brands are assisted and supported by MCP to build a market for domestic fashion labels, and to support new emerging brands.

A McKinsey survey shows that sustainability is a key purchasing factor for 78% of consumers of mass-market apparel. Struggling with a 60% decrease in production volumes as result of the COVID 19 pandemic, Moldovan apparel factories and designers are re-thinking their business models and adopting new fashion concepts focused on social responsibility, timeless fashion, and eco-friendly fabrics. In light of the current social distancing and lockdown measures, Moldovan fashion brands are making a strong move to e-commerce to generate sales. Online fashion sales are driven by strategic communication messages supporting local consumption and local creative talent.



Photo Caption: “I wear what I feel. I feel what I wear” social media campaign for local Moldovan brands.
Photo Credit: DININIMA

OBJECTIVE 2: EXPANDED MARKET LINKAGES



Photo caption: Seamstresses at MCP-supported factory in Transnistria
Photo credit: MCP

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

Achieved Outputs:

- **120** members with a 15% rate of fluctuating members
- **90%** of membership dues paid
- **6** established partnerships with local and international shipment providers
- **10+** business forums presence highlighting the needs of the industry
- 5 new development partners attracted
- Weekly and monthly newsletter
- Two Strategic Roadmaps elaborated for the industry competitiveness
- Organization Capacity Assessment (OCA) score reached 3.33 out of 4.00
- Moldova Fashion Days organized twice a year and a minimum of 5 yearly fashion events
- www.apius.md, www.dininima.md and www.stocktextil.md websites available in three languages

Achieved Outcomes:

- Increased APIUS role and value to its members through more visibility and involvement within the structural state bodies
- Organizational capacity building strengthening
- Stronger industry-level coordination and collaboration
- Advantageous partnerships with private and public partners in the member's interest
- Consolidated vision for mid-term post pandemic crisis recovery

Membership-based industry associations are crucial for companies who are seeking to be engaged and take a leadership position in what drives each industry. The APIUS association is generally comprised of industry leaders whose goal is to work together in building a professional and sustainable industry.

The Light Industry Employers Association (APIUS) represents the community of local producers of clothing, knitwear, leather goods, footwear and accessories and is dedicated to the competitive development of the light industry, addressing the needs of the private sector, state support and the experience of similar professional organizations.

The APIUS association is the flagship voice of the Moldovan light industry, which is involved in the development of industry policies, joint promotion of Moldovan brands through DININIMA national identity as well as through participation at international exhibitions, free and fair trade, and sustainable supply chains, relevant industry events for its members. The mission of APIUS is to represent, promote, support and defend the common economic, technical and legal interests of its members and light industry representatives, by increasing their competitiveness on the local and international market. APIUS serves as a platform to support and lobby for members' common economic, technical and legal interests in order to conduct fair and transparent entrepreneurial activities at home. In so doing, APIUS engages the most relevant state bodies to help achieve this goal.

Since 2012, the association has consolidated its capacity with the support with strategic partners USAID, Sweden, the UK, and the Centre for Promotion of Imports from developing countries (CBI). Since 2014, APIUS has strengthened its collaboration and partnership with the Investment Agency of Moldova, obtaining support to access over 40 exhibitions and international fairs. On November 6, 2016, the Republic of Moldova, represented by APIUS, became a member of the European Fashion Council (EFC) and currently, APIUS members cover all segments of the light industry activity such are women's & men's clothing, children's clothing, lingerie, footwear, leather goods and accessories. Through MCP assistance, APIUS aims to build a stronger fashion industry in Moldova by raising the added value of local fashion products, creating independent labels and giving designers and manufacturers the tools and skills to develop their business in a globalized world.

APIUS takes an important and leading role during economic crises and broader industry changes, including the Covid-19 pandemic. The association bridged discussions with government and various public institutions regarding the situation in the industry, necessary short- and long-term support, and aid provided for the medical sector and other fields.

In 2016, MCP assisted APIUS to develop an industry white paper, which contained a strategy for responding to the new global changes in the fashion industry and supply chain, and defined what Moldova needs to do to maintain and increase competitiveness and preserve jobs. The white paper formed the foundation for advocacy for needed policy or regulatory changes. Among these were improvements to the labor code and the reduction of VAT (or fiscal vacation for VAT payment) and customs duties for raw materials and equipment. To address this, MCP started to work with APIUS, the American Chamber of Commerce, and other USAID programs to advocate for change.



Within the coaching program organized in partnership with EBA and AMCHAM in 2016, MCP worked with the Customs Service to reduce import duties to 1 percent for 18 categories of goods used as raw materials and accessories in light-industry higher added-value production. The approval of the new code with reduced duties led to increased quantity of imported raw materials in Y3 by 30 percent compared to Y2 and contributed to the increase of higher added-value production.

Developing the new post-Covid Recovery Vision for the Light Industry

The Covid-19 crisis had major social and economic effects on the light industry. Moldova's apparel exports in year 2020 fell by more than 13 percent, as Moldova's top business partners in Italy, Romania and France reduced manufacturing orders. EURATEX, the European Apparel and Textile Confederation, reported a 17% fall in its clothing sector turnover and is now developing a new strategy for recovery built on fair trade, sustainability and digital transformation. Rapidly responding, MCP helped the light industry define a resilience strategy for medium-term recovery. With support from MCP and EURATEX, APIUS developed a Post-Covid Recovery Policy Paper, which reflected the industry's new vision to account not only for the pandemic but also the behavior and mindset of the new generation of consumers with stronger emphasis on sustainability. For the longer run, the industry should align itself to the new technologies, sustainability and constant innovation to reduce environment harm, since garment manufacturing remains one of the highest polluters in the world. Innovation, digitalization, and the green economy remain key development goals for this industry.

MCP supported Moldova's light industry to rethink its forward-looking strategy and understand where to go next after (and during) COVID, how to adapt to the new reality of the global fashion market/industry. The strategy describes the position of the Moldovan light industry in the future prioritizing efforts to improve the business environment, integrate into regional and global changes in the fashion industry and supply chain, maintain and increase competitiveness and preserve jobs, and advocate for needed policy or regulatory changes.



Caption: Strategic Roadmap document screenshot.
Credit: MCP

Stronger association capacity and increased representation of members interests

Based on the internal evaluation of the Association and the special conditions that were achieved, APIUS has achieved a score of 3.33 out of 4.00. This is reflective of how the association has provided improved services for its members and contributed to the sustainability of the industry, while becoming a solid voice of the industry and an association with full capacity. APIUS successfully executed annual strategic action plans which helped reposition Moldova from a low-value (e.g. cut-and-make production) to high value added own-brand (e.g. full product) manufacturing partner and support the expansion of Moldovan fashion brands on regional markets, while also consolidating and expanding the DININIMA umbrella brand within the domestic market.

In accordance with the decision of the General Assembly of APIUS members and the decision of I.P. "Public Services Agency" as of August 21, 2020, APIUS has nominated Silvia Lazu, Director of the children's clothing factory "BOMBONICI" as the new president for a mandate of two years.



Photo caption: Silvia Lazu – APIUS President
Photo Credit: APIUS

"I am honored by the trust I have received from APIUS members and I recognize that it is a new challenge for me. I am confident that, together with the members of the APIUS Board of Directors, we will succeed in giving the Light Industry and the Association a stronger voice, increasing the visibility and competitiveness of the sector, supporting domestic producers and attracting foreign investors, and promoting the image of Moldova internationally."

Silvia Lazu, President of APIUS

"BOMBONICI" brand has been part of APIUS since 2012 and is considered one of the most successful brands in Moldova. Also, lullia Allert of "Allert & Co", an ambitious local brand with 12 years of experience which has received recognition both in country and abroad, was appointed as Vice President of APIUS.

The new board members enhance the ability of the association to make strategic decisions in the members' best interests, while remain agile and flexible to the current Covid-19 challenges.

MCP supports Industry Associations to voice concerns on economic setbacks and prioritize remedies, defining and implementing a lobbying and advocacy agenda with major stakeholders

Moldovan industry associations including the MCP-supported associations of ANTRIM (the National Inbound Tourism Association of Moldova), APIUS (the Employers Association from Light Industry) and COR (Association of Creative Industry Companies), requested economic support from the Government of Moldova. MCP is provided assistance and mentorship to small to mid-size enterprises, business associations, and business executive teams to prioritize remedies. The associations identified key economic support measures to be undertaken in order to prevent industry collapse. The requested economic support measures relate to tax deferral (particularly, labor, social, and medical taxes, and income taxes); affordable loans to supplement cash flow to support wages and reboot business once the pandemic slows down; and protecting businesses against non-delivery to their international clients. The Government of Moldova has promised to assess opportunities to support the business environment – however, specific policies on these matters have not been developed to date.



Photo caption: APIUS team meets ex-Prime Minister Sergiu Railean to discuss support measures for Moldovan light industry. Photo credit: APIUS.

FEATURE STORY

New industry catalogue and APIUS website inform international firms of opportunities in Moldova

With MCP support, APIUS consolidated industry data in a digital fashion catalogue, comprising more than 170 industry manufacturers from clothing, footwear, textile, accessories and individual designers. The industry catalogue offered 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 attached the contact lists of top industry manufacturers. The digital version was promoted on APIUS's 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 as increasing the visibility of the manufacturers, enabling potential partners to learn about their capacity and get in touch with relevant members.



Photo Caption: Capture of Moldova's Clothing, Footwear & Accessories Manufacturers Fashion Catalogue cover. Photo credit: IMAGO.

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. Yearly, APIUS attracts around 10-12 members and removes the ones that do not pay their membership duties while engaging active members during the commonly organized fashion events with ZIPhouse, Moldova in Fashion Conference, Sparkling Party, Best Window Display, DININIMA campaigns, networking events and the multiple webinars and trainings organized with the support of MCP.



Photo Caption: Marcela Lozovanu, Executive Director of APIUS presenting the benefits of sourcing to Moldova during a dedicate panel for light industry manufacturers at Moldova Business Week 2021
Photo Credit: Moldova Investment Agency

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. This is a powerful tool for the Association, serving as an internal informational report for all the stakeholders.

Strengthening business enabling environment with multiple development partners

APIUS attracted a **new development partner - UNDP** with a grant of about \$45,000, to facilitate **cross-river cooperation** and access more opportunities while embracing a circular business model. This partnership led to the launch of a new platform STOCKTEXTIL.MD which helps APIUS members from the right and left bank of Nistru river exchange information about stock leftover from their manufacturing supply chain, cover their shortage of raw materials and equipment. Stocktextil offers many benefits to its platform members such as brand visibility and promotion on social networks; resilience in the raw material supply chain for the local producers; reduction of costs for storage space; the possibility of creating local partnerships; and the possibility to access unique and wide range products at a minimum price.

APIUS members learn about workforce rules and regulations during national state of emergency

With the support of MCP, APIUS organized a series of webinars and informative newsletters to present legal and social best practices for working procedures in factories and stores. Together with Oleg Utica, the MCP Legal Expert, APIUS members learned how to address existing mechanisms and their applicability related to planned leave, self-employed leave, forced leave/technical unemployment and sick leave. The director of the State Labor Inspectorate, Mr. Dumitru Stavilă participated in the event, sharing information regarding measures to support employees during the state of emergency, suspension of employment contracts, technical unemployment procedures and other concerns that companies were facing. The activity also created an opportunity for employers and employees to address their issues and questions related to the ongoing crisis.

APIUS conducts industry surveys to assess the economic impact of the COVID 19 pandemic and leads Government dialogue on support needed

The COVID 19 pandemic has had an enormous impact on Moldova's light industry, which is one of the country's top three exporting industries, and the largest employer of women. The Light Industry Employers Association (APIUS) has over 110 members, a third of Moldovan light industry producers. With MCP's support, APIUS conducted two surveys (in March and May) and collected real-time data to assess the economic impact of the Covid-19 pandemic on Moldova's light industry. The most recent survey shows that Moldovan manufacturing companies registered a \$44 million USD loss in domestic and international sales as a result the pandemic, an almost 60% decrease compared to the period before the outbreak. 25% of manufacturing companies have suspended their economic activity completely, leading to a 33% decrease in the number of employees and over 7,000 people either temporarily or permanently losing their jobs.

The national statistics indicate a 38% decrease in Moldova's clothing industry exports during the second quarter of 2020, with exports amounting to \$62 million during April – June 2020, compared to \$101 million during the same period last year. This represents a loss in exports of about \$40 million for the entire sector, with more losses forecasted for the months ahead. The decline in exports is a result of severe reduction of manufacturing orders from European clients. With consumers staying at home and many physical stores being closed, European-based buyers have begun cancelling and suspending orders from suppliers. Moldova's top export destinations including Italy, Romania, and France have reduced orders by 35 to 60 percent, leading to a substantial reduction in production volumes for local factories. According to the 2020 UNCTAD data, the Covid-19 outbreak could cost global value chains \$50 billion in exports.



Photo Caption: Seamstresses working at MCP-supported Coralav-Lux apparel factory in Balti, 2021
Photo Credit: MCP

APIUS has led the dialogue with the Government and local authorities on the types of support needed to address the economic crisis, and APIUS participated in 23 media engagements to raise awareness about the support that the industry needs. The Association prepared over 20 advocacy papers and provided decision-making information about the industry's economic status and the impact of the pandemic on business sales and employment. The Association has also ensured the flow of critical information about health and safety regulations and requirements to support the continuity of manufacturing operations. MCP provided ongoing assistance and mentorship to APIUS to help Moldovan manufacturing companies plan rapid and long-term responses to the pandemic, maintain business continuity, ensure financial liquidity, ease financial conditions, and recover sales.

MCP assisted APIUS in developing a post-COVID 19 recovery strategy for Moldova's clothing manufacturing sector, aligned with the European Textile and Apparel Confederation EURATEX regional recovery plan. To date, APIUS has served as a strong leading voice of the industry, and submitted over 20 advocacy papers articulating the state of the industry and seeking external support.

FEATURE STORY

Moldovan apparel factories manufacture critical Personal Protective Equipment (PPE) and protective masks

Struggling with a severe reduction of manufacturing orders from their European clients and closure of local stores, Moldovan apparel companies continued their production capacity and secured the jobs of their employees by shifting to the production of personal protective equipment (PPE) and protective masks. Larger companies such as Ionel, Portavita and Maicom secured full-time jobs for 30-50% of their employees, fulfilling large orders from UNDP Moldova and Moldcell mobile network operator, and producing over 550,000 protective masks and 17,000 items of PPE for local hospitals and businesses.

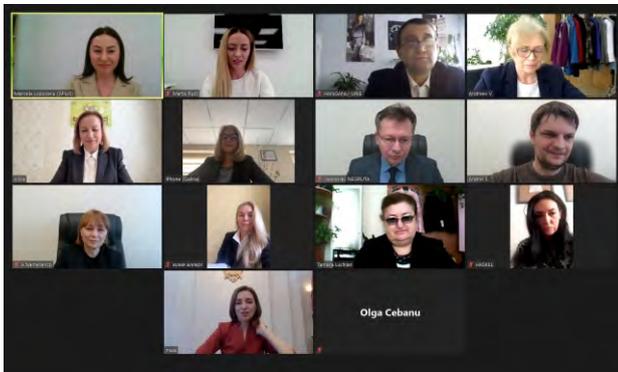
Smaller apparel companies, such as Viomas, have manufactured over 80,000 masks for local hospitals and health centers. The company has purchased equipment to develop different types of masks and increase its productivity. Viomas secured full-time jobs and is paying salaries to 100% of its employees, while also creating opportunities for 25 employees from other apparel factories. By converting production lines to manufacturing critical protective masks, Viomas continued to pay taxes and operate under normal conditions. As official guidelines continue to suggest the use of face masks, most factories are shifting towards the production of protective masks, thus securing jobs for their employees. To date, over 15 Moldovan apparel factories are manufacturing critical PPE and protective masks. Most of these factories have certified their masks in line with National Agency for Public Health quality standards.



Photo caption: Protective masks produced by Viomas. Photo Credit: Viomas

APIUS members participated in a meeting with the President of the Republic of Moldova, Maia Sandu

In April 2021, the Light Industry board members Association met online to discuss with the President of the Republic of Moldova, Maia Sandu, about the crisis situation in the light industry sector and addressed the following topics:



- **Inclusion of light industry** in the list of sectors of the economy most affected by the COVID-19 pandemic;
- Attracting **external funds and diversifying** funding sources to unblock the crisis in the sector;
- Creation of a **credit guarantee fund** by the state;
- **VAT exemption** from the import of raw materials and equipment for production;
- **Reduction of VAT** for sales on the domestic market of clothing, footwear, knitwear, accessories and leather goods;
- The future of light industry in **e-commerce** and the possibilities for recovery and growth;
- **The head of state expressed her willingness to support the business environment in overcoming the crisis and economic recovery, noting that there is also great external openness to help meet the challenges.**

Photo Caption: APIUS Facebook page.

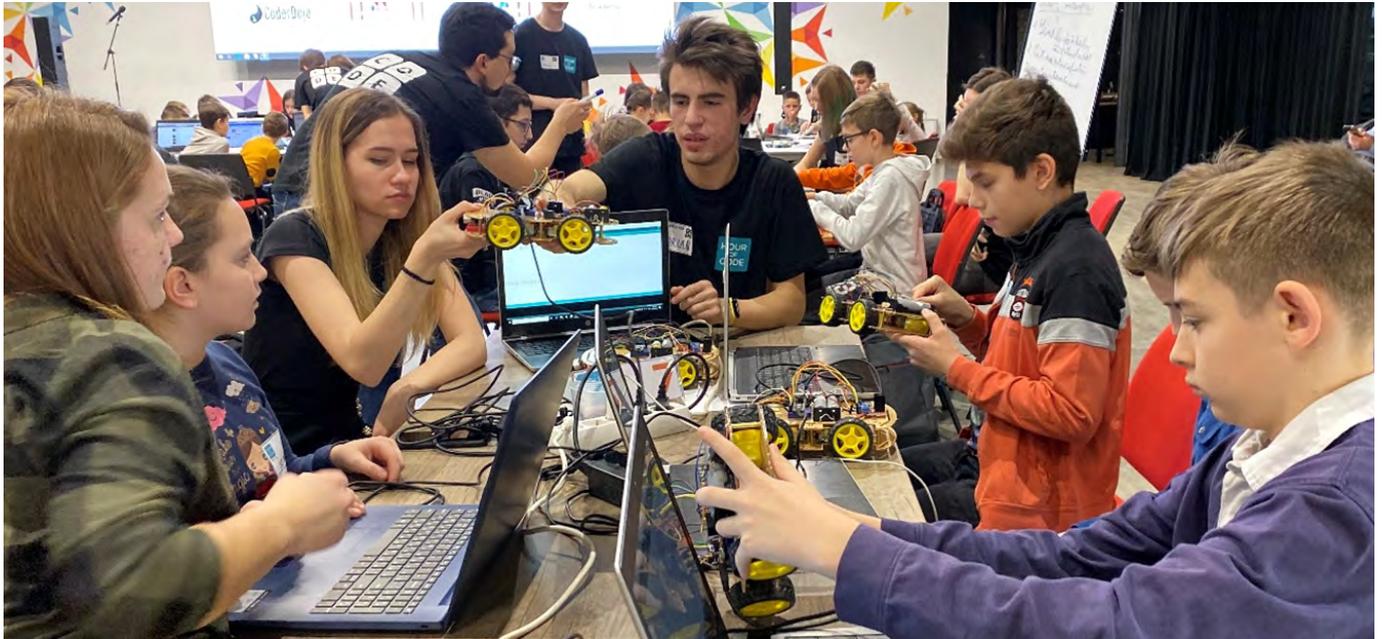
Photo Credit: APIUS



INFORMATION TECHNOLOGY, ENGINEERING AND CREATIVE SERVICES

*Photo Caption: Digital City Park building
Photo Credit: Digital City Park*

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



*Photo Caption: Participants at Hour of Code learning how to build and program controlled robot cars using Arduino.
Photo Credit: Constantin Mindoglo*

PROGRAM I: Promoting STEAM Education and STEAM fields Careers

MCP promoted STEAM youth education through its flagship initiatives: Future Classroom Lab (FCL) and Educational Robotics, which have proven to be effective, sustainable and scalable, benefitting around 40,000 Moldovan youth, being taught in 207 or 17% of Moldovan schools. A competition-based learning model was successfully embraced by many schools, encouraging youth to become more self-confident and prepared for future jobs. MCP supported 17 local and 11 international robotics competitions, and the National Robotics Team Moldova won three gold medals at the prestigious FIRST Global Robotics Olympiad in Dubai in 2019, competing against 188 teams from around the world, demonstrating the exceptional engineering talent of Moldovan youth.

The National Center for Digital Innovation in Education “Future Classroom”, launched in 2019 as a partnership between MCP, the Ministry of Education, Culture and Research (MECR), and Orange Moldova Foundation, became a focal point of systemic change and digital transformation. With the contribution of strategic and technology partners Lichtenstein Development Service and Google, it strengthened its position as a leader of digital transformation in education and trained over 20,000 teachers within the National Digital Literacy program, funded by MECR with local public authorities, and supported by MCP and Orange.



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

Achieved Outputs:

- **42 Schools** in the Future Classroom Lab network are implementing innovative educational activities in modern learning spaces and using digital technologies
- **16,118 students** were involved in over **6,553 lessons** (hours) conducted in the FCLs by **280 teachers**, using 37 experimental digital technologies and devices
- National Center for Digital Innovation in Education (NCDIE) Future Classroom, at State Pedagogical University (UPSIC), launched in 2019, expanded its facilities in 2021
- **Over 2,000 teachers** were trained directly by NCDIE to implement active learning methods, digital technologies and applications, with 1,280 receiving direct MCP support
- Leveraged additional program funding of over **300%** via shared investment of Orange Foundation, Ministry of Education, LED, local schools, and other partners
- **Google** became a technology partner of FCL, facilitating the country's digital transformation and equipping the education system with specialized tools and services, such as Google Workspace for Education (former G Suite).
- **Over 21,000 teachers** were connected to Google Workspace for free under the Future Classroom Center umbrella account
- **20,378 teachers from 1,123 schools** were trained within the National Digital Literacy Program, funded by the Ministry of Education, Culture and Research and coordinated through NCDIE

Achieved Outcomes:

- NCDIE strengthened its position as an important player in digital transformation and digital skills development
- Increased teachers' digital skills to conduct online learning and use digital tools and services effectively for education purposes
- 42 Pilot schools and two pedagogical universities integrated technology in education, and catalyze digital change in the educational system
- Youths equipped with 21st century skills, including entrepreneurship
- Increased teachers' motivation for self-improvement and innovation in the classroom or online learning
- Mobilized additional investment from schools in digital education initiatives

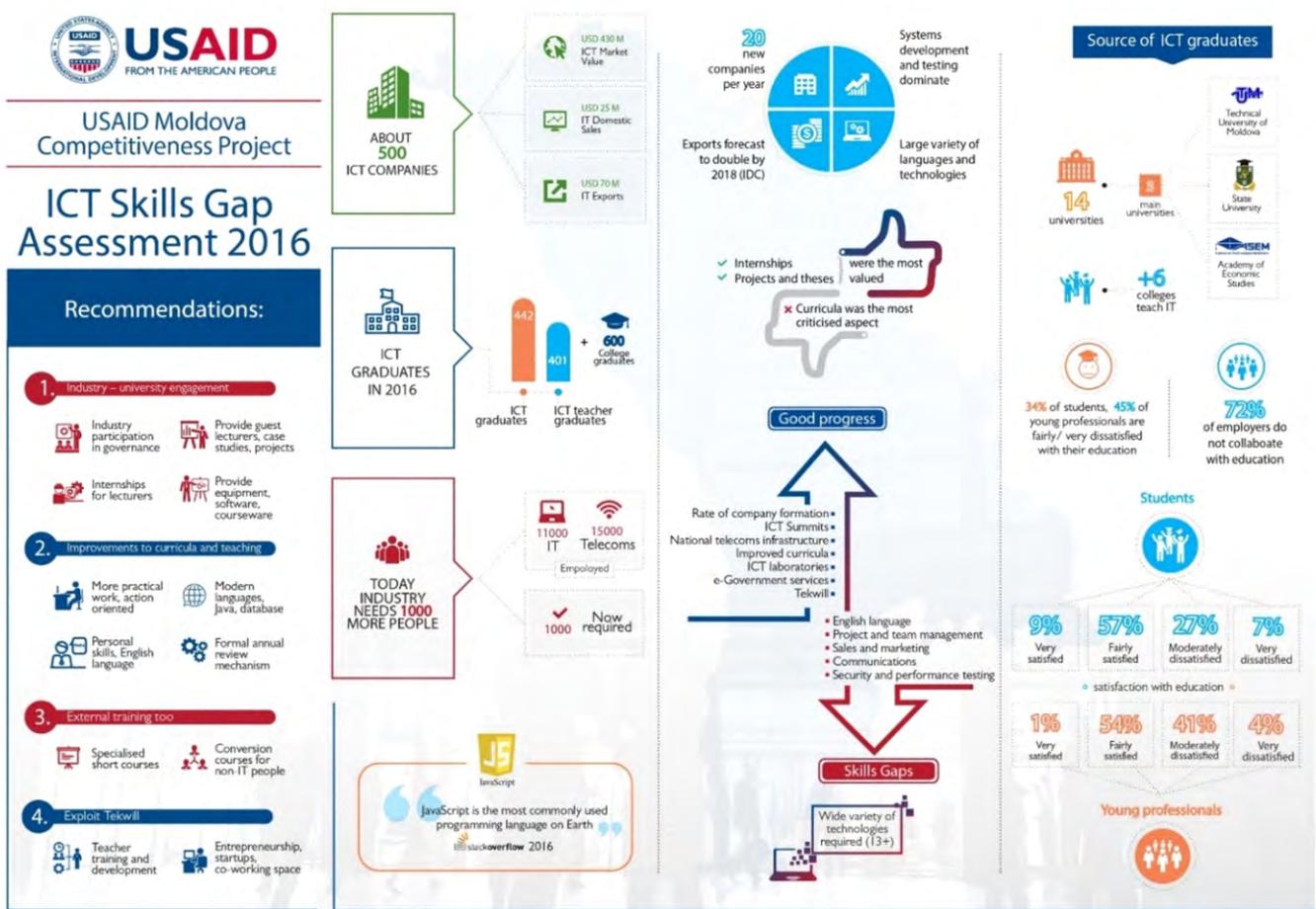
Developing the future ICT careers of Moldovan youth

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 50,000 youth developed coding, design, robotics, engineering, creative, entrepreneurial and other cutting-edge skills, preparing them for 21st century careers at home in Moldova.

Digital education is a priority for USAID, Sweden and UK, promoting Science, Technology, Engineering, Arts and Math (STEAM) youth education through two flagship initiatives - Future Classroom and Educational Robotics - that equip youth with the digital skills they need to access 21st century jobs. Since 2015, over 200 schools and 40,000 youth benefited from educational robotics and Future Classroom initiatives. 1,161 teachers were trained in using transformative learning technologies in the classroom with direct MCP support, and over 20,000 teachers (75% of the schoolteachers from Moldova) were trained within the National Digital Literacy program, funded by MECR and implemented by MCP-supported Future Classroom Center. The project's work to develop innovative educational partnerships and bring market-driven technologies to schools, including coding, robotics and 3D printing, enhances learning outcomes and develops students' practical skills, both in urban centers and in rural regions.

MCP invested in its educational robotics initiative which expanded from a pilot in 6 schools in 2014, to over 200 schools and libraries in 2021. Similarly, the FCL schools' network, which started with 11 schools, increased to 42 schools by the end of Y6. During the years, MCP consolidated and scaled up its educational initiatives, supporting programs to be further integrated into the Moldovan education system and forging new partnerships to ensure sustainability.

learning process. NCDIE "Future Classroom" is a result of co-investments allocated by MECR, demonstrating its long-term commitment and desire to scale-up the initiative to a national level, with donor support from USAID, Sweden and UK via MCP and Orange, a leading telecom and technology corporation. Liechtenstein Development Service joined this initiative in 2019 via its operational partner Foundation for Advancement of Moldova (FAM). Google was attracted as the main Technology partner in 2020, as a response to the need of ensuring the continuity of education during the Covid-19 lockdown.



The MCP project further strengthen the Google partnership by ensuring that proper linkages exist between the Ministry of Education, Culture and Research and Google, whilst Future Classroom Center is coordinating and implementing the respective partnership. MCP, together with partners, continued to strengthen and expand the Future Classroom activity and Educational Robotics programs by also training a cadre of trainers that can provide adequate support to teachers, post project closure, through the education training programs.

The shared estimated direct investment in FCL and Educational Robotics is over \$3M during 2014-2021, of which only one third (30%) was funded by MCP.

PPP name	6 years-TOTAL	TOTAL by partners, \$US					sub-total non MCP
		MCP	Private	Public	Others		
Educational Robotics	1225765,803	469055,2	118826,4	616669,1	21192,1		756710,6
		30%	10%	50%	2%		62%
Future Classroom Lab	1845119,219	442575	430511,3	59822,3	373810,7		1402544
		24%	23%	32%	20%		76%
TOTAL 2 PPs	3070885,023	911630,6	549337,8	12114915	39002.8		2159255
		30%	18%	40%	13%		70%



Photo Caption: Young girls advance their STEM skills through coding at Hour of Code event in 2019, organized with MCP support
Photo Credit: MCP

STEAM program timeline (robotics and Future Classroom Lab, Y1-6 MCP)

2014



Apr-14

Robotics Education program launches as extra-curricular course in 6 schools in Chisinau

2016



Feb-15

MCP organizes Moldova's first **FIRST LEGO League** Robotics Competition with **10 teams**

Jun-15

Robotics becomes part of the **formal education** system as an elective subject; **official curriculum** approved and **public funding** secured

2018



Feb-18

First Lego League Moldova expands to **50 teams** and becomes **international** (with 2 teams from Romania)

Mar-18

Moldovan Government declares **digital education a national priority**

May-18

9,500+ youth benefit from digital education programs involving robotics, 3D Printing and other technologies

Aug-18

Moldova's National Robotics Team wins **bronze medal** at **FIRST GLOBAL Challenge Robotics Olympiad** in Mexico, competing against teams from 180 countries

Sep-18

Educational Robotics Program **grows organically**, and schools invest their own budgets

2020



Feb-20

First Lego League Moldova expands to **69 teams** in semi-finals, finals are cancelled because of Covid-19 pandemic

Mar-20

30 new schools are added to Educational Robotics programs, 15 active schools are receiving additional equipment

Jul-20

Strategic partnership with Google initiated, Memorandum signed, FCC to coordinate implementation

Seb-20

Over 20,000 teachers trained by Future Classroom Center under **National Digital Literacy Program**, including on Google for Education

Nov-20

11 new schools selected for inclusion in FCL project, to be fully funded by Orange Moldova Foundation

Dec-20

New donor attracted – Soros Moldova Foundation, to support the **1st Teacher - Digital Ambassador** program



2015

Mar-16

2 best Moldovan Robotics teams **win trophies** at **FIRST LEGO League** Estonia Regional competition

Oct-16

Robotics **expands nation-wide**: 58 new schools join the program, bringing the total to 76



2017

Oct-17

Alternative IT education initiatives attract more youth: 1400 youth enroll in 6 CoderDojo active clubs and Academy+ Moldova

Nov-17

FCL pilot launches in 11 schools in partnership with Moldovan Government and Orange Moldova Foundation

Nov-17

Robotics Education program introduces **new types of equipment** including 3D printing, and reaches 112 schools in total



2019

Feb-19

FIRST LEGO League Moldova expands to **62 teams**, and is organized in three events (2 semi-finals and final)

Mar-19

Four regional FCL hubs are created (Chisinau, Balti, Leova and Giurgiulesti)

Apr-19

National Center for Digital Innovation in Education Future Classroom was launched at the main pedagogical university of Moldova, equipped with **37 digital technologies**

May-19

16,500 youth benefit from Educational Robotics and FCL programs

Jun-19

20 new schools selected to be added to FCL network, to be funded by MCP and Orange Moldova Foundation

Oct-19

Moldova's National Robotics Team wins **three gold medals** at **FIRST GLOBAL Challenge Robotics Olympiad** in Dubai, competing against teams from 188 countries

Oct-19

New development partner attracted to FCL initiative – Lichtenstein Development Service



2021

Jan-21

75% of over 1,000 **teachers** surveyed online declare they improved digital skills and 82% are determined to continue to use the technologies in education regularly

Feb-21

State Pedagogical University I.Creangă starts renovation works to expand the spaces of FCC with over 1,000 sq.m. (training rooms, Google room, recording studio, community and lounge spaces)

Mar-21

Online conference "Technology makes the difference" attracts around **4,000 teachers**

Apr-21

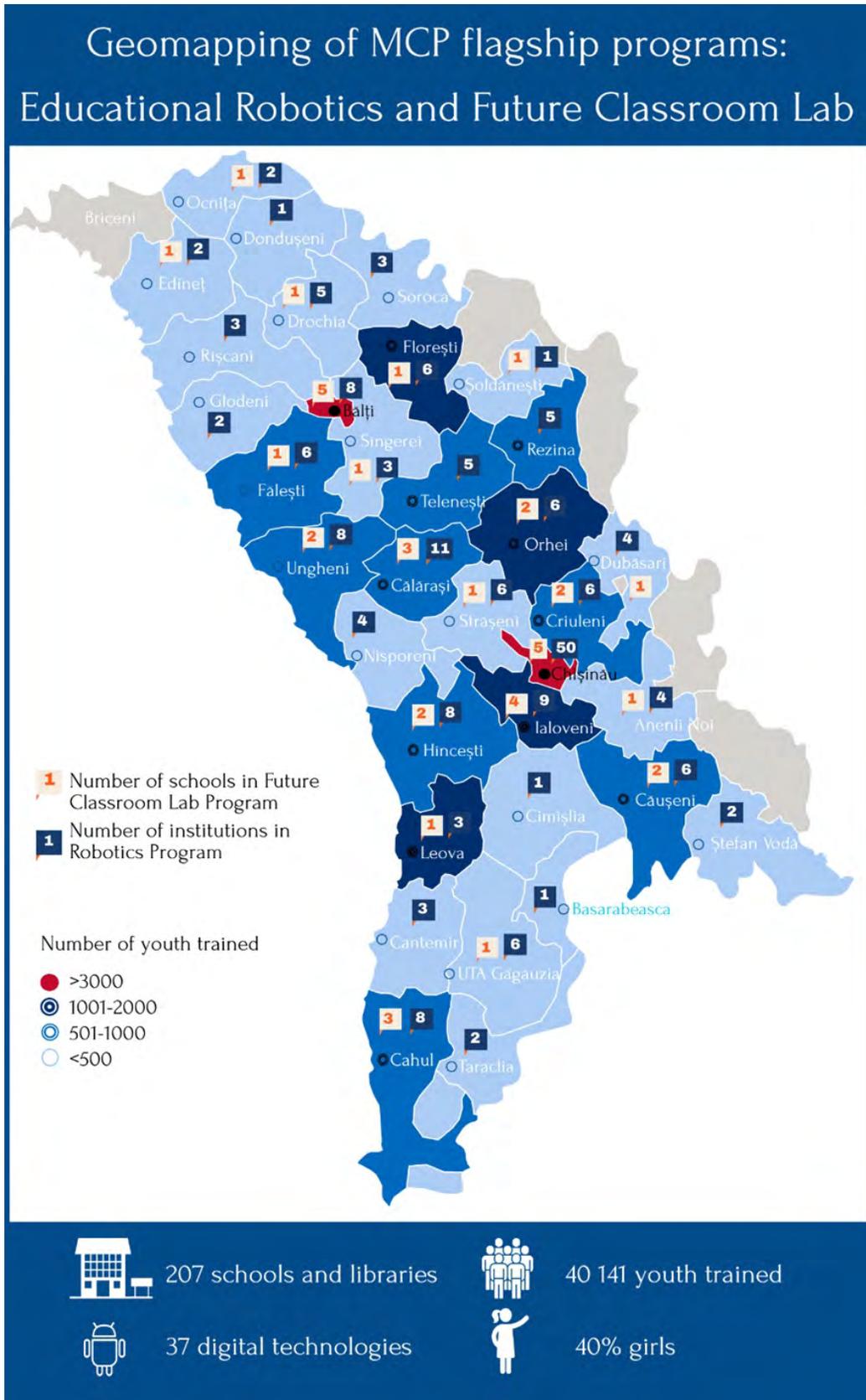
25 Teachers-Digital Ambassadors promoted online, to inspire the educational community

May-21

40,000 youth (cumulative for 6 years) benefit from Educational Robotics and FCL programs

Today eight out of ten jobs require digital skills. MCP's flagship K-12 STEAM programs, Educational Robotics and Future Classroom Lab, help Moldovan youth build market driven digital skills. Both initiatives are based on international best practices from the creators of the Future Classroom Lab, European Schoolnet and the US FIRST STEM Foundation.

With its inclusive and decentralized approach, MCP spread the Educational Robotics and Future Classroom Lab networks to cover the whole territory of Moldova, thus bridging the digital divide between urban and rural schools and ensuring equal access to technology and 21st century skills for all youth.



FCL fosters an inspirational learning environment where smart technology and interdisciplinary approaches are used to improve learning outcomes. FCL is implemented in several EU and non-EU countries in different formats and adapted to the context of each country. Designed based on the recommendations of the European Schoolnet, FCL is implemented in Moldova in close collaboration with the Ministry of Education, Culture and Research (MECR), Orange Moldova Foundation (OMF), and other local partners to foster sustainability. The FCL concept was proposed by MCP in Year 3 and was piloted in Year 3, 4 and 5, in 31 schools across the country, of which 5 were in Chisinau, 3 in Balti, 9 in rural communities and 14 in other towns across the country. Four FCL regional school hubs were created in Chisinau, Bălți, Leova and Giurgiulești, serving as demonstration models and supporting the spread of innovative practices in their respective regions. In Y6, 11 new schools were selected for inclusion in the FCL network, funded solely by Orange Moldova Foundation, which is committed to support the sustainability of FCL program in a post-MCP world.

Future Classroom National Center for Digital Innovation in Education leads the digital transformation of the educational landscape

To ensure implementation of innovative practices and technologies across the Moldovan education system, and to instill modern approaches in teacher training, MCP, the Government of Moldova, Orange Moldova Foundation and Lichtenstein Development Service (LED) joined forces to support the long-term public-private partnership, the National Center for Digital Innovation in Education (NCDIE) "Future Classroom". The Center was launched in April 2019 at the State Pedagogical University Ion Creangă, and immediately began promoting digital transformation and new pedagogical approaches within the educational community and its stakeholders. NCDIE aims to provide a range of new teacher training courses, focused on active pedagogy with the use of technology, and support the educational community through expertise and capacity building efforts.

The center is a crucial part of the FCL initiative, which started in 2017 as a pilot in 11 schools and expanded to 42 schools in 2021. 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, as well as genuine interest in STEAM fields. MCP closely supported the FCL network schools and center with funding, expertise, study visits and training, increased public awareness about the initiative and its online presence, developed training courses, strengthened existing partnerships and initiated new ones.



Photo Caption: Moldovan teachers participate in a training in Estonia to increase digital innovation within their classrooms.

Photo Credit: Facebook, Clasa Viitorului

Providing capacity building for teachers and inspirational models for schools' managers were essential objectives of the FCL program. It was implemented under the close guidance of the European EdTech expert Mart Laanpere, from Tallinn University, Estonia. The Estonian educational system was considered the most relevant and appropriate inspirational model, as it is one of the most advanced and high-performing education systems in the world. Estonia ranked fifth globally and number one in Europe, according to the Program for International Student Assessment (PISA) study. Experience exchange with Estonian colleagues was supported by MCP, including two study tours, organized for 44 FCL schools' managers, where participants visited Estonian schools, teachers' training centers and university, attended interactive workshops and observed the Estonian model of implementing digital innovations in education.

MCP supported the National Center for Digital Innovations in Education at the State Pedagogical University I. Creanga to organize trainings on various types of equipment and technology available in Future Classroom Labs. The training sessions mostly consisted of practical workshops, introducing the teachers to equipment and devices, including: Ozobot Bit and Evo robots, LEGO kits, drones, VR headsets, , among others. These technologies are part of the Future Classroom Labs endowment, supported by MCP. To promote sustainability, MCP facilitated knowledge exchange between teachers from the first batch of FCL schools since 2017, and teachers from new schools who were added to the program.

Teachers and schools' managers training, conducted within the FCL program and attended by over 1,280 people, supported the adoption of 37 digital technologies and 40 applications in the educational process. This changed the teaching methods and introduced new active learning scenarios, which made otherwise challenging STEAM subjects more attractive and comprehensible for students.



Photo Caption: FCL Teachers at the technology training learning how to connect Makey Makey boards to computers to run an electric conductivity experiment, guided by a student from M. Eliade high school
Photo Credit: MCP

FEATURE STORY

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. Future Classroom is one of the largest joint initiatives between 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. Officials from USAID and Orange Telecom discussed the successful partnership and opportunities for future collaboration. Students from the center demonstrated digital technologies, including robotics, micro-circuits, digital laboratories, VR sets and sensors. To date, the Future Classroom initiative is implemented in 42 schools across the country and are equipped with modern transformative technologies, benefiting over 16,000 youth.

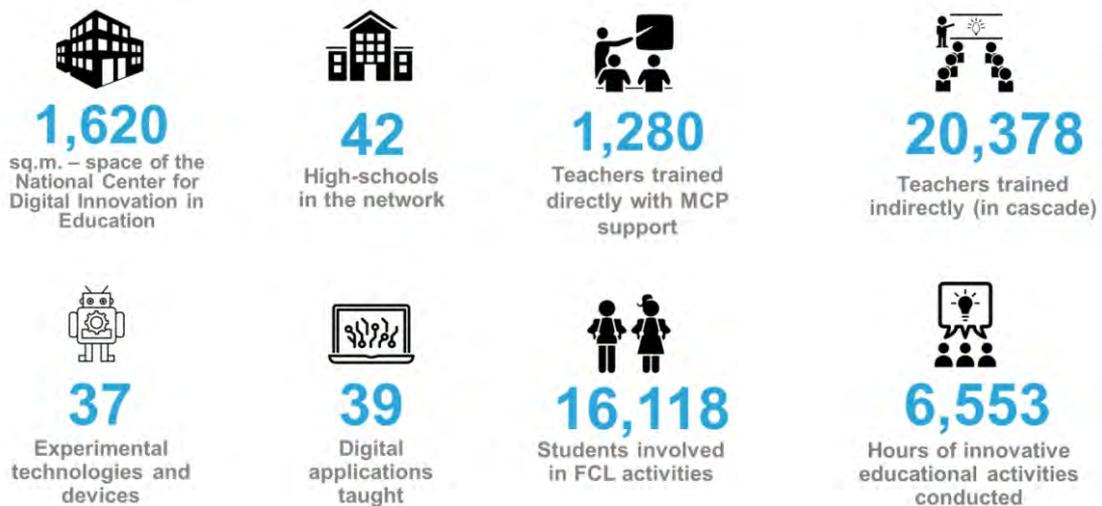


Photo Caption: USAID Senior Deputy Assistant Administrator for Europe and Eurasia Margot Ellis and USAID Mission Director Scott Hocklander witness a demonstration of Future Classroom equipment. Photo Credit: MCP

During the beginning of COVID-19 pandemic lockdown, MCP helped NCDIE address the growing need for digital skills and tools for online education. MCP facilitated the formalization of the partnership between Google and the Ministry of Education, Culture and Research (MECR), to scale-up the implementation of G Suite solutions (currently Google Workspace) for Education, channeled through the National Center for Digital Innovation in Education. The Memorandum of Understanding between Google and MECR was signed in July 2020. By implementing G Suite for Education - a suite of free Google apps tailored specifically for schools, Moldovan teachers can connect with their students one-on-one or with the whole class and encourage collaboration and creativity to ensure maximum impact of learning activities.

Furthermore, MCP joined forces with Orange Moldova Foundation and supported the Ministry of Education to conduct the National Digital Literacy program, coordinated by NCDIE. This program was organized in phases: 1) national trainers, 2) regional trainers, 3) local trainers, and 4) local teachers. Two courses were developed to tackle different digital skills levels: Digital Literacy course for beginners and G Suite course for intermediate and advanced teachers. Over 20,300 teachers (75% of the total number of schoolteachers from the country) benefited from these courses.

Main results of Future Classroom Lab program



Future Classroom's online presence and brand awareness has been strengthened whilst members of the educational community were urged to develop digital skills. FCL's overall reach and engagement in social media grew several times during COVID pandemic, as the educational community was urgently seeking guidance and solutions for online learning during the lockdown. Due to its strategic partnership with Google, NCDIE strengthened its position as a catalyst of digital transformation and digital skills development.



Photo Caption: Children testing FCL technology.
 Photo Credit: MCP

FEATURE STORY

U.S. Ambassador Derek J. Hogan visits Future Classroom Lab in Stefanesti village to witness its impact on Moldovan youth

On March 5, U.S. Ambassador Derek J. Hogan visited a Future Classroom in Stefanesti village to witness the impact of digital equipment and innovative teaching on rural Moldovan youth. Situated in the North of Moldova, the school in Stefanesti bridges the rural digital skills gap and helps the next generation develop critical skills for their future careers. The school has been a MCP beneficiary since 2016 and is equipped with 15 types of advanced technologies, including robotics kits, VR glasses, digital labs, sensors and microcircuits, smart home and Internet of Things systems, a weather station, invention kits, and more. Located within an inspirational learning environment, these digital technologies offer the school's 260 students the opportunity to explore hands-on learning and prepare for the digital future.



Photo Caption: U.S. Ambassador Derek J. Hogan witnesses elementary school children from Stefanesti applying intuitive programming. Photo Credit: MCP



Photo Caption: Elementary school students from Stefanesti demonstrating their STEAM projects to U.S. Ambassador Derek J. Hogan in FCL. Photo Credit: MCP

Pupils and students from K-12 joined the event to meet the Ambassador to showcase their programming skills and demonstrate how they use the innovative learning technologies like VR glasses to add depth to other classroom subjects like history and geography. The new digital equipment helps the pupils improve their academic performance and stimulates their interest in STEAM subjects and programming. In 2018, the Stefanesti Robotics team won a \$10,000 grant from the LEGO Foundation to attend the FIRST LEGO League World Festival in Detroit, United States. Students from the school express a high interest in pursuing careers in technology and engineering. This interest is in line with data from MCP national surveys that were conducted in 2018 and 2019 which revealed that 70% of Moldovan pupils who attend robotics classes were considering careers in technology and engineering.

Students from the Future Classroom network strengthen their entrepreneurship skills at the MCP-supported Innovation Camps

In partnership with the NGO Junior Achievement Moldova, Orange Moldova Foundation and the Technical University of Moldova, FabLab, and other partners, the MCP-supported Future Classroom Lab (FCL) Center held two Innovation Camps (one at the Technical University of Moldova and another held online), attended by 180 students representing 31 schools from the MCP-supported Future Classroom initiative. This workshop-style events challenged students' entrepreneurship, innovation, and teamwork skills. Grouped in teams of 6-10 students, the participants generated business ideas, brainstormed, and validated these with potential customers, developed business plans and prepared presentations for a professional jury. Each team was guided by volunteer mentors, who helped them through the process. Each team presented their business plans to a board that evaluated the feasibility of the project, as well as its use of technology and innovation.



Photo caption: Students present their business plan at the Innovation Camp. Photo credit: MCP

Future Classroom partners with Google to facilitate online lessons for Moldovan schools

To address the growing need for proper tools and applications for online education, Future Classroom initiated a strategic partnership with Google for the implementation of G Suite for Education - a suite of free Google apps tailored specifically for schools. MCP facilitated a country-level partnership between Moldova's Ministry of Education and Google, channeled through the National Center for Digital Innovation in Education, to help students and teachers across the country utilize the Google for Education applications to support remote learning, which proved critical during the COVID-19 pandemic. By implementing G Suite for Education, Moldovan teachers can connect with their students individually or with the whole class, and encourage collaboration and creativity to ensure maximum impact, while ensuring personal data security. The partnership was established via Google's authorized representative in Moldova, Sonacom SRL.



“This partnership with Google will facilitate the large-scale implementation of Google applications and technologies for Education in Moldovan schools, so necessary in the pandemic period we face. We intend to carry out a phased training program, to develop digital skills of teachers across the country and strengthen the distance learning process, but also to bring more digital technology and innovation in the classroom.”

Former Minister of Education, Culture and Research, Igor Sarov

FEATURE STORY

Moldovan schools use Google for Education applications to support online learning

The Ministry of Education, Culture, and Research partnered with Google to incorporate the Google for Education application in Moldovan schools. The partnership was facilitated by the Moldova Competitiveness Project (MCP) via the Future Classroom initiative to provide a quick solution for online learning during the lockdown period. The partnership, documented in a Memorandum of Understanding, was publicly announced via an online conference with the participation of U.S. Ambassador to Moldova, Dereck J. Hogan. Mr. Hogan stressed the importance of bringing Google technologies and innovations to Moldovan schools in order to develop an inclusive educational system and ensure equal opportunities for students in rural areas. The online conference reached over 30,000 views, demonstrating an increased interest and engagement from the educational community.



Photo caption: H.E. Dereck J. Hogan, U.S. Ambassador to Moldova gives opening remarks at the public announcement of the partnership with Google. Photo credit: MCP

The Future Classroom Center implemented the National Digital Literacy Program

MCP, in collaboration with Orange Moldova, supported NCDIE to deploy the National Digital Literacy Program of the Ministry of Education, Culture and Research. This program aimed to help teachers develop digital skills and support online learning, as well as use digital technologies in the classroom.

NCDIE has stepped in as the pivotal technical support resource for schools in using Google tools. Future Classroom Center uses a centralized application process and provides remote technical support to activate Google accounts for teachers. In addition, it has set up an umbrella G Suite account which connects schools without a domain and web hosting, or don't have the technical skills to manage their own G Suite Account. The Ministry and Google partnership further scaled-up to include over 21,000 teachers in the umbrella account, managed by NCDIE. Hundreds of other teachers are connected to G Suite with their school accounts.



“During the G Suite courses, I learned a lot of new and useful skills: how to program a message in Gmail; how to use the digital board Jamboard; create groups; schedule events in Google Calendar; organize a video conference with Meet; create Forms for evaluation, work with spreadsheets and many, many other interesting services. This course increases the level of digital skills and helps teachers in this complicated situation in the country. Now we are certainly ready to face distance learning, thanks to our extraordinary regional trainer - Mrs. Borta Natalia”, Berezovskaia Elena, teacher, “Andrei Vartic” high school, Ialoveni.”

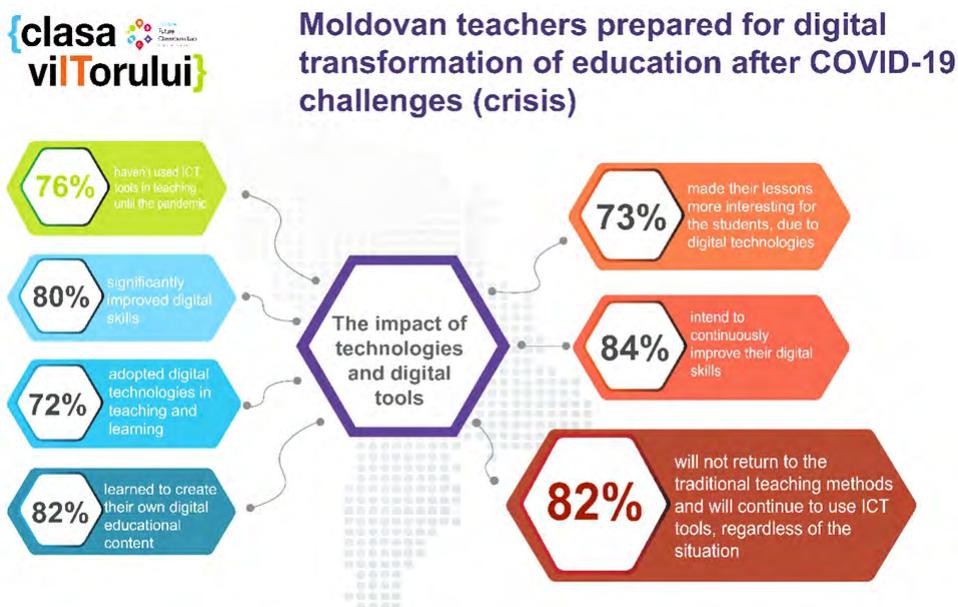
Berezovskaia Elena, teacher, “Andrei Vartic” high school, Ialoveni.



“I want to personally thank you for organizing and conducting these online trainings. I learned a lot of new things that will be of real use during my teaching activity and not only. I would like to thank our trainer Ms. Cechir Tatiana for all her hard work and pedagogical tact. Now, when digital skills are indispensable, it is necessary to learn and apply them. Thanks to all the organizers!”

Cirlan Natalia, Romanian language and literature teacher, “V. Hanganu” gymnasium, Cociulia village, Cantemir

When initiating the FCL program and promotion of innovative, technology-based teaching, MCP had initially faced traditionalist challenges in the educational community, with a very low number of pioneer teachers and early adopters of digital technologies who were eager to experiment in the classroom. Through a survey conducted with over 1,000 Moldovan teachers, revealed that the accelerated adoption of digital technologies, forced by the COVID-19 pandemic, ensures the continued use of technologies in the educational system.



Data collection period: December 2020 - January 2021. Total number of respondents 1005 teachers, 91% women and 9% men

25 teachers selected to become Future Classroom Digital Ambassadors to promote digital transformation in Moldovan schools



Photo caption: Visual showing an IT and mathematics teacher from Puhaceni village in Moldova, nominated as Digital Ambassador. Photo credit: Future Classroom

The Future Classroom National Center, with support from MCP, MECR and Soros Moldova Foundation, conducted an open contest among schoolteachers and selected 25 pioneers to become Digital Ambassadors as part of the “Teacher – Digital Ambassador” national initiative, that aims to consolidate the network of STEAM teachers and promote innovation across the country. The “Teacher – Digital Ambassador” initiative was designed by MCP, and Moldovan Ministry of Education in partnership with Soros Foundation Moldova. The teachers were selected from a pool of 91 applicants from all over the country, demonstrating an increased interest and knowledge in digital technologies.

As part of this initiative, the Digital Ambassadors developed 50 digital educational resources and learning activities scenarios, that will promote best practices for digital transformation in teaching STEM subjects. As a follow-on, the digital ambassadors will lead the teachers' communities by school subjects, promoting the adoption of active pedagogy and the use of digital technologies in education system.

ACTIVITY 1.2. Expand Educational Robotics Program

Achieved Outputs:

- **202 educational institutions** and libraries included to the educational robotics program, 10% of them upon own investment for endowment
- **761 teachers** trained to implement robotics in classes and 800 teachers upgraded their skills at advanced trainings on the use of robotics sets for educational purposes or learned how to effectively implement competition-based STEM model
- **24,023 Students** from across Moldova trained in robotics during Y I -6
- **17 local and 11 international** robotics competitions supported by MCP and other local partners
- **30 local private and public partners** attracted to support Educational Robotics program and competitions
- **FIRST LEGO League** recognized as official national competition and supported by the Ministry of Education, Culture and Research
- **3,177 Students** participated in the regular robotics competitions and events (FIRST LEGO League and SumoBot Challenge)
- National Robotics Team Moldova won bronze medal in Mexico in 2018 and **three Gold Medals** at FIRST Global Challenge Robotics Olympiad, in October 2019, in Dubai

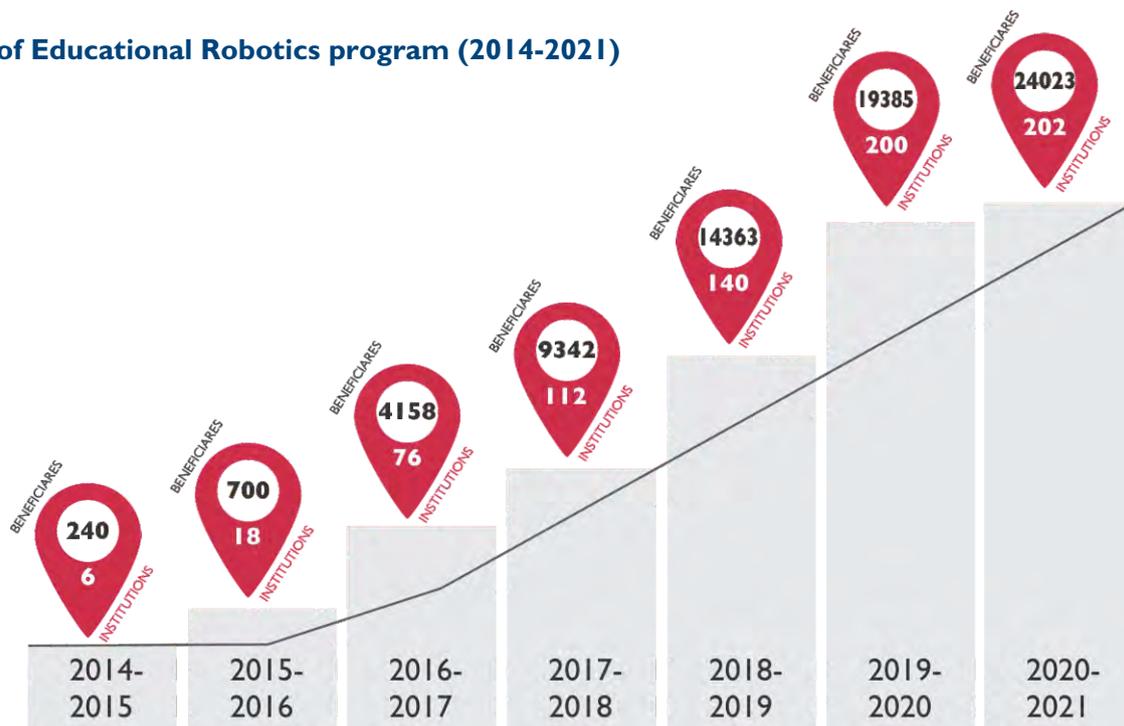
Achieved Outcomes:

- Robotics in school becomes the most in-demand elective school subject
- Attractiveness of robotics is supported by the regular competitions
- Learning outcomes and interest of youths in STEAM fields are improved
- More youth are inspired by tech and engineering careers
- Admission improved for the ICT majors at the local universities, especially Technical University of Moldova
- Robotics and mechatronics were introduced as a separate major at the Technical University of Moldova
- More funding is attracted from local communities and public administration for robotics program
- A network of privately-run, self-funded robotics clubs appeared in response to high interest from the public

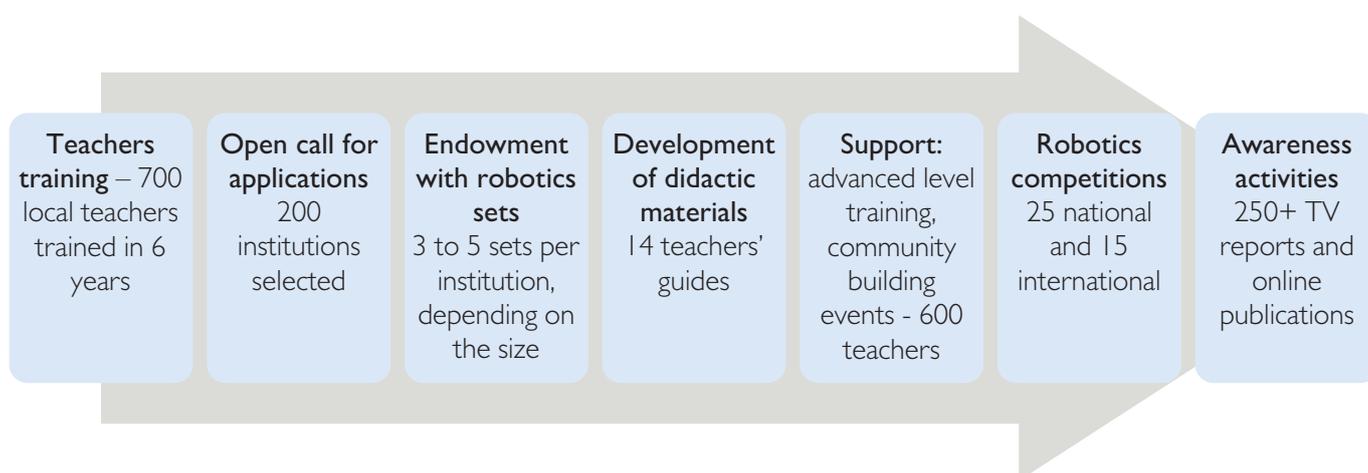
The Educational Robotics Program in Moldova is deployed by MCP in partnership with the Moldovan MECR and ATIC business association. With support from MECR, Educational Robotics has been established as an elective curricular course since 2015, with ensured public funding, and encourages Moldovan youth to build 21st century skills and pursue careers in IT and engineering.

This highly impactful and transformational program targets youths (between 8-18 years of age), developing important practical skills through designing, building and programming autonomous robots. The Educational Robotics program in Moldova has been implemented in 202 schools and libraries across the country, in over 122 localities across Moldova, including 76 villages, with over 24,000 students having benefitted from the program. This coverage contributes significantly to the decrease of the digital divide between rural and urban areas, and has served as a basis for the Future Classroom Lab initiative, helping expand the transformative effect of innovative and practical approaches to learning outcomes and interest toward STEAM subjects. To date, more than 80% of the schools equipped with robotics kits are outside Chisinau, bridging the digital divide between the capital and the rest of the country, and between urban and rural areas. Three schools from Gagauzia and one school from Transnistria received robotics kits and have joined the network.

Growth of Educational Robotics program (2014-2021)



Educational Robotics: Partner schools and teachers are at the core of success



Transformation through robotics

The Educational Robotics program is delivering on its goal of **creating a generation ready for the technological jobs of tomorrow***



Increased interest in careers in STEAM fields



75%
OF PROGRAM PARTICIPANTS

Performed better in school subjects



73%
IN COMPUTER SCIENCE



47%
IN PHYSICS



33%
IN MATH

Improved soft skills



67%
IN TEAMWORK



44%
IN COMMUNICATION SKILLS



55%
IN CREATIVITY



27%
IN RELATIONSHIPS WITH PEERS & PARENTS

*Results of the online survey of over 1,400 Educational Robotics beneficiaries

MCP validated the impact of Educational Robotics program on its participants by conducting online surveys of over 1,400 beneficiaries, which revealed that the program is delivering on its goal of creating a generation ready for future careers in technology.

Throughout its life of project, MCP encouraged school principals to purchase robotics sets with public funds, matching project investment. Thus, 55 schools from the robotics network, including 23 new, have invested approximately \$131,000 of their own resources in the procurement of robotics sets, matched in kind by MCP.

Robotics Teams demonstrate impressive STEAM skills at SumoBot Challenge and FIRST LEGO League

Robotics competitions are an indispensable component of the educational robotics program, increasing students' motivation, celebrating their achievements, and driving the success of the program across Moldova. The competitions are implemented by the U.S. FIRST Foundation in collaboration with LEGO and are recognized as the most important international youth robotics programs in the world, promoting competition-based learning. The competitions, designed for K-12 students are enabling Moldovan youth to explore LEGO robotics sets and demonstrate their STEAM skills (Science, Technology, Engineering, and Math). They attract young enthusiasts from across the country, who prepare for several preceding months, develop complex strategies, build and program high-performance robots to complete tasks and develop research projects, as the format provides. These challenges test creativity, problem-solving, communication, and teamwork skills, and award winners with trophies.



Photo Caption: Robot fight at SumoBot Challenge 2019
Photo Credit: Constantin Mindoglo



Photo Caption: FIRST LEGO League 2020 semifinals, “City Shaper” edition
 Photo Credit: Constantin Mindoglo

MCP supported the organization of **17 national robotics competitions:**



In total, 3,177 youth took part in these competitions between 2016 and 2021. A hundred teachers guided the teams to prepare for the robotics competitions, which represent a great model of STEAM projects and help students develop 21st century skills.

FIRST LEGO League competition is the largest global technology and robotics competition, with 38,800 teams participating from 100 countries. Each year, the FIRST LEGO League presents participants with a challenge to be addressed in four parts: Robot Game, Robot Design, Innovation Project, and Core Values. The teams respond to the challenge by designing and programming an autonomous robot (Robot Game) and developing a solution to a problem they have identified (Project). Throughout the entire competition the teams apply the FIRST core values which celebrate discovery, teamwork, and professionalism.

The champion team of the FIRST LEGO League was supported participate in international competitions and represented the core of the National Robotics Team Moldova, which competed at the FIRST Global Challenge since 2018. The competition-based learning model has been proven internationally to be motivating, encouraging, and supporting robotics enthusiasts to develop their engineering skills. MCP, in partnership with private sector, supported the organization of 17 local robotics competitions, and funded the champions to compete in 11 international robotics events, including the participation of the National Robotics team Moldova at FIRST Global Challenges in USA, Mexico and Dubai. The team won a bronze medal at the 2018 edition in Mexico and three gold medals at the 2019 edition in Dubai, demonstrating the talent of Moldovan youth and inspiring fellow peers.

FEATURE STORY

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 in Dubai. The team of six students, ranging in age from 15 to 18, competed against 188 other countries and demonstrated their expertise across all elements of the competition. They received 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.



Photo Caption: Team Moldova celebrates its three gold medals in Dubai at the FIRST Global International Robotics Competition.

Photo Credit: FIRST Global Dubai, Facebook

MCP co-funded Moldova's participation in the competition alongside local Moldovan businesses, demonstrating vested industry interest supporting 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.

"I always knew that in the Republic of Moldova we have bright and inventive children, with huge potential, and the National Robotics Team is proof of that. I encourage you to continue to develop in this field, with the same joy, passion and ambition for high achievements."

Maia Sandu, President of the Republic of Moldova



Photo Caption: Robotics Team Moldova 2019, awarded with three gold medals in Dubai at the FIRST Global Robotics Olympiad, meets the former Prime Minister Maia Sandu, on October 31, 2019
Photo Credit: gov.md

ACTIVITY 1.3. Support specific initiatives for improving STEAM education and promoting STEAM careers

Achieved Outputs:

- **Over 1,100 youth** involved in various activities, promoting STEM and coding education, within EU STEM Discovery Week, EU Code Week and Global Computer Science Education Week or Arduino Day;
- **400 youth** attended the MCP-supported, free-of-charge CoderDojo coding clubs;
- **135 VET teachers** trained to use Google Workspace for Education
- **18 VET teachers** trained on the Arduino CTC program, later implemented in three VET institutions and taught to **269 students**
- **103 teachers trained** in Cisco IT Essentials course to implement vendor-based curricula in VET
- **488 VET students** enrolled in the full two-year Cisco ITE course
- **Over 16,000 VET students** studied the updated IT curricula, including elements of Cisco ITE course.

Achieved Outcomes:

- Interest in STEAM education and careers increased
- STEAM-related skills of Moldovan youth improved
- Public awareness of the importance of STEAM fields increased
- More youth are inspired by careers in tech, creative services and engineering
- VET students build relevant work skills according to up-to-date, internationally recognized vendor curricula

Supporting coding education, including gender-focused programming

MCP invested in the promotion of Science, Technology, Engineering, Arts and Mathematics (STEAM) learning activities like coding or robotics clubs and promotes vendor-based curricula to equip Moldovan youth with the digital skills needed to access 21st century careers. Due to the active promotion of coding education through international events and awareness campaigns, this field became more popular, and parents realized the importance of ICT skills. They started to encourage children to take part in extra-curricular activities aimed at improving tech skills. In the meantime, youth have been increasingly inspired by tech, engineering and creative field careers.



Photo Caption: Children test innovative technologies and learn to code at MegaDojo event, organized with MCP-support, 2019

Photo Credit: Constantin Mindoglo

MCP supported informal, extra-curricular STEAM learning activities like CoderDojo, to equip Moldovan youth with the skills needed to enter the 21st century workforce. One of such programs – GirlsGoIT, has a focus on gender inclusion, working to bridge the digital divide and aiming to inspire young women from across the country to pursue tech studies and careers. With multi-partner support, the program continuously expanded, operating through a network of local ambassadors, conducting educational activities in over 25 local clubs.

Moldovan youth teach EU parliamentarians to code

“Hi, my name is Delia, I am 10 years old and I've come from Moldova to teach you how to code”. This was the message heard by European Parliamentarians on October 17, 2018, at the sixth annual EUDojo, at the European Parliament in Brussels, held during Europe Code Week. MCP supported three Moldovan youths and their CoderDojo mentor to travel to Brussels, joining 38 other young coders from CoderDojos across Europe to teach MEPs to write their first lines of code, and stress the importance of digital education. MCP supports extra-curricular STEM education projects like CoderDojo as part of its complex ICT workforce development strategy. Since MCP began supporting CoderDojo's free, volunteer-led, community-based programming clubs for youth in Chisinau in 2016, the movement expanded to eight locations with 25 volunteer mentors facilitating coding classes for around 400 children.



Photo Caption: Moldovan youth teach EU parliamentarians to code
Photo Credit: CoderDojo

FEATURE STORY

Over 200 participants test their digital skills in Moldova's largest youth programming events MegaDojo and Hour of Code

Taking part in Moldova's largest IT education events, more than 200 youth, parents, teachers and mentors gathered at MegaDojo Chisinau and Hour of Code 2019. Organized during European Coding Week and Global Computer Science Education Week respectively, the events brought together 50 tech industry volunteers to teach children between the ages of 9 and 17 to code, program robots, 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. More than 450 youth have benefited from these clubs since 2016.



Photo Caption: Chris Perkins, Head of Programs at the British Embassy, discovers how young participants test innovative technologies and learn to code at MegaDojo.
Photo Credit: Constantin Mindoglo

MegaDojo and Hour of Code events were organized by the Moldova Competitiveness Project in collaboration with Future Classroom Center and Tekwill Academy Kids, which were all part of STEM education and ICT workforce pipeline initiatives.

Linking VET with the labor market

To build industry-relevant skills in youth, the MECR initiated major reforms in curricula. MCP, ATIC and Tekwill supported this process and assist MECR in the implementation of new ICT courses and modernization of existing ICT curricula. MCP worked with the DNT Association, one of the lead training providers for teaching staff on technological subjects, to identify potential areas where VET teachers would need additional training. As it is crucial to build practical skills for VET students, MCP helped initiate a pilot project providing technical endowment for practical laboratories with Arduino based kits for the implementation of the official curricula from Arduino - Creative Technologies in the Classroom (CTC) 101, which is Arduino's one-of-a-kind STEAM (Science, Technology, Engineering, Arts, and Mathematics) program for upper secondary education. As part of this program, students were introduced to the foundations of programming, electronics, and mechanics through a series of playful, well-documented projects and easy-to-assemble experiments. This pilot was deployed as a joint effort with the VET Improvement project, financed by ADA and implemented by ATIC.

During Year 3 of MCP, DNT association became the official Arduino CTC Educational center in Moldova, offering certified Training of Trainers to implement curricula. The trainings on Arduino CTC for VET teachers took place in 2018, and 18 teachers from six vocational and three general education institutions successfully completed the program. A pilot project followed, providing technical endowment for practical laboratories with full CTC 101 Arduino-based kits to three selected VET institutions. Starting in the 2018-2019 academic year, these institutions used the kits for didactical purposes, constructing and programming simple embedded systems. 269 VET students were trained using Arduino CTC equipment, developing their engineering skills which are relevant for their future jobs.

Moldova Competitiveness Project supported the Introduction of Cisco IT Essentials Course in vocational education and training institutions



Photo caption: Winning teams at SumoBot Challenge 2019.
Photo credit: Constantin Mindoglo

MCP partnered with MECR, the Excellence Center in Informatics and IT, and the local Cisco Instructors Training Center DNT to facilitate the introduction of the Cisco IT Essentials Course in Vocational Education and Training (VET) institutions. Cisco IT Essentials include IT skills and a career building program for institutions and individuals worldwide, offered under the umbrella of Cisco Networking Academy. To date, more than nine million people have benefited from Cisco educational programs, developing relevant career skills for ICT jobs.

During spring-summer 2020, a group of 103 VET teachers were trained through the Cisco IT Essentials online course. Further, a working group of experts adapted the curriculum from Cisco to comply with MECR standards. As a result, certain ITE course modules were integrated into the main IT curricula to be taught to nearly 16,000 VET students, starting with the 2020-2021 academic year. In addition, 488 students at IT Support Technician specialization started the full Cisco ITE course, which they will study for two years.

PROGRAM 2. Build the Ecosystem for Workforce and Entrepreneurship Development

MCP focused its efforts on strengthening and expanding the workforce development ecosystem as a response to the demands of the global economy and the domestic labor market. Infrastructure development of innovation centers helped facilitate fast and intense skills training in specific areas of technology, engineering and creative services, while also providing access to new technologies to further encourage new product development. The enhanced ecosystem with new infrastructure for skills development, collaboration and innovation serves as a platform for cross-industry collaboration and cluster development involving businesses, academia, government and local communities.

Activity 2.1. Develop and Strengthen National and Regional Innovation Centers

Achieved Outputs:

- Construction of the Balti Innovation Center started, and activities of the center launched
- **MDL 28 million** (approx. \$1,600,000) investment from the Ministry of Regional Development for the Balti Center disbursed for construction
- **20 private business partners** identified that implement projects in partnership with higher education institutions [Technical University of Moldova (TUM), State University "Alec Russo" from Balti (USARB), Academy of Music, Theater and Fine Arts (AMTAP)]
- **3 initiatives** implemented by private businesses in partnership with higher education institutions
- FabLab Chisinau and ARTCOR Executive Teams mentored and coached
- Staff of three new regional FabLabs (Orhei, Singerei and Soroca) trained
- **1,000 students** from North region of Moldova participated at IT and Engineering career orientation and skills development events
- **12 Professional training programs** by ARTCOR for education and alternative learning developed and hosted
- **100** Educational, entrepreneurship and community events hosted at ARTCOR:
- One creative business acceleration program to support e-commerce (GoOnline Program), designed and delivered by ARTCOR
- **25 Creative businesses** incubated and/or accelerated, including in the mini-offices spaces at ARTCOR
- **10,000 Non-unique participants** at ARTCOR activities, including 2278 beneficiaries of ARTCOR School
- **40,000 man*hours of training** organized on ARTCOR premises, including educational activities by ARTCOR, Academy of Arts, and other independent industry representatives

Achieved Outcomes:

- Introduce new areas of technology-driven development and innovation to serve local economies and communities
- Capacity of the FabLab Chisinau Executive Team increased
- Increased capacity of higher education institutions to develop applied R&D projects
- Developed new skills for youth and professionals to grow employability
- New opportunities for tech-driven and innovation startups created
- Creative community in Moldova is engaged in the ARTCOR events
- Specific Creative skills improved via the training's programs at ARTCOR

Balti Innovation Center – innovation and economic accelerator

The Balti Regional Innovation Center builds on the successful development of university-based industry excellence centers Tekwill, Artcor, FabLab, ZIPhouse and Future Classroom Center, which were established with MCP support. The Regional Innovation Center (6,000 m2 high-tech building) will serve as an innovation and economic accelerator for the northern region of the country, offering laboratories, training rooms, co-working areas, and business offices for startups in ICT, automotive, fashion manufacturing, and other regional industries. It will benefit the nearly 5,000 students of the Balti University, providing them with forward looking technology and engineering skills sought by the private sector.



Key Facts

<p>▶ 6,000 m2 of labs, training, collaborative spaces and business park</p>	<p>▶ Tech, engineering, automotive, graphic design, innovation in traditional sectors</p>
<p>▶ Estimated project budget:</p> <ul style="list-style-type: none"> ▪ \$2M infrastructure ▪ \$1.5-2M content 	<p>▶ Infrastructure funding</p> <ul style="list-style-type: none"> ▪ \$650,000 through Regional Development Fund ▪ \$350,000 through MCP
<p>▶ 1.5-year timeline for infrastructure development</p> <ul style="list-style-type: none"> ▪ 2017-2018 ideation, design, architecture, planning ▪ 2019 start of construction ▪ 2021 open doors 	<p>▶ Public-private partnership among 9 partners</p> <ol style="list-style-type: none"> 1. Ministry of Agriculture, Regional Development and Environment 2. USAID and Sweden, through MCP 3. Balti State University 'A. Russo' 4. ATIC/Tekwill and Manufacturers Association 5. Ministry of Education, Culture and Research

MCP provided technical support to the Balti University in development of the Innovation Center bylaws and establishment of the partnership agreements with the future residents of the Hub. MCP provided support in developing the Regulation of the Administration Council of the Center and Regulation of the Center Activity as well as coordinated the inter-stakeholder working group meetings for the development of the center. For infrastructure development support, MCP developed the construction blueprints and engaged an interior designer to provide assistance for the construction companies during the construction process to meet the design and space functionality requirements of an innovation center.



Photo Caption from left to right: Chris Perkins, Head of Programs at British Embassy; Madelene Eichhorn, Programs Manager at Swedish Embassy; Dereck J. Hogan, U.S. Ambassador to the Republic of Moldova; Renato Usatii, Mayor of Balti; Ion Chicu, Prime-Minister of the Republic of Moldova; Natalia Gasitoi, Balti State University Rector; Ion Perju, Minister of Agriculture, Regional Development and Environment; Maria Prisacaru, Director of the North Regional Development Agency. Photo Credit: Eduard Bizgu for USAID Moldova

Balti Regional Innovation Center will offer laboratories, training rooms, co-working areas, and business offices for startups in ICT, automotive, creative, fashion manufacturing, and other regional industries. The Center will create new opportunities for nearly 4,500 students of Balti University. The Balti Regional Innovation Center builds on a successful \$2 million public-private partnership, with the Moldovan Government contributing \$1.6 million for the refurbishment of the Center's building. Additional investments are being made by the National Association of ICT Companies (ATIC) via the Tekwill project (an estimated \$250,000) and the automotive industry via the Association of Manufacturing Industry Employers (APIP) and the Balti Free Economic Zone. The Center has been under development since 2017 and is expected to open its doors in September 2021.

Digital City – Moldova's first technology park

Reliable infrastructure, in terms of availability of international class business parks, easy transportation and excellent connectivity, is essential for the success of an export-oriented IT product and service industry. Emerging economies around the world recognize this, following the lead of countries from the USA to China and India to invest in science and technology parks capable of supporting an ecosystem of local and international companies. Moldova is perfectly positioned to be a leading exporter of IT services, located at the crossroads of east and west, but the lack of a dedicated business facility providing world-class human and technical resources and opportunities for collaboration, significantly limits Moldova's ability to compete effectively for international clients and investors.

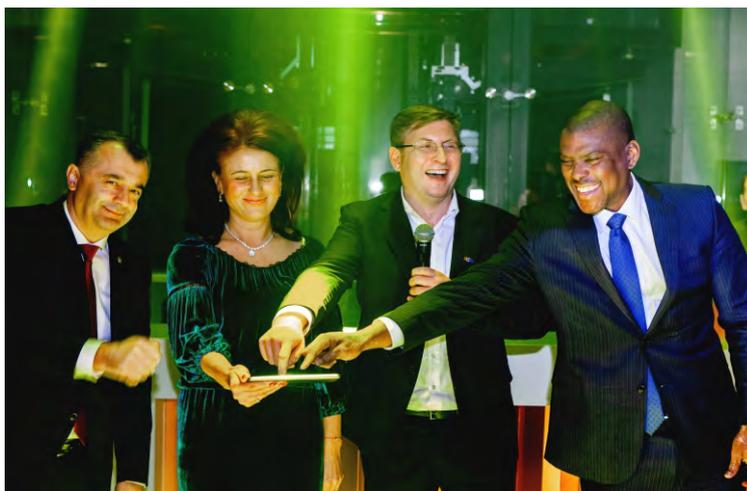


Photo Caption: The official inauguration of Digital Park, Moldova's first technology park. From left to right: Ion Chicu, former Prime Minister; Aurelia Salicov, CEO of Digital Park; Alexandru Machedon, Founder and Chairman of StarNet Group; Dereck J. Hogan, U.S. Ambassador. Credit: Digital Park, Facebook.



*Photo Caption: Moldova IT Park building
Photo Credit: Moldova IT Park*

Moldova's first state-of-the-art technology park, Digital City, located downtown Chisinau was launched, with MCP serving as the main transaction facilitator. StarNet, internet and telecommunications company, is the main private investor leading the development of the Digital City, whereas the land was offered by the Moldovan Government. MCP provided StarNet with critical investment coaching, including market intelligence and funding model, as well as facilitated a portable risk guarantee from the U.S. Treasury via USAID's Development Credit Authority to access \$8.9 million in loans to construct the park. The inauguration 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 to create a Silicon-Valley type environment to establish Moldova as a catalyst for ICT competitiveness.

With MCP technical assistance, the IT Park concept and business model was refined through best practices from Ireland, the U.S., and Romania. Also, MCP conducted an independent market research revealing that 60% of local IT firms in Moldova are ready to re-locate to an IT Park as they are struggling with the quality of their offices and lack of overall cooperation.

Digital Park signed lease contracts for 95% of the available office space with local and international IT companies. During the reporting period, the Park began to host events for the IT industry, including Startup Campus "Yep! I can"; Academia de Weekend; Student Fest 2019; and Female Founders of the Future.

ARTCOR - MCP launched Moldova's first Creative Hub

Photo Caption: Architectural tour on June 3 2019
Photo Credit: Irina Chirica-Golovco



ARTCOR Activity Highlights

Opened doors: **June 2019**

Pillars: Creative Education (ARTCOR School), Creative Entrepreneurship and Building the Creative Community

Fields: storytelling, identity design, interior design, sound and music production, video and film production, visual effects, 2D and 3D animation, acting, calligraphy, game design, podcasting, etc.

- **100 activities** (conferences, workshops,
- **40,000 hours** of training sessions
- **<10,000** creative professionals and students' beneficiaries, including 2278 graduates of Artcor School
- **20** creative start-ups permanent **residents** in co-working and small offices

To support Moldova leverage the global economic growth of creative sectors, MCP directed its financial and technical support for the development of Moldova's first Creative Hub: ARTCOR Creative Industries Center is a groundbreaking infrastructure and ecosystem for Moldova's emerging graphics, design, sound, animation, arts, music and other creative subsectors with high export potential.

Launched in June 2019 with strategic leadership and core funding from MCP, ARTCOR strengthens these creative subsectors by providing access to cutting-edge training opportunities and skills upgrades; accelerating start-ups; and serving as the nucleus of Moldova's emerging creative community. The 1,000 m² purpose-built facility contains state-of-the-art labs for graphics, sound and video production; brand-new technologies equipped with cutting edge software; and multi-use collaborative spaces ready to host events from exhibitions to product launches.

ARTCOR operates as public-private partnership with strategic thought leadership and assistance from the MCP, funded by USAID, Sweden and the UK. Artcor is managed by COR Creative Businesses Association in Moldova, which generates industry-relevant content, in partnership with the Academy of Music, Theatre and Fine Arts of Moldova ('Academy of Fine Arts'), which hosts the Center, covered part of its operational costs, and liaises with the academic community and students. ARTCOR is supported by the MECR, which partially co-funded its initial infrastructure and views ARTCOR and creative industries as a national priority. Being governed by a Joint Governance Board, the ARTCOR Coordinating Council had had 4 meetings since its creation, and is formed by:

1. **Academy of Arts of Moldova (AMTAP) (4 members)**
2. **COR Association (4 members delegated by its Board)**
3. **Ministry of Culture, Education and Research of the Republic of Moldova (1 member, advisor role)**
4. **Moldova Competitiveness Project (MCP) (advisor role)**

ARTCOR is located in the heart of the city, located on the campus of the Academy of Fine Arts. Being a university-based center, ARTCOR welcomes both students and staff of the Academy of Fine Arts with special offers for educational programs, co-working, internships, among others. ARTCOR was created with the main aim to connect the creative communities, enhance their capacities by training the skills and competences required for the sector on the international scale, thereby creating high quality, well paid jobs, and deterring the emigration of talented young people. ARTCOR focuses on digital creativity such as graphics, sound, animation, arts, motion picture, Virtual Reality/Augmented Reality (VR/AR) technology, video production, advertising and other related subsectors with high export potential, and it will contribute to general creativity, innovation, and development of the creative sector.

ARTCOR offers co-working zones, events room of 100+ people, meeting room for 35+ people, a mediateca room with licensed software for graphic design, sound and architecture fields, 5 mini-offices, two recording studios and one rehearsal room for bands. In addition, it hosts shared spaces for networking, access to professional printers and plotters for prototyping creative products and a small kitchen for coffee breaks.



Photo Caption: Government of Moldova representatives and Diplomatic officials at the Artcor launch.
Photo Credit: MCP

ARTCOR: winner of the international Architecture Award

ARTCOR was designed by architect Maxim Calujac, who developed a unique concept in line with modern design trends to provide quality, inspiring workspaces for residents of the Hub. ARTCOR was recognized as one of three winners of the prestigious International Architecture Award by ArchDaily & Strelka. ArchDaily is the most visited architecture website worldwide, with over half a million daily readers. ARTCOR was recognized for its sustainability goals, research-based and participatory design, and innovative use of materials.



Photo Caption: Launch of Artcor, June 3, 2019
Photo Credit: MCP

ARTCOR: member of European Creative Hubs Network

Shortly after its launch, ARTCOR was officially accepted as an associate member of the 2019 - 2020 European Creative Hubs Network, placing Moldova on the European and international map of the creative world. This success opened a new range of regional and international opportunities for learning and collaboration, since the network is an umbrella organization that gathers critical mass and channels a coherent voice to the sector, supports policy advocacy efforts, and helps raise the creative sector profile in Moldova.



Photo caption: From left to right: Scott Hocklander, USAID Mission Director; Anna Lyberg, Sweden Ambassador; Steven Fisher, British Ambassador congratulate ARTCOR on their first anniversary

Photo Credit: ARTCOR

Moldcell Foundation announced strategic support of \$50K for ARTCOR

Moldcell, Moldova's second largest telecom provider, collaborated with MCP and COR Creative Industries Association to scale creative educational opportunities under ARTCOR. The partnership, documented in a Memorandum of Understanding, aims to support the development of successful creative businesses and equip Moldovan youth with innovative digital skills in high-demand creative fields.

The public event announcing the partnership featured online remarks from U.S. Ambassador Dereck J. Hogan and Moldcell Foundation chairman Nirvana Chaudhary, who underscored their support for the Moldovan creative industries. Ambassador Hogan stressed the importance of creating high-quality and well-paying jobs to enhance the creative potential of Moldovan youth and prevent brain drain.



Photo Caption: U.S. Ambassador Dereck Hogan provides opening remarks at the public event announcing the partnership between Artcor and Moldcell Foundation

Photo Credit: MCP

The British Embassy and Moldcell Foundation conferred ARTCOR Ambassador Awards at the Creative Industries Festival



Photo Caption: From left to right: Irina Strajescu, Director of Moldcell Foundation and Steven Fisher, UK Ambassador received Artcor Ambassador Awards at the Creative Industries Festival, 3rd edition. Photo Credit: Moldcell Foundation.

The Creative Industries Association (COR) and ARTCOR Creative Industries Center, with support from MCP and Moldcell Foundation, organized the annual Creative Industries Festival, highlighting significant milestones from past years and presenting new creative opportunities for Moldovan people. UK Ambassador Steven Fisher and Moldcell Foundation Director Irina Strajescu opened the ceremony, underscoring their support for the industry and encouraging Moldovan youth to explore their creative potential. The officials were awarded with ARTCOR Ambassador Awards in recognition of their support for the development of the Moldovan creative industries. Prior to the opening of the festival, the officials participated in an interactive discussion with ARTCOR residents, learning first-hand about the creative activities and opportunities offered by the Center and sharing the British experience in advancing the development of the creative industries.

During the festival, the Moldcell Foundation announced their intention to allocate \$50,000 for the implementation of ARTCOR's 2021 creative strategy, which will enable ARTCOR to ensure its sustainability for the upcoming years and build a strong partnership with Moldova's second largest telecommunications provider.

ARTCOR School's professional courses cultivate Moldovan creative talent

As part of MCP's objective to develop the creative industry workforce in Moldova, ARTCOR launched its educational offer in the creative fields called Artcor School. 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 focuses on building local technical skills in graphic design, video and audio production (sound and recording engineering, script writing), storytelling, Augmented Reality, VFX and other cutting-edge technologies.

ARTCOR School by the numbers:

25

professional training programs (courses)

48

educational events (workshops, conferences, hackathons)

2

internationally accredited trainers

1,856

participants, of which 715 women and 457 students

MCP supported COR Association to develop curricula for professional mid- and long-term courses (ranging from 20 to 40 hours), that cover fields such as: sound design, film production, interior design, graphic design, animation, storytelling and game design.

The courses are user-paid and target young professionals and students of the Academy of Music, Theatre and Fine Arts (AMTFA). To strengthen its collaboration with the Academy, integrate students in alternative education courses, and help them advance their creative skills, ARTCOR offers AMTFA students one free scholarship for each course.

ARTCOR School engaged leading creative professionals to teach courses and workshops to students, freelancers and young professionals

ARTCOR School attracted leading creative industry professionals with demonstrated track records to develop their own course curricula and training, practice their training skills, and develop the knowledge and skills of local freelancers, students and young professionals.

Illustrative online workshops

- **Course on Podcasting** for entrepreneurs, journalists and freelancers who want to promote their products/services and learn how to create a podcast.
- **Actor Mood** course for young actors to learn how to act on camera vs what it is to be a stage actor
- **Graphic Design Basic** online course dedicated to beginners in graphic design
- **Music Creator course** dedicated to teenagers who want to record and edit sounds and music
- **Fairytale Storytelling** to learn how to write, promote and sell a fairytale
- **Journalism Workshop** for content creators and journalists to learn how to pitch their editorial story to local and international publications
- **Comics Workshop** for graphic designers and artists to learn to draw and create comics
- **Home Animation** workshop for teenagers to create 2D animations using smartphones at home
- **Book Creation** a graphic workshop to learn how to draw and illustrate a book at home

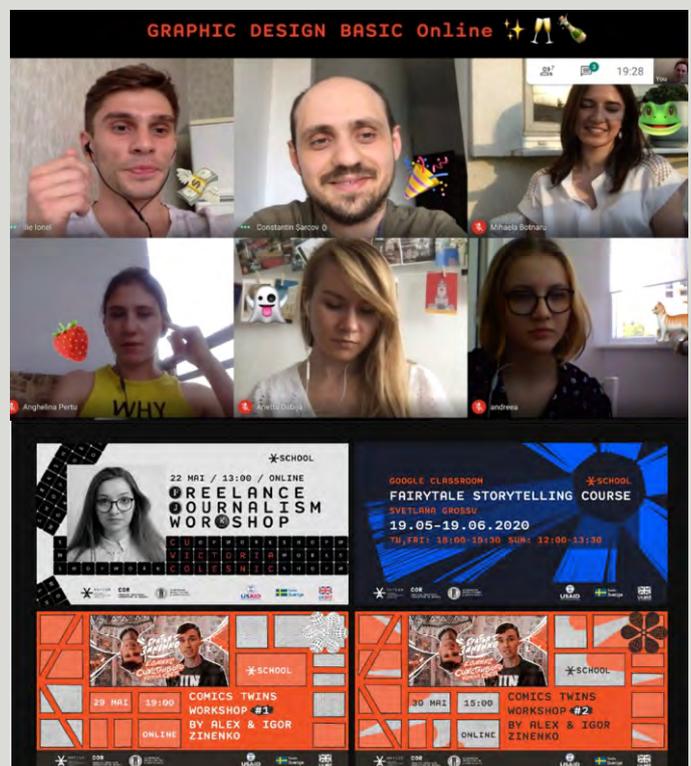


Photo Caption: Facebook covers for educational events by Artcor School
Photo Credit: Artcor

In order to certify and increase the qualification of its trainers, ARTCOR sponsored Ilie Gorincioi, music composer and founder of Tadeus Music, to become a Certified Mastering Engineer by taking the "Pro Mixing Online Coaching of Mastering Academy" and Lev Volosin, 2D and 3D animation artist, to participate in the Storyboarding course at the Online Animation School "AnimationMentor".

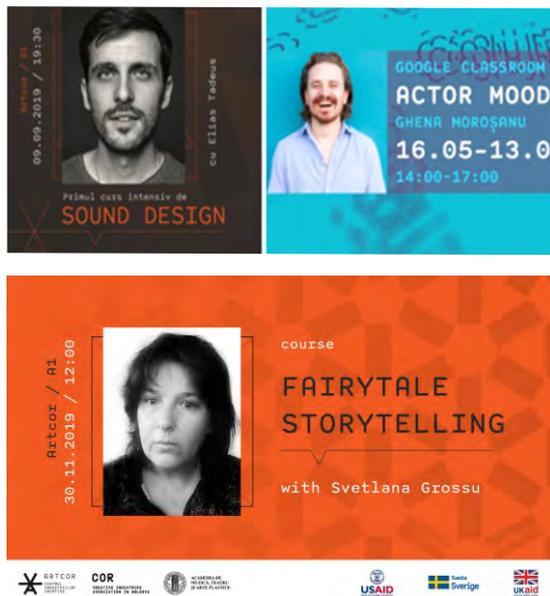


Photo Caption: Online banners for Artcor School courses
Photo Credit: Artcor

ARTCOR's course topics included:

- A three-month course on **Sound Design and Music Production** led by Elias Tadeus, a film music composer who has worked for Disney and is a COR board member;
- A **Fairytale Storytelling** course delivered in Russian by Svetlana Grossu, a published author in Moldova and Russia;
- A **Podcasting** course led by the journalist and influencer Stella Jemna, who produces the number one podcast in Moldova, "Aprinde Becul cu Stella Jemna";
- An **Online Graphics Design** course delivered by Constantin Sarcov, co-founder and CEO of Piko Creative, one of the top advertising and identity agencies in Moldova. This course attracted a record number of applicants (75 applicants for a course capacity of 12-15) due to the local popularity of Mr. Sarcov's campaigns;
- A **Home 2D Animation** course led by Lev Voloshin, the top animator at Simpals Studio, and author of the first VR animation movie in Moldova, which won an international Arip award;
- The **Artcor Mood** for actors who want to learn how to act on camera, delivered by Ghenă Moroșanu, graduate of the Lee Strasberg Theatre and Film institute and actor in Hollywood movies.

ARTCOR residents develop Moldova's first creative cultural project through co-working

Karen Grigorean and Oxana Capatina, graphic designers and residents of Artcor Creative Industries Center, launched a creative cultural project on motion design and projection mapping. Initially specialized in static graphic design, Karen and Oxana partnered to learn and co-create an animated interpretation of a wine legend that was projected on a pyramid of barrels during the Creative Industries Festival. The motion design services were funded by the Chateau Vartely winery, which showed a great interest in interactive and immersive creative technology. Other Moldovan wineries and tourism businesses attending the festival expressed their desire to replicate this model and collaborate with Moldovan graphic designers to create projection mappings that would help them attract tourists and promote their services. The Creative Industries Festival ended with a sold-out projection mapping show displayed by Karen and Oxana.



Photo Caption: Wine legend mapping projection by Karen Grigorean and Oxana Capatina at the Creative Industries Festival, 3rd edition.
Photo Credit: MCP

ARTCOR became the epicenter of creative communities in Moldova

During 2019-2021 Artcor organized more than 200 events for consolidating the communities, with several tens of thousands of participants, ranging from community events like community meet-ups, masterclasses to entrepreneurship initiatives such as conferences, training sessions and workshops; as well as different hosted exhibitions, events, and workshops in different fields such as: design and visual arts, music, films, architecture, and many other creative channels.

Podcasts recorded in the Artcor Studio:

- **'Fără Limite'** – a podcast made by Artcor team
- **'Movie'T'** – a cinematography podcast produced by the Artcor team
- **'We Play'** – a video let's play pilot produced by the Artcor team
- **'Startup & F*ckup'** - a series live episodes produced by Artcor team in collaboration with Yep!Moldova team
- **'Так и живем'** – a collaboration of 3 Artcor's members
- **'Humans of Moldova'** – podcast by Pahotin Anton, director of the digital agency Go Social

MCP and ARTCOR are bridging Moldovan creative companies with global markets

MCP supported companies in the creative services industry to expand their market linkages through participating in online and offline international industry events and tradeshows. COR Association and MCP launched a common initiative called “Bridge to Global Markets” dedicated to companies that are aspiring to scale abroad, find new partners, and upgrade companies' in-house skills and knowledge.



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. 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, developing technical skills and business interest in entering 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.



Photo caption: Moldovan film and media experts gather to gain fresh insights and network with industry peers.
Photo credit: Fix It in Post, Facebook

ARTCOR incubates, coaches and accelerates nascent creative entrepreneurs

Startup Semester

an entrepreneurship school for young people (K-12). During 2 batches the school had more than 200 participants, pupils and students. The program is organized by ARTCOR and NIKA Generation.

Yep! Pre-accelerator

a program for entrepreneurs that are launching their first startup. We have organized 4 batches, online and offline, and attracted more than 20 mentors from Moldova, Ukraine, Estonia, Romania, Belgium, US. The program has accelerated more than 100 young people that validated their idea and business model. The program is organized by partners NIKA Generation from Moldova and Yep! from Ukraine.

ARTCOR resident program

a pre-accelerator program dedicated exclusively for residents from the Center and COR members. The program is organized online on PESA – a virtual platform by Creativity Estonia - with whom it has an established partnership since 2019. During the program, there were more than 10 mentorship sessions with Estonian experts. ARTCOR residents improved their business models, marketing strategies and created partnerships with Estonian experts.

GoOnline

an innovative initiative of business support, aimed to accelerate SMEs digital transformation and their transition to online markets. The program has accelerated 80 small businesses from both sides of Nistru river, and involved 5 different donors and state institutions.

FEATURE STORY

Six YEP! Acceleration startups compete for the grand prize at the Creative Industries Festival

During the Creative Industries Festival, ARTCOR organized a Startup Battle for the participants of the YEP! Acceleration entrepreneurial program, providing a platform for exchanging business ideas and investing in startups. Six teams competed for the grand prize by pitching their innovative ideas to a local and international jury, including USAID Deputy Head of Mission John Riordan, who evaluated the teams based on such criteria as innovation, scalability, and the use of technology.

The winning team, BMD, developed a unique platform to connect creatives from all over the world and enhance their creative potential by helping them deliver high quality digital services related to photo/video/music production, design, code, marketing, and others.



Photo Caption: USAID Deputy Head of Mission John Riordan awards 1st place to BMD team at Startup Battle. Photo Credit: ARTCOR

In addition, BMD developed their own currency, based on cryptocurrency and blockchain technologies, to help creative industry workers monetize their time. Other business ideas included the development of a mobile application to find the nearest available car wash, an app to facilitate digital interaction between local small businesses and their buyers, and a platform to help amateur gamers advance their skills through various courses and coaching sessions. The winning team participated in the international competition YEP! Demo Day, which was held in Kyiv, Ukraine on June 30. In addition, BMD received a 2,000 Euro grant and mentorship sessions from Garage48, a startup hackathon series located in Tallin, Estonia that aims to turn youths' ideas into working prototypes.

FabLab Chisinau - state-of-the-art platform for digital manufacturing, industrial design and engineering

FabLabs – open spaces equipped with technical equipment for making and prototyping new products and building engineering skills for students and community – are key for developing new precision engineering expertise. FabLab Chisinau is one of the largest (700 m.p.) small-scale prototyping and production workshops in Eastern Europe. It is equipped with state-of-the-art, computer-assisted equipment and machinery. Among the equipment are sophisticated tools used in the electronics, robotics, furniture and machine building industries. MCP focused on strengthening the institutional capacity and consolidating the FabLab Chisinau community. The FabLab Chisinau team was engaged and developed a series of activities like the FabLab Academy, where 13 young engineers during a 6-month period were trained using Fablab equipment (CNC, 3D printer, laser cutter and electronics) and their soft skills (planning and management). Family Time, the most engaging activity for families, was designed for children to develop their engineering skills, and additionally, MCP co-financed a series of hackathons implemented by FabLab team in partnership with students, professors and private sector. FabLab Chisinau engaged more than 400 students in the last year in various activities and 15 became regular users and mentors in different activities.



Photo caption: Participant at FabLab Chisinau. Photo credit: FabLab Chisinau.

FEATURE STORY

FabLab Enables the Development of the First Electric Off Roader in Moldova

Moldovan engineers Oleg Sargu and Maxim Conoplin developed the first 100% electric off-roader in Moldova, the Hi-Duk. The off-roader was developed at the FabLab Chisinau launched by MCP in 2018, which provided the team with manufacturing equipment and facilities. Hi-Duk has two electric motors and was designed as a utility off-roader that can be used to work the land in Moldovan vineyards, sweep streets or clean sidewalks and parks during snowfalls. The motors are of British origins and the company producing them has agreed to license their future production in Moldova. A large part of the Hi-Duk components have already been certified and homologated in Europe, which will accelerate the future homologation of the vehicle.



Photo Caption: Maxim Conoplin and Oleg Sargu presenting the first Moldovan electric off-roader at FabLab Chisinau.

Photo Credit: FabLab

The off-roader works at a lower speed and handles large loads. The designers of the off-roader are part of the Moldovan Diaspora that has returned home. Oleg Sargu is a graduate of the Georgia Institute of Technology and has worked for 12 years in the marine mechanics and logistics field in the U.S., while Maxim Conoplin graduated from the Coventry University in Great Britain and has worked with a team of former Volvo Cars led by chief designer Steve Harper, who has set up his own company in the UK. MCP supports the development of Chisinau and regional FabLabs and encourages Moldovan youth to pursue a career in engineering and IT.

Students and Young Engineers Engage in an Electric Hackathon at FabLab Chisinau

16 young engineers and students at the Technical University of Moldova participated in an Electric Hackathon organized by FabLab Chisinau team. Grouped in four teams of four engineers, the participants competed in the construction of a programmable electric installation with a cabin that moves freely within an area of 0.25 m³. Guided by six engineering experts, the teams used Arduino and a series of electrical and electronic components to develop innovative projects focused on the optimization of parking spaces and the facilitation of construction works. The winning team will benefit from FabLab support to make a real-life demonstration of their project in the following month. The Electric Hackathon was strongly supported by the local companies and by the Faculty of Electrical and Electrical Engineering from TUM. FabLab Moldova is part of the Global Network counting over 1,750 FabLabs in 100 countries.



Photo Caption: Young engineers participate in the Electric Hackathon at FabLab Chisinau, organized with MCP support

Photo Credit: FabLab Chisinau

MCP supports public-private partnerships like FabLab Chisinau and other six regional FabLabs to offer product prototyping and learning opportunities for Moldovan youth. Located on the campus of the Technical University of Moldova, one of the largest universities in Moldova hosting over 9,500 students, FabLab Chisinau provides world-class technical education and equips youth with engineering skills needed to access jobs in Moldova's growing ICT industry.

Regional FabLab network in Moldova expanded and consolidated

The regional FabLab network in Moldova had expanded to 3 new regional locations in Orhei, Singerei and Soroca, growing the community to a total of 7 FabLabs (1 located in Chisinau and 6 in regions). In 2021, in spite of the pandemic situation the FabLab regional community from all over the country was leading online and offline activities, spearheading the process of education, technical prototyping and innovation in their regions. The FabLab Regional implemented more than 60 activities with around 2,000 non-unique participants.

During Year 6, the FabLab community was engaged in developing the skills and engineering competences in their regions. Therefore, to drive rural entrepreneurship and ensure access to innovation and technology in the capital and rural regions, MCP supported the regional FabLabs and FabLab Chisinau with necessary suppliers for their activities, as well as with management assistance and supervision in developing their initiatives. The Moldovan network of FabLabs includes six regional FabLabs and the national FabLab in Chisinau, which are linked with over 1,750 FabLabs around the world. This year, the FabLab community was involved in more than 100 activities (unique and some of them replicated to national level) and were visited by more than 3,000 people, with around half of them involved in FabLab activities.

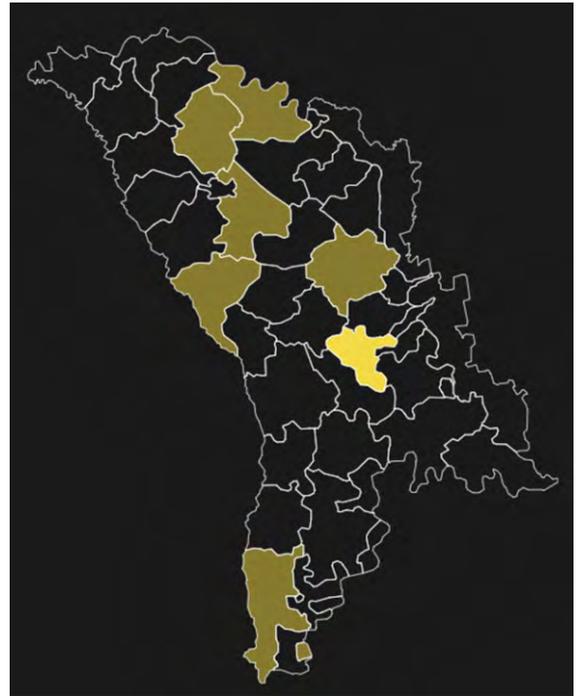


Photo Caption: Map of the FabLab Moldova community
Photo Credit: FabLab Chisinau

FEATURE STORY

Three New Fabrication Laboratories Launched in Rural Regions to Spur Innovation and Engineering

To drive rural entrepreneurship and ensure access to innovation and technology in rural regions, MCP has opened three new regional fabrication laboratories (FabLabs) in Orhei, Soroca and Singerei. Equipped with an array of flexible computer-controlled tools, including 3D printers, laser cutting machines, computerized sewing and embroidery machines, pyrographs, and Vinyl cutting machines, the FabLabs offer local communities a technical prototyping platform for education, innovation and invention.

This \$35,000 investment builds on the vital role of local libraries and schools as community resources, adding to their offerings with space for digital fabrication, industrial design, and engineering.

Providing access to technology, the newly launched regional FabLabs play a key role in addressing youth out-migration and “brain drain,” ensuring rural innovators' access to these tools without having to travel to Chisinau. The Moldovan network of FabLabs includes six regional FabLabs and the national FabLab in Chisinau, which are linked with over 1750 FabLabs around the world.

To date, more than 5,000 Moldovans have benefited from FabLab activities, developing their digital and engineering skills. The ICT and engineering industry employs over 29,500 people, mostly young people, offering salaries four times higher than the national average.



Photo Caption: Users prototype objects using the laser cutting machine at FabLab Orhei
Photo Credit: MCP

Support CIRCLE Laboratory Cluster at TUM

CIRCLE Laboratory Cluster at the Technical University is a successful example of a public-private partnership between TUM, Government of Moldova, MCP, and world leaders in the areas of security and automation such as Siemens and BitDefender. CIRCLE is a state-of-the-art laboratory for market-driven education in technology and engineering – annually serving more than 1,000 students from 25 TUM departments, covering fundamental technological areas including control engineering and cyber security. CIRCLE is a \$230,000 joint investment to replace outdated labs and supports the development of market-driven curriculum to ensure the employability of tech graduates with industry-related skills in electronics, mechanical and engineering to conceptualize, research and prototype new products and services using facilities provided by industry partners.

The labs benefit more than 750 students each year, including 500 from the parent faculty and another 250 from connected departments. Starting in spring 2018, the first 150 students from the technical, electronics, mechanical, and engineering faculties at TUM participated in academic classes in the newly launched CIRCLE laboratories. The labs' ultra-modern education approaches to studying digital technologies allow students to obtain and generate new knowledge, which is the foundation of their future employability.

After the launch in Year 3, MCP provided additional support for TUM in developing and enhancing CIRCLE laboratory cluster in the following **areas**:

- Catalyzing new partnerships with private IT and engineering companies such as RSD, Allied Testing and Amdaris - which contribute courses and trainers to support the development of new IT and engineering skills required by the industry.
- Supporting TUM in implementing additional extracurricular activities to stimulate entrepreneurship and new business development, such as contests, hackathons and short-term intensive workshops in specific IT and engineering areas such as IT security and Internet of Things.
- ICT and microelectronics areas became curricular cross-cutting areas in non-IT related departments such as energy, transportation, machine building, industrial design and industrial engineering.
- The laboratory cluster is a platform for Project Based Learning, providing students with opportunities to work on projects and products that can be used in the real world.
- Endowment of the laboratory cluster with additional equipment for expanding the range of technologies available for students during the education process such as: Arduino Mega 2560, Raspberry Pi 3 B model, RePhone kit, LED, Grove Speech Recognizer kit, wiring and other components. advanced robotics and drone technologies.



Photo Caption: Young engineers building a robotic arm during the Robot Factory: Mechatronic Symphony at FabLab Chisinau, organized with MCP support.
Photo Caption: Cristian Plesca.

Activity 2.2. Developing the Digital Media Production Hub

Achieved Outputs:

- Operational and business model of the Media Production Hub developed
- MoU between the Ministry of Education, Culture and Research, Moldova State University, USAID, Sweden, UK aid and COR Creative Association signed
- Engineering design developed
- Refurbishment and renovation of works initiated
- 3 events including trainings for media production specialists conducted at ARTCOR

Achieved Outcomes:

- Operational and business model of the Media Production Center (MEDIACOR) was developed.
- MoU between the Ministry of Education, Culture and Research, Moldova State University, USAID, Sweden, UK aid and COR Creative Association signed
- The media, film and animation community involved in the design and development of the Media Production Hub
- The State University of Moldova committed to support and invest in the Media Production Hub development
- Engineering design developed
- Refurbishment and renovation initiated

MEDIACOR - Moldova's first public-private partnership Media Technology Center



MEDIACOR Highlights

- **Open doors: September 2021**

Digital media production hub to host state-of-the-art production pavilion, pre- and post-production facilities, and accessible co-working and learning areas.

- **\$2.67 million PPP** Ministry of Education, Culture and Research; Moldova State University, USAID, Sweden, UK and COR Creative Association
- **2,500 m² digital media** hub housing a recording pavilion, pre- and post-production facilities, training and co-working spaces.
- Verticals and services include content creation, sound recording and audio production, visual effects, color-correction and motion capture.

To respond to the high demand for media production facilities and improve Moldova's nascent digital media industry, MCP partnered with the State University to develop Moldova's first Media Technology Center, MEDIACOR. MEDIACOR is a public-private partnership between Moldova State University, the Association of Creative Industry companies, and MCP, which plays a critical role in ensuring a common understanding, shared vision and active participation in the development and management of the MEDIACOR Center across all partners. Moldova State University will host the Center, drawing from more than 1,000 students in the faculties of journalism, communication, and IT to use the facilities, and encouraging them to pursue a career in the creative fields. For development of the MEDIACOR Center, the State University of Moldova committed \$465,000 for the construction of the new media production pavilion, for which the University received a U.S. Embassy grant in the amount of \$448,000. MEDIACOR houses high-value pre- and post-production facilities, accessible networking, co-working and learning areas, providing the University's 12,000 students with an opportunity to gain digital and creative skills, while fostering collaboration amongst Moldovan digital media start-ups and stakeholders.

MCP's contribution in developing MEDIACOR consisted of developing a feasibility study, and catalyzing the signing of a MOU between the partnership stakeholders. MCP took the lead in developing the MEDIACOR concept and business model, developing the architectural design of the infrastructure. MCP also supported the undertaking of construction and renovation of the University library building to host MEDIACOR facilities. In addition, MCP helped establish MEDIACOR's governance structure: the project facilitated the signing of a cooperation agreement between the University and Association of Creative Companies for managing MEDIACOR; developed necessary bylaws and regulations for MEDIACOR functioning' and ensured the entire project management function for the development of MEDIACOR.

MEDIACOR infrastructure and its media production technologies allow local media production companies enhance the quality of their products and services, and become more competitive in foreign markets. Some Moldovan firms have started to approach potential international partners in Japan, Estonia, and the US, and are constantly receiving inquiries from US and EU based film producers for providing their services in production and post-production.



Photo Caption: Anna Lyberg, Ambassador of Sweden visits Mediacor Technology Center and witnesses the advanced technology used by Moldovan production studios.
Photo Credit: MCP

FEATURE STORY

Memorandum of Understanding Signed to Develop Moldova's First Media Technology Center

In 2020, USAID, Sweden and UK aid signed a Memorandum of Understanding (MoU) with the Ministry of Education, Culture and Research; Moldova State University; and the Association of Creative Industries (COR) to support the development of Moldova's first Media Technology Center, MEDIACOR. The signing of the memorandum was publicly announced via an online conference with the participation of Scott Hocklander, USAID Mission Director; Adam Amberg, Swedish Cooperation Director; and Gary Davies, Deputy Head of Mission at the British Embassy, demonstrating their continuous support for the development of Moldovan creative industries. The event was broadcasted online and featured a promotional video with key messages from all the partners who signed the MoU.



Photo Caption: Mediacor mock-up.
Photo Credit: Maxim Ciomas.

The number of micro and small businesses operating in the Moldovan market in publishing, design, media content production, game development, and other creative areas has increased by 20 percent since 2015, reaching a total number of 2,800 creative businesses. Fostering novel media technologies like Virtual Reality/ Augmented Reality (VR/AR), surround sound design, motion capture, 3D animation, and social media, MEDIACOR will provide the University's 12,000 students with an opportunity to gain digital and creative skills. MEDIACOR will serve as the foundation for Moldova's digital media and entertainment industry and will improve the overall competitiveness of Moldova's media and creative sectors, which to date employs 13,000 young professionals.

FEATURE STORY

The UK's Minister for European Neighborhood and the Americas Visits Mediacor Technology Media Center and Underscores the Role of Technologies in Advancing Media Development

The UK's Minister for European Neighborhood and the Americas, Wendy Morton, visited Mediacor Technology Media Center (Mediacor) and met with Moldovan media and production studios that expressed their interest in becoming Mediacor residents. The Minister toured the Mediacor facilities, which are under construction, including two video production studios and the training center for the Advanced Journalism School. Witnessing first-hand the virtualization technologies used by Raketa Production and ASTI studios, the Minister underscored the importance of adopting cutting-edge technologies to advance innovation and disrupt traditional media. With current funding estimated at \$3 million, Mediacor builds on a public-private partnership between Moldova State University and the Association of Creative Industry Companies COR, with support from USAID, Sweden and the UK through the Moldova Competitiveness Project and the U.S. Embassy.



*Photo Caption: Wendy Morton, the UK's Minister for European Neighborhood and the Americas; Steven Fisher, UK Ambassador; and Igor Sarov, Rector of Moldova State University at Mediacor Technology Media Center.
Photo Credit: MCP.*

The Mediacor Center is under construction and will open its doors in the fall of 2021. Once complete, Mediacor will house high-value pre- and post-production facilities, accessible networking, and co-working and learning areas to foster collaboration between Moldovan digital media start-ups and stakeholders. U.S. data shows that digital media revenues increase at a pace of 5% per year, while traditional media declines by 2% per year. The Center will foster novel digital media technologies such as virtual/augmented reality (VR/AR), surround sound design, motion capture, 3D animation, and social media, which disrupt the traditional media landscape and cater to modern young audiences. To date, nearly 2,800 businesses operate in the creative industry, providing jobs for 13,000 young professionals.



*Photo Caption: The UK's Minister for European Neighborhood and the Americas, Wendy Morton attending a press conference during her visit at Mediacor Technology Media Center
Photo Credit: MCP*

OBJECTIVE 2: EXPANDED MARKET LINKAGES



Photo Caption: COR presentation
Photo Credit: COR

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

Achieved Outputs:

- **3** International conferences/trade events attended
- **1** business support program (a COVID rapid-response platform) launched to help SMEs accelerate e-commerce
- **65** SMEs supported with e-commerce tools via GoOnline project (websites updated, online payments, SMM)
- **90** creative and digital companies established new partnerships via GoOnline project
- **400** entrepreneurs increased their e-commerce knowledge via the series of 10 GoOnline webinars

Achieved Outcomes:

- Western European and U.S markets increase their awareness of Moldova as a creative and tech-based service location
- The focus of Moldovan IT and Creative companies shifted towards high value-added markets from the EU and U.S
- SMEs improved their skills, knowledge and practices in e-commerce and digital marketing

Positioning Moldova as a regional destination for high-value services

Moldova is perfectly positioned to be a leading exporter of software and technology-enabled services, located at the crossroads of East and West, due to its exceptional workforce, convenient time-zone, and favorable investment conditions. These include labor permit incentives ('IT visa') for foreign IT professionals, tax incentives for IT sector employees, a flat tax for ICT businesses and the creation of a world-class IT park, all of which are the result of sustained MCP support for the liberalization of the business environment. MCP works to increase the share of high-value tech, engineering and creative services originating from Moldova by promoting its export capabilities to international business communities, especially in the EU, and supports international players to invest in Moldova.

To support the Government and private sector to further ICT sector competitiveness, MCP provided assistance for the ICT Industry Strategic Roadmap for Moldova. This Roadmap is intended to serve as a strategic guide to highlight key aspects of Moldova's IT Industry, and the path it should adopt to achieve strong growth, decoupled from the small size of its talent pool. The Roadmap was prepared by Avasant, a global management consulting firm focused on digital technologies. Avasant's findings analyze Moldova from a global and regional perspective, and its reputation and experience add credibility to the document's conclusions and recommendations.

The ICT Industry Strategic Roadmap for Moldova outlined target markets and verticals, and will be used as the basis for future trade and marketing support programs for the country's ICT industry. The ICT Association (ATIC) and MIEPO (Moldovan Investment and Export Organization) have both aligned with and subscribed to the Roadmap.

While developing capabilities for non-linear growth, Moldova should sustain traditional services such as system integration, application development, and maintenance & testing services, and use these as source of experience and funds to address innovation and new markets. At the same time, emerging disruptive technologies should be targeted by Moldovan IT firms to stimulate non-linear growth, such as artificial intelligence, machine learning, virtual reality, and big data, as well as Engineering Research and Development (ER&D) services, building upon the existing automotive manufacturing industry in Northern and Central Moldova.

Established and Alternate Target Markets for Moldova's IT Industry

- **Western Europe & Nordics** - applied research for mobility, internet of things, automotive, design services for automotive and robotic process automation across industries.
- **Americas** - localization and customization of American gaming, animation and software products for Europe.
- **Middle East and Africa** - advisory services for eGovernment services in Africa and ER&D along with cyber security services in Israel.
- **Asia Pacific** - front-ending mid-sized Indian service providers for European markets and collaborating with South Korean e-government firms to cross sell products in Europe.
- **Central Eastern Europe (CEE) and Commonwealth of Independent States (CIS)** - traditional IT services for the CEE market, and collaborating with local companies to deliver e-government services to the CIS market.

Based on a comprehensive assessment of the current state of the industry, global trends, risks and evolving requirements, the Roadmap clearly identifies geographies, industries and services/solutions that the Moldovan IT Industry should target to achieve rapid export-oriented growth. Identified target markets were grouped into Established Markets (Nordics & Western Europe and Americas) where 90% of Moldova's IT service exports are currently channeled, and Alternate Markets (ASPAC, MEA), where Moldova could become a gateway to Central and Eastern Europe for Asian and Indian service providers.

Markets and verticals for Moldovan IT products and services



Moldovan FinTech company to open sales office in Germany

MCP helped firms switch from a reactive to a pro-active approach in business and market development, ensuring consistent and targeted marketing over an extended period. The Export Coaching program, targeted at the German market, is in its second year of implementation. In FY17, one of its five beneficiary firms, Qsystems, acquired several new clients for its banking and finance IT services, and initiated the setup of its own sales office in Stuttgart, Germany. These results were possible due to specialized coaching from German-based BW Business Bridge, which assisted participation in targeted events, namely FinTech Forum in Frankfurt and FinTech-Days Bankathon in Stuttgart. BW Business Bridge represents a cluster of tech firms in Stuttgart.

As part of MCP assistance within this objective, BW Business Bridge provided a quality audit, and expert advice on German market entry, advising on which events to attend, and supporting Moldovan firms with personal introductions to potential German partners

MCP supports Moldova's first participation at international design competitions such as Cannes Festival and D&AD

Through the Bridge to Global Markets program, MCP supported two Moldovan creative companies to submit their creative works to leading international competitions such as Cannes Festival and D&AD.

This is the first time Moldovan companies have submitted their work to prestigious international competitions like these. Piko Creative Agency submitted its "Where is the Billion?" creative campaign to Cannes Festival, organized in France, and Riift Studio, Visual Creative Agency, applied to two categories of the design contest D&AD Awards Festival, organized by the Global Association for Creative Advertising in the UK.



*Photo Caption: Nicolae Buhnevici, CEO of Amigo IT company at Websummit conference in Lisbon, Portugal.
Photo Credit: Nicolae Buhnevici*

Youbesc Creative Institute, a movie production company, attended the 2020 Berlinale Film Festival in Germany to attract co-productions, dubbing services and speakers for the Ravac IFF 2020 edition. In addition, Youbesc CEO Sergiu Cumatrenco promoted several fiction films for co-production ("Santa Barbara", "Carobon", and "Tunete"), and engaged in negotiations for the co-production of the short film "Mamunea" with a Lithuanian producer.

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 these 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.

FEATURE STORY

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, "Aripi" (Wings), won awards in the Best Music and Best Sound categories, and an audience-driven award for Best Animation. The film 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 the Moldovan creative company, YOUNESC, in partnership with Wine of Moldova and support from MCP.



Photo Caption: Moldovan film "Aripi" winning an award for Best Animation at the RAVAC International Film Festival

Photo Credit: RAVAC International Film Festival, Facebook

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 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.



Photo Caption: Tatiana Pascaru and Sergiu Pascaru of Pascaru Production and organizers of MILAP, with Doina Nistor, MCP DCOP, Eugeniu Burdelinii, Governance Expert, British Embassy, Valeriu Jereghi, Director, National Center of Cinematography and Elias Tadeus, Director, Elias Tadeus Production during the MILAP workshops

Photo Credit: Pascaru Production

Strengthening a regulatory environment conducive to technology-driven business

To strengthen the regulatory environment for ICT, Engineering and Creative industries, MCP focused its interventions on several dimensions with the highest impact on the development of the ecosystem.

Those dimensions consist:

1. strengthening the capacity of the business associations representing target industries and
2. support the Government in developing an enabling regulatory framework and eliminating regulatory barriers to private sector development.

In designing and implementing initiatives for improving the tech and creative ecosystem, MCP used innovative best practices from ICT and Creative ecosystems from around the world. In particular, input was collected from the CEE Changers Challenge high-level workshop with thought leaders from over 15 countries with developed startup ecosystems.

MCP also collaborated with industry associations as key counterparts to implement industry development initiatives, given their aligned objectives of raising industry awareness, implement industry development initiatives, develop market linkages, establish linkages between private sector and education institutions and engage in advocacy initiatives affecting their members. Therefore, building association capacity is critical to ensure the sustainability of industries. MCP focused its support on ATIC as well other nascent business associations such as the Association of Creative Companies (COR), Association of IT Companies from North (ACETI) and Association of Industrial Manufacturers (APIP) that will manage excellence centers (e.g. ARTCOR, MEDIACOR and Balti Innovation Center).

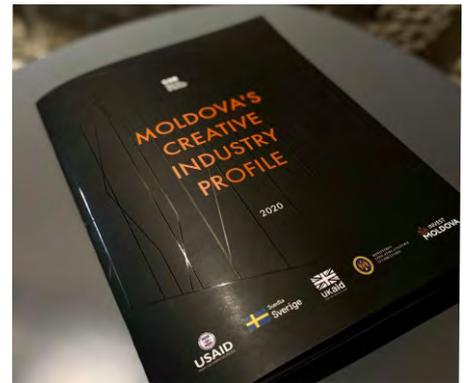


Photo Caption: Moldova's Creative Industry Profile, developed by COR Association with MCP support
Photo Credit: Artcor, FB page

Officially registered in 2017, the COR Association has strengthened and expanded its board, welcoming new members from the media sector. The Association reached 39 members from the video, movies, sound, graphics, animation and video game development subsectors. MCP supported ACETI in developing local-driven initiatives in the northern part of the country. Within one year of activity, ACETI partnered with 30 educational institutions and 15 private companies to promote engineering innovations and technological advancements among over 1,000 Moldovan youth. The Association, formed of 12 members, conducted over 40 IT and engineering activities, such as IT Weekend Morning, regional forums for IT Ambassadors in the North of Moldova, and study visits to Moldova IT Park.

As part of its organizational development objectives, MCP provided capacity building services and coaching to ATIC and other sectorial associations on a wide range of topics including advocacy, internal governance, and effective communication. Such initiatives positioned the associations to improve member services and advocacy efforts.



Photo Caption: Creative Industry Profile developed with MCP support
Photo Credit: Artcor

Strengthening the capacity of the National Association of Private ICT Companies (ATIC)

ATIC, as the leading IT business association in Moldova, plays a critical role by advocating on behalf of IT companies, promoting IT sector enabling regulations and by acting as watchdog, monitoring Government policy initiatives and the fairness and legality of public-private interactions. In Year 1, MCP started the implementation of an organizational development program to strengthen the lobbying and advocacy capacity of business associations, including ATIC. Within the Advocacy Capacity Strengthening Program, ATIC was trained on conducting regulatory impact assessments, law drafting techniques and implementing advocacy initiatives.

As a consequence of the change in ATIC's executive management and election of new board members to the association, MCP focused its assistance on providing strategic guidance and capacity building for the new management. MCP supported ATIC in conceptualizing the main activities and services for its members for 2019-2020. MCP coached ATIC management in ongoing and future strategic initiatives, target markets, support for IT companies to enter foreign markets, advocacy initiatives and member services.

MCP also provides support to ATIC to implement the grant agreement for the Educational Robotics program, and define activities for the regional development of the IT sector and cooperation on the development of export promotion programs.

MCP assisted ATIC to improve their internal norms and procedures, positioning them to improve their management of Tekwill, also funded by USAID via a cooperative agreement with ATIC. Internal good governance and transparent administrative procedures are essential for a valuable implementer of IT development initiatives. MCP helped ATIC develop internal procedures and policy manuals, including policies for preparing and conducting audits, a Procurement Policy, a Personnel Manual, and Accounting and Financial policies. Finally, MCP supported ATIC in understanding and interpreting ADS 303, USAID Implementation of Construction Activities to ensure proper allocation of funds for construction activities. This assistance was instrumental in ensuring compliance and good governance for the organization.

Furthermore, MCP updated the Legal Pocket Guide for ICT Companies in 2016 and 2020, which provides guidance to foreign investors on Moldova's IT regulatory framework. The Legal Pocket Guide was distributed by ATIC to its members and provided as a commercial product to non-members of the association.

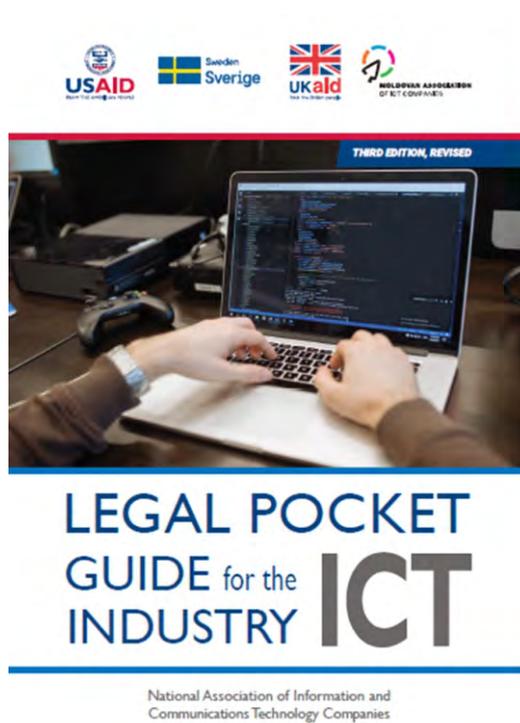


Photo caption: Cover of the Legal Pocket Guide for the ICT Industry, developed with MCP support. Credit: MCP

Building the capacity of the Creative Services Industry (COR)

MCP catalyzed the Creative Services Industry representatives to work together towards joint development goals and highlighted the advantages of merging into one single platform. Following months of industry coaching, in July 2017, the first business association for creative firms – the Association of Creative Industries - was successfully registered by an initiative group of 8 founding members, representing leading subsectors. Through institutional capacity building, MCP assisted the newly created association to develop its mission, vision and core objectives, as well as the yearly budget and working plan.

Since the creation of COR, the member base expanded to 40 members and includes both local and international companies such as Bully Entertainment (a US based animation and game design studio with clients like Dreamworks, Disney and others), Moldcell Foundation and Ringtail Studios. Members primarily represent creative, media and marketing agencies, graphic design, and animation studios. MCP supports an organic evolution of the Association, using a bottom-up approach and acts as a facilitator, rather than a leader. The driving factor for the industry firms to associate and collaborate is to reach export markets (given small-sized domestic market that challenges business resilience), build skills of professionals through the Artcor and MEDIACOR centers of excellence, and raise the profile of creative industries in Moldova.



Photo Caption: Moldovan Minister of Economy and Infrastructure Sergiu Railean (center) and COR Association board members in the Artcor sound recording studio on August 18, 2020.
Photo Credit: Artcor

Since the creation of COR, MCP promoted the association and coached the institution to become the industry advocate to the Moldovan Government, specifically the MECR. COR is also serving as a one-stop shop for unifying the voice of the private sector in the creative services, and interfacing with international investors.

MCP assisted COR Association of Creative Industries to build its capacity to manage the newly launched Artcor. Executive teams from both COR and ARTCOR were trained and consulted during the process of developing their internal procedures for procurement, accounting, hiring and contracting.

MCP played an active role in mentoring the COR and Artcor executive teams in managing their relationships with stakeholders, including the Academy of Fine Arts, MECR, State University of Moldova, the COR board, and other excellence centers and hubs. With strategic guidance from MCP, COR and Artcor invested in their brand, positioning, image and quality of member services.

As of 2021, COR in partnership with the State University, will also manage MEDIACOR, Moldova's first Media Technology Center. MCP provided significant institutional support to lay the groundwork for MEDIACOR and strengthen its operations, strategy, and governance.



Photo caption: Vasili Braga, COR Executive Director and Natalia Dontu, Moldova IT Park sign a collaboration agreement to support Moldovan startups.
Photo credit: COR Association, Facebook.

FEATURE STORY

Moldova State University and COR Association Signed a Management Agreement to Roll Out the MEDIACOR Public-Private Partnership

On July 15, 2021, Moldova State University (MSU) and the Association of Creative Industries (COR) signed an agreement establishing the operational management framework for the Digital Media Production Center MediaCor (MediaCor Center) for the next five years. COR members and private media production studios Youbesc Creative Institute, Pascaru Production and Raketa Production joined the meeting to underline their interest in becoming MediaCor residents and reaffirm the critical need for the MediaCor infrastructure to fulfill their creative and production needs. Founded in 2018, the Association has 40 businesses as members, including domestic and international firms from the U.S., Estonia, Nepal. The Association convenes and represents businesses in various verticals of the creative services industry in Moldova, including digital media, design, animation, and film. The MediaCor Center will have a positive spillover impact on MSU's existing journalism, communications, languages, and information technology programs by offering more advanced skills and competitive job roles to more than 2,000 students, ensuring a talent pipeline for the digital media and creative industries.



Photo Caption: Signing of the Operational Management Agreement for MEDIACOR between Moldova State University and the Association of Creative Industries in Moldova
Photo Credit: Moldova State University

The agreement is based on a collaborative governance between MSU and COR Association, where both partners share equal rights. COR Association will oversee MediaCor's activities and will facilitate business access to MediaCor Center and its programs for mature firms, as well as emerging digital startups and independent media organizations. Meanwhile, MSU will cover the facility's basic operational costs for the next two years, in particular utilities (electricity, water, heating) and building maintenance costs (cleaning services, electricians, plumbing and other small repairs). The agreement, which is part of the MediaCor Memorandum of Understanding signed in July 2020, received approval from the University Senate and COR members.

Developed using a public-private partnership model and an industry-university collaboration model, MediaCor will be governed by a mixed board consisting of representatives of MSU and COR Association (3 members from MSU and 3 members from COR); as well as advisory representation from an independent digital media association, the government, and the donors. MCP played a crucial role in facilitating this agreement, engaging digital media industry stakeholders and the university management in every step of MediaCor's development — from identifying sectoral challenges and the needs of the university and industry to designing the space. MCP supported the public-private partners to draw from international best practices, the vision and the needs of the digital media sector, and the University's curricula, capacity and needs to define the sustainability governance and operational model for MediaCor.

Creating IT opportunities through Startup Visa

On June 23, 2017, the Parliament approved amendments to ease residency permits for foreign IT technology firms and investors. "Startup Visa" is the result of a joint effort between the Ministry of Economy and Infrastructure and the private sector, with the support of MCP, originally initiated in Spring 2016. The legal amendments enable ICT CEOs to stay in Moldova for up to 6 months without the need to obtain a temporary residence permit. MCP supported the Ministry of ICT with expertise in legislation drafting, policy impact analysis, and governmental approvals.

Startup Visa promotes "brain-gain" and foreign direct investment into Moldova's ICT sector, connecting the country to the international tech knowledge and investor circuit. The "Startup Visa" set of regulation is the direct result of MCP efforts, bringing evidence of successful similar schemes in many other countries, including Ireland, Lithuania, Chile, and Poland.

Startup Visa creates opportunities for IT projects with European and Asian countries, and positions Moldova as a competitive IT hub. By eliminating barriers for IT specialists, managers, and entrepreneurs, Moldova is fostering innovation, skills and knowledge transfer, and creating a favorable environment for the development of the IT industry.

In 2021, MCP facilitated the launch of a pilot project attracting IT specialists from foreign countries in partnership with Moldova IT Park and Amdaris IT company originated in Moldova with offices in UK, Romania and Dubai.

IT Industry & Digital Innovation Development Strategy 2019-2023 developed

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

The Ministry of Economy and Infrastructure initiated several policy initiatives to strengthen Moldova's ICT sector, but these were put on hold as a result of Parliamentary elections and resulting political instability in Moldova. The list of initiatives included optimizing public procurement regulations to increase the consumption of local IT products and services; simplification of export procedures for IT services; and development of a policy framework for future IT excellence and innovation centers.

The strategy articulates a 'value-added approach', competing based on more complex tech services and products rather than on low cost and scale, as the next development phase for Moldova's fast-growing tech industry. Moldovan IT exports reached \$240 million, and over 29,000 tech and communications professionals are employed today in Moldova. Additionally, ICT provides the highest wages in Moldova of an average 15,000 lei per month (approximately \$1,000) or triple the country average, which prevents brain drain and migration. However, essential improvements in human capital, business infrastructure, and ecosystem are needed to overcome development bottlenecks and fuel future growth. The objective set in the Strategy to increasing IT exports to \$200 million, increasing the workforce by 25%, develop 50,000 sq. meters of ICT parks and innovation spaces at key universities, and attract 100 foreign-based tech firms in Moldova.

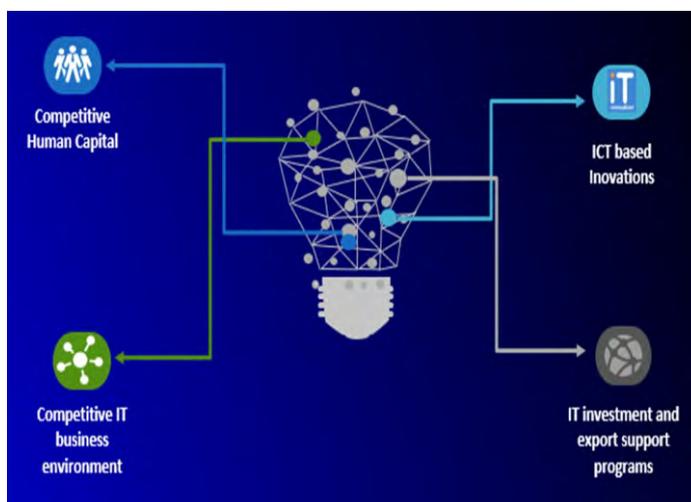


Photo Caption: ICT ecosystem components in the IT and Digital Innovation Development Strategy.
Photo Credit: MCP.

New Law on IT Parks introduces the notion of “virtual park” and single tax model

MCP assisted the Moldovan Government and ATIC to jointly create the first virtual IT Park that provides a groundbreaking business environment for technology firms and encourages foreign investment. The creation of the virtual IT Park also set in motion the new Law on IT Parks, developed from 2016-2017.

The Law on IT Parks was adopted by the Parliament on April 21, 2016 and became effective starting January 1, 2017. The law envisions the provision of tax incentives to resident companies of IT parks and limits the number of state inspections, which reduce administrative and management costs.

The laws are the result of many months of joint efforts by the Ministry of ICT, the Ministry of Finance, MCP, and ATIC. The entire lifecycle of drafting and adopting the laws has lasted nearly 3 years, since 2015, when USAID supported the reforms through its predecessor projects. The legislation amendments include areas related to taxation, social insurance, and medical insurance, and present a completely new single tax concept (7% of a company's turnover) replacing all other business taxes (up to 10 different taxes and fees). The amendment also introduces the concept of a 'Virtual Park', which allows any IT company to become a resident of an IT park, qualifying for the 7% flat tax and other benefits, without physically moving to a new location.

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), ONVV, and Moldova Investment Agency (MIA) on the Wine-Up Tourism Accelerator Program to install 240 road signs across Moldova, guiding travelers to over 70 flagship tourism locations across Moldova, including 35 wineries on the Wine Routes of Moldova.

The Wine Routes of Moldova is the first tourism route integrated into the European Cultural Routes certified by the Council of Europe, called the ITER VITIS ROUTE, and was a finalist of the 2020 Destination of Sustainable Cultural Tourism Award, organized by the European Travel Network. Wine Routes of Moldova has developed seven unique wine and gastronomic itineraries across the country, including visits to 30 wineries, mostly MCP beneficiaries, cellars and tasting rooms, access to 15 wine tourism events, and dozens of immersive cultural experiences. The Wine Routes of Moldova is the result of five years of continuous MCP and ANTRIM efforts to integrate Moldova's wine tourism in the regional and European tourism market.

MCP was instrumental throughout the process, supporting cost-benefit analyses, legislation drafting, and dialogue with the private sector. It demonstrated to representatives from the Ministry of Finance and the International Monetary Fund (IMF) that the law will have a positive impact on the state budget and economic development of the country by increasing the share of IT industry in the GDP. The single 7% tax includes personal and corporate income taxes, social insurance contributions, medical insurance contributions, local taxes, real estate taxes and road usage tax.



Photo caption: Cover of the Impact Assessment of Law on IT Parks. Credit: MCP

Since its launch in January 2018, Moldova's first virtual IT Park counts 710 residents, out of which there are 152 companies with foreign capital from 35 countries. The IT Park firms employ more than 22,000 employees and have an annual turnover of \$293 million.

A direct outcome of the virtual IT Park has been in driving existing businesses out of the shadow economy and spurring investment, whereas one third of its residents are foreign-based firms from EU, U.S. and even Asia. Likewise, it was noted that average wages for tech firms' residents of the virtual IT Park earn higher than usual IT industry wages and four times the country average, reaching MDL 30,000 in 2020 (or \$1,700) per month.



Photo Caption: Moldova IT Park in numbers
Photo Credit: Moldova IT Park

Additionally, MCP supported the Government to extend the applicability of the Law on IT Parks to creative and engineering services, with an expected positive spillover on the 5,000 youth employed in these industries. In July 2018, new categories of businesses, other than IT, became eligible to benefit from the law on IT parks including animation, design, and video production firms.

MCP expects the applicability of the law to increase the formality of the creative services sector, where currently a majority of startups operate on a private entrepreneur license or within the shadow economy. Following amendments in July 2018 allowed the companies from the creative services industry (e.g. graphic design, animation and visual effects) that employ more than 10,000 people to benefit from the single 7% tax included in the provisions of the Law on IT Parks.

From a cost perspective, Moldova has the most favorable environment in the region, but Moldova is also perceived as riskier due to a smaller talent pool and security risks. With Moldova's first IT Park operational in 2018, new business creation and formalization registered a 250% increase, reaching 710 companies, as opposed to the 194 companies registered in 2016. The IT Park enabled the creation of 1,680 jobs (which is 2.5 times higher than the national average) and led to a 40% increase in export growth.

WHAT ARE THE ADVANTAGES?

SINGLE FLAT OF 7% OF SALES

INCLUDING ALL TAXES AND CONTRIBUTIONS FOR THE COMPANY AND ITS EMPLOYEES:

- ✓ Corporate Income Tax;
- ✓ Personal Income Tax (salary related);
- ✓ Obligatory Social Insurance contributions;
- ✓ Obligatory Health Insurance contributions;
- ✓ Local taxes;
- ✓ Tax on real estate
- ✓ Road taxes.

ELIMINATING ~~COST~~ BUREAUCRATIC BARRIERS

- UNIFIED REPORTING**
- MINIMAL INTERACTION WITH STATE INSTITUTIONS**
- SINGLE TAX PAYMENT**

VIRTUAL PRESENCE IN THE IT PARK
A physical office is optional

Cash rebate legislation incentivizes foreign film production

MCP initiated support to operationalize the Law on 'Cash Rebate' for foreign film production incentives. Foreign film incentives in the form of "cash rebate" are an international best practice applied by many countries in the region and worldwide and were found to not only incentivize international productions and co-productions in a given country, but also tourism. The cash rebate varies from 15% to 60% from the film production costs spent in country being paid back by the Government. While the Law on so-called 'Cash Rebate' was approved by the Moldovan Parliament in 2019, it is not functional. MCP worked jointly with the Ministry of Education, Culture and Research and MIA to develop the Regulation which will define the "cash rebate" mechanism with the goal to have it approved by Government in the fall of 2021. The Moldovan Government budgeted 5 million lei (approx. \$250K) in 2020 for testing the cash rebate incentive. In Moldova the "cash rebate" was set at 25% plus 5% if the media/film product promotes Moldova. Due to political instability, the legislation amendments will be approved after the parliamentary elections by the new government.

Improvements to the Law on E-commerce

In 2017, the Ministry of Economy and Infrastructure initiated improvements to the Law on e-Commerce, in line with EU Directive 2000/31/CE. Business associations representing MCP's supported industries drew attention to the issue that the legal amendments proposed by the Ministry of Economy were not conducive for businesses, and that the EU Directive was misinterpreted. MCP responded by engaging its sectorial experts and the American Chamber of Commerce, Moldova's leading business advocacy organization and chair of the Prime Minister's Economic Council, to advocate for the legal amendments to the Law on e-Commerce to be improved and re-drafted. As a result, e-commerce is now treated by the law in the same way as any other business activity, and any registered firm in Moldova (whether domestic or foreign) can undertake e-commerce without any additional authorizations. Likewise, the notion of an electronic 'contract' was included in the law, as well as personal data protection provisions, which are fundamental elements of a safe electronic transaction. By adjusting the Law on e-Commerce, MCP contributed to the creation of favorable conditions for businesses to commercialize their services online, both inside and outside the country.

APPENDIXES

APPENDIX I

REPORTS AND DELIVERABLES, FY21

During FY21, the Project submitted the following deliverables per contract requirements:

Deliverable Name	Submission Dates
Annual Report: Year Five	October 30, 2020
Monthly Report, October 2020	October 14, 2020 and October 29, 2020
Monthly Report, November 2020	November 12, 2020 and November 26, 2020
Monthly Report, December 2020	December 10, 2020 and December 24, 2020
Quarterly Report, October-December 2020	January 19, 2021
Monthly Report, January 2021	January 21, 2021
Monthly Report, February 2021	February 4, 2021 and February 16, 2021
Monthly Report, March 2021	March 2, 2021, March 16, 2021 and March 30, 2021
Quarterly Report, January-March 2021	April 14, 2021
Monthly Report, April 2021	April 13, 2021 and April 27, 2021
Monthly Report, May 2021	May 12, 2021 and May 26, 2021
Monthly Report, June 2021	June 9, 2021 and June 23, 2021
Quarterly Report, April-June 2021	July 13, 2021
Monthly Report, July 2021	July X, 2021
Monthly Report, August 2021	TBD

APPENDIX II

MCP INDICATORS' PERFORMANCE

Table. Description of MCP Indicators Progress against Targets, Life of Project

Performance Indicators	Comments & Explanatory Notes
Project Purpose: Grow and Expand Targeted Competitive Industries	
Objective I: Increased Productivity and Quality (Better Workforce and Adopted Innovation)	
IR 2.2: Improved Private Sector Competitiveness in Selected Industries	
Sub-IR 2.2.1: Increased Productivity	
<p>4. Number of enterprises receiving assistance to improve knowledge, processes, technologies and practices</p>	<p>LOP TARGET ACHIEVED. MCP's six-year cumulative results are impressive. MCP assisted 988 unique companies (adding 46 new assisted companies in FY21) to improve knowledge, processes, technologies and practices. Through this MCP exceeded the life-of-project (LOP) target of 700 unique companies by 41%, demonstrating robust project outreach. Disaggregating by target sectors shows that 312 companies or 32% of the total 988 companies are from light industry, 242 companies or 24% from wine sector, 233 companies or 24% from tourism and 201 companies or 20% from the IT cluster.</p> <p>Disaggregated by company size, micro and small companies (785) remained the most actively involved in project activities (476 and 309 respectively), followed by medium companies (162) and large companies (41). Disaggregation by gender shows that 35% of assisted companies are purely women-owned (342 out of 988 companies).</p>
<p>5. Assisted enterprises applying improved knowledge, processes, and technologies</p>	<p>LOP TARGET ACHIEVED. Of the 988 unique companies assisted since project launch, 392 companies or 40% of the total assisted have applied improved knowledge, processes and technologies, demonstrating the effectiveness and high levels of adoption of the delivered technical assistance by beneficiary companies. Thus, the LOP target of 370 was exceeded by 22 companies or 6%.</p> <p>The biggest progress was made by companies from light industry (169 companies or 43% of assisted companies), followed by wine companies (115 companies, 29%), tourism (91 companies, 23%) and IT cluster (17 companies, 4%).</p> <p>Disaggregation by size reveals the following percentage applications for improved knowledge, processes and technologies, compared to the same disaggregation by assisted companies:</p> <ul style="list-style-type: none"> - applied in 37% micro companies: (in 174 from 476 assisted); - applied in 38% small companies: (in 114 from 309 assisted); - applied in 49% medium companies: (in 76 from 162 assisted); - applied in 54% large companies: (in 22 from 41 assisted).

Performance Indicators	Comments & Explanatory Notes
	<p>Disaggregation by size shows that the application of improved knowledge, processes, and technologies is greater relative to the size of a company. Large companies have a qualified workforce, with more competent specialists in different fields, who are more informed they have better systems of applying improved knowledge processes and technologies and have more financial resources to compensate the associated costs for applying a new technology or technique. Small and micro companies apply their improved knowledge more slowly than medium and large companies and this is related to the fact that these companies need to attract additional financial resources for applying a new process or technique and they also need directors' determination to make a change and this process would require additional human resources and may be postponed.</p> <p>Of note, women-owned companies have a higher percentage of application of improved knowledge, processes, and technologies – 43 % (148 companies implemented from 342 assisted) compared to men-owned companies – 38% (244 implemented from 646 assisted).</p>
<p>6. Assisted enterprises following recognized product or process standards</p>	<p>LOP TARGET ACHIEVED. From a total of 988 unique assisted companies over almost six years of implementation, 224 companies have begun to follow recognized product or process standards and production methodologies. Thus, the LOP target of 180 was exceeded by 44 companies or 24.5%.</p> <p>Disaggregated by sector, 113 are winegrowing companies (47% from the total assisted in this industry), 72 from light industry (23% from total assisted), 36 from the tourism sector (15% from total assisted), and 3 from the IT cluster (1% from total assisted). Disaggregated by company size, 82 are micro enterprises, 70 are small and 57 medium-sized companies, and 15 are large enterprises. From the total of 224 companies, 82 or 37% of the group now following recognized product or process standards are owned by women.</p>
<p>7. Individuals receiving job skills aligned with industry needs</p>	<p>LOP TARGET ACHIEVED. In five and half years, 71,981 individuals participated in activities to receive job skills training aligned with industry needs. The LOP target of 40,000 was exceeded by 80%. The majority of participants, 57,351, are in the IT cluster (80%). The IT cluster is followed by light industry, with 283 or 11% of the total number of trained beneficiaries, winegrowing, with 4,485 or 6% of total beneficiaries, and finally tourism, with 2,172 or 3% of the total.</p> <p>Of the 71,981 people attending skills training activities, 61,767 or 86% are youth, and 35,566 or 49% are women, demonstrating that through targeted trainings, the project is managing to motivate, attract and maintain the interests of these groups. The project's trainings and workshops totaled 90,353 hours, mainly due to the expansion of the Educational Robotics partnerships nationwide. The highest participation of women - 25,277 participants (44%), was in the IT cluster since this sector has the greatest number of participants. The rate of women participation in IT demonstrates MCP's contributions in reducing the gender gap in a sector traditionally dominated by men and raising digital skills and preparing Moldovan young women, especially from underserved communities, to pursue education and careers in the IT and engineering fields. From all assisted sectors, light industry is the sector with the highest rate of women participation in education and job development activities - achieving 87% and 6,923 from total participants. This industry traditionally creates jobs for women and 90% of total employees within the industry are women. In winegrowing industry 1,832 women or 41% of</p>

Performance Indicators	Comments & Explanatory Notes
	<p>all participants engaged in activities for developing their job skills, while in tourism- 1,534 women or 71% from all participants.</p> <p>In FY21 alone, the Project had outstanding results in the outreach of its capacity building programs, with 15,480 people developing their skills by participating in Project educational activities, trainings and community building events. The highest result was in the IT cluster that registered 14,491 participants or 94% of participants from all MCP-supported sectors in FY21. This result is due to the multi-million dollar public-private partnerships that in workforce development that MCP brokered, such as: Educational Robotics and FCL in schools, Creative Hub, Google G Suite, CISCO for VET all of which ensure the long-term sustainability of USAID, Sweden and UK's investments. These programs are instrumental in shifting mindsets towards and improving knowledge across industries, since all assisted industries started to embark on the digitalization process, to varying degrees.</p>
Objective 2. Expanded Market Linkages	
IR 2.2: Improved Private Sector Competitiveness in Selected Industries	
Sub-IR 2.1.2: Increased Access to Finance	
<p>10. Number of assisted enterprises in targeted industries with increased financing</p>	<p>LOP TARGET ACHIEVED. MCP achieved the LOP target of 190 unique companies. In total, 190 unique companies accessed financing, of which 177 are companies directly monitored by MCP and 13 are companies that accessed financing through the MCP-supported loan guarantee program. Disaggregation of the 177 companies receiving direct assistance indicates that the most active companies were in the winegrowing industry (6, or 3.4% of the total), followed by companies from light industry (33%), tourism (24.2%) and IT cluster (3.4%). Disaggregated by size, 79 or 45% were small companies, 44 or 25% micro, 40 or 23% medium, and 14 or 8% large. Disaggregated by gender, 70 or 40% of assisted enterprises were women owned companies.</p>
<p>11. Financing accessed by assisted enterprises</p>	<p>LOP TARGET ACHIEVED. The financing accessed by assisted companies during project life reached \$166.5M, exceeding the LOP target of \$120M by 39%. Direct assistance leveraged \$166.5M in new investments from and by assisted enterprises, and the remaining \$1.3M was accessed through a guarantee program in energy efficiency, with SMEs and individuals as the qualifying borrowers. Monitored companies disaggregated by industry show the following results: the winegrowing industry accessed \$130.4M or 79% of total, followed by light industry companies with \$30M or 18%, and the remaining 3% is shared between tourism and the IT cluster: \$3.2M or 2% and \$1.7M or 1%, respectively.</p> <p>Disaggregated by company size, medium companies, followed by large companies access the most financing for investment purposes to extend their business (46% and 42%, respectively), other 12% are for small and micro companies (8% and 4% respectively). Gender analysis indicates that 27% of finance were accessed by women-owned companies.</p>

Performance Indicators	Comments & Explanatory Notes
Sub-IR 2.2.2: Expended Market Linkages	
<p>2. Increased value of sales facilitated on behalf of assisted enterprises</p>	<p>LOP TARGET ACHIEVED. Overall, MCP’s direct and indirect support to companies from target industries generated \$527M in increased sales or \$1.58B total sales for these companies. The LOP target of \$250M increased sales was more than doubled. Disaggregated by type of trade, \$367.4M of new sales or \$1.08B of total sales were exports and \$159.8M of new sales or \$435M of total sales were domestic sales.</p> <p>Disaggregated by type of assistance (direct and indirect), \$202.6M of the increased sales were from direct support and \$324.6M were from indirect support. In FY2 only (half-year collected data), the direct assistance to monitored companies resulted in increased exports and domestic sales of \$17.3M while indirect assistance generated another \$39.6M (99.5% in IT cluster) in the reported year due to Virtual IT park’s reported sales.</p> <p><u>Direct support</u> to 139 monitored enterprises resulted increased sales of \$202.6. At the same time, total sales of assisted enterprises in five-and-half years achieved \$983.5M (of which \$92.3M are the half-year results for FY21). Disaggregated results by market shows that assisted companies registered during the project life demonstrated:</p> <ul style="list-style-type: none"> - \$108.5M export growth, from \$594.5M total exports (cumulative); - \$94M domestic sales growth from \$389M total domestic sales (cumulative). <p>In Year 6 (half-year data), the complex support provided to assisted companies generated the following results in sales:</p> <ul style="list-style-type: none"> - \$ 9.3M export growth out of \$55.7M total export value; - \$7.9M domestic sales growth out of \$36.6M total domestic sales value. <p>Disaggregation by target industries indicates that during FY16-FY21, winegrowing companies were responsible for \$126.3M of increased sales, followed by light industry, with \$55.2M increased sales, tourism - \$11.6M and IT cluster - \$9.5M. The impressive growth in the winegrowing industry is due to trade support provided by MCP within the public-private partnerships for encouraging systemic and sustainable change, reorientation of exports to EU, Japan and China, stimulating exports of high value-added wines (PGI wine) and providing complex promotion with the Wine of Moldova Marketing Platform. The important achievements in light industry are the result of the fact that firms recorded new sales for high value-added products, continuing to shift the industry from export of labor (cut-and-make production scheme) to export of product (full-package or own-brand production schemes).</p> <p>The tourism sector was drastically affected by Covid 19, registering a minor value of \$110M of increased sales. IT has had the same cumulative data as in Year 4 since the direct monitoring of IT companies has ceased after the creation of Moldova’s first Virtual IT Park, created with MCP support. Thus, the reported sales under the IT sector are captured as indirect assistance, a result of MCP making transformative initiatives at the industry level.</p> <p>Of the increased exports valued at \$108.5M over LOP, the winegrowing industry made the biggest contribution with \$64.8M increased exports or 60% of total exports, followed by light industry (\$29.2M or 27%), which is consistent with their position as the largest exporting industry. The tourism industry’s export growth is \$5.9M, or 5% of the total export growth in assisted companies. Companies monitored in the IT sector in the first three years of monitoring have showcased an increase of \$8.6M in exports or 8% of total.</p> <p>Within the domestic market, the total five-year sales increase on the domestic market was valued at \$94M, while in Year 6, (i.e. half-year) assisted enterprises registered \$7.9M of increased domestic sales. The leading sectors are the wine industry (\$61.5M or 65% of total increased sales) and light industry (\$7.9M or 28% of total increased sales), underpinned by joint promotion efforts by the umbrella national brands DININIMA and Wine of Moldova, in addition to other important activities raising consumer awareness about locally made products.</p>

Performance Indicators	Comments & Explanatory Notes
	<p>Disaggregated by enterprise size, the highest contribution to sales growth during MCP's LOP were made by medium (\$84.4M or 41%) and large companies (\$ 83.8M increased sales or 41%), followed by small (\$25.6M or 13%) and micro companies (\$8.7M or 4%). Gender analysis indicates that women owned companies contributed \$73.4M or 36% to the total \$202.6M positive growth (increased sales), and \$335.9M or 34% to the \$983.5 total sales.</p> <p><u>Indirect MCP support</u> generated almost \$324.6M new sales over LOP, with \$39.6M in the first half of Year 6 alone. This amount is 1.5 times higher than the results achieved by MCP monitored companies, demonstrating that the initiatives launched by MCP at the sector-level had a greater impact on business and trade enabling environment. 5% of this sizeable increase is attributed to the sales within the Virtual IT Park, opened with MCP support in 2018, and which the only MCP assisted sector that was not negatively affected by Covid-19. The remaining 0.5% of total sales are attributed to the increased sales registered by Dinlnima fashion shops before Covid-19. At the same time, total indirect sales represent \$605.4M and are composed from exports - \$485.9M, all attributed to the Virtual IT Park, and domestic sales - \$119.5M, of which \$3.9 M are the domestic sales of the monitored Dinlnima shops and \$115.6M - Virtual IT Park domestic sales.</p>
<p>3. Value of new private sector investment in assisted enterprises</p>	<p>LOP TARGET ACHIEVED. The cumulative value of investments in assisted companies reached \$287.4M, exceeding the LOP target of \$170 M by \$117.4M. The total amount of \$287.4M is composed of \$267M of investments generated as result of direct assistance to the monitored companies and \$20.4M of investments generated as a result of indirect assistance to the IT industry, namely: investments of Starnet internet service provider in the construction of IT Digital Park, and the investments of the IT companies residing in Virtual Park, created with MCP support. In the two reported quarters of FY21, of the \$28.2M total investments, monitored companies made investments valued at \$25.6M, while companies benefiting from indirect assistance invested \$2.6M. These investments were directed towards increasing productivity and product quality, procuring new technologies and equipment for growing companies' businesses, and reorienting towards producing higher value-added products. For this purpose, and to underline the investments determined by MCP in the targeted sectors, from several large companies in the winegrowing industry was excluded the high working capital investments related to other sectors they also involve. If these investments are taken into account, the total six-year cumulative value reaches more than \$522M).</p> <p>When disaggregating direct support by targeted industry, the winegrowing industry comes up as the leader in investments, with \$158.M of cumulative total direct investment and \$19.2M in FY21 only, followed by light industry, with \$73.8M cumulative and \$6M in FY21. Investments in tourism represent \$6.4M cumulative and \$0.4M in FY21, a drastic reduction compared to prior years due to Covid-19 impacts. In the IT cluster, the cumulative investments of monitored companies represents \$29M, with no reported amounts from FY19 when IT cluster data started being reported under indirect assistance. MCP indirect assistance in the IT cluster generated \$20.4M in cumulative investments and \$2.6M in FY21 alone which were generated by the Virtual IT Park companies. When disaggregating direct MCP assistance by enterprise size, the highest contribution was made by medium companies with cumulative investments of \$152.1M and \$18.7M in FY21, followed by large companies \$48.1M cumulative and \$1.1M in FY21. Small companies' investments were \$42.2M cumulative and \$3.5M in FY21, while micro companies' investments were \$24.6M cumulative and \$2.2M in FY21. Gender analysis indicates that women-owned companies contributed \$78.1M cumulative (or 29% of total investments) and \$7.6M in FY21.</p>

Performance Indicators	Comments & Explanatory Notes
<p>9. Number of enterprises with sales facilitated through USG assistance</p>	<p>LOP TARGET ACHIEVED. During MCP implementation, the Project facilitated the sales for 501 unique companies in local or international markets, exceeding the LOP target of 350 unique companies by 43%. The project implemented activities that facilitated sales for 226 companies from light industry, 123 companies from the winegrowing industry, 105 companies from the tourism sector and 47 companies from the IT, PE and CSI cluster. Of enterprises, micro and small companies were the most interested in cost sharing and participating in project activities aimed at increasing sales (222 companies or 44% and 150 companies or 30%, respectively), followed by medium and large enterprises (99 companies or 20% and 30 companies or 6%, respectively). At the same time, 83% of companies with facilitated sales were women-owned. These impactful results were achieved as a result of several project contributions: supporting assisted companies to participate at international exhibitions, B2B and B2C events and local events that facilitated sales during the first 5 years of implementation, and digitalization support for business processes and e-commerce during Covid-19.</p>
<p>12. Number of assisted enterprises in targeted industries with increased investment</p>	<p>TARGET ACHIEVED. During MCP's implementation period, 384 unique enterprises increased their investments, exceeding the LOP target of 250 by 53%. From 384 enterprises, 180 were from direct assistance and 204 were from indirect assistance. Industry disaggregation for direct assistance is as follows: 72 in the winegrowing industry, 42 in tourism, 58 in light industry and 8 in the IT cluster. When disaggregated by size, there were 76 micro, 45 small, 44 medium and 15 large companies with increased investments. From the total number of companies with increased investments, 66 or 37% were women owned. In indirect assistance, the DCA activity contributed with 14 enterprises, while IT Virtual Park contributed with 190.</p>
<p>Objective 3. Improved Sector Enabling Environment and Increased Local Capacity</p>	
<p>IR 2.1: Improved Economic Foundation for Growth</p>	
<p>Sub-IR 2.1.1: Improved Business and Trade Enabling Environment</p>	
<p>13. Number of implemented regulations and procedures developed or streamlined with project support</p>	<p>LOP TARGET ACHIEVED. 51 regulations and procedures were developed or streamlined with MCP support, exceeding the LOP target by 6. The wine industry lead results in implementing policy documents for improving business, with 2 documents reported, followed by the tourism industry with 16 documents, and then IT, with 8 documents. In FY21, three new documents were reported under this indicator, one in the winegrowing industry and two in tourism - the sector most affected by Covid-19 pandemic.</p>
<p>14. Number of Public-Private Partnerships established</p>	<p>LOP TARGET ACHIEVED. MCP facilitated the conceptualization and/or development of 50 transformative public-private partnerships (PPPs), exceeding the LOP target by 10. When disaggregated, these PPPs were in the following industries: 11 in the wine industry, 8 in tourism, 6 in light industry, and 25 in the IT, PE, CSI cluster. MCP integrated several types 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 (Ministry of Economy, ONVV, Ministry of ICT), educational institutions (schools and universities), and private sector companies (Microsoft, CISCO). The partnerships and cumulative contributions by partner type are listed in Appendix IV.</p>

Performance Indicators	Comments & Explanatory Notes
<p>15. Value of Public-Private Partnerships established</p>	<p>LOP TARGET ACHIEVED. The value of PPPs established with MCP support during the project life reached \$58.13M contributions of all partners, far exceeding the LOP target of \$35M. The PPPs increased their sustainability grade each year. The project worked to sustain these PPPs, especially in the initial years of their launch when targeted support is crucial. MCP's cumulative contribution in 50 PPPs represented 20% of total value, while private sector contribution was 51 %, local public donors was 26% and other donors' was 3 %. The partnerships and cumulative contributions by partner type are listed in Appendix IV.</p>
<p>16. Improved capacity of local institutions</p>	<p>TARGET ACHIEVED. An impressive 100% increase in capacities compared to the baseline was registered by monitored associations. Thus, the LOP target of 60% over the baseline was exceeded by an additional 40%. The association with the greatest increase was the newly assisted COR Creative Services Industry Association with 136%, followed by the tourism association ANTRIM with 119%, the light industry association APIUS with 108%, Association of Small Winemakers with 102%, and the Association of Private ICT Companies from Moldova with 34%. Please note that the Association of Private ICT Companies started with a higher baseline score and all the improvements were compared to that initial level.</p>
<p>17. Project-assisted public-private sector dialogue platforms conducted</p>	<p>LOP TARGET ACHIEVED. The Project through LOP proactively conducted a total of 105 public-private sector dialogue platforms, with 43 in the winegrowing industry, 39 in tourism, 13 in the IT cluster and 10 in light industry. Thus, the Project exceeded the LOP target of 50 platforms by more than double. Since MCP-supported industries (tourism, light, and creative sectors) were severely affected by the Covid-19 pandemic and faced drastic economic setbacks, several platforms were focused on supporting industry associations by advocating for a policy response to help business sustainment and recovery.</p>

OTHER MCP INDICATORS PERFORMANCE

Table. Description of MCP Indicators Progress against Targets

Performance Indicators	Comments & Explanatory Notes
Project Purpose: Grow and Expand Targeted Competitive Industries	
Objective 1: Increased Productivity and Quality (Better Workforce and Adopted Innovation)	
IR 2.2: Improved Private Sector Competitiveness in Selected Industries	
Sub-IR 2.2.1: Increased Productivity	
<p>8. Percentage change in specified productivity measure (sales per employees)</p>	<p>LOP TARGET ACHIEVED. Cumulative over six years, assisted companies registered a 19% average productivity increase over each previous year, having achieved the LOP target of 15%. The highest results were achieved in the first years of the project, demonstrating how MCP support generated immediate results from the outset (34% and 35% productivity increase in first two years, respectively). The Covid-19 pandemic affected companies' productivity with many reducing their business activities while striving to maintain their workers and pay wages. At the same time, assisted companies managed to increase their productivity by 13% in FY21 compared to FY20 a result of timely measures taken by the assisted industry associations and e-commerce programs developed by MCP to support companies maintain their sale and generate online sales. Over six years, the winegrowing industry registered the highest productivity level over each year with a 30% increase, followed by Light industry and Tourism, with 11% increase each.</p>
Objective 2. Expanded Market Linkages	
IR 2.2: Improved Private Sector Competitiveness in Selected Industries	
Sub-IR 2.2.2: Expanded Market Linkages	
<p>I. Value of domestic and export sales in targeted sectors</p>	<p>TARGET NOT APPLICABLE. This indicator reflects industry-level statistical data. The annual data provided by local statistics are for Moldova's fiscal year (January-December) - thus the reported data is for 2020. MCP reports non-cumulative data for this indicator. As such, the statistics show that the total value of domestic and export sales in targeted sectors in 2020 was \$1,306M, of which \$1,060M (81%) are for exports and \$246M (29%) are for domestic sales. Since all MCP supported industries, except IT, were severely affected by Covid-19, the value of exports and domestic sales registered a decrease of \$75,032M compared to 2019.</p> <p>Disaggregated by industries and types of trade (export and domestic sales), these are:</p> <ul style="list-style-type: none"> - Wine: \$258.4M in 2020 with \$134.7M for exports and \$124.7M for domestic sales; a \$21.7M decrease versus 2019, in exports (\$5.3M) and domestic sales (\$16.4M) due to Covid-19 pandemic; - Tourism: \$315.8M in 2020, with 20% decrease versus 2019 (all related to exports since there is no official data on domestic sales); - Light industry: \$405.4M in 2020 with \$339M in exports and \$66.4M in domestic sales; a \$43.7M decrease versus 2019, due to export decrease of \$40.2M and a decrease of \$3.5M of domestic sales;

Performance Indicators	Comments & Explanatory Notes
	<p>- IT: \$326.6M total sales in 2020, with \$270.3M in exports and \$56.2M in domestic sales; a \$70.9M (28%) increase versus 2019 due to \$52.6M exports increase and \$18.3M local sales increase. Due to the creation of the IT Virtual Park, it was possible to determine local sales for the first time as reports are generated by the IT Virtual Park.</p> <p>Global exports of services decreased by 20% compared to the previous year, and Moldova's exports of services decreased by a similar amount of 21%. At the same time, MCP-supported sectors decreased their exports of services only by 4.5%, a result attributed to MCP's support for industry associations to take prompt measures to recover after the Covid-19 pandemic. Affected by Covid-19, global merchandise exports decreased by 7.5% compared to the previous year while Moldova's exports decreased by 10.6% in 2020 compared to 2019. At the same time, MCP-supported industries decreased their export of merchandise by 8.77%, registering a smaller decrease compared to the broader economy.</p>
<p>18. Increased number of market linkages established with USG assistance¹.</p>	<p>TARGET NOT APPLICABLE. Assisted companies established 17,854 market linkages through MCP support for participation in 353 international and local exhibitions, B2B and B2C events and marketing campaigns. Under "market linkages" MCP reports any contacts, formal or informal, entered by the assisted enterprise(s) with an existing and/or new client through MCP assistance. MCP assistance included marketing-related support, such as participation or exhibition at trade shows, B2B and B2C events, brand development, promotion, among other support. Disaggregated by industry, there were 10,547 market linkages in the winegrowing industry from participation in 118 events, 4,433 in light industry from 177 events, 2,562 in tourism from 62 events, and 312 market linkages in the IT cluster from 12 events.</p>
<p>Objective 3. Improved Sector Enabling Environment and Increased Local Capacity</p>	
<p>IR 2.1: Improved Economic Foundation for Growth</p>	
<p>Sub-IR 2.1.1: Improved Business and Trade Enabling Environment</p>	
<p>19. Number of innovations supported through USG assistance².</p>	<p>LOP TARGET ACHIEVED. The indicator tracks the number of innovations supported by MCP through the grants and developed public private partnerships. The results-based SEED fund and developed partnerships serve as a catalyst to leverage additional private and public investment for implementing innovations and innovative solutions and significantly contribute to the overall direction set by MCP towards higher-value added products, trade development, and access to new markets.</p>

¹ Indicator 18 Increased number of market linkages established with MCP assistance is not part of Project PMP, but is calculated by MCP per USAID purposes.

² The Indicator 19 "Number of innovations supported through USG assistance" is not an MCP PMP indicator. It is calculated per USAID request starting Y3.

Performance Indicators	Comments & Explanatory Notes
	<p>In total, 212 innovations were supported by MCP, of which 162 innovations are derived from the SEED fund and 50 from PPPs. LOP target of 170 innovations was exceeded by 42 innovations or by 25%. Disaggregated by industry, there were : 85 innovations in the wine industry; 45 innovations in light industry; 43 innovations in tourism and 37 innovations in the IT, PE, CSI cluster, while two innovations were cross-industries. Of the 15 new innovations in Y6, 14 were derived from the SEED fund (8 in winegrowing, 2 in tourism, 5 in light industry) and one from PPPs (in IT cluster). SEED Fund initiatives champion innovations in productivity enhancement, export and workforce development, resulting in grants for SMEs and enterprises for the procurement of innovative and groundbreaking equipment such as unmanned aerial vehicles (UAVs) for detection of vineyard health; robotics equipment kits advancing STEM education across Moldova; 3-D printers and computer-aided design (CAD) for fashion and accessory manufacturers and leather processing, embroidery and special finishes, ink-jet plotters for light industry; and high-performance wine equipment such as chillers, pumps, and double-jacket tanks for the wine sector, all ensuring higher-quality production and productivity across all sectors. The SEED Fund also provides grants for business associations, excellence and innovation centers, collaborative and educational spaces, Protected Geographic Indications (PGI), and other NGOs designed to enhance organizational capacity, quality of member services, content consolidation, and advocacy.</p>
<p>20. Number of innovations supported through USG assistance with demonstrated uptake by the private or public sector³.</p>	<p>LOP TARGET ACHIEVED. The indicator tracks the number of innovations supported through grants and public-private partnerships (PPPs) with demonstrated uptake by the public and/or private sector. In total, 207 innovations that MCP supported had demonstrated uptake by the private sector, 159 deriving from the SEED Fund and 48 innovations are implemented from other than SEED fund resources, in partnership with educational institutions, and public and private actors. The LOP target of 170 innovations was exceeded by 37 innovations or by 22%. In Year 6 only, MCP supported 36 innovations, with the following demonstrated private-sector uptake across industries: 20 in the winegrowing industry, 10 in tourism and 6 in light industry. Cumulatively, there were 83 innovations with demonstrated uptake in winegrowing, 45 in light industry, 44 in tourism, 34 in IT and 1 cross-industry innovation. Through the SEED Fund, MCP helped broker partnerships that served as a catalyst to leverage additional private and public investment and focus on capacity building, innovation, quality and productivity enhancement, significantly contributing to the overall direction set by MCP towards higher-value added products, trade development, and access to new markets.</p>

³ The Indicator 20 “Number of innovations supported through USG assistance with demonstrated uptake by the private or public sector” is not an MCP PMP indicator. It is calculated per USAID request starting Y3.

APPENDIX III

MCP INDICATORS DISAGGREGATION DISAGGREGATED CUMULATIVE RESULTS

Indicator	Life of Project (LOP) Target Y1-Y6	Cumulative Result Y1-Y6	Y6 Result	Y5 Result	Y4 Result	Y3 Result	Y2 Result	Y1 Result	Cumulative Result vs LOP target	LOP Achievement, %
Project Purpose: Grow and Expand Targeted Competitive Industries										
Increased value of sales ² facilitated on behalf of assisted enterprises (TOTAL)	\$ 250 000 000	\$ 527 171 666	\$ 56 914 307	\$ 106 166 958	\$ 188 309 767	\$ 116 000 158	\$ 31 573 860	\$ 28 206 615	\$ 277 171 666	211%
TOTAL Sales		\$ 1 588 861 328	\$ 250 540 769	\$ 435 752 788	\$ 373 411 133	\$ 279 744 147	\$ 139 498 645	\$ 109 913 846		
Increased value of exports facilitated on behalf of assisted enterprises - DIRECT & INDIRECT ASSISTANCE		\$ 367 404 683	\$ 34 306 721	\$ 82 440 474	\$ 142 856 627	\$ 75 390 136	\$ 11 641 710	\$ 20 769 015		
TOTAL Exports		\$ 1 080 401 544	\$ 177 089 689	\$ 316 926 126	\$ 259 422 409	\$ 175 212 361	\$ 79 946 672	\$ 71 804 289		
Increased value of domestic sales facilitated on behalf of assisted enterprises - DIRECT & INDIRECT ASSISTANCE		\$ 159 766 983	\$ 22 607 586	\$ 23 726 484	\$ 45 453 140	\$ 40 610 022	\$ 19 932 151	\$ 7 437 600		
TOTAL Domestic Sales		\$ 508 459 784	\$ 73 451 080	\$ 118 826 662	\$ 113 988 725	\$ 104 531 786	\$ 59 551 974	\$ 38 109 557		
Increased value of sales ² facilitated on behalf of assisted enterprises (DIRECT ASSISTANCE)		\$ 202 569 485	\$ 17 281 157	\$ 22 984 520	\$ 27 834 345	\$ 75 177 479	\$ 31 390 216	\$ 27 901 768		
Target industry disaggregation		\$ 202 569 485	\$ 17 281 157	\$ 22 984 520	\$ 27 834 345	\$ 75 177 479	\$ 31 390 216	\$ 27 901 768		
Wine Industry		\$ 126 297 088	\$ 14 201 797	\$ 18 895 901	\$ 20 747 350	\$ 46 484 873	\$ 13 880 217	\$ 12 086 949		
Tourism		\$ 11 625 455	\$ 110 584	\$ 243 471	\$ 2 830 728	\$ 4 534 060	\$ 3 389 879	\$ 516 734		
Light Industry		\$ 55 154 299	\$ 2 968 775	\$ 3 845 148	\$ 4 256 267	\$ 16 121 926	\$ 12 664 097	\$ 15 298 085		
IT, PE and CSI		\$ 9 492 643	\$ -	\$ -	\$ -	\$ 8 036 621	\$ 1 456 022	N/A		
Size disaggregation		\$ 202 569 485	\$ 17 281 157	\$ 22 984 520	\$ 27 834 345	\$ 75 177 479	\$ 31 390 216	\$ 27 901 768		
Micro		\$ 8 701 158	\$ 1 364 804	\$ 2 562 885	\$ 1 874 012	\$ 1 035 150	\$ 1 212 027	\$ 652 281		
Small		\$ 25 613 594	\$ 1 301 577	\$ 2 105 462	\$ 3 950 180	\$ 9 226 009	\$ 6 451 656	\$ 2 578 709		
Medium		\$ 84 416 335	\$ 10 312 941	\$ 11 317 007	\$ 15 941 350	\$ 28 239 527	\$ 8 980 351	\$ 9 625 160		
Large		\$ 83 838 397	\$ 4 301 834	\$ 6 999 165	\$ 6 068 804	\$ 36 676 793	\$ 14 746 183	\$ 15 045 618		
Gender disaggregation		\$ 202 569 485	\$ 17 281 157	\$ 22 984 520	\$ 27 834 345	\$ 75 177 479	\$ 31 390 216	\$ 27 901 768		
Female ownership		\$ 73 364 676	\$ 5 918 604	\$ 7 104 174	\$ 14 010 205	\$ 14 811 594	\$ 17 355 952	\$ 14 164 147		
No Female ownership		\$ 129 204 809	\$ 11 362 553	\$ 15 880 346	\$ 13 824 139	\$ 60 365 885	\$ 14 034 264	\$ 13 737 621		

TOTAL Sales of assisted enterprises			\$ 983 478 538	\$ 92 306 044	\$ 191 792 527	\$ 212 327 827	\$ 238 432 987	\$ 139 010 154	\$ 109 608 999		
Target industry disaggregation			\$ 983 478 538	\$ 92 306 044	\$ 191 792 527	\$ 212 327 827	\$ 238 432 987	\$ 139 010 154	\$ 109 608 999		
	Wine Industry		\$ 628 579 299	\$ 69 104 542	\$ 139 917 319	\$ 143 280 992	\$ 144 515 470	\$ 72 841 342	\$ 58 919 634		
	Tourism		\$ 30 894 601	\$ 286 810	\$ 2 636 752	\$ 8 934 562	\$ 9 602 383	\$ 5 653 426	\$ 3 780 667		
	Light Industry		\$ 297 442 363	\$ 22 914 692	\$ 49 238 456	\$ 60 112 273	\$ 68 036 932	\$ 50 231 314	\$ 46 908 697		
	IT		\$ 26 562 275	\$ -	\$ -	\$ -	\$ 16 278 203	\$ 10 284 072	N/A		
Size disaggregation			\$ 983 478 538	\$ 92 306 044	\$ 191 792 527	\$ 212 327 827	\$ 238 432 987	\$ 139 010 154	\$ 109 608 999		
	Micro		\$ 23 894 837	\$ 3 057 783	\$ 6 804 418	\$ 6 133 048	\$ 3 838 089	\$ 2 551 692	\$ 1 509 807		
	Small		\$ 85 935 573	\$ 6 387 412	\$ 14 103 985	\$ 19 715 729	\$ 23 535 051	\$ 12 816 603	\$ 9 376 793		
	Medium		\$ 426 443 275	\$ 48 059 641	\$ 90 406 619	\$ 92 544 147	\$ 101 840 055	\$ 56 439 032	\$ 37 153 781		
	Large		\$ 447 204 853	\$ 34 801 208	\$ 80 477 505	\$ 93 934 902	\$ 109 219 793	\$ 67 202 828	\$ 61 568 617		
Gender disaggregation			\$ 983 478 538	\$ 92 306 044	\$ 191 792 527	\$ 212 327 827	\$ 238 432 987	\$ 139 010 154	\$ 109 608 999		
	Female ownership		\$ 335 852 869	\$ 35 436 307	\$ 66 080 238	\$ 73 145 698	\$ 67 451 082	\$ 47 369 522	\$ 46 370 021		
	No Female ownership		\$ 647 625 669	\$ 56 869 737	\$ 125 712 289	\$ 139 182 128	\$ 170 981 904	\$ 91 640 632	\$ 63 238 978		
Increased value of exports 2.1 facilitated on behalf of A assisted enterprises (INCREASED)			\$ 108 519 756	\$ 9 390 295	\$ 11 584 465	\$ 12 354 403	\$ 42 779 868	\$ 11 641 710	\$ 20 769 015		
Target industry disaggregation			\$ 108 519 756	\$ 9 390 295	\$ 11 584 465	\$ 12 354 403	\$ 42 779 868	\$ 11 641 710	\$ 20 769 015		
	Wine Industry	60%	\$ 64 779 565	\$ 7 935 013	\$ 9 642 532	\$ 10 356 967	\$ 22 356 760	\$ 5 566 606	\$ 8 921 687		
	Tourism	5%	\$ 5 867 494	\$ 117	\$ 103 289	\$ 539 217	\$ 3 488 608	\$ 1 428 267	\$ 307 997		
	Light Industry	27%	\$ 29 241 239	\$ 1 455 166	\$ 1 838 644	\$ 1 458 219	\$ 8 897 879	\$ 4 052 000	\$ 11 539 331		
	IT	8%	\$ 8 631 458	\$ -	\$ -	\$ -	\$ 8 036 621	\$ 594 837	N/A		
Size disaggregation			\$ 108 519 756	\$ 9 390 295	\$ 11 584 465	\$ 12 354 403	\$ 42 779 868	\$ 11 641 710	\$ 20 769 015		
	Micro		\$ 2 113 382	\$ 140 719	\$ 812 035	\$ 226 315	\$ 377 467	\$ 351 060	\$ 205 787		
	Small		\$ 12 636 973	\$ 662 047	\$ 992 589	\$ 801 722	\$ 5 772 387	\$ 2 343 645	\$ 2 064 583		
	Medium		\$ 56 977 680	\$ 5 385 109	\$ 6 684 590	\$ 10 320 865	\$ 23 329 613	\$ 4 033 527	\$ 7 223 975		
	Large		\$ 36 791 722	\$ 3 202 420	\$ 3 095 252	\$ 1 005 501	\$ 13 300 400	\$ 4 913 478	\$ 11 274 671		
Gender disaggregation			\$ 108 519 756	\$ 9 390 295	\$ 11 584 465	\$ 12 354 403	\$ 42 779 868	\$ 11 641 710	\$ 20 769 015		
	Female ownership		\$ 41 180 050	\$ 4 616 293	\$ 2 502 198	\$ 8 952 806	\$ 9 876 280	\$ 5 182 906	\$ 10 049 567		
	No Female ownership		\$ 67 339 706	\$ 4 774 002	\$ 9 082 267	\$ 3 401 597	\$ 32 903 588	\$ 6 458 803	\$ 10 719 448		
TOTAL Exports of assisted enterprises			\$ 594 509 997	\$ 55 668 865	\$ 115 567 893	\$ 128 920 185	\$ 142 602 093	\$ 79 946 672	\$ 71 804 289		
Target industry disaggregation			\$ 594 509 997	\$ 55 668 865	\$ 115 567 893	\$ 128 920 185	\$ 142 602 093	\$ 79 946 672	\$ 71 804 289		
	Wine Industry		\$ 398 520 719	\$ 45 095 707	\$ 89 196 621	\$ 90 281 525	\$ 86 172 629	\$ 47 218 270	\$ 40 555 967		
	Tourism		\$ 16 473 076	\$ 27 785	\$ 1 190 749	\$ 4 750 550	\$ 6 973 225	\$ 2 199 192	\$ 1 331 575		
	Light Industry		\$ 169 549 909	\$ 10 545 374	\$ 25 180 524	\$ 33 888 110	\$ 40 787 795	\$ 29 231 360	\$ 29 916 746		
	ICT		\$ 9 966 293	\$ -	\$ -	\$ -	\$ 8 668 444	\$ 1 297 849	N/A		
Size disaggregation			\$ 594 509 997	\$ 55 668 865	\$ 115 567 893	\$ 128 920 185	\$ 142 602 093	\$ 79 946 672	\$ 71 804 289		

	Micro		\$ 5 114 340	\$ 468 761	\$ 1 750 969	\$ 1 163 660	\$ 772 031	\$ 608 394	\$ 350 525		
	Small		\$ 44 195 620	\$ 2 910 358	\$ 7 155 056	\$ 10 329 581	\$ 14 166 641	\$ 5 208 937	\$ 4 425 048		
	Medium		\$ 277 402 962	\$ 29 906 890	\$ 58 691 812	\$ 62 776 169	\$ 67 565 498	\$ 32 436 560	\$ 26 026 033		
	Large		\$ 267 797 075	\$ 22 382 857	\$ 47 970 057	\$ 54 650 775	\$ 60 097 923	\$ 41 692 781	\$ 41 002 683		
Gender disaggregation			\$ 594 509 997	\$ 55 668 865	\$ 115 567 893	\$ 128 920 185	\$ 142 602 093	\$ 79 946 672	\$ 71 804 289		
	Female ownership		\$ 217 827 095	\$ 23 544 335	\$ 39 286 337	\$ 46 552 087	\$ 43 906 376	\$ 28 466 782	\$ 36 071 178		
	No Female ownership		\$ 376 682 902	\$ 32 124 530	\$ 76 281 557	\$ 82 368 097	\$ 98 695 717	\$ 51 479 890	\$ 35 733 111		
Increased value of domestic 2.1 sales facilitated on behalf of B assisted enterprises (INCREASED)			\$ 94 049 729	\$ 7 890 862	\$ 11 400 055	\$ 15 479 942	\$ 32 397 611	\$ 19 748 507	\$ 7 132 753		
Target industry disaggregation			\$ 94 049 729	\$ 7 890 862	\$ 11 400 055	\$ 15 479 942	\$ 32 397 611	\$ 19 748 507	\$ 7 132 753		
	Wine Industry	65%	\$ 61 517 523	\$ 6 266 785	\$ 9 253 369	\$ 10 390 383	\$ 24 128 113	\$ 8 313 611	\$ 3 165 262		
	Tourism		\$ 5 757 961	\$ 110 467	\$ 140 182	\$ 2 291 511	\$ 1 045 452	\$ 1 961 613	\$ 208 736		
	Light Industry	28%	\$ 25 913 060	\$ 1 513 610	\$ 2 006 504	\$ 2 798 048	\$ 7 224 046	\$ 8 612 098	\$ 3 758 754		
	ICT		\$ 861 185	\$ -	\$ -	\$ -	\$ -	\$ 861 185	N/A		
Size disaggregation			\$ 94 049 729	\$ 7 890 862	\$ 11 400 055	\$ 15 479 942	\$ 32 397 611	\$ 19 748 507	\$ 7 132 753		
	Micro		\$ 6 587 776	\$ 1 224 085	\$ 1 750 851	\$ 1 647 697	\$ 657 682	\$ 860 967	\$ 446 494		
	Small		\$ 12 976 621	\$ 639 530	\$ 1 112 874	\$ 3 148 458	\$ 3 453 622	\$ 4 108 011	\$ 514 126		
	Medium		\$ 27 438 656	\$ 4 927 832	\$ 4 632 417	\$ 5 620 485	\$ 4 909 914	\$ 4 946 823	\$ 2 401 185		
	Large		\$ 47 046 676	\$ 1 099 415	\$ 3 903 913	\$ 5 063 303	\$ 23 376 393	\$ 9 832 705	\$ 3 770 947		
Gender disaggregation			\$ 94 049 729	\$ 7 890 862	\$ 11 400 055	\$ 15 479 942	\$ 32 397 611	\$ 19 748 507	\$ 7 132 753		
	Female ownership		\$ 32 184 626	\$ 1 302 311	\$ 4 601 976	\$ 5 057 399	\$ 4 935 314	\$ 12 173 046	\$ 4 114 580		
	No Female ownership		\$ 61 865 103	\$ 6 588 551	\$ 6 798 078	\$ 10 422 542	\$ 27 462 297	\$ 7 575 461	\$ 3 018 173		
TOTAL Domestic Sales of assisted enterprises			\$ 388 968 541	\$ 36 637 179	\$ 76 224 634	\$ 83 407 642	\$ 95 830 894	\$ 59 063 483	\$ 37 804 710		
Target industry disaggregation			\$ 388 968 541	\$ 36 637 179	\$ 76 224 634	\$ 83 407 642	\$ 95 830 894	\$ 59 063 483	\$ 37 804 710		
	Wine Industry		\$ 230 058 580	\$ 24 008 835	\$ 50 720 698	\$ 52 999 467	\$ 58 342 841	\$ 25 623 072	\$ 18 363 667		
	Tourism		\$ 14 421 525	\$ 259 026	\$ 1 446 004	\$ 4 184 013	\$ 2 629 157	\$ 3 454 234	\$ 2 449 092		
	Light Industry		\$ 127 892 454	\$ 12 369 318	\$ 24 057 932	\$ 26 224 163	\$ 27 249 137	\$ 20 999 954	\$ 16 991 950		
	ICT		\$ 16 595 982	\$ -	\$ -	\$ -	\$ 7 609 759	\$ 8 986 223	\$ -		
Size disaggregation			\$ 388 968 541	\$ 36 637 179	\$ 76 224 634	\$ 83 407 642	\$ 95 830 894	\$ 59 063 483	\$ 37 804 710		
	Micro		\$ 18 780 497	\$ 2 589 022	\$ 5 053 450	\$ 4 969 388	\$ 3 066 058	\$ 1 943 298	\$ 1 159 282		
	Small		\$ 41 739 952	\$ 3 477 054	\$ 6 948 929	\$ 9 386 149	\$ 9 368 410	\$ 7 607 666	\$ 4 951 745		
	Medium		\$ 149 040 314	\$ 18 152 752	\$ 31 714 807	\$ 29 767 978	\$ 34 274 556	\$ 24 002 472	\$ 11 127 748		
	Large		\$ 179 407 778	\$ 12 418 351	\$ 32 507 448	\$ 39 284 127	\$ 49 121 870	\$ 25 510 047	\$ 20 565 935		
Gender disaggregation			\$ 388 968 541	\$ 36 637 179	\$ 76 224 634	\$ 83 407 642	\$ 95 830 894	\$ 59 063 483	\$ 37 804 710		
	Female ownership		\$ 118 025 774	\$ 11 891 972	\$ 26 793 902	\$ 26 593 611	\$ 23 544 707	\$ 18 902 740	\$ 10 298 843		
	No Female ownership		\$ 270 942 767	\$ 24 745 207	\$ 49 430 732	\$ 56 814 031	\$ 72 286 187	\$ 40 160 743	\$ 27 505 867		

2	Increased value of sales facilitated on behalf of assisted enterprises (INDIRECT ASSISTANCE)		\$ 324 602 181	\$ 39 633 151	\$ 83 182 438	\$ 160 475 422	\$ 40 822 679	\$ 183 644	\$ 304 847		
	Increased Sales		\$ 324 602 181	\$ 39 633 151	\$ 83 182 438	\$ 160 475 422	\$ 40 822 679	\$ 183 644	\$ 304 847		
	Target industry disaggregation		\$ 324 602 181	\$ 39 633 151	\$ 83 182 438	\$ 160 475 422	\$ 40 822 679	\$ 183 644	\$ 304 847		
	Wine Industry		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	Tourism		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	Light Industry		\$ 1 540 646	\$ 16 646	\$ 470 470	\$ 368 445	\$ 196 594	\$ 183 644	\$ 304 847		
	IT, PE and CSI		\$ 323 061 535	\$ 39 616 504	\$ 82 711 969	\$ 160 106 977	\$ 40 626 085	\$ -	\$ -		
	TOTAL Sales		\$ 605 382 790	\$ 158 234 725	\$ 243 960 260	\$ 161 083 307	\$ 41 311 160	\$ 488 491	\$ 304 847		
	Target industry disaggregation		\$ 605 382 790	\$ 158 234 725	\$ 243 960 260	\$ 161 083 307	\$ 41 311 160	\$ 488 491	\$ 304 847		
	Wine Industry		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	Tourism		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	Light Industry		\$ 3 878 741	\$ 282 684	\$ 1 141 314	\$ 976 330	\$ 685 075	\$ 488 491	\$ 304 847		
	IT, PE and CSI		\$ 601 504 049	\$ 157 952 041	\$ 242 818 946	\$ 160 106 977	\$ 40 626 085	\$ -	\$ -		
2.2 A	Increased Exports		\$ 258 884 927	\$ 24 916 427	\$ 70 856 008	\$ 130 502 224	\$ 32 610 268	\$ -	\$ -		
	Virtual IT Park		\$ 258 884 927	\$ 24 916 427	\$ 70 856 008	\$ 130 502 224	\$ 32 610 268	\$ -	\$ -		
	TOTAL Exports		\$ 485 891 548	\$ 121 420 823	\$ 201 358 232	\$ 130 502 224	\$ 32 610 268	\$ -	\$ -		
	Virtual IT Park		\$ 485 891 548	\$ 121 420 823	\$ 201 358 232	\$ 130 502 224	\$ 32 610 268	\$ -	\$ -		
2.2 B	Increased Domestic Sales		\$ 65 717 254	\$ 14 716 724	\$ 12 326 430	\$ 29 973 198	\$ 8 212 411	\$ 183 644	\$ 304 847		
	Din Inima new common shops		\$ 1 540 646	\$ 16 646	\$ 470 470	\$ 368 445	\$ 196 594	\$ 183 644	\$ 304 847		
	Virtual IT Park		\$ 64 176 608	\$ 14 700 078	\$ 11 855 960	\$ 29 604 753	\$ 8 015 817				
	TOTAL Domestic Sales		\$ 119 491 242	\$ 36 813 901	\$ 42 602 028	\$ 30 581 083	\$ 8 700 892	\$ 488 491	\$ 304 847		
	Din Inima new common shops		\$ 3 878 741	\$ 282 684	\$ 1 141 314	\$ 976 330	\$ 685 075	\$ 488 491	\$ 304 847		
	Virtual IT Park		\$ 115 612 502	\$ 36 531 217	\$ 41 460 714	\$ 29 604 753	\$ 8 015 817	\$ -	\$ -		
3	Value of new private sector investment in assisted enterprises	\$ 170 000 000	\$ 287 424 367	\$ 28 243 291	\$ 58 327 922	\$ 65 720 109	\$ 92 272 424	\$ 27 605 820	\$ 15 254 801	\$ 117 424 367	169%
3	Value of new private sector investment in assisted enterprises (DIRECT ASSISTANCE)		\$ 267 051 449	\$ 25 626 209	\$ 53 064 756	\$ 61 170 975	\$ 85 636 198	\$ 26 298 510	\$ 15 254 801		
	Target industry disaggregation		\$ 267 051 449	\$ 25 626 209	\$ 53 064 756	\$ 61 170 975	\$ 85 636 198	\$ 26 298 510	\$ 15 254 801		
	Wine Industry		\$ 157 959 617	\$ 19 228 238	\$ 36 516 568	\$ 36 166 967	\$ 48 621 388	\$ 11 678 711	\$ 5 747 746		
	Tourism		\$ 6 355 896	\$ 445 918	\$ 1 477 846	\$ 1 828 565	\$ 1 377 597	\$ 792 118	\$ 433 853		
	Light Industry		\$ 73 763 008	\$ 5 952 053	\$ 15 070 342	\$ 23 175 444	\$ 11 790 937	\$ 8 701 030	\$ 9 073 202		
	ICT		\$ 28 972 928	\$ -	\$ -	\$ -	\$ 23 846 275	\$ 5 126 652	\$ -		
	Size disaggregation		\$ 267 051 449	\$ 25 626 209	\$ 53 064 756	\$ 61 170 975	\$ 85 636 198	\$ 26 298 510	\$ 15 254 801		
	Micro		\$ 24 650 981	\$ 2 239 361	\$ 7 489 991	\$ 6 723 359	\$ 3 224 508	\$ 2 342 922	\$ 2 630 840		
	Small		\$ 42 201 667	\$ 3 495 846	\$ 6 628 343	\$ 11 285 756	\$ 9 819 357	\$ 6 586 890	\$ 4 385 476		
	Medium		\$ 152 108 142	\$ 18 747 212	\$ 27 993 723	\$ 22 553 427	\$ 65 729 313	\$ 11 251 811	\$ 5 832 656		
	Large		\$ 48 090 660	\$ 1 143 791	\$ 10 952 700	\$ 20 608 433	\$ 6 863 020	\$ 6 116 888	\$ 2 405 829		
	Gender disaggregation		\$ 267 051 449	\$ 25 626 209	\$ 53 064 756	\$ 61 170 975	\$ 85 636 198	\$ 26 298 510	\$ 15 254 801		
	Female ownership		\$ 78 070 950	\$ 7 855 772	\$ 21 099 577	\$ 19 999 527	\$ 12 567 095	\$ 9 624 985	\$ 6 923 993		
	No Female ownership		\$ 188 980 499	\$ 17 770 437	\$ 31 965 179	\$ 41 171 448	\$ 73 069 103	\$ 16 673 525	\$ 8 330 808		c

Value of new private sector investment in assisted enterprises (INDIRECT ASSISTANCE)		\$ 20 372 918	\$ 2 617 082	\$ 5 263 166	\$ 4 549 134	\$ 6 636 226	\$ 1 307 310	\$ -		
Target industry disaggregation		\$ 20 372 918	\$ 2 617 082	\$ 5 263 166	\$ 4 549 134	\$ 6 636 226	\$ 1 307 310	\$ -		
Starnet Investments in IT Digital Park		\$ 9 254 010	\$ -	\$ -	\$ 1 636 756	\$ 6 309 944	\$ 1 307 310	\$ -		
Investments of residents of IT virtual Park		\$ 11 118 908	\$ 2 617 082	\$ 5 263 166	\$ 2 912 378	\$ 326 282	\$ -			
Objective I: Increased Productivity and Quality (Better Workforce and Adopted Innovation)										
IR 2.2: Improved Private Sector Competitiveness in Selected Industries										
Sub-IR 2.2.1: Increased Productivity										
Number of enterprises receiving assistance to improve knowledge, processes, technologies and practices	700	988	46	182	143	178	184	255	288	141%
Target industry disaggregation		988	46	182	143	178	184	255		
Wine Industry		242	12	21	35	58	37	79		
Tourism		233	10	44	47	40	22	70		
Light Industry		312	11	60	55	41	66	79		
IT, PE, CSI		201	13	57	6	39	59	27		
Size disaggregation		988	46	182	143	178	184	255		
Micro		476	30	111	104	78	77	76		
Small		309	9	40	25	68	73	94		
Medium		162	7	21	14	31	29	60		
Large		41	-	10	-	1	5	25		
Gender disaggregation		988	46	182	143	178	184	255		
Female ownership		342	18	76	64	51	55	78		
No Female ownership		646	28	106	79	127	129	177		
Assisted enterprises applying improved knowledge, processes, and technologies	370	392	16	37	58	49	80	152	22	106%
Target industry disaggregation		392	16	37	58	49	80	152		
Wine Industry		115	1	13	16	8	20	57		
Tourism		91	9	11	5	20	21	25		
Light Industry		169	6	12	36	21	32	62		
IT, PE, CSI		17	-	1	1	-	7	8		
Size disaggregation		392	16	37	58	49	80	152		
Micro	37%	174	10	23	41	31	25	44		
Small	38%	117	3	9	10	9	35	51		
Medium	49%	79	3	5	7	9	14	41		
Large	54%	22	-	-	-	-	6	16		
Gender disaggregation		392	16	37	58	49	80	152		
Female ownership	43%	148	3	17	20	26	21	61		
No Female ownership	38%	244	13	20	38	23	59	91		

Assisted enterprises 6 following recognized product or process standards	180	224	22	48	44	51	27	32	44	124%
Target industry disaggregation		224	22	48	44	51	27	32		
Wine Industry	47%	113	-	15	13	40	19	26		
Tourism	15%	36	8	16	12	-	-	-		
Light Industry	23%	72	14	16	18	11	7	6		
IT, PE, CSI	1%	3	-	1	1	-	1	-		
Size disaggregation		224	22	48	44	51	27	32		
Micro		82	14	17	28	6	10	7		
Small		70	6	22	7	21	7	7		
Medium		57	2	8	9	18	8	12		
Large		15	-	1	-	6	2	6		
Gender disaggregation		224	22	48	44	51	27	32		
Female ownership		82	10	20	18	10	9	15		
No Female ownership		142	12	28	26	41	18	17		
7 Individuals receiving job skills aligned with industry needs	40 000	71 981	15 480	15 498	14 133	12 551	10 892	3 427	31 981	180%
Target industry disaggregation		71 981	15 480	15 498	14 133	12 551	10 892	3 427		
Wine Industry		4 489	224	769	1 565	1 095	607	225		
Tourism		2 172	95	967	362	369	210	169		
Light Industry		7 953	670	947	936	1 209	2 593	1 598		
IT, PE, CSI		57 371	14 491	12 815	11 270	9 878	7 482	1 435		
Youth disaggregation		71 981	15 480	15 498	14 133	12 551	10 892	3 427		
Youth participants		61 767	14 121	13 754	12 367	10 841	8 685	1 999		
Other participants		10 214	1 359	1 744	1 766	1 710	2 207	1 428		
Gender disaggregation		71 981	15 480	15 498	14 133	12 551	10 892	3 427		
Female ownership		35 566	7 715	7 767	6 750	5 663	5 616	2 055		
No Female ownership		36 415	7 765	7 731	7 383	6 888	5 276	1 372		
Number of Training HOURS 7A for Individuals receiving job skills		90 353	22 636	17 249	14 343	22 007	13 764	354		
Target industry disaggregation		90 353	22 636	17 249	14 343	22 007	13 764	354		
Wine Industry		906	18	127	412	209	67	73		
Tourism		591	19	231	160	60	48	73		
Light Industry		3 272	584	476	532	667	832	181		
IT, PE, CSI		85 584	22 015	16 415	13 239	21 071	12 817	27		
7B YOUTH receiving job skills aligned with industry needs		61 767	14 121	13 754	12 367	10 841	8 685	1 999		
Target industry disaggregation		61 767	14 121	13 754	12 367	10 841	8 685	1 999		
Wine Industry		2 022	114	433	897	505	49	24		
Tourism		1 396	36	666	296	263	71	64		
Light Industry		5 698	467	634	745	938	1 888	1 026		
IT, PE, CSI		52 651	13 504	12 021	10 429	9 135	6 677	885		

7C	Women receiving job skills aligned with industry needs		35 566	7 715	7 767	6 750	5 663	5 616	2 055			
	Target industry disaggregation		35 566	7 715	7 767	6 750	5 663	5 616	2 055			
	Wine Industry		1 832	92	281	687	462	221	89			
	Tourism		1 534	61	751	277	201	146	98			
	Light Industry		6 923	579	815	810	1 055	2 287	1 377			
	IT, PE, CSI		25 277	6 983	5 920	4 976	3 945	2 962	491			
Objective 2. Expanded Market Linkages												
IR 2.2: Improved Private Sector Competitiveness in Selected Industries												
Sub-IR 2.2.2: Expanded Market Linkages												
	Number of enterprises with 9 sales facilitated through USG assistance		350	501	34	105	62	51	108	141	151	143%
	Target industry disaggregation			501	34	105	62	51	108	141		
	Wine Industry	143%		123	17	15	17	6	25	43		
	Tourism			105	14	11	9	18	21	32		
	Light Industry			224	3	60	32	27	44	58		
	IT, PE, CSI			47	-	19	4	-	16	8		
	Size disaggregation			501	34	105	62	51	108	141		
	Micro	44%		222	22	45	47	35	43	30		
	Small	30%		150	5	28	10	11	43	53		
	Medium	20%		99	6	24	5	5	19	40		
	Large	6%		30	1	8	-	-	3	18		
	Gender disaggregation			501	34	105	62	51	108	141		
	Female ownership	38%		188	10	37	26	26	31	58		
	No Female ownership			313	24	68	36	25	77	83		
IR 2.1: Improved Private Sector Competitiveness in Selected Industries												
Sub-IR 2.1.2: Expanded Market Linkages												
10	Number of assisted enterprises in targeted industries with increased financing		190	190	-	23	44	27	38	51		
10 A	Number of assisted enterprises in targeted industries with increased financing_DIRECT ASSISTANCE (UNIQUE)			177	-	23	44	27	36	47		
	Target industry disaggregation			177	0	23	44	27	36	47		
	Wine Industry			70	0	8	16	14	8	24		
	Tourism			41	0	6	19	3	9	4		
	Light Industry			59	0	9	9	10	12	19		
	IT, PE, CSI			7	0	0	0	0	7	0		
	Size disaggregation			177	0	23	44	27	36	47		
	Micro			79	0	11	31	8	12	17		
	Small			42	0	6	7	6	13	10		
	Medium			41	0	6	4	11	9	11		
	Large			15	0	0	2	2	2	9		

Gender disaggregation			177	0	23	44	27	36	47		
	Female ownership		68	0	11	15	8	13	21		
	No Female ownership		109	0	12	29	19	23	26		
Number of assisted enterprises in targeted B industries with increased financing through DCA			13					2	4		
	DCA		13	5	1	1	0	2	4		
I I	Financing accessed by assisted enterprises	\$ 120 000 000	\$ 166 546 484	\$ 8 379 366	\$ 31 880 871	\$ 39 193 262	\$ 49 936 570	\$ 20 597 011	\$ 16 559 404	\$ 46 546 484	139%
I I A	Financing accessed by assisted enterprises_Direct assistance		\$ 165 237 004	\$ 8 128 890	\$ 31 588 134	\$ 39 122 100	\$ 49 851 970	\$ 20 418 011	\$ 16 127 898		
Target industry disaggregation			\$ 165 237 004	\$ 8 128 890	\$ 31 588 134	\$ 39 122 100	\$ 49 851 970	\$ 20 418 011	\$ 16 127 898		
	Wine Industry	0,78901822	\$ 130 375 015	\$ 6 535 006	\$ 23 648 765	\$ 31 697 104	\$ 42 533 247	\$ 12 920 059	\$ 13 040 833		
	Tourism	0,01939188	\$ 3 204 256	\$ 117 492	\$ 231 294	\$ 277 481	\$ 2 411 939	\$ 155 845	\$ 10 205		
	Light Industry	0,181409272	\$ 29 975 525	\$ 1 476 392	\$ 7 708 074	\$ 7 147 516	\$ 3 957 325	\$ 6 609 358	\$ 3 076 860		
	IT, PE, CSI	0,010180577	\$ 1 682 208	\$ -	\$ -	\$ -	\$ 949 459	\$ 732 749	N/A		
Size disaggregation			\$ 165 237 004	\$ 8 128 890	\$ 31 588 134	\$ 39 122 100	\$ 49 851 970	\$ 20 418 011	\$ 16 127 898		
	Micro	4%	\$ 6 491 600	\$ 752 897	\$ 1 909 251	\$ 1 249 874	\$ 1 221 409	\$ 652 155	\$ 706 014		
	Small	8%	\$ 12 899 037	\$ 507 169	\$ 1 052 016	\$ 1 691 811	\$ 4 878 898	\$ 2 535 650	\$ 2 233 493		
	Medium	46%	\$ 75 835 518	\$ 3 350 871	\$ 10 293 437	\$ 16 308 142	\$ 27 992 712	\$ 9 870 884	\$ 8 019 473		
	Large	42%	\$ 70 010 849	\$ 3 517 954	\$ 18 333 430	\$ 19 872 273	\$ 15 758 950	\$ 7 359 322	\$ 5 168 919		
Gender disaggregation			\$ 165 237 004	\$ 8 128 890	\$ 31 588 134	\$ 39 122 100	\$ 49 851 970	\$ 20 418 011	\$ 16 127 898		
	Female ownership	0,270523533	\$ 44 700 498	\$ 1 778 677	\$ 4 995 360	\$ 11 443 434	\$ 11 937 946	\$ 6 574 020	\$ 7 971 060		
	No Female ownership		\$ 120 536 506	\$ 6 350 213	\$ 26 592 774	\$ 27 678 666	\$ 37 914 024	\$ 13 843 991	\$ 8 156 839		
I I	Financing accessed by B enterprises through DCA		\$ 1 309 480	\$ 250 476	\$ 292 737	\$ 71 162	\$ 84 600	\$ 179 000	\$ 431 505		
	DCA		\$ 1 309 480	\$ 250 476	\$ 292 737	\$ 71 162	\$ 84 600	\$ 179 000	\$ 431 505		
Number of assisted enterprises in targeted 12 industries with increased investment (DIRECT & INDIRECT ASSISTANCE)		250	384	15	96	8	83	27	82	134	154%
Number of assisted enterprises in targeted industries with increased investment (DIRECT ASSISTANCE)			180	2	26	21	29	25	77		
Target industry disaggregation			180	2	26	21	29	25	77		
	Wine Industry		72	0	12	8	18	2	32		
	Tourism		42	2	4	13	6	10	7		
	Light Industry		58	0	10	0	5	5	38		
	IT, PE, CSI		8	0	0	0	0	8	0		
Size disaggregation			180	2	26	21	29	25	77		
	Micro		76	1	17	18	10	8	22		
	Small		45	1	4	2	8	10	20		
	Medium		44	0	5	0	10	6	23		
	Large		15	0	0	1	1	1	12		

Gender disaggregation		180	2	26	21	29	25	77			
Female ownership		66	0	12	5	5	8	36			
No Female ownership		114	2	14	16	24	17	41			
Number of assisted enterprises in targeted industries with increased investment (INDIRECT ASSISTANCE)		204	13	70	60	54	2	5			
DCA		14	5	1	1	0	2	5			
IT Virtual Park		190	8	69	59	54	0	0			
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	51	6	3	5	10	21	6	6	113%
Target industry disaggregation			51	6	3	5	10	21	6		
Wine Industry			27	4	1	4	3	12	3		
Tourism			16	2	2	1	4	6	1		
Light Industry			0	0	0	0	0	0	0		
IT, PE, CSI			8	0	0	0	3	3	2		
14 Number of Public-Private Partnerships established		40	50	1	10	1	11	13	14	10	125%
Target industry disaggregation			50	1	10	1	11	13	14		
Wine Industry			11	0	0	0	2	6	3		
Tourism			8	0	1	0	1	2	4		
Light Industry			6	0	1	0	1	0	4		
IT, PE, CSI			25	1	8	1	7	5	3		
15 Value of Public-Private Partnerships established		\$ 35 000 000	\$ 58 133 751	\$ 4 647 692	\$ 11 839 700	\$ 10 908 707	\$ 17 085 422	\$ 7 258 003	\$ 6 394 226	\$ 23 133 751	166%
Target industry disaggregation			\$ 58 133 751	\$ 4 647 692	\$ 11 839 700	\$ 10 908 707	\$ 17 085 422	\$ 7 258 003	\$ 6 394 226		
Wine Industry			\$ 28 911 258	\$ 856 119	\$ 7 780 941	\$ 6 009 305	\$ 7 623 853	\$ 4 535 262	\$ 2 105 778		
Tourism			\$ 3 533 468	\$ 342 931	\$ 602 508	\$ 711 271	\$ 961 688	\$ 870 070	\$ 45 000		
Light Industry			\$ 3 401 099	\$ 490 824	\$ 591 501	\$ 742 965	\$ 680 184	\$ 800 068	\$ 95 557		
IT, PE, CSI			\$ 22 287 926	\$ 2 957 818	\$ 2 864 751	\$ 3 445 166	\$ 7 819 697	\$ 1 052 603	\$ 4 147 891		
Contributor's disaggregation			\$ 58 133 751	\$ 4 647 692	\$ 11 839 700	\$ 10 908 707	\$ 17 085 422	\$ 7 258 003	\$ 6 394 226		
Project contribution			\$ 11 583 964	\$ 2 194 846	\$ 2 702 063	\$ 1 435 344	\$ 2 545 588	\$ 1 678 387	\$ 1 011 238		
Private Partners contribution			\$ 29 756 454	\$ 751 123	\$ 4 338 067	\$ 5 464 141	\$ 12 175 016	\$ 3 266 999	\$ 3 699 066		
Public Partners contribution			\$ 15 163 816	\$ 1 196 250	\$ 4 010 423	\$ 3 868 797	\$ 2 244 980	\$ 2 164 902	\$ 1 678 465		
Other Donors contribution			\$ 1 629 517	\$ 505 474	\$ 789 147	\$ 140 426	\$ 119 838	\$ 147 715	\$ 5 458		

16	Improved capacity of local institutions*	+60% over baseline	+100% over baseline	+100% over baseline	+78% over baseline	+59% over baseline	+45% over baseline	+32% over baseline	N/A/baseline year	+40% over baseline	167%
	Target industry disaggregation		100%	100%	78%	59%	45%	32%	N/A		
	Wine Industry (Association of Small Winemakers)		102%	102%	85%	58%	55%	32%	baseline year		
	Tourism (ANTRIM- National Association for inbound tourism in Moldova)		119%	119%	97%	77%	68%	45%	baseline year		
	Light Industry (APIUS- Association of Light Industry Companies)		108%	108%	88%	73%	46%	43%	baseline year		
	ICT (ATIC- Association of Private ICT Companies from Moldova)		34%	34%	32%	29%	26%	9%	baseline year		
	COR Creative Services Industry Association		136%	136%	91%						
17	Project-assisted public-private sector dialogue platforms conducted	50	105	14	35	17	11	13	15	55	210%
	Target industry disaggregation		105	14	35	17	11	13	15		
	Wine Industry		43	2	14	13	5	3	6		
	Tourism		39	5	18	2	5	7	2		
	Light Industry		10	7	1	0	0	0	2		
	IT, PE, CSI		13	0	2	2	1	3	5		
	The Indicator 20 "Number of innovations supported through USG assistance with demonstrated uptake by the private or public sector" is not an MCP PMP indicator. It is calculated per USAID request.										

OTHER MCP INDICATORS

MCP Targets and Results										
Indicator	Life of Project (LOP) Target Y1-Y6	Cumulative Result Y1-Y6	Y6 Result	Y5 Result	Y4 Result	Y3 Result	Y2 Result	Y1 Result	Cumulative Result vs LOP target	LOP Achievement, %
Project Purpose: Grow and Expand Targeted Competitive Industries										
I Value of domestic and export sales in targeted sectors	N/A	N/A	\$ 1 306 239 480	\$ 1 381 271 081	\$ 1 286 810 015	\$ 1 107 920 440	\$ 912 080 871	N/A	N/A	N/A
Target industry disaggregation		\$ -	\$ 1 306 239 480	\$ 1 381 271 081	\$ 1 286 810 015	\$ 1 107 920 440	\$ 912 080 871	N/A		
Wine Industry		N/A	\$ 258 409 911	\$ 280 086 376	\$ 227 700 753	\$ 212 347 119	\$ 172 726 683	N/A		
Tourism		N/A	\$ 315 830 000	\$ 396 400 000	\$ 377 840 000	\$ 312 010 000	\$ 243 360 000	N/A		
Light Industry		N/A	\$ 405 432 382	\$ 449 179 472	\$ 497 041 031	\$ 466 953 321	\$ 416 848 376	N/A		
IT, PE and CSI		N/A	\$ 326 567 187	\$ 255 605 234	\$ 184 228 231	\$ 116 610 000	\$ 79 145 812	N/A		
Value of exports in targeted sectors		\$ -	\$ 1 059 930 981	\$ 1 133 416 050	\$ 1 108 081 684	\$ 959 360 012	\$ 791 316 203	N/A		
Wine Industry		N/A	\$ 134 780 590	\$ 140 075 820	\$ 138 594 666	\$ 129 200 000	\$ 108 279 018	N/A		
Tourism		N/A	\$ 315 830 000	\$ 396 400 000	\$ 377 840 000	\$ 312 010 000	\$ 243 360 000	N/A		
Light Industry		N/A	\$ 338 980 391	\$ 379 230 230	\$ 427 587 018	\$ 401 540 012	\$ 360 531 373	N/A		
IT, PE and CSI		N/A	\$ 270 340 000	\$ 217 710 000	\$ 164 060 000	\$ 116 610 000	\$ 79 145 812	N/A		
Value of domestic sales in targeted sectors		\$ -	\$ 246 308 499	\$ 247 855 031	\$ 178 728 331	\$ 148 560 428	\$ 120 764 668	N/A		
Wine Industry		N/A	\$ 123 629 321	\$ 140 010 556	\$ 89 106 087	\$ 83 147 119	\$ 64 447 665	N/A		
Tourism		N/A	\$ -	\$ -	\$ -	\$ -	\$ -	N/A		
Light Industry		N/A	\$ 66 451 991	\$ 69 949 242	\$ 69 454 013	\$ 65 413 309	\$ 56 317 003	N/A		
IT, PE and CSI		N/A	\$ 56 227 187	\$ 37 895 234	\$ 20 168 231	\$ -	\$ -	N/A		
Percentage change in specified 8 productivity measure (sales per employees)	+15% cumulative years increase	19%	13%	2%	11%	16%	35%	34%	+4%	127%
8A Number of employees		9 251	8 290	9 669	10 068	10 327	9 019	8 131		
Target industry disaggregation										
Wine Industry, Productivity (in %)		30%	25%	22,96%	17,67%	28,15%	28,00%	61,00%		
number of employees			3610	3919,75	3856	3545	2619 (29%)	2305 (11%)		
Tourism, Productivity (in %)		11%	-12%	-20%	6%	21%	73%	-3%		
number of employees			129	236,5	313	357	213 (2%)	183 (17%)		
Light Industry, Productivity (in %)		11%	9%	-8,75%	6,41%	6,79%	27,00%	25,27%		
number of employees			4551	5513	5899	6159	5926 (66%)	5643(12%)		
IT, Productivity (in %)		2%	N/A	N/A	N/A	-14%	18%	N/A		
number of employees			N/A	N/A	0	266	261 (3%)	N/A		

Size disaggregation											
	Micro, Productivity (in %)		36%	22%	16%	27%	27%	50%	74%		
	number of employees			483	584,75	471	301	230 (3%)	164 (31.65%)		
	Small, Productivity (in %)		60%	0.1%	-17%	-1%	12%	45%	21%		
	number of employees			703	880	933	1 028	805 (9%)	587 (12.11%)		
	Medium, Productivity (in %)		60%	-0.5%	-2%	7%	11%	17%	27%		
	number of employees			3 795	4 068	3 804	4 082	3336 (37%)	2828 (3.71%)		
	Large, Productivity (in %)		13%	33%	-7%	-3%	15%	23%	19%		
	number of employees			3 310	4 137	4 860	4 916	4648 (52%)	4552 (-6.09%)		
Gender disaggregation											
	Female ownership, Productivity (in %)		18%	12%	3%	20%	11%	34%	26%		
	number of employees			3 324	3 514	3 724	3 695	3951 (44%)	3695 (20.61%)		
	No Female ownership, Productivity (in %)		21%	14%	2%	12%	19%	36%	42%		
	number of employees			4 966	6 156	6 344	6 632	5068 (56%)	4209 (4.77%)		
Increased number of market linkages established with USG assistance		N/A	17 854	402	1 957	5 867	5 857	2 795	976	N/A	N/A
Target industry disaggregation			17 854	402	1 957	5 867	5 857	2 795	976		
	Wine Industry		10547	-	1 026	3 423	4 353	1 479	266		
	Tourism		2562	131	765	777	556	230	103		
	Light Industry		4433	271	166	1 660	881	848	607		
	IT, PE, CSI		312	-	-	7	67	238	-		
19	Number of innovations supported through USG assistance	170	212	15	43	13	44	43	54	42	125%
Target industry disaggregation			212	15	43	13	44	43	54		
	Wine Industry		85	8	13	6	18	19	21		
	Tourism		43	2	9	6	8	7	11		
	Light Industry		45	5	11	0	8	4	17		
	IT, PE, CSI		37	0	10	1	10	11	5		
	Cross-cutting		2	0	0	0	0	2	0		
20	Number of innovations supported through USG assistance with demonstrated uptake by the private or public sector	170	207	36	39	20	21	45	46	37	122%
Target industry disaggregation			207	36	39	20	21	45	46		
	Wine Industry		83	20	6	17	3	21	16		
	Tourism		44	10	12	1	3	8	10		
	Light Industry		45	6	11	0	7	4	17		
	IT, PE, CSI		34	0	10	2	8	11	3		
	Cross-cutting		1	0	0	0	0	1	0		

The Indicator 20 "Number of innovations supported through USG assistance with demonstrated uptake by the private or public sector" is not an MCP PMP indicator. It is calculated per USAID request.

APPENDIX IV

RISK ASSESSMENT AND MITIGATION PLAN

Context:

Moldova has experienced tremendous political and economic turbulence over the last 5-6 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 the 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 selling products 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 in 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% of the industry's \$320 million USD 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 capita 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, 7,9530 lei in 2020 (approx. \$450 USD), 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 the 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% higher than the national average. Emerging innovation-based industries in Moldova have strong growth and high earning potential, for example the Information Technology (IT) sector has recorded exponential development, with software exports having grown 30-fold since 2005, reaching \$258 M USD in 2020, while the industry's tech engineers earned \$1,550 USD per month in 2020 or four times the national average. IT, clustered 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 growing fast 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.

Risk description	Risk Category	Likelihood	Impact	Risk	Risk mitigation
The global crisis and the COVID-19 pandemic are impacting Moldova's economic and social systems, and MCP-target industries in particular	External/force majeure	High	High	High	Implementing partner will continue to adjust ongoing interventions to the changing global and national economic and social context caused by the COVID-19 pandemic.

Change since last quarter?

The COVID-19 pandemic and the unfolding economic crisis are major external factors that have brutally intervened globally, disrupting systems, industries, supply chains, and consumer mindsets. MCP's most affected industries are the tourism, light industry, and creative sectors. The immediate economic impact is huge, with firms losing current and near-term business for 2020 with recovery perspectives only to begin in 2021-2022. Many businesses have shut down for the duration of the pandemic or continue to operate at reduced capacity. The MCP-supported economic sectors experienced a decline in the 2020 annual sales and exports, in particular light industry and winegrowing reduced exports by avg 9 percent, while tourism international travel restrictions remain in place and only domestic travel has sporadically been allowed. ICT seems to be the least affected industry, with exports on the rise and making up for the reduction of domestic IT service sales. The emergency state in Moldova continued until May 30, 2021 (Moldovan Parliament Decision Nr. 49).

MCP has mobilized industry associations to act as focal points for industry SMEs and in the dialogue with the Government to define national and industry anti-crisis economic policies. Industry associations played a key role in supporting business continuity. In the reporting quarter, with MCP support, ANTRIM (tourism) continued to implement a Sanitary Guide to help re-opening of tourism businesses under the World Travel and Tourism Council 'Safe Travel' quality seal, aligned with World Health Organization guidelines, and vetted by the Moldovan Ministry of Health. The 'Safe Travel' Moldova Guide has been implemented by 24 tourism businesses, mostly rural guesthouses, hotels, and wineries.

MCP continued to support The National Inbound Tourism Association's (ANTRIM) development and promoted smart regulations and legal improvements to serve as a resilience measure in this challenging time for the industry.

MCP supported ANTRIM's development as a leading business association offering guidance, legal expertise, funding, technical assistance, and facilitation of collaborations with relevant and important partners. In light industry, MCP partnered with Europe's largest Apparel and Textile Confederation (EURATEX) to support APIUS Light Industry Association in the development of a post-COVID recovery strategic roadmap. MCP engaged top-notch expertise to ensure that Moldova's recovery path is aligned with EU and global trends at large, and textile value chain disruption. The forward-looking strategy is based on sustainability, digitization, and fair trade. In addition, to stimulate online sales, MCP supported a DININIMA digital campaign for the Moldovan fashion brands, 50 of which have developed fully functional e-commerce websites via the MCP-supported E-Commerce Acceleration Program.

MCP redirected its ongoing assistance and funding to support e-commerce as a medium-term remedy to revamp business sales during and post COVID-19. MCP e-commerce support benefits over 250 SMEs in fashion, tourism, creative and other industries. MCP provides comprehensive e-commerce assistance, including the development of e-shops, content, SEO, integration of e-payments and logistics, and digital marketing.

As a result of the MCP e-commerce support in tourism, major tourism sites ranging from Castel Mimi and Milestii Mici to guesthouses like Eco Resort Butuceni and Casa din Lunca, are launching direct booking services to enhance digital sales. To date, MCP has assisted over 20 wineries and tourism SMEs in upgrading their websites and increasing their online visibility. The SMEs benefited from e-commerce and digital marketing support, including website upgrades, the development of logotypes, elaboration of content for social media pages, and integration of e-payments. Adopting digitalization enables the Moldovan tourism SMEs to foster customer interaction and expand their market reach.

In Y6, MCP continued to support the implementation of ZIPhouse E-commerce Acceleration Program. Through the e-commerce Acceleration Program, MCP supported nearly 50 Moldovan brands to develop fully functional online shops and increase their online sales, by setting up online payment systems, streamlining customs clearances, ensuring customer digital invoicing, and managing international logistics for local and international markets. ZIPhouse launches e-commerce directly on their website, transitioning the hosting of their website to the Technical University of Moldova (TUM) server, which not only increases its operational capacity, but also allows the technical IT specialists from TUM to maintain and update the ZIPHOUSE website. With the support of MCP and TUM, ZIPHOUSE launched in March 2021 its online ZIPshop with more than 50 products with ZIPHOUSE and TUM branding, and more than 15 online courses on Fashion Design, Pattern Making, Fashion Business English, and other events hosted by ZIPHOUSE Fashion Innovation Hub. E-commerce creates a seamless shopping experience while meeting the changing consumer needs anywhere, anytime.

MCP also supported ONVV-led initiatives to spur e-commerce, provided technical support to ONVV to develop new international positioning for the national wine brand, Wine of Moldova, and delivered technical expertise to develop short-term and targeted communication campaigns in the UK.

Looking forward, MCP will adapt the project's ongoing and future interventions to the changing global and national economic and social context, including but not limited to a stronger focus on digitizing businesses and re-shifting markets to support trade diversification and recover business sales.

Risk description	Risk Category	Likelihood	Impact	Risk	Risk mitigation
Political climate is uncertain, and fragility of the 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.

Change since last quarter?

Moldova continues to experience ongoing political and Government changes. Government changes directly impact MCP-led policy initiatives. MCP was able to establish working relationships with the Dodon-led Government and re-introduce flagship initiatives. However, these suffered changes once again as a result of newly elected president Maia Sandu and the resulting impact on the Government.

The anticipated Parliament elections organised on July 11, 2021 and were won with majority of votes (over 50%) by a pro-European party.

ONVV's PPP model has been repeatedly challenged, MCP is committed to safeguarding ONVV and its Public-Private Partnership model. In January, backed by a Gagauzian wine and brandy holding, Member of Parliament Chirill Motpan filed a motion to Constitutional Court claiming unconstitutional and proposes to defer wineries that are residents in Free Economic Zone from paying to Vine and Wine Fund as well as challenges the ONVV PPP model by claiming that the private sector contributions to the ONVV Vine and Wine Fund. MCP quickly informed its donors and activated all available lobby and advocacy avenues to oppose the motion. On May 18, the Constitutional Court published its decision to dismiss the motion in its entirety.

MCP continued to advocate for the official approval of the Tourism Development Program "Tourism – 2025" which was previously revised in the context of the pandemic. Regretfully, the draft policy is placed to a waiting mode until a new government is established after the anticipated Parliament elections in July 2021. MCP has ensured that relevant expertise is placed in both, the MoEI and ANTRIM to be able to restart its promotion once the Government is voted (tentatively in September 2021). ANTRIM, with MCP support, addressed a request to the President, asking to represent the tourism industry in the Management of the Economic Council under the President. This public-private partnership would initiate an active dialogue regarding the problems faced by the tourism industry and catalyze the approval of the new Strategy.

Risk description	Risk Category	Likelihood	Impact	Risk	Risk mitigation
Public funding committed for 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 would allow for the completion of the activity with reduced funding.

Change since last quarter?

Artcor – The Academy of Fine Arts is honoring its ongoing financial commitment for Artcor operational costs, and as of January 2021 COR Association started to cover the utility costs. The Center is demonstrating excellent progress, and all partners are committed, proactive and engaged, contributing to its success. MCP facilitated a new partnership with Moldcell, the second-largest telecom operator, which signed an MOU to become a corporate sponsor for Artcor to allocate its 2021 Corporate Social Responsibility (CSR) budget, estimated at one million MDL, to fund Artcor. This will mitigate Artcor operational risks and support its overall sustainability.

MEDIACOR – In addition to the \$350,000 contribution allocated from the state and university budget for the development of the MEDIACOR Center, the University committed an additional \$115,000 (2 million lei) for the construction of the new media production pavilion to mitigate any risks of exceeding the available construction budget. The refurbishment of the MCP-funded part of the MEDIACOR infrastructure is on track, with 60 percent of the renovation being complete. MCP developed a phased approach for MEDIACOR implementation to reduce the risk. It will complete a portion of the infrastructure to enable MEDIACOR to begin activities in the fall of 2021.

Balti Innovation Center (Tekwill extension) is on schedule, with core funding worth 28 million lei coming from the North Regional Development Agency that has the funding available and continues to make good progress on the construction. MCP has regular meetings with the University and the Agency to ensure progress. MCP provided support in developing the Regulation of the Administration Council of the Center and Regulation of the Center Activity, and coordinated the inter-stakeholder working group meetings. During the reporting period, MCP facilitated the establishment of a partnership between the National Association of ICT Companies (ATIC)/Tekwill Project and Balti State University to become a resident of the Balti Regional Innovation Center, which is under construction. Draexlmaier, Moldova's largest automotive company, initiated the procurement process for endowing a training area in the Innovation Center. Starting September 2021, Draexlmaier, in partnership with Balti State University, is planning to establish a new master's program called Technical Product Management. Balti Regional Innovation Center will offer laboratories, training rooms, co-working areas, and business offices for startups in ICT, automotive, creative, fashion manufacturing, and other regional industries. The Center will create new opportunities for nearly 4,500 students of Balti University. The Balti Regional Innovation Center builds on a successful \$2 million public-private partnership, with the Moldovan Government contributing \$1.6 million for the refurbishment of the Center's building. Additional investments are being made by the National Association of ICT Companies (ATIC) via the Tekwill project (an estimated \$250,000) and the automotive industry via the Association of Manufacturing Industry Employers (APIP) and the Balti Free Economic Zone. The Center has been under development since 2017 and expected to open in December 2021.

Future Classroom Center – As a result of the pandemic-related school closure since March, the Future Classroom initiative is being adapted. MCP and its implementing partners are looking at ways to enhance online learning platforms. During the quarter, to respond to the unexpectedly high demand for teacher trainings and school digitization, the MCP-supported Future Classroom Center trained 135 Moldovan vocational education and training (VET) teachers to use of Google Workspace to ensure high-quality remote and in-class learning during the pandemic. The trainings were held online as part of the National Digital Literacy Program led by the Ministry of Education, Culture, and Research and implemented by the Future Classroom Center.

On their two-year anniversary, the Future Classroom National Center organized an online event to highlight significant milestones reached throughout the years, and award 25 Moldovan teachers as Digital Ambassadors. With support from MCP, the Digital Ambassadors filmed short videos promoting digital transformation in Moldovan schools and encouraging teachers to employ digital tools and innovation to advance Moldova's educational system. In addition, in anticipation of its growing role in digitizing Moldova's educational system, the Future Classroom Center is expanding to add another training floor, and as a result triple in size to respond to the continuously high demand for teacher training and school digitization support. MCP provided support for redesigning the spaces and is cost sharing on the endowment, while the Pedagogical State University committed to cover the renovation costs from its 2021 budget. Renovations started and are on track.

Moldovan Investment Agency. MCP is working towards strengthening its supported business associations to be able to provide capacity for trade promotion activities to MIA. Because of the COVID-19 pandemic, most regional tradeshows were canceled, and MCP stepped in to help redirect the funds to other meaningful trade support activities. In particular, MIA redirected its funds to e-commerce and digital promotion campaigns in tourism and fashion manufacturing. During the reporting quarter, ANTRIM, in partnership with MCP and the Moldovan Investment Agency, supported six tourism businesses, including hotels, wineries and tour operators, to participate at the online B2B event New Deal Europe on April 10, 2021. At the event, participants promoted Moldovan tourism offers and pitched their tourist experience packages to travel consumers to foster new business relationships. The GoOnline initiative offered e-commerce assistance to more than 150 Moldovan SMEs, with the e-commerce results were presented during an online conference on GoOnline that was organized with support from MCP in partnership with UNDP, SDC, the Moldova Investment Agency, ODIMM, and the Ministry of Economy and Infrastructure. In tourism, MCP in partnership with ANTRIM and MIA supported in May the National Tourism Industry Forum 2021. Moldova Tourism Forum 2021 was organized by the Moldovan Investment Agency with strategic MCP support to raise awareness about the inbound tourism sector and support the industry to emerge stronger from the pandemic.

Risk description	Risk Category	Likelihood	Impact	Risk	Risk mitigation
Industry associations and other key local counterparts display institutional weakness	Delivery	Moderate	Major	Major	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, and coaching. Through a targeted OCA (Organizational Capacity Assessment) tool, the implementing partner will screen each institution on an annual basis to ensure transparent governance, a strong executive body, and financial sustainability, as well as progress on their performance improvement plan. Grants to local counterparts will include conditionalities related to institutional strengthening.

Change since last quarter?

Industry associations and innovation centers switching to online and teleworking. Amidst the COVID-19 pandemic, MCP-supported industry associations and innovation centers continued to telework and upped their abilities to deliver online services. This includes delivering online training content, holding videoconferences, online Board meetings, and partner engagement workshops. MCP supported their internal processes and provided ongoing coaching in this process, ensuring that these organizations continue to operate. APIUS, ONVV and ANTRIM, COR associations held online meetings of their Board, enabling them to connect with members from rural parts of Moldova and overcome in-person meeting restrictions. Artcor and ZIPhouse continued to deliver skills trainings via online means. Future Classroom National Center continued to deliver its teacher training courses online. ANTRIM worked to develop the partnership with the Moldova State University (MSU) to provide continuous learning programs for tourist guides and a digital platform, developed for the guides.

Assessment of the improvement of the Association's capacities was conducted in the reporting period via the Organizational Capacity Assessment (OCA) tool, which allows supported sector associations - APIUS, ATIC, ANTRIM, ASW, and COR Association - to reflect upon their successes and identify areas for improvement by assessing themselves annually against the list of criteria, such as governance, management, strategic vision, member services, and satisfaction. The self-evaluation scores, across project years, show improvements in the associations' overall capacities to serve their members, advocate for regulatory and legislative changes, secure new sources of revenue to ensure the sustainability of MCP investment, and make streamlined management decisions. OCA allows MCP to compare scores and determine the required level and areas for targeted interventions. An impressive 100 percent increase of capacities compared to baseline was registered by monitored associations. The association with the most significant increase is the newly assisted COR Creative Services Industry Association with 136 percent, followed by the tourism association ANTRIM -with 119 percent, the light industry association APIUS with 108 percent, Association of Small Winemakers with 102 percent, and the Association of Private ICT Companies from Moldova – with 34 percent, since this association started with a higher score and all the improvements were compared to that initial high level.

Risk description	Risk Category	Likelihood	Impact	Risk	Risk mitigation
Assisted enterprises do not meet target market requirements	Delivery	Moderate	Major	Moderate	Implementing partner will undertake a rigorous assessment of business readiness to export to target markets, before engaging in trade promotion assistance. Complex assistance will be provided first to upgrade the product/service to meet market requirements, including better productivity, quality, and managerial capacity of businesses. In addition, the implementing partner will work together with the private sector to select markets where existing products have the highest potential to succeed, for instance Romania for apparel, or Italy for tourism.

Change since last quarter?

Changing economic situation, supply chains and market requirements as a result of the COVID-19 pandemic. The COVID-19 pandemic has caused significant changes to the national and international economic system, from supply chains to markets and consumers. MCP reassessed the all trade-support activities to ensure that these are adapted to the new market realities. A stronger focus is being placed on the digitization of businesses and trade, such as e-commerce, online bookings for tourism, digital campaigns, etc. MCP supported exclusively digital campaigns in tourism, winegrowing industry, and fashion manufacturing during the reporting quarter. MCP's ICT and Creative beneficiaries become popular on social media after featured in the #EPosibilAcasa (#it'sPossibleAtHome) online awareness campaign. In fashion manufacturing, the five months EU B2B campaign for Moldova apparel factories continued. Over 880 EU businesses expressed interest in sourcing fashion manufacturing services to Moldova and visited APIUS's dedicated website. Easter promotional campaign advertising rural guesthouses and wineries, "Be Our Guest, again" and My Wine campaigns were high impact on Facebook, Instagram, and other social media platforms. As part of the close-out communications campaign, MCP partnered with a range of TV and online media outlets to promote the success stories of winegrowing and tourism SMEs and raise awareness about MCP flagship initiatives, including Mediacor Technology Center, Artcor Creative Industries Center, Future Classroom National Center, ZIPhouse Innovation Hub, etc.

Mitigate the international trade promotion risk for the fashion manufacturing industry MCP supports the implementation of quality standards in assisted Moldovan factories, ISO and BSCI social compliance standards. The COVID-19 induced crisis points to increased demand from European buyers for ethical and socially compliant factories. In the reporting quarter, within the MCP's Streamline Manufacturing, Accountability, Resource Efficiency, and Transparency (SMART) program, three companies implemented Integrated Management Systems (IMS). They became internationally certified, ensuring safe working conditions for their 470 employees. To date, MCP's SMART factory program has assisted 24 Moldovan factories in obtaining international certifications, ensuring a healthy work environment for over 4,700 employees and making steady improvements to attract quality-conscious European buyers while increasing long-term sectoral competitiveness.