

**Evaluation of  
International Trade Centre  
(UNCTAD/WTO)**

**Volume 3  
Country Reports**

**MOLDOVA**

File No. 104.A.1.e.37  
April 2006

**DMI ASSOCIATES**  
in association with  
Ticon DCA  
Copenhagen DC  
Ace Global



**Table of Contents**

List of Acronyms.....	4
<b>1. Country Report – Moldova.....</b>	<b>5</b>
1.1 Methodology.....	5
1.2 Country Profile on Trade and Development.....	7
1.3 Brief Summary of ITC Activities and Role.....	13
1.4 Findings on Thematic Issues.....	16
1.5 Country Level Evaluation.....	20
1.6 Conclusions and Recommendations.....	25

**Tables**

Table 1.	Areas of Competence in ITC Interventions in Moldova
Table 2.	Schedule of Most Favoured Nation Tariffs for Moldova
Table 3.	Summary of Project Ratings in Moldova
Table 4.	SWOT Analysis Moldova
Table 2.4	World Trade Net Beneficiary Countries

**Annexes**

Annex 1.	ITC Partners in the Country
Annex 2.	Description of Projects Evaluated
Annex 3.	Participation in International Organisations
Annex 4.	List of Contacts
Annex 5.	List of Data Sheets

**Exchange Rates (October 2005)**

Currency	USD 1.00	EUR 1.00
Moldovan lei, MDL	12.72	14.90

**List of Acronyms**

AMA	Moldovan Association of Purchasing and Supply Management
BIZPRO	Business Promotion and SME Development
CCIRM	Chamber of Commerce and Industry of the Republic of Moldova
CIS	Commonwealth of Independent States
EBRD	European Bank for Reconstruction and Development
EU	European Union
FDI	Foreign Direct Investment
IMF	International Monetary Fund
IPSM	International Purchasing and Supply Management
ITC	International Trade Centre
LDCs	Least Developed Countries
MDL	Moldovan Leu, the national currency
MEPO	The Moldovan Export Promotion Organisation
OECD	Organisation for Economic Co-operation and Development
SME	Small or Medium-sized Enterprise
SWOT	Strengths, Weaknesses, Opportunities and Threats analysis
TACIS	Technical Assistance to Commonwealth of Independent States, funded by European Union
TPO	Trade Promotion Organisation
TRTA	Trade Related Technical Assistance
TSI	Trade Support Institution
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WTO	World Trade Organisation

# 1. Country Report – Moldova

Moldova is a transition economy that has experienced great difficulties in integrating into the global economy. It experienced a prolonged decline after the collapse of the Soviet Union, and is now the poorest society in Europe. It is a small land-locked country and many of its 4.3 million citizens live abroad seeking economic opportunity. Political difficulties with the break-away Transnistria region have contributed to economic challenges. In the early 1990s with the break-up of the Soviet Union, Moldova faced challenges due to its dependence on agricultural exports to Soviet partners and its dependence on low-cost energy imports. However, now Moldova faces particular challenges to improve the investment climate, improve economic performance and diversify exports from partners in the Commonwealth of Independent States (CIS).

The International Trade Centre (ITC) has been involved in Moldova for several years, with regional projects and a series of projects to support the development of the Association Moldave d'Approvisionnement (AMA)<sup>1</sup>. A major ITC project has been proposed on several occasions with the Trade Promotion Organisation (TPO), the Moldovan Export Promotion Organisation (MEPO). The proposal, however, has not received funding from donors to date.

## 1.1 Methodology

The selection of the 10 countries for field studies was discussed extensively in the Inception Report and with the Core Group. Moldova was selected along with the Kyrgyz Republic to represent the transition economies in the Evaluation and on the basis of the ITC competences utilised in the ITC interventions in the country.

**Table 1. Areas of Competence in ITC Interventions in Moldova**

Competence Area	No. of entries (of total entries)	No of projects (of total projects sampled)
Multilateral Trading System, knowledge and business implications	9	3
Supply chain management (including public procurement)	13	4
E-competence	1	1
Export Strategy	1	1
Trade in Services	1	1

Note: One project may have more than one entry in the project portfolio and one entry can have more than one competence associated with the entry.

Table 1 above summarises the areas of ITC competence, as described in the Trade Related Technical Assistance (TRTA) reference framework in the Inception Report, and

<sup>1</sup> In English the Moldavian Association of Purchasing and Supply Management.

crosscutting issues/development concerns covered by the ITC interventions in Moldova in the period 2001-2004.

A regional consultant was recruited to assist with the meeting modalities and data collection. The regional consultant participated in a regional training seminar in Riga in June 2004 on the use of the country evaluation tools and the preparation of the data sheets specifically prepared for use of the country Evaluation phase. The Core Evaluator visited Moldova in July 2004, and spent one week there. A total of 13 organisations were met and interviewed by the Core Evaluator and/or Local Consultant, covering 16 individuals. The Core Evaluator and Local Consultant visited three Trade Support Institutions (TSIs), the Ministry of Commerce, the Ministry of Economy, five donors, two enterprises and one university; the latter is also indirectly a partner of ITC. A roundtable was held with the key TSIs and selected end-users.

The following interview/data sheets were completed:

TSIs	3
Donors	8
End Users	1
Projects	5

All key ITC beneficiaries and counterparts were contacted.

In terms of project sampling, all of the ITC projects identified for Moldova in the project portal, including regional projects, were assessed and evaluated. The only ITC activity in Moldova not evaluated in detail was the contribution of the ITC to a workshop organised on Services by the Organisation for Economic Co-operation and Development (OECD).

It must be noted that the only significant project, or set of projects, of ITC in Moldova that are country specific and were actually implemented, are the series of activities related to the development of the Moldovan Association of Purchasing and Supply Management (AMA).

The interventions were evaluated according to the Development Assistance Committee (DAC) criteria of relevance, efficiency, effectiveness, impact and sustainability on a four point Likert Scale.

The rating scale is from 1 – 4, with:

4	Highly satisfactory
3	Satisfactory
2	Less than satisfactory
1	Highly unsatisfactory

The rating by the evaluation criteria is supplemented by the Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis, which considers the ITC in the context of the overall context for TRTA in the country.

## 1.2 Country Profile on Trade and Development<sup>2</sup>

Following the collapse of the Soviet Union, Moldova became a separate republic in August 1991. A landlocked country, the total area is 33.8 thousand square km. The population is officially stated at 4.3 million, although many of its citizens live abroad seeking economic opportunities. Chisinau is the capital with more than 700,000 inhabitants. The national currency is the Moldovan Leu (i) (MDL).

Both the economic and political situations in Moldova are influenced by the political tensions with the Transnistria break-away region. At the time of independence this region bordering Ukraine and across the Dniester had a preponderance of Russian and Ukrainian people; and the authority of the central government of Moldova was resisted with support from Russian troops.<sup>3</sup> Despite recent efforts to improve relations, the country remains separated on a de facto basis. There are problems with the smuggling of cigarettes and alcohol, and loss of excise tax revenues due to the lack of a joint enforcement capacity. Some commentators suggest that the Transnistria problem has made it more difficult to reform the customs services and reinforces the tendency to maintain regulatory and administrative controls over the economy.

A relatively prosperous area in the former Soviet Union, as a supplier of horticultural products and wines, Moldova has experienced a prolonged economic decline since independence. A slight recovery in the mid-1990s was followed by further economic declines after the Russian economic crisis in 1998. Moldova's Gross Domestic Product declined 60% from 1991 to 2000; and although recovery began in 2000, Moldova has not experienced the surge in economic growth and the influx of foreign direct investment that has characterised other small post-Soviet economies, such as the Baltic States. Moldova is now the poorest country in Europe.

As a land-locked economy, transportation links are important to Moldova, and drafts of bilateral road transport agreements with 16 countries have been drawn up. The air transport sector has 31 operators, with 19 international passenger destinations. The reconstruction of Chisinau International Airport has recently been completed. Direct telecommunication lines link Moldova to all CIS countries, as well as Romania, Bulgaria and Greece. Lines to the rest of the world are supported via satellites.

In the late 1990s, a reform-oriented government of Moldova sought to accelerate integration into the global economy and negotiated membership of the World Trade Organisation (WTO) in 2001. Another dimension of this policy was an emphasis on regional integration and membership of regional trade agreements. Moldova joined the Stability Pact for South Eastern Europe in 2002, and entered into Free Trade Agreements with the fol-

---

<sup>2</sup> Sources of information: Ministry of Economy Trade Department <http://www.trade.moldova.md/index.html>, World Bank, International Monetary Fund (IMF), and European Union (EU) country reports.

<sup>3</sup> The Dneister River was the boundary between the Soviet Union and Romania until 1940. Thus the current schism in Moldova reflects the persistence of an old boundary as has been the case in many societies after the break-up of the Soviet Union.

lowing Pact members: Albania, Bosnia & Herzegovina, Bulgaria, Croatia, FYR Macedonia, Romania, and Serbia and Montenegro.

Trade with the CIS is very important and accounts for more than half of total exports. A Free Trade Agreement with CIS countries in 1994 is still not fully operational. Various bilateral Free Trade Agreements are in place with individual CIS countries, but there are significant product exclusions from the coverage of these agreements, including products such as sugar and spirits. Despite the efforts to integrate into the global and regional economies, Moldova remains dependent on traditional trade relations and market connections with CIS economies from the former Soviet Union, although efforts to expand trade with Western and Central Europe and the Balkans are beginning to achieve some success. The prospective accession of Russia and Ukraine to the WTO could have significant implications for Moldova in leading to more open and more stable relations with these important trading partners.

The World Bank Trade Diagnostic study concludes that Moldova has moved more slowly than other later reforming economies such as Bulgaria, Lithuania, Romania and Slovakia to reorient trade from CIS countries to the European Union (EU)<sup>4</sup>.

The trade deficit continued to increase in 2003, with USD 806 million in exports and USD 1,430 million in imports<sup>5</sup>. The main categories of exports are food and agricultural products, and textiles and clothing (primarily clothing fabricated with imported fabrics). The main categories of imports are mineral products, machines, apparatus and electrical equipment, and chemical industry products.

The balance on trade in services also declined further, with services exports of USD 254 and services imports of USD 300 million<sup>6</sup>.

Remittances from citizens living abroad are extremely important to Moldova. Estimates of net remittances compiled by the International Monetary Fund (IMF) indicate that remittances account for up to 30% of personal income and 25% of Gross Domestic Product<sup>7</sup>. Thus, remittances are more important as a source of income for Moldova than for other economies with significant remittance income such as Albania and Kosovo. Remittances are a major contributor to the balance of payments, partially offsetting the deficits on trade in goods and trade in services.

### **Trade and Investment Regime**

Foreign trade is regulated by a series of laws, the most important of which can be found at: <http://www.trade.moldova.md/trade-regime.shtml>. In conjunction with WTO accession, Moldova's trade and investment regimes were liberalised and made more transpar-

---

<sup>4</sup> World Bank, The Republic of Moldova Trade Diagnostic Study, December 23, 2004, p. 22.

<sup>5</sup> International Monetary Fund (IMF), Republic of Moldova: Article IV Consultation Report, February 2005, p. 30.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid. p. 8.

ent. Certain non-tariff barriers were removed, and import procedures, customs laws and the laws for commodity taxation reformed. Average tariffs were reduced to 18.2%, with an undertaking of further reductions to the 12.2% level by 2005. See the table below for the distribution of tariffs according to tariff bindings made in the accession to the WTO. Overall the effect of WTO accession has been to significantly reduce formal barriers to trade in the Moldovan economy.

**Table 2. Schedule of Most Favoured Nation Tariffs for Moldova**

Tariff Distribution	Bound rate at accession	Final bound rate
Reduction commitments:	2001	up to 2005
Simple average of ad valorem tariff bindings (%)	18.1	12.2
Distribution of ad valorem tariff bindings: (%)		
0 (duty-free)	0.4	3.0
0.1-5.0	6.9	8.3
5.1-10.0	28.5	32.7
10.1-15.0	11.2	35.7
15.1-20.0	11.4	11.8
20.1-30.0	25.2	0.1
30.1-40.0	8.0	0.0
40.1-50.0	0.0	0.0
50.1+	0.0	0.0
Share of non ad valorem tariff bindings (%)	8.3	8.3
Minimum ad valorem duty	0.0	0.0
Maximum ad valorem duty	40.0	25.0

Source: WTO Report of the Working Party on the Accession of Moldova

From Table 2, it can be seen that the WTO accession resulted in significant reductions in the tariff rates for Moldova.

Although WTO accession is seen as having led to significant reforms of Moldova's trade regime, challenges remain. A World Bank study indicated that weaknesses in the standards and quality management infrastructure in Moldova constitute a very important obstacle to increased exports, especially to high-income EU and other OECD markets<sup>8</sup>. The customs administration is also regarded as inefficient and unpredictable, having the second highest incidence of bribery among all the countries of South East Europe<sup>9</sup>. Clearly improved trade facilitation procedures could contribute to Moldova's export perform-

<sup>8</sup> World Bank, The Republic of Moldova Trade Diagnostic Study, December 23, 2004.

<sup>9</sup> Ibid p. 65.

ance. As a landlocked country, Moldova would benefit from more efficient customs procedures and reduced transit costs.

### **Foreign Investment**

Despite the more open trade regime, there has been little foreign investment in Moldova and there are uncertainties about the investment climate.

The level of foreign investment in Moldova is extremely low and the investment climate seems to have been adversely affected by disputes related to foreign investments in the air transport and energy utilities sectors. On a per capita basis, Moldova receives much less Foreign Direct Investment (FDI) than other countries in the region such as Romania or Slovakia<sup>10</sup>. All sectors of the economy are open to foreign investment, with some exceptions relating to state security interests, anti-monopoly legislation, environmental protection and health standards, social order and moral norms. In the context of WTO accession, Moldova has made a broad range of commitments to permit foreign enterprises to invest in most service industries and to provide National Treatment to foreign enterprises established in Moldova. Exceptions will be maintained for some years in the postal and telecommunications service sectors.

The main formal limitations on foreign investment relate to the ownership of land. Foreigners are not permitted to purchase agricultural land nor forestland. The restriction on foreign ownership of agricultural land is an inhibition to foreign investment in the winery and horticultural sector.

An Investment Climate Assessment prepared by the World Bank, highlighted several problems with the investment climate including:

- The cost of doing business index compiled by the World Bank indicates that Moldova is the most costly in the region in terms of time expended on regulatory requirements, and the need to pay bribes for permits and regulatory approvals and to obtain customs clearances;
- Problems of contract enforcement and low court efficiency are combined with an undeveloped banking sector that impedes the availability of credit to SMEs; and
- There are concerns about policy uncertainty and there are perceptions that enforcement of regulations is selective and arbitrary<sup>11</sup>.

The interviews conducted by the Evaluation confirmed concerns about the investment climate in Moldova. The few significant foreign investments in the airline sector and in the electricity sector had experienced some difficulties and this was perceived as sending a negative signal to foreign investors. Restrictions on foreign ownership of land were cited as inhibitions on foreign investment in the winery or agribusiness sector.

---

<sup>10</sup> UNCTAD, World Investment Report 2004: The Shift to Services, Statistical Annex.

<sup>11</sup> World Bank, Moldova: Investment Climate Assessment, May 2004, pp. 5-8.

### **Trade Strategy**

Moldova is seeking to expand exports to the enlarged EU and to countries in Eastern Europe and the Balkans. Although Moldova benefits from the General System of Preferences, which provides lower tariffs for sales to the EU, better access is enjoyed to the EU market by countries with Free Trade Agreements with the EU, such as Romania and Bulgaria, and by Least Developed Countries (LDCs).

Since agricultural and food exports are significant for Moldova, Moldova faces particular challenges in selling into the EU due to EU trade barriers on, and subsidies to agricultural products. However, the World Bank Trade Diagnostic Study concludes that while Moldova would benefit from better access to the EU market, other factors such as the high cost of customs clearance, the lack of access to capital, and weaknesses in the standards and quality management infrastructure are significant impediments to the Moldovan exports to the EU.<sup>12</sup> Thus, Moldova would need to address some of these development constraints if it wishes to pursue a Free Trade Agreement with the EU in the future.

### **Trade and Development Strategy**

The Economic Growth and Poverty Reduction Strategy of Moldova emphasises private sector development.<sup>13</sup> Among the priorities identified are the following:

- Development of SMEs;
- Promotion of external trade;
- Improvements in the investment environment;
- Reform of the customs administration; and
- Reduction of regulatory controls on business.

Thus, the Development Strategy for Moldova places a high priority on trade development in order to generate economic growth.

The World Bank Diagnostic study found that there were relatively strong links between trade and poverty in Moldova<sup>14</sup>. The poverty rate rose rapidly after the Russian crisis in 1998, which adversely affected the trade of Moldova and the poverty rate, has fallen from a peak of about 60% to 48% in 2003 during the subsequent recovery. For the poor in large cities and in towns, employment income was the most important source of income and for the rural poor agricultural production was the main source of income<sup>15</sup>.

---

<sup>12</sup> World Bank, The Republic of Moldova Trade Diagnostic Study, December 23, 2004, p. 46.

<sup>13</sup> The Republic of the Government of Moldova, Economic Growth and Poverty Reduction Strategy Paper (2004-2006), Chisinau, 2004.

<sup>14</sup> World Bank, The Republic of Moldova Trade Diagnostic Study, December 23, 2004, pp.12-18.

<sup>15</sup> Ibid., p. 13.

Thus, in Moldova the poor are economically active and could benefit immediately from improved economic prospects. The World Bank study examines some simulated scenarios for reduction in import and export costs and concludes:

*“The simulations undertaken ... show how policy initiatives, which reduce the cost of importing and exporting in Moldova and which lead to easier access to overseas markets, could have substantial impacts on poverty, reducing those in poverty by about 10 percentage points.”<sup>16</sup>*

In contrast to the emphasis on the links between trade and poverty reduction in the Government’s Economic Growth and Poverty Reduction Strategy, there is much less discussion of the links between trade and gender objectives in Moldova in the analysis conducted by the World Bank and others. Since press reports suggest that there is a problem with trafficking in women and young girls from Moldova, efforts to improve the economic status of women should be a high priority.

There is little analysis of the links between trade and gender, but the industries that are the obvious candidates for trade expansion through increased exports in Moldova include horticultural and agro-food industries and light manufacturing, such as clothing and furniture manufacturing. In most countries, these industries are labour intensive and frequently employ a significant proportion of women in their labour force. Furthermore, women have a high proportion of participation in the labour force and the participation of girls in primary education exceeds that of boys<sup>17</sup>. Therefore, Moldova is an economy where expansion of employment opportunities for women is likely to translate into improvements in their economic status. The two enterprises visited by the Evaluation employed more than 50 % women, one drawn from agro-food, the other from light manufacturing.

Therefore expansion of exports from these enterprises would have positive effects on the economic position of women. Obviously this is a very small sample, and is only illustrative, but it is consistent with the hypothesis that the agro-food and light manufacturing industries in Moldova employ a significant proportion of women.

---

<sup>16</sup> Ibid. p. 18.

<sup>17</sup> World Bank, World Development Indicators 2004.

### 1.3 Brief Summary of ITC Activities and Role

The following section provides a summary of ITC activities related to Moldova either in the country or through regional projects.

#### ITC Completed/On-going Activities

##### Trade in Services

At the invitation of the OECD, the ITC Trade in Services Section delivered a one-day training workshop on Services for the Moldovan business sector in Chisinau on 7 June 2004 as part of an OECD regional workshop. This was in the context of an OECD Project on Trade in Services in South Eastern Europe, undertaken by the OECD on behalf of the Stability Pact for South Eastern Europe.

##### International Purchasing and Supply Management

The following two projects, one regional and one national, on International Purchasing and Supply Management (IPSM) have been undertaken:

- Regional Project (RER/71/78) entitled 'Improvement in purchasing support systems and services in Central and Eastern Europe'.
- National Project (MOL/61/68) entitled 'Training of Purchasers and Material Managers from Moldova' funded by the Government of Switzerland. The objective of this project was to train a core of Moldovan purchasers in IPSM techniques, create a local IPSM training capacity, and assist in setting up a Moldovan Purchasing Association. The results were as follows: (a) Private sectors participants attended a comprehensive training programme in Switzerland; and (b) the AMA was established, with the aim to support the development of necessary capacity, including training capabilities, within Moldova.

Although the project MOL/61/68 ended in December 2003, in order to ensure a continuity of project activities, the ITC organised a workshop in Chisinau in September 2004 with the objective of presenting the results of the project to potential donors and development agencies active in Moldova; and with a view of generating interest in the follow-up projects and activities. These activities follow on earlier projects to support the creation of AMA.

##### World Tr@de Net Programme

Moldova joined the World Tr@de Net programme in July 2001, immediately after WTO accession. A kick-off meeting was organised by ITC in Chisinau at that time, on the business implications of the WTO agreements.

In November 2003, following the invitation of Moldovan authorities, ITC together with representatives of the WTO organised a trade policy event in Moldova to discuss issues concerning Moldova's accession to WTO. This event consisted of a one-day meeting with the Moldovan Parliament, and another one-day meeting with ministry officials and business representatives.

In addition, two Moldovan participants took part in two regional meetings organised under the World Tr@de Net programme: the Business for Cancun meeting, in Zagreb, July 2003 and the Business for Development meeting in Sofia in May 2004.

The World Tr@de Net publications and participation in seminars are well regarded, but the local network is not very active. After a wave of interest at the time of accession to the WTO, interest in the private sector about the WTO appears to have subsided.

### **Information Technology**

Moldova participated in ITC's Regional Business Roundtable for Economies in Transition on 'International Trade and Business Development in Information Technology', which took place in Portorose, Slovenia, in October 2000.

### **Additional Information, including Proposed ITC Activities**

A major project has been proposed over several years involving potential ITC collaboration with MEPO. The stages of the project preparation are as follows:

- In 2000, ITC, in co-operation with the Ministry of Economy and Reforms and the Moldova Export Promotion Organisation (MEPO), and based on the results of a needs assessment mission (October 1999); a project document entitled 'Strengthening Moldova's Export Capacities' was prepared. United Nations Development Programme (UNDP) in Chisinau and the Swiss Development Agency (SECO) were contacted for funding. The project included the following modules:
- Development of a Foreign Trade Strategy,
- Human Resource Development,
- Export Project and Market Development,
- Direct enterprise-level assistance,
- Promotion of organic products, and
- WTO and the Multilateral Trading System.

Based on the results of the needs assessment mission to Moldova (October 1999), and a needs validation mission (May 2003), ITC developed a proposal for a Technical Assistance project for Moldova which, depending on the donors' interest, could be included in the proposed regional programme entitled: 'Trade Promotion in South-East Europe', covering Romania and Bulgaria with inclusion of Moldova as an option. The programme included the following modules:

- Export Strategy, to help implement the Strategy Action Plan, making best use of existing and planned Free Trade Agreements with other Stability Pact members.
- Institutional infrastructure for foreign trade: strengthening the capacity of MEPO to efficiently provide up-to-date support services to enterprises.
- Functional modules, to strengthen the capacity of relevant TSIs such as AMA, (i.e. IPQM Quality Management, strengthen the capacity of specialised quality management

organisations to service the business sector's needs; and increase awareness about standards and conformity assessment issues in international trade (through ITC publication: 'Export quality management, and workshops on the Technical Barriers to Trade and Sanitary and Phyto-Sanitary Measures from a business perspective'; as well as creating accreditation bodies to meet international standards (training on International Organisation for Standardization).

- Training in foreign trade management, including training of trainers and foreign trade advisors; Packaging (recommendations for technical assistance in response to identified needs in packaging; and improved capabilities of specialised packaging organisations).
- Enterprise level assistance, Information Technology sector; Organic agriculture; Textile, garments and wooden furniture. Training and regional networking.

However, at the time of completion of this report in May 2005, funding was still not forthcoming, and if the project was to proceed in the future, it would likely need to be redesigned in light of the evolution of needs at that time, and of the forthcoming proposed project to support trade development and investment promotion by MEPO, which is to be supported by the EU.

## 1.4 Findings on Thematic Issues

### External Environment

#### Donor Perspectives

The following donors and multilateral or regional organisations are active in Moldova:

- EU, through Technical Assistance to Commonwealth of Independent States (TACIS);
- Germany, Deutsche Gesellschaft für Technische Zusammenarbeit, GTZ;
- Sweden, Swedish International Development Agency, Sida;
- United Kingdom, Department for International Development, DFID;
- United States Agency for International Development, USAID;
- World Bank Group;
- International Monetary Fund, IMF;
- European Bank for Reconstruction and Development, EBRD;
- United Nations Development Programme, UNDP;
- Japan International Co-operation Agency, JICA;
- International Fund for Agricultural Development, IFAD; and
- Swiss Agency for Development and Cooperation.

Although donors are widely represented, there is scope for further development of donor activities in terms of TRTA. Moldova is regarded as a priority country for some donors since it is relatively low income, but TRTA activity levels remain low due to factors such as the lack of absorptive capacity in the country and concerns about the investment climate.

Most key donors in Moldova were contacted to obtain their perspectives on TRTA in Moldova. Among the donors contacted were the EU, USAID, UK DFID, World Bank, Swiss Agency for Development Co-operation /SECO, EBRD and UNDP.

Donors indicated that Moldova was a priority country for technical assistance due to the low income levels, but in practice not many attached high priority to TRTA. Different donors have different approaches.

The EU is pursuing a broad policy of economic and political co-operation involving legal approximation, parliamentary co-operation, the new European Neighbourhood policy, and cross border co-operation. In terms of TRTA, the EU is supporting a 3 million euro project to support MEPO and the Moldovan Investment Development Agency, which has been merged with MEPO. This project is subject to international tender procedures and is expected to start during 2005 and the project duration will be two years. The EU is also preparing to support a project with a proposed budget of EUR 4 million to support WTO implementation and legal and economic reform to implement the EU-Moldova Partnership & Co-operation Agreement. For the EU, the projects to support MEPO and

the partnership agreement are intended to improve the economy through diversification of export markets and improvements in the quality of production and products. If these projects contribute to achieving more sustainable economic growth, this will serve to limit extreme poverty and social degradation.<sup>18</sup>

In contrast to the EU, USAID does not have projects focused on TRTA. USAID has a different and complementary approach to addressing rural poverty and sustaining economic development. USAID is focusing its major activities on rural development and development of Small or Medium-sized Enterprise (SMEs). Two flagship projects for USAID are the new Agricultural Development Programme and the Business Promotion and SME Development (BIZPRO) project to support SME development. Both are multi-year projects and BIZPRO has been ongoing for several years. The Agricultural Development Program is aimed at linking farmers to supply chains and to upgrade productive capacity in the farm sector. The objective of the BIZPRO Project is to increase the role of small and medium enterprises in the economy of Moldova by facilitating access of SMEs to business management skills and information; by supporting capacity building of business service providers; by strengthening of business associations; and by providing support to policy reforms to improve the enabling environment for business and by improving access to finance of SMEs. The TRTA activities of USAID are as support components of these two large multi-year projects.

EBRD is focused on the development of the financial sector and the improvement of legal instruments related to the functioning of capital markets. The EBRD activities related to TRTA are focused on trade finance.

Switzerland has some activities supported by Swiss Agency for Development and Co-operation and is considering increasing activities for economic co-operation supported by SECO. Switzerland had supported the initial project with ITC, to support the creation of AMA in the 1999-2001 period.

Donor awareness of ITC was low except for SECO, which has been involved in the discussion of the potential funding of the export promotion support project with MEPO. Donors did not identify the political tensions with Transnistria as a major issue at the present time because the situation seems to have stabilised into an uneasy truce. However, concerns were expressed about the overall investment climate for private sector development.<sup>19</sup> The investment disputes in the aviation and energy sectors were cited as examples of problems of arbitrary decisions by Moldovan authorities. In the development of agriculture and agri-food exports, the restrictions on foreign ownership of land were identified as negative. Issues such as the weak infrastructure for standards and quality management and the burdensome customs administration were seen as obstacles to export development and private sector development more generally.

---

<sup>18</sup> See European Commission, Country Strategy Paper 2002-2006: National Indicative Programme 2002-2003, p. 4.

<sup>19</sup> Tensions with Transnistria had flared up in 2004 over closure of Romanian schools but this was not regarded as likely to be a continuing problem.

### **Role of Trade Promotion Offices/Trade Support Institutions and Digital Divide Issues**

The TPO is MEPO and the other key Trade Support Institution (TSI) is the Chamber of Commerce and Industry (CCI) in Moldova (for more detailed description of these organisations please see Annex 1.)

MEPO is responsible for trade promotion and investment promotion. MEPO provides a broad range of services to Moldovan enterprises, primarily SMEs, including export market identification, training and consulting. MEPO is the trade point for Moldova and participates in the World Trade Point Federation, which supports a global electronic network for trade and business opportunities.

The main aim of the Chamber of Commerce and Industry of Moldova also provides a broad range of services to members in Moldova including business networking, training and support for legal arbitration

Both MEPO and CCI maintain sophisticated websites and deliver services to their members over the internet in English, Romanian and Russian. They each report that use of their website is growing and that members find the electronic services convenient. However, internet usage by SMEs in Moldova remains constrained by the reliance upon low-speed dial-up access, which is prevalent, and the limited e-readiness of many SMEs.

Aggregate data on internet users per capita indicates rapid increases from 2001 until 2003, but the level at 80 people per thousand remains low compared to other neighbouring economies<sup>20</sup>

### **Horizontal and Functional Themes**

#### *Use of Products and Tools from ITC's Department of Product and Market Development*

These are used to a very limited degree. MEPO does not subscribe to TradeMap, but there has been trial usage of Product Map. These types of products are not being marketed to MEPO clients. MEPO did express interest in using Department of Product and Market Development (DPMD) tools such as Trade Map, but lacked access to donor funds to subscribe and receive training in their use. Other TSIs seemed either not to be aware of, or be very interested in these tools.

#### *World Trade Net and Other Business Advisory Services*

Moldova participates in World Trade Net and Business for Development, but not very intensively. For example, two Moldovan participants took part in the following regional meetings organised under the Business for Development programme: Business for Cancun meeting, in Zagreb, July 2003 and Business for Development in Sofia in May 2004.

---

<sup>20</sup> World Bank, World Development Indicators 2004.

*International Purchasing and Supply Chain Management*

The training materials for International Purchasing and Supply Chain Management are utilised by AMA and as a TSI, AMA seems to be dynamic and well established. The Modular Learning System (MLS) is well established and is delivered on a regular basis by AMA in collaboration with the Higher School of Economics.

*SME Competitiveness*

There have not been any country specific activities in Moldova related to SME competitiveness except for those related to the ITC initiative International Purchasing and Supply Chain Management. The awareness of ITC tools for SME competitiveness is low.

*South-South/Development Concerns*

There are no ITC activities in this area for Moldova.

*Organisational and Management Aspects***Project Cycle Management**

Needs assessment was conducted by ITC for two projects in Moldova. The first project was the project for creation of AMA and the training of a group of specialists in purchasing and supply chain management. This project was developed expeditiously on the basis of the needs assessment and implemented quickly with funding from Switzerland in 1998. A self evaluation was conducted by the IPSM section of ITC and the Swiss partner organisation in late 2000 and early 2001.

The second project subject to a needs assessment was the project for Strengthening Export Capacity. The project proposal for Strengthening Export Capacity with MEPO has been under development for four years, but it was not funded. The needs assessment has been revalidated and the project design has been adapted, but the project has not been funded to date.

**Budgetary and Funding Issues**

The project for Strengthening Export Capacity was developed and yet never funded. The Global Trust Fund of ITC has been important in sustaining some minimal level of activities to provide some continuity of programming with AMA as follow-up to the project for creation of AMA.

## 1.5 Country Level Evaluation

### Performance Regarding the Five Evaluation Criteria

#### *Relevance*

Rating 3.5 out of 4.0

ITC products are regarded as relevant to Moldovan needs and the activities of ITC are regarded as practical and relevant to the beneficiaries or potential beneficiaries in the TSIs. More customisation in the delivery of ITC products and training activities is regarded as desirable. More training in the use of the tools of ITC would also increase their use and dissemination. Regionally-oriented activities and projects are appreciated because of Moldova's needs to trade and to network with its regional partners.

The range of regional and country specific activities of ITC in Moldova is limited, but the relevance of projects/activities is high, because they address significant needs. The World Trade Net activity has been relevant in supporting the understanding of the Multilateral Trading among the private sector and the dialogue between the private sector and the government subsequent to accession to the WTO. The International Purchasing and Supply Chain Management programmes have served a need in supporting new sourcing patterns for enterprises that have been undergoing the transition from state-owned enterprises to commercial enterprises.

The relatively high rating for relevance or at least the potential relevance of ITC tools and services is confirmed by the Government's development strategy. As was noted earlier, the Economic Growth and Poverty Reduction Strategy of Moldova attach high priority to the promotion of exports and the strengthening of export capacity of SMEs.

#### *Efficiency*

Rating 3.0 out of 4.0

Efficiency is regarded as high by ITC partners in the country. ITC activities are regarded as well organised and the products and services are regarded as being useful, practical and of good quality. Moldovan participants have found the regional activities and networks of ITC to be useful and a valuable source of information. ITC seminars are regarded as better than, and more practical than, other international organisations such as the OECD or United Nations Conference on Trade and Development (UNCTAD). ITC participated in one of the OECD workshops, but this perception did not seem to apply to the ITC participation in that workshop.

Clearly, the main project activity of ITC in Moldova was the project to support the development of AMA. This project was developed rapidly and seems to have been delivered quickly with good quality. The cost for the initial project at USD 539,380 was quite expensive (Project Programme de formation d'acheteurs et d'acheteurs vacataires MOL/61/68A). The Evaluation does not have detailed cost information, apart from the overall budget in the project document, which was repeated in the self evaluation conducted by the IPSM section in collaboration with l'Association Suisse des Achats et Ap-

provisionnements, the project partner in Switzerland. The following observation was made in an internal memorandum:

*“Equally, whilst the per capita cost of training 20 Moldovan specialists may appear high, it has to be borne in mind that these trained specialists are expected to train other Moldovan specialists and thus multiplying the results of this project. Thus for example the above-mentioned recent meeting in Budapest has confirmed that specialists trained in the framework of these training projects, financed by the Government of Switzerland, have – over of five years – trained about 470 national specialists in their countries. Considering this number, the cost of training national specialists who become trainers themselves is not too high.” / Source: SP/nm 10.12.1998. Note for the file: Consultations with representatives of the Permanent Mission of Moldova in Geneva.”*

The training model for training in Switzerland on Purchasing and Supply Chain Management in 1998 certainly seems to be expensive, so the Evaluation rates it relatively low for cost efficiency. The training model of bringing the participants to Switzerland for an extended period was expensive in subsistence costs for the participants. Analysis done by the Evaluation of training costs suggests that given the number of participants and the length of the training, it would have been more cost-efficient to send the trainers to Moldova for at least a portion of the course. Since some of the trainers were drawn from private industry in Switzerland, it would have been necessary to reduce the number of trainers. However, a better balance might have been struck in terms of training in Moldova as opposed to training in Switzerland. It should be noted that the original project was organised and implemented quickly, after the needs assessment had identified the need and the delivery in Switzerland, which seems to have facilitated the quick response.

Efficiency is high, and with the limited range of activities undertaken, the various activities transform well resources (inputs) into outputs. The World Tr@de Net activities seem to have been well received and some of the seminars are well perceived. ITC publications and tools are considered useful. The ongoing partnership with AMA seems to have been very successful.

### *Effectiveness*

Rating 3.5 out of 4.0

There is a perception by some stakeholders that ITC products and services are useful but that there needs to be more follow-up on project activities. The visibility of ITC products and services is low and the presence in the country is limited. The stakeholders regard the effectiveness as limited, because apart from AMA, there is a lack of regular follow-up. AMA rates the effectiveness of ITC significantly higher than do the other TSIs. Since AMA is the most significant project activity for ITC in Moldova, the effectiveness rating is determined on the weighting of 75 % for AMA and 25 % for other regional projects.

The dissemination of ITC tools and publications is very limited. The Word Tr@de Net activities and publications are useful but the dissemination is low. The most successful activity of ITC is the partnership with AMA. The strategy of training of trainers has been effective and AMA is actively conducting training in purchasing and supply chain management, using the Modular Learning System tools pro. The repeated provision of training courses by AMA and the large number of graduates indicates the project is achieving the objectives. As was noted in the discussion of efficiency, the unit cost of the initial project to train the group of trainers for AMA had relatively high unit costs. However, the

project has achieved its intended results and trained a large number of individuals in Supply Chain Management. Thus, the cost effectiveness rating is good in terms of achieving results, despite relatively high initial costs.

### *Impact*

Rating 3.5 out of 4.0

There is considerable disappointment about the lack of progress in funding the larger project on Strengthening Export Capacity with ITC. Overall the impact of ITC activities is regarded as low except in the case of AMA, where the ITC training and support for AMA has led to a relatively effective and dynamic TSI, which is continuing ongoing training activities. AMA is also collaborating with the Academy of Economic Studies on training in the field of purchasing and supply chain management.

The only ITC activity to have significant impact in Moldova is the ITC partnership with AMA. Through its own efforts and through the collaboration with the Higher Economic Academy, a significant number of managers in enterprises have received training in Purchasing and Supply Chain management over several years. This has been relevant for the development of SMEs and for the re-orientation and re-structuring of State Owned Enterprises, as well as for improvement of management of public services.

### *Sustainability and Outreach*

Rating 3.0 out of 4.0

There is a similar split in perspective on the ITC with respect to sustainability. For the AMA project it is high – since there has been a sustained continuation of the positive results after the project has been completed. AMA will continue to benefit from partnering with ITC and using the tools and training materials, which it has adapted, but it has achieved a degree of sustainability for a non-profit organisation. For other TSIs, however, the sustainability and outreach of ITC support is regarded as low, although CCI seems to be a viable – if low key – partner for World Trade Net.

The World Tr@de Net activity seems to be sustainable but at a low level of activity. AMA appears to have achieved a significant measure of sustainability, but still benefits from partnership with ITC. Outreach activities could certainly be increased.

**Table 3. Summary of Project Ratings in Moldova**

	Relev- ance	Efficiency	Effectiv e-ness	Impact	Sustainability and Outreach
Programme de formation d'acheteurs et d'acheteurs vacataires	4	3	4	4	3
Development de cooperation entre AMA et l'Universite Technique de Moldova	4	3	4	4	3
Development des capacities d'un association d'achats et d'approvisionnement	4	3	3	3	NA
“Export Development and Trade Promotion for the Republic of Moldova”	4	3	NA	NA	NA
Business Development and the WTO Agreements (World Tr@de Net)	3	3	3	2	3
Overall	3.5	3.0	3.5	3.5	3.0

Note that the overall ratings are rounded to 0.5 and that the weighting is greater for the main initial AMA project.

## Strengths Weaknesses Opportunities Threats (SWOT) Analysis

**Table 4. SWOT Analysis Moldova**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• High quality of ITC services, good perception of ITC tools and good relationship with TSIs.</li> <li>• Funding of activities from the Global Trust Fund has maintained some continuity of ITC involvement.</li> </ul>	<ul style="list-style-type: none"> <li>• TSIs would prefer to work with ITC on a more regular basis than presently.</li> <li>• Dependence on bilateral funding from donors for country-specific projects.</li> </ul>
<b>Opportunities</b>	<b>Threats or Barriers to ITC performance</b>
<ul style="list-style-type: none"> <li>• Support to export promotion, trade diversification, and improving export quality are identified as priorities in the Government's development strategy and this is supported by some donors.</li> <li>• The demand for TSI services in Moldova has increased over the last five years in the following areas of trade related technical competence:</li> <li>• Export strategy, Product &amp; Market development, Market analysis, Export packaging, Legal aspects, and Supply chain management.</li> <li>• TSIs consider that the demand will grow in future in the following areas of Trade Related Technical competences:</li> <li>• Standards and quality management, Multilateral trading system, Trade in services, Export packaging, Institutional infrastructure (one of the most important), In-companies consultations in Supply Chain Management Area, Market analysis and strategic market research, and E-commerce.</li> </ul>	<p>TSIs face the following constraints in meeting the demand from enterprises for support services:</p> <ul style="list-style-type: none"> <li>• Lack of timely information</li> <li>• Lack of information for specific regions, sectors or enterprises</li> <li>• Financial, technical constraints</li> <li>• ITC tools are regarded as relevant to these needs but more support and training are needed if they are to be utilised by TSIs and disseminated to the SMEs.</li> </ul>

The key challenge for ITC is to translate the high priority attached by the government to strengthening export capacity through export promotion and improving export quality; and the relatively good relationship with the TSIs into projects that can receive funding from donors. The Global Trust Fund has supported some modest activities that provide for some continuity and follow-up on the projects in Moldova. The dependence on bilateral donors to fund country-specific projects is a key weakness for ITC.

## 1.6 Conclusions and Recommendations

### Conclusions

The projects to support the creation and development of AMA in Moldova have been a relatively successful series of projects for ITC. The support to AMA has been the major country-specific activity of ITC and the basic concept was training of trainers and development of training in Moldova. The key to the success is that the AMA has been able to develop a market for its training services and is reaching a large number of trainees. The fact that a steady stream of people from enterprises and the public sector are being trained helps to ensure that the capacity building is diffused throughout the economy. The stream of trainees paying fees provides a measure of sustainability for AMA. At the same time the very modest funds that have been allocated by ITC over the past four years have served to support the development of AMA. The total funds expended amount to less than USD 40,000, but the results have been significant. This modest funding has supported the development of AMA and helped to ensure that results were achieved from the significant initial investment in the creation of AMA.

The proposed project to support export capacity building with MEPO has been a source of disappointment in Moldova. ITC has conducted a needs assessment and prepared a project proposal more than four years ago. The needs assessment has since been updated and a revised proposal prepared, but despite the repeated efforts, the project has not been funded by donors.

Global and regional ITC projects such as World Tr@de Net are regarded as useful by stakeholders in Moldova, but the overall impact is limited. The World Tr@de Net is reasonably well established but the level of activity in the local network remains low. The limited capacity in the private sector has the consequence that interest in the Multilateral Trading System tends to be triggered by particular events such as the completion of Moldova's accession to the WTO. The accession of Ukraine and Russia to the WTO could stimulate private sector interest in the Multilateral Trading System in the future.

Moldova is an economy that is well positioned to benefit from ITC projects to support TSIs. Export development and diversification are key priorities for the Government of Moldova. Paradoxically, the poor investment climate increases the potential role of SME development in the economy since the limited inflow of FDI prevents FDI from transforming the economy through the introduction of new technologies. Since the poor and women are active in the labour force, export development leading to employment creation could have significant effects on poverty alleviation and improve the economic status of women. Such employment creation would be an alternative to legal and illegal emigration, which is the option followed by many in recent years.

To the question 'What additional types of services would seem relevant for ITC to provide you?' the following responses were received from TSIs:

- Standards and Quality Management in order to improve export quality;
- Strategic analysis of trading and export opportunities;

- Strengthening networks nationally, regionally and globally;
- Training services and modules;
- In-company consultancy, specifically in export promotion and product development;
- Involvement of organisations' consultants in international projects and training.

Certainly Standards and Quality Management has been indicated as a key priority for Moldova, if Moldova is going to increase export sales to the EU and other high income markets; and if it is going to increase sales into adjacent markets in Eastern Europe.

### **Recommendations for Future Action**

#### **Recommendations for Management**

ITC has been successful in its partnership with AMA and after the initial project investment; AMA has achieved much with relatively limited resources. The ITC should seek to sustain this partnership and to continue the collaboration on a modest scale.

ITC needs to work with TSIs on more regular basis. Awareness of many ITC publications, tools and services could be better, and as a result, usage higher – additional efforts should be made in this direction. Tools and publications of ITC could be promoted more actively with the TSIs, at relatively low cost.

ITC needs to build on its relationships with TSIs in Moldova and to develop a strategy to support trade development that is complementary to some of the projects of larger bilateral donors, notably the EU and USAID. If one donor is not willing to support a large project for supporting export development, perhaps two or three donors could be found or a smaller project could be developed. There seems to be donor support to meet the identified needs for TRTA, but this has not been translated into specific projects in recent years. Or at least it has not been translated into a country-specific project for ITC. A larger country specific project in Moldova would provide training for TSIs and support greater dissemination and utilisation of ITC tools.

ITC needs to leverage its networks both regionally and globally in its activities in Moldova. ITC networks are well regarded in Moldova, but the participation is limited.

#### **Recommendations for Strategic and Cross-cutting Issues**

The strong linkage between potential expansion of exports and poverty reduction in Moldova indicates that more efforts need to be made to track results achieved by ITC projects, and to determine whether the projects are achieving results:

- in building the capacity of TSIs;
- strengthening the export capacity of SMEs; and
- contributing to poverty reduction objectives.

Relatively little information is available on the impacts of the potential results of ITC interventions on gender. In Moldova some of the agro-food and light manufacturing industries with export potential are significant employers of women. Greater efforts need to be made to collect data on the incidence of export expansion on gender, and to assess the results achieved in terms of their contribution to improving the economic status of women.

The dependence upon bilateral funding for country-specific projects to support the work of TSIs is a major challenge for ITC. Although the issue of funding modalities is a larger question that will be addressed in other parts of the Joint Evaluation, the experience in Moldova indicates that at least some modest funding from a vehicle such as the Global Trust Fund for ongoing capacity development of TSIs, could lead to a more sustained presence of ITC in the country, and aid the dissemination and diffusion of ITC tools.

**Annexes**

- Annex 1. ITC Partners in the Country
- Annex 2. Description of Projects Evaluated
- Annex 3. Participation in International Organisations
- Annex 4. List of Contacts
- Annex 5. List of Data Sheets

## Annex 1. ITC Partners in the Country

### Moldovan Export Promotion Organisation, MEPO

#### *Mission*

The Moldovan Export Promotion Organisation (MEPO) is a parastatal organisation providing services to businesses and enterprises. MEPO provides technical and strategic information on international trade and on Moldova's business climate. MEPO represents and supports all significant exporters and importers. MEPO also helps foreign investors to gain simple and low-risk entry into Moldovan business.

#### *Objectives*

- **Export Development**  
*to help individual enterprises achieve profitable export sales by providing them with information, advice, training, and enabling finance for export activities.*
- **Investment Promotion**  
*to promote foreign direct investment and its role as the main stimulus for the development of the Moldovan economy.*
- **Human Resource Development**  
*to deliver training seminars in investment and export promotion techniques to Moldovan companies, increasing their management and employees' capacities.*
- **Policy Analysis**  
*to raise the importance given by Government and by the business community to sound market principles and to establish an open trade economy.*
- **The Information Centre**  
*to provide relevant, timely and affordable information on trade and investment issues.*

#### *Additional information*

MEPO was founded in 1999 and is ITC's partner in Moldova. Main MEPO activities are export consulting, training, the supply of trade information, investment facilitation, and policy advice to government. MEPO had a staff of 22 in 2003, four of which were senior and 18 consultants. There are no MEPO regional branches. The top services provided by MEPO are:

- Tools (practical guides, methodologies, benchmarking, assessment tools),
- Information sourcing (all, but not including e-shop),
- Training services and modules (Training types: Formal, In-company and Sectoral),
- Networks (all types),
- Programmes, initiatives & projects, and
- Advisory.

*Networks MEPO is affiliated with:*

National Networks:

- Chamber of Commerce and Industry of Moldova
- The Association of Wine Exporters of Moldova

### **International Networks:**

ITC

- Enterprise Ireland
- Hungarian Investment and Trade Development Agency
- St. Petersburg Development Fund
- Hellenic Export Promotion Organisation
- Slovenian Export Promotion
- Romanian Foreign Trade Centre
- Japan International Co-operation Agency.

The partnership between MEPO and ITC started from the collaboration between ITC and the Ministry of Economy. MEPO has been working with ITC for four years.

MEPO's interest in working with ITC is:

- Information
- Networking
- Technical Assistance

### **Chamber of Commerce and Industry of the Republic of Moldova**

#### *Objectives*<sup>21</sup>

The major objective of the Chamber of Commerce and Industry of the Republic of Moldova (CCIRM) is to support the business community in domestic affairs in Moldova; as well as to represent the concerns of its members in the system of external economic relations of the Republic of Moldova, and in the relations of its members with governmental authorities and foreign business circles.

Among the specific objectives of the Chamber are the following:

- To promote commerce and industry at the domestic and external levels, and to support economic agents of the Republic of Moldova in their relations with public authorities of the country and specialised foreign organisations.

---

<sup>21</sup> Source of information: <http://www.chamber.md/en/index.shtml?ccirm/about>

- To promote the development of various kinds of business activity, taking into account the interests of all economic agents, branches of the national economy, and specific territories of the country.
- To participate in the elaboration of normative acts affecting the business interests or aimed at obviating obstacles and restrictions concerning market economy operations, which are not stipulated by the public law norms. To render assistance regarding business contacts between the subjects of the enterprise activity and organisation of their co-operation with the state authorities.
- To organise professional training and improve professional skills of its members.
- To provide businessmen with necessary information and consultations.
- To promote the development of foreign trade and export of goods and services.
- Other objectives.

*Additional information*

The year of foundation was 1972. There were 145 staff in 2003. The Chamber of Commerce and Industry has 10 branch offices. The top five services provided by CCI are:

- Public jurisdiction
- Marketing, consulting, information services
- Organising business missions, fairs, exhibitions
- Advertising, publishing
- Training

*Networks CCI is affiliated with:*

National Networks:

- State Customs Department
- State Registration Chamber

International Networks:

- Black Sea Business Information Network
- CCI Expert for CIS countries
- Data base of Investment Projects of the Process of Co-operation of Danube Region

ITC initiated the partnership with the CCI and they have been working together since 1997. CCI's main interests in working with ITC are:

Business co-operation in the framework of international projects

Possibilities of training of CCI staff

For more information related to CCI and CCI co-operation, please see 2.2.1 Questionnaire TSI/CCI.

**Moldovan Association of Purchasing and Supply Management, AMA***AMA Objectives*

To create a better understanding among enterprises of the importance of the Supply Chain Management Process.

To increase the level of qualification of specialists involved in purchasing and supply chain management.

*Additional information*

The AMA was created by ITC and the year of foundation was 1998. The number of AMA members and staff in 2003 was 41 (three senior staff and 38 associates). AMA does not have regional branches.

Main activities are:

- Seminars
- Training courses (short-term, medium-term)
- Round tables
- Conferences
- Consulting services to enterprises

AMA's interests in working with ITC are:

- Promotion and distribution of ITC's knowledge in the supply management field to Moldovan end-users.
- To increase the level of AMA member qualifications in Purchasing and Supply Management.

## Annex 2. Description of Projects Evaluated

1. Programme de formation d'acheteurs et d'acheteurs vacataires. MOL/61/68A  
Funding Source: ITC bilateral donors Trust Funds; Donor (s): Switzerland; Project Value (USD) excluding Support Costs<sup>22</sup>:

Table 2.1 Project Budget for AMA Creation Project

Year	Total
1998	498,000
2001	18,438
2002	5,170
2003	17,079
2004	722
2005	0
Total	539,409

Project Objective: To train a core of Moldovan purchasers in IPSM techniques, create a local IPSM training capacity and assist in setting up a Moldovan Purchasing association.  
Beneficiary country: Moldova (100%)

Achievements and Deliverables in reverse chronological order include:

2005: There was a dissemination seminar for the SME pilot project

2004: Core activities were completed as of December 2003. The remaining funds were used in May 2004 to organise an IPSM symposium in Chisinau, in partnership with AMA and the Academy of Economic Studies.

2003: Joint activities (seminars and training of students), were developed by the AMA, in partnership with the Academy of Economic Sciences of Chisinau.

2002: Further to the recommendations of the 2001 self-evaluation, and to the project's objective to create a core of IPSM experts, consulting activities were implemented to strengthen local capabilities. AMA was involved in a small project aimed at restructuring the supply chain management of a local SME as a pilot project, which could be replicated in other SMEs. The activities launched with ITC were to support the capacity for the efficient management of purchasing operations, along with the smooth management of sourcing of supplies. The activities were also intended to pave the way to the introduction of an integrated management system for this SME.

<sup>22</sup> Support Costs refer to a charge on extra-budgetary resources that the ITC utilises to cover administrative costs and to hire additional temporary staff.

2001: From its creation in mid-1998 until the end of 2001, AMA organised 20 seminars on major themes related to supply chain management and purchasing. Around 500 people have been trained, thus enhancing AMA's role and developing the training capacities of its members. In March 2000 AMA was set up free of charge in fully equipped premises and staffed with a secretary. The use of these premises has been extended until March.

2003: In November 2001 AMA began 60 hours of IPSM training for students finishing their mechanical engineering studies at the Technical University of Chisinau. In addition to the use of Achat 2000 and Achat source de profit translated into Romanian and Russian, AMA has developed specific teaching materials for the university. This material has been reviewed and certified; and AMA has obtained all the necessary credentials to teach at the university. The fees paid by the University for this training are contributing to AMA's sustainability.

1999: From January to December 1999 AMA organised eight seminars on major themes related to the management of supply chain and purchasing activities, thus enhancing the visibility of the association and developing the training capacities of its members. A one-week seminar was organised by the ITC to improve further the training skills of the Moldovan trainers.

A special training session was organised by the ITC in October 1999 to inform and advise AMA on the logic and interest of establishing a business plan. AMA was convinced by this approach, and the core members decided to draft a three years business plan, covering the years 2000-2002.

2. Development of Co-operation between AMA and Technical University of Moldova  
Institution involved: AMA. Starting: April 2001 Closing: April 2003. Source of funds: ITC. Reasons for developing the project: are related to developing AMA's training capacities in the IPSM field and to start a possible co-operation between AMA and the Technical University (TU).

Objective(s) of the project:

- Improve AMA's capacities in training field.
- Training of 25 people in Supply Chain Management activities; initiate them in AMA activity.
- Distributing of Supply Chain Management materials, discussing the practical aspects of implementing the international procedures in Supply Chain Management in Moldovan enterprises.

Major outputs of the project:

- Printed materials in Supply Chain Management field.
- Access of participants to the printed information of AMA, also to the websites of ITC and other Supply Chain Management associations abroad.

- Two AMA consultants provided assistance in adapting international procedures in Supply Chain Management to Moldovan realities.
- 20 hours training was dispensed.

The project was initiated by AMA and supported by ITC; it was jointly designed by AMA and the Technical University of Moldova.

### 3. Développement des capacités d'une association d'achats et d'approvisionnement INT/W3/92A

Source of funds: ITC Global Trust Fund Window 1; Donor (s): Global Trust Fund (W1-3); Project Value (in USD without Support Costs):

Table 2.2 Budget for the SME Pilot Project

Year	Total
2003	12,705
2004	6,372
2005	392
Total	19,469

Brief description: Development of Consulting Capacity in Purchasing & Supply Management in Moldova by means of a pilot project. The project develops specialists attached to the Association Moldave d'Approvisionnement (AMA).

Beneficiary country (ies): Moldova, Republic of (100%)

Achievements in reverse chronological order:

2005: Project has been successfully completed. The last activity (round table explaining the methodology used and results achieved) was carried out in September 2004.

2004: Technical activities of this project can be considered as completed. The last activity took place in September 2004 (round table in Chisinau), where the project's results and outputs were presented to:

- the donor community present in Moldova,
- business sectoral associations.

This IPSM project attracted attention, as it is a good example of a "learning by doing" approach.

2003: Restructuring of the supply chain of a Moldovan enterprise, training through this project of the AMA in the consulting field.

4. Technical assistance: "Export Development and Trade Promotion for the Republic of Moldova" MOL/.../01/A/62.

Project status: Preparation. Institutions involved: Moldovan Export Promotion Organisation (MEPO) and Ministry of Economy of Moldova. Potential Source of funds: SECO. Reasons for developing the project reside in the need to improve country trade infrastructure, in capacity building needs of Moldovan companies in export promotion; and in the need for capacity building in specific sectors.

*Objectives of the project:*

- Export strategy improvement,
- Build and improve institutional infrastructure for foreign trade; provide assistance in export development of Moldovan companies at sectoral and company level, and
- Training in trade development for public institutions and private companies.

5. World Trade Net (business and the 'Doha Development Agenda'). INT/W2/10A.

Note that this is a regional project and Moldova is one of 51 beneficiaries.

Source of funds: ITC Global Trust Fund Window 2; Donor (s): Global Trust Fund (W2);

Project Value (in USD without Support Costs):

Table 2.3 Budget for World Tr@de Net

Year	Total
2002	625,945
2003	689,941
2004	1,239,284
2005	619,624
Total	3,174,794

Brief description: The programme aims to develop and strengthen the capacity of the business sector in developing and transition economies, to analyse and address the changes of the international trading environment resulting from the implementation of the WTO Agreements. Within the context of the Doha Development Agenda, the World Tr@de Net aims to strengthen the capacity of the business sector in developing and transition economies to:

- Analyse and address the changes of the international trading environment resulting from the implementation of the WTO Agreements;
- Contribute meaningfully to the negotiations through dialogue with the public sector.
- Website: [www.intracen.org/worldtradenet](http://www.intracen.org/worldtradenet)

Table 2.4 World Trade Net Beneficiary Countries:

Africa (10%)	Arab (6%)	Asia (24%)	ECIS (34%)	LAC (26%)	LDCs
Lesotho 2%	Egypt 2%	Bangladesh 3%	Albania 2%	Argentina 2%	Bangladesh 3%
Malawi 1%	Jordan 2%	Bhutan 2%	Armenia 2%	Brazil 2%	Bhutan 2%
Mozambique 1%	Oman 2%	Cambodia 3%	Belarus 2%	Costa Rica 2%	Cambodia 3%
Nigeria 2%		Malaysia 2%	Bosnia and Herzegovina 2%	Cuba 2%	Haiti 2%
Senegal 1%		Mongolia 2%	Bulgaria 2%	Dominican Republic 2%	Lesotho 2%
Swaziland 2%		Nepal 2%	Croatia 2%	El Salvador 2%	Malawi 1%
Zambia 1%		Pakistan 2%	Estonia 2%	Guatemala 2%	Mozambique 1%
		Philippines 2%	Hungary 2%	Guyana 2%	Nepal 2%
		Sri Lanka 2%	Kazakhstan 2%	Haiti 2%	Senegal 1%
		Thailand 2%	Kyrgyzstan 2%	Honduras 2%	Zambia 1%
		Viet Nam 2%	Latvia 2%	Jamaica 2%	
			Lithuania 2%	Nicaragua 2%	
			Moldova 2%	Trinidad & Tobago 2%	
			Romania 2%		
			Tajikistan 2%		
			Ukraine 2%		
			Uzbekistan 2%		

6. Business development and the WTO agreements (World Trade Nets). INT/W2/05A  
 Note that this is a regional project and Moldova is one of many beneficiary countries.  
 Source of fund: ITC Global Trust Fund Window 2; Donor (s): Global Trust Fund (W2);  
 Status: CF; Project Value (in USD without Support Costs):

Table 2.5 Budget for Business for Development

Year	Total
2001	373,960
2002	601,630
2003	-12,209
2004	-12,341
Total	951,040

Business Development is closely linked to the World Trade Net programme described above, and supports the network of World Trade Net with:

Beneficiary country(ies): Albania, Armenia, Bangladesh, Belarus, Bosnia and Herzegovina, Bulgaria, Cambodia, Costa Rica, Croatia, Cuba, El Salvador, Estonia, Guatemala, Haiti, Honduras, Hungary, Jamaica, Jordan, Kazakhstan, Kyrgyzstan, Latvia, Lesotho, Lithuania, Malawi, Malaysia, **Moldova, Republic of**, Mongolia, Mozambique, Nepal, Nicaragua,

Oman, Pakistan, Philippines, Romania, Sri Lanka, Swaziland, Thailand, Viet Nam and Zambia.

**Annex 3. Participation in International Organisations**

United Nations (UN)	Parliamentary Assembly of ECBSA	GRECO
European Council	Inter Parliamentary Assembly of CIS	International Financial Corporation
Central European security organisation (CESO)	Inter Parliamentary Union	International Civil Protection Organisation
WTO	Parliamentary Assembly of Francophony	Multilateral Agency for Investments Guarantee
Food and Agriculture Organisation (FAO)	ERDB	UNIDO <sup>23</sup>
International Labour Organisation (ILO)	IRDB	European Cultural Convention
ECBSA	Black Sea Trade and Development Bank (BSTDB)	World Intellectual Property Organisation
CEI	SDBEC	International Telecommunications Union
Executive Committee of CIS	Venice Commission attached to EC	World Post Union
UNESCO	UNDP	International Maritime Organisation
World Tourism Organisation	INTOSAI	International Vine and Wine Office
World Health Organisation	EUROSAI	World Customs Organisation
Regional Conference of Danube Navigation	International Civil Aviation Organisation	International Chamber of Commerce
Intergovernmental Francophony Agency	INTERPOL	Eurochambers
MIR TV Radio Company (CIS)	Radio-television EU	CCI Association of Black Sea Economic Cooperation Countries
Parliamentary Assembly of CESO	International Standardisation Organisation	UNO Framework Convention for Weather Changes
CIS Economic Court	CIS Statistics Committee	CIS Crime Fighting Office
Convention for Danube River Sustainable Use Protection	Energetic Chart Conference	International Scientific Association Council

<sup>23</sup> United Nations Industrial Development Organisation

**Annex 4. List of Contacts**

Ms. Ludmila Paskal - Head, Division for Cooperation with International Organisations  
Mr. Mihai Bilba – Director Foreign Relations and International Cooperation Department  
Mr. Sergiu Harea – Head of Marketing & Consulting Department  
Chamber of Commerce and Industry of the Republic of Moldova (CCIRM)  
151, Stefan cel Mare str., MD 2012,  
Chisinau, Republic of Moldova  
Tel: (+373 22) 224983  
Fax: (+373 22) 221391  
Email: [foreign@chamber.md](mailto:foreign@chamber.md)

Mr. Simion Boran  
Director General  
Ministry of Commerce  
B-dul Stefan cel Mare 69,  
Chisinau, Moldova  
Tel: (+ 373 22) 27 80 39

Mr. Octavian Calmic  
**Head of the WTO and Trade Division**  
Ms. Stella Melnic  
Head International Co-operation  
Ms. Aurelia Zaporojan  
Senior Officer, International Co-operation  
Ministry of Economy and Reforms  
Department of Foreign Economic Relations  
Piata Marii Adunari 1,  
Chisinau, MD 2033,  
Republic of Moldova  
Tel: (+373 22) 234628/233656  
Fax: (+373 22) 232341

Mr. Veaceslav Sterbet - Executive Director  
Ms. Liliana Munteanu - Vice Executive Director  
Mr. Serghei Ghetiu - Director Investment Promotion  
Moldovan Export Promotion Organisation (MEPO)  
65, Alexei Mateevici str., MD-2009,  
Chisinau, Republic of Moldova  
Tel.: (+373 22) 273654, 245051, 242055  
Fax: (+373 22) 224310  
Email: [mepo@mepo.net](mailto:mepo@mepo.net)  
[www.mepo.net](http://www.mepo.net)

Mr. Vladimir Grosu  
President of AMA  
Mr. Anatolie Ignat - Representative of AMA  
Mr. Ion Negru - Representative of AMA  
Moldovan Association for Supply Management (AMA)  
59 B.Bodoni Str., B809,  
Chisinau, Republic of Moldova  
Tel/Fax: (+373 22) 238058  
Email: ama@moldovacc.md

Prof. Grigore Belostecinic  
The Rector  
Ph.D. in Economy, University Professor  
The Academy of Economic Studies of Moldova  
61 Banulescu-Bodoni Str.,  
MD-2005, Chisinau,  
Republic of Moldova  
Tel: (+373 22) 224128  
Fax: (+373 22) 221968

Ms. Fiona McLean  
Head of Office  
Delegation of the European Commission to Moldova  
Tacis Branch Office  
22 Corobceanu street, Chisinau, MD-2004,  
Republic of Moldova  
Tel: (+373 22) 235481  
Tel/Fax: (+373 22) 232871  
<http://www.eumoldova.org>

Mr. Sergiu Buruiana  
NPO Civil Society  
Swiss Agency for Development and Co-operation  
70 Mateevici Str., Chisinau, MD 2009,  
Republic of Moldova  
Tel: (+373 22) 238139, 234389  
Fax: (+373 22) 234247  
[www.sdc.md](http://www.sdc.md)

Mr. Octavian Costas  
Associate Banker  
Resident Office, Chisinau, Moldova  
European Bank  
for Reconstruction and Development  
Room 309, 31 August 1989 Street, Chisinau,

MD-2012, Moldova  
Tel: (+373 22) 10000, 210001  
Fax: (+373 22) 10011  
Email: [costaso@kiv.ebrd.com](mailto:costaso@kiv.ebrd.com)

Mr. John Warner  
Counsellor  
USAID  
57/1, Banulescu-Bodoni Street  
ASITTO Building, 5th Floor  
Chisinau, Moldova 2005  
Tel: (037322) 20-18-00  
Fax: (037322) 23-72-77

**Annex 5. List of Data Sheets**

Country Data Sheet

Sector Data Sheet

TSI Data Sheets:

MEPO

AMA

Chamber of Commerce

Donor Data Sheets:

SIDA

WBG

DFID

IFC

TACIS

EBRD

Swiss Agency for Development Co-operation

USAID

End User Data Sheet

Milestii Mici

Project Data Sheets:

- Développement des capacités d'un association d'achats et d'approvisionnement  
INT/W3/92

Développement de coopération entre AMA et l'Université Technique de Moldova

Technical assistance: "Export Development and Trade Promotion for the Republic of Moldova" MOL/.../01/A/62

Business Development and the WTO Agreements (World Trade Nets) INT/W2/05A

World Trade Net (Business and the 'Doha Development Agenda') INT/W2/10A