



SDC IED

Expert Team Inclusive Economic Development

COVID-19 Special Series

Good Practices Learnt by SDC Projects in Responding to COVID-19

Series Case No 2

TURNING THE COVID-19 CHALLENGES INTO OPPORTUNITIES: HOW THE OPTIM PROJECT SUPPORTED INNOVATIVE SOLUTIONS IN THE ICT AND AGRI-FOOD SECTORS IN MOLDOVA

COUNTRY	MOLDOVA
PROJECT	OPTIM, 7F-09817
PERIOD	2019-2022
THEME	PRIVATE SECTOR DEVELOPMENT



Background

The *Opportunities through Technologies and Innovation (OPTIM) Project* (2019 - 2022) is funded by the SDC and implemented by Helvetas in partnership with the Chamber of Commerce and Industry of Moldova and Mesopartner. It aims to stimulate Moldova's market systems and to generate better economic opportunities for women and men, particularly among excluded groups. To achieve this impact, the project works on improving the performance of the businesses in selected sectors and puts in place structures and services that enable the project's target group to take up the resulting opportunities.

OPTIM has selected two sectors, namely the information and communication technology (ICT) and the agri-food sector. Furthermore, the project has chosen to focus also on bottom-up policy and advocacy work. The sectors are entry points for addressing broader systemic constraints. Agri-food is the most significant sector in Moldova, both in terms of share of GDP and number of people involved. But ICT is the fastest-growing sector with the highest salaries and offers possibilities for remote work and therefore opportunities for people from rural areas or with disabilities to engage in this sector.

Impact of COVID-19

The Covid-19 pandemic impacted the two sectors, which the project has selected, in different ways:

- The state of emergency has caused a **limitation in food supplies**, which affected markets, malls, and restaurants. With the imposed restrictions, the first organic farmers' market, established in June 2018, had to close until further notice. The closure of the market is an existential threat for most people – it is an economic backbone and many food producers have lost their only source of income. Its closure also poses a serious problem because it disrupts a complex web of interactions among producers, input providers, transportation agencies, processing plants, etc. Restrictions and quarantine measures limited farmers' access to inputs and output markets, reducing productive capacities and denying a point of sale for produce.
- In the ICT sector, the pandemic led to a significant disruption in the provision of **IT-based skills development** and mobility opportunities for learners and training providers. The crisis has caught the education system unprepared. However, training institutions that understand the required change are adapting as fast as they can. This includes non-formal private training providers, who until recently were mostly focused on classroom-based courses. They are now moving to adapt their courses to blended learning so that participants can continue benefiting from the trainings.

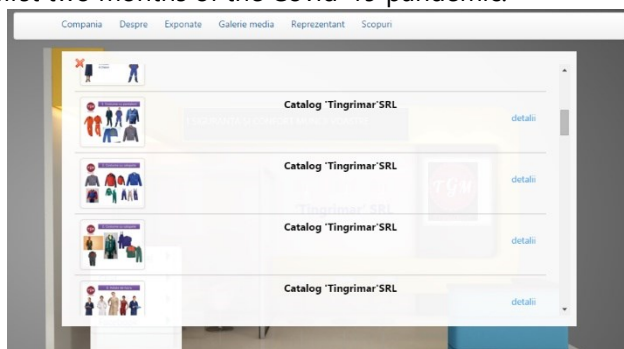


Picture 1: Agricultural products are being delivered to consumers by the box delivery service

Project's response and lessons learnt

The project continues its work in the two sectors and maintains all ongoing interventions in skills development, access to markets and strengthening the role of membership-based organisations. At the same time, digital services such as e-commerce and other new technologies gained importance due to the pandemic. The project intensified the contact with its partners to better understand how the situation affects their daily life. While some companies were quick in shifting towards online training delivery or e-commerce, others took much more time. The everyday exchange was highly important for the project to adjust the interventions to the needs of the partners. As a result, various smaller interventions have been implemented during the first two months of the Covid-19 pandemic:

- Support two associations, one of them involving socially disadvantaged people, to set-up two [e-commerce platforms](#) as additional channel for sales of agricultural products to build resilience. The e-commerce platform allowed farmers to sell their produce through the website during the lockdown. This e-commerce platform was important in the short run to mitigate the risk of farmers losing their income. It must be said, however, that with the physical markets reopening, there are doubts about the self-sustainability of the e-commerce platform in the longer run.
- During the lockdown, the business associations took on a more important role than they had before. On the one hand, they voiced concerns of their members, and on the other hand they provided guidance to companies. To strengthen the business associations in these difficult times, the project supported two business membership organisations in providing consultancy services focussing on fiscal, legal, and business development support actions to orient businesses in both sectors and support them to survive.
- Support the Chamber of Commerce in developing a virtual exhibition of products made in Moldova. The platform is still under elaboration. It will allow Moldovan companies to present their products online in different virtual fairs in various countries without physical participation. The companies can thus cut their costs but still build important business-to-business contacts.
- Support the Chamber of Commerce in establishing a platform, which allows issuing online certification of origin. Critical services of the Chamber remained essential even during the lockdown. The lockdown was an opportunity for the Chamber to move services online, which was much harder before the pandemic, since lots of companies in Moldova were not open to using new technologies.
- Support [three training providers to offer online trainings in the IT sector](#) by building a professional online platform for e-learning.
- Support a tech company with the casting matrix to be able to produce protective masks in collaboration with the engineering college.



Picture 2: A glimpse into the virtual platform of the Chamber of Commerce

From these pilot Covid-19 responses, the project has gained **initial experience and lessons learnt**:

- During the lockdown period, many organisations and companies urged towards e-commerce, but without necessarily understanding the e-commerce business model, the workload and required knowledge to build and keep running an e-commerce platform. An important key learning for the project was that it is essential for an organisation or company to have a clear strategy for the digital business model in order to be successful and to be able to compete

successfully against the strong competition. The project will carefully analyse what are the missing functions to allow businesses to be competitive online and address those.

- Supporting business membership organisations during the crisis has underlined the importance of the sectoral associations and their relevance for private sector development. The businesses were inundated with unknown, unpredictable future scenarios and sometimes vague lockdown measures. The reference point for many companies were the sectoral associations and their support came very promptly. While before the crisis the associations had to work on how to raise their profile, they struggled during the crisis to deal with requests and respond to companies' needs. The project considers it important to analyse, jointly with the associations, which of these Covid-19 response measures (e.g. advice on legal, fiscal and economic issues) are important in the longer term and should therefore be included in the associations' core model.
- Offering online training has diversified the customer base of training providers. While before the lockdown the trainings were offered physically in some selected locations, now students from different regions of Moldova as well as Moldovan migrants participate in the online trainings. This has led to the decision of the training providers to continue offering online courses in the future, in addition to in-person trainings and blended learning courses. These experiences with online training have shown that the previously prevailing perception that people in Moldova do not appreciate online training is not entirely true. In sum, the perceived advantages of digital training are threefold: Transaction costs are saved; Training providers reach a larger audience instead of being tied to a geographical location; People from more remote locations can participate.

Outlook

For *OPTIM*, it is important to first understand what the changes and shifts in the context will be. For example, it is expected that remittances will be decreasing significantly, and that there will be changes in trends of migration and employment. Further, to understand how the industries, in which the projects works, will be affected and how the current initiatives that have been introduced will sustain and can be scaled up in the future.

The focus of the project will remain on the existing strategy on market access, skills development and strengthening business membership organisations and other developmentally oriented institutions based on a market systems development approach. Considering the increasing unemployment rate and the growing relevance of the ICT sector, *OPTIM* sees the potential to promote career reorientation towards ICT. Depending on unemployment trends, the project is also considering intensifying its focus on labour market intermediation and job matching. The project will continue supporting agribusinesses and food processors in introducing technology and thus fostering the domestic demands in the ICT sector.