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PARE 1+1

IMPROVING MOLDOVA'S REMITTANCE-BASED INVESTMENT PROGRAM

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Project Report, Workshop in Development Practice
School of International and Public Affairs, Columbia University

MAY 2015

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Workshop in Development Practice Project Report

School of International and Public Affairs

Columbia University

New York, May 2015

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ACKNOWLEDGMENTS TO:

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Prof. Jenny McGill (Columbia University)

SUPPORT PROVIDED BY:

International Organization for Migration,
Mission to Moldova

Organization for Small and Medium Enterprises
Sector Development (ODIMM)

This report was produced with the support of the Global Joint IOM/ UNDP Programme “Mainstreaming Migration into National Development Strategies”, funded by the Swiss Development Cooperation (SDC).

The content of this publication does not necessarily reflect the views of the implementing partners and donors.

Acknowledgements

In preparing this report, the SIPA team wishes to extend its appreciation to the following non-exhaustive list of organizations and persons.

At the School of International and Public Affairs (SIPA) of Columbia University, the team greatly valued the support and guidance of Jenny McGill, EPD Workshop Director, and Daniel Naujoks, the project's Faculty Adviser.

In Moldova, the team was assisted from the project's inception by the International Organization for Migration Mission to Moldova, in particular, Ghenadie Crețu and Ion Bulgac. The team also appreciates the assistance rendered by the Moldovan Organization for SME Sector Development (ODIMM) in facilitating interviews and other programmatic matters, in particular, Iulia Iabanji, Viorica Cerbusca, Dorina Ciobanu and Alexandru Vizitiu.

Finally, the team also expresses its appreciation to the Moldovan Bureau of Diaspora Relations for its valuable insight and to the PARE 1+1 beneficiaries and experts who generously shared their experiences and insights with us.

List of Abbreviations

BRD	Moldovan Bureau for Relations with the Diaspora
IMF	International Monetary Fund
IOM	International Organization for Migration
MoE	Moldovan Ministry of Economy
ODIMM	Moldovan Organization for the Development of Small and Medium Enterprises
PARE 1+1	Program on Attracting Remittances into the Economy
ACED	USAID's Agricultural Competitiveness and Enterprise Development Project
CEED II	USAID's Competitiveness Enhancement and Enterprise Development II
EBRD	European Bank for Reconstruction and Development
CNPF	Moldovan National Commission of Financial Markets
DFID	UK Department for International Development
MDL	Moldovan <i>leu</i>

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Executive Summary

Situated between Romania and Ukraine with a population of 3.5 million and a gross domestic product of US\$7.25 billion (2012), the Republic of Moldova offers highly relevant insights into the effects of migration and remittances on economic growth. With roughly 20 percent of its working population engaged in migration and remittances accounting for some 23 percent of its GDP, Moldova has exhibited a dynamic growth pattern despite being one of Europe's least developed economies. Successive Moldovan Governments have sought to transition Moldova from a consumption-led economic growth model to one based on innovation and private investment. To this end, in 2011 the Government launched the Programme for Attracting Remittances into the Economy ("PARE 1+1", or PARE program) to mobilize Moldova's sizeable remittance inflows towards the creation and expansion of MSMEs (micro, small and medium enterprises) as engines of sustainable growth and macroeconomic stability.

The following framework was developed by a team from Columbia University's School of International and Public Affairs (SIPA) for two key stakeholders of the PARE program, the Moldova Mission of the International Organization for Migration (IOM) and Moldova's Organization for SME Sector Development (ODIMM), as a tool for improving the structure of the program and augmenting its impact and long-term sustainability. Drawing on interview and focus group data collected during two field missions in Winter 2015, as well as a wealth of secondary research, the framework evaluates the PARE program's four components:

1. Outreach to the Moldovan diaspora,
2. Business development training for MSME owners,
3. Business financing through a "1+1" matching scheme, and
4. Continuing support for program-financed MSMEs..

RESEARCH QUESTIONS

The team designed its work around three research questions:

- 1) How effectively does the PARE program leverage remittances for investment into Moldovan MSMEs?
- 2) Which PARE components can be restructured, and how could they be restructured so as to broaden the beneficiary base?
- 3) How can crowdfunding be successfully adopted to increase PARE's funding and beneficiaries' access to PARE funding?

Guided by these questions, the team divided its work into two standalone pillars: 1) an evaluation of the PARE program's components, and 2) a feasibility study for a crowdfunding platform. While both analyses led to two separate sets of recommendations, these were essentially interlinked by their reference to Moldova's regulatory, socio-economic and cultural ecosystem.

PILLAR 1: EVALUATION OF THE PARE PROGRAM

A qualitative analysis of interview data gathered during the team's January 2015 assessment mission revealed that the PARE program's component four, which involved ODIMM's post-funding business development support to beneficiaries and monitoring and evaluation (M&E), to have the strongest opportunity for improvement. Specifically, we found that beneficiaries needed additional technical support in scaling their businesses, particularly in terms of industry-specific knowledge and value chain support (e.g. production processes, gaining access to markets, etc.) after receiving PARE grants. As a result, we determined that improving the competitiveness of PARE-affiliated businesses and bolstering PARE's M&E system to better measure competitiveness would strengthen the overall impact of the PARE program.

A second, more in-depth assessment mission in March 2015 focused on the potential restructuring of this programmatic component. Accordingly, during the mission we spoke with beneficiaries, prominent Moldovan MSME development projects and financial institutions to analyze (1) the constraints PARE program beneficiaries face in sustaining and scaling their businesses after receiving funding and (2) potential approaches to consider in addressing those constraints. Based on our research, we found that beneficiaries mostly needed support in marketing their products and services and gaining access to finance to scale from a micro to a small enterprise. On the one hand, the March mission revealed that most Moldovan MSMEs lacked the capacity to conduct end-market analyses, resulting in poor market identification strategies and supply that failed to match demand. On the other hand, the team discovered that Moldovan MSMEs also found it difficult to finance their businesses after receiving initial PARE financing, due to structural challenges within Moldova's banking sector, perceived high interest rates and collateral, and a lack of information among beneficiaries on accessing formal sources of finance. These challenges collectively operated to limit the competitiveness and sustainability of MSMEs.

Recommendations

To address these challenges, the team formulated a suite of recommendations that aims to boost the competitiveness of PARE's businesses. These recommendations fall under a two-fold strategy:

- (1) ***An overarching referrals system*** through which ODIMM can link PARE businesses to existing service providers in Moldova who could meet their unique business needs. This referral system aims to strengthen ODIMM's role as a facilitator, leverage the strength and diversity of Moldova's service providers, and address a wide array of beneficiaries' constraints in sustaining and expanding their businesses.
- (2) ***Constraint-specific solutions*** that aim to:

Strengthen beneficiaries' end-market identification and access: Our recommendations aim to integrate end-market identification and analysis in various stages of the PARE program (e.g. markets-related training, robust end-market analysis requirement in business plan, etc.) to ensure PARE beneficiaries have increased access to local, regional, and international markets and are more competitive in those markets.

- b. **Increase beneficiaries' access to finance:** Our recommendations aim to guide ODIMM on how to effectively bridge the demand and supply gap in the Moldovan financial sector. Specifically, the team analyzed how ODIMM could facilitate more engagement between banks and beneficiaries, e.g. workshops that can address the constraints and needs of its beneficiaries and banks.

To assess and strengthen the impact of these proposed improvements, we also recommend that ODIMM recalibrate its M&E system from its current *process-oriented* approach of measuring activities and outputs, to an *impact-oriented* approach based on measuring outcomes and results. We believe transitioning to an M&E framework that evaluates outcomes and impacts (e.g. job creation, increase in sales, etc.) as opposed to solely inputs and outputs (e.g. concluded contracts) will help ODIMM measure the program's effectiveness in increasing competitiveness and the impact of its investments as well as build a track record that can be used to make PARE businesses more competitive. This would also serve to demonstrate the effectiveness of the program to third parties, such as development partners and investors from the diaspora.

PILLAR 2: CROWDFUNDING PLATFORM

Supplementing its evaluation of the PARE program, the team also assessed the possibility of establishing a crowdfunding platform for MSME development in Moldova. Leveraging the existing PARE program, the crowdfunding platform assessment was driven with an aim to engage the Moldovan diaspora by offering them a channel that would effectively utilize their remittances.

In addition to drawing on the insights of Moldovan stakeholders, the team drew on best practices and lessons learned from crowdfunding models used in other countries, particularly the LIVE Lebanon case. The final outcome is a clear product description that aims to guide the client on all the main pillars of the platform; its financial, beneficiary, and ownership model. Moreover, the team consulted the client on a detailed product roadmap and operational framework for the platform, a marketing strategy, and a team structure.

Recommendation

Against the backdrop of Moldova's specific cultural, regulatory and socio-economic environment, the team recommends a "standalone" crowdfunding model that would operate parallel to, rather than as an additional component of, the PARE program. In addition to using this model to address the funding needs of PARE program beneficiaries in the post-funding stage (therefore addressing a key "access to finance" obstacle faced by PARE graduates), the crowdfunding platform's separate identity from the PARE program would allow new segments of business owners outside of PARE's migrant-relative restriction to potentially access financing.

As a trust-building measure, we propose that an initial pilot crowdfunding platform be publicly "owned" by ODIMM. Given the regulatory challenges of implementing a complex equity- or debt-based model, we recommend that a donation-based model be used in the initial stages. As the framework begins to gain the trust and interest of the Moldovan diaspora, the pilot model could transition to alternative ownership and financing structures as outlined in the report.

Chapter 1: Introduction, Scope and Methodology

Introducing the Project

Introduction and Report Objectives

With a population of 3.5 million and a gross domestic product of US\$ 7.25 billion (2012 estimates)¹, the Republic of Moldova, situated between Romania and Ukraine, offers highly relevant insights into the use of migration and remittances as drivers of economic growth. Despite being one of Europe's least developed economies², Moldova has exhibited a dynamic growth pattern, transitioning from years of negative growth in the aftermath of a highly disruptive civil war in the 1990s to a period of high growth rates (averaging 5 percent of GDP) for much of the past decade – before stumbling again during the 2008-9 global recession. As of 2015, Moldova's return to positive but moderated growth (averaging 2-3 percent of GDP) frames a fragile optimism caveated by a constellation of challenges stemming from its landlocked natural and political geography, its exposure to future international economic reverberations and its own demographic and structural constraints. Moldova's low immigration and high emigration rates, coupled with a growing birth-death replacement ratio, has made the expansion of productivity and high quality human capital more urgent than ever. Volatile trade demand from traditional European markets and agricultural trade restrictions imposed by Russia have also added to the challenges.

Faced with these challenges, the Moldovan Government has sought to move from an economic growth model based on consumption to one based on innovation, private investment and export activity. In this regard, the Government sees SME development as an engine of sustainable growth and macroeconomic stability. In addition to regulatory reforms aimed at simplifying the process of creating businesses, in 2011 the Government launched the Programme for Attracting Remittances into the Economy ("PARE 1+1"), as a key attempt to exploit domestic sources of growth by mobilizing Moldova's sizeable remittance inflows towards the creation and expansion of SMEs.

Against this backdrop, the International Organization for Migration's (IOM) Mission to Moldova, in conjunction with the School of International and Public Affairs (SIPA) of Columbia University and the Moldovan Organization for Small and Medium Enterprises Sector Development (ODIMM), engaged a team of SIPA students to independently evaluate the performance of the PARE program against its stated objective: aiding the development of Moldova's economy by productively deploying remittances towards the creation and expansion of SMEs. The team was asked to 1) study the successes and challenges of the program and offer recommendations for strengthening and improving its size, reach and impact, and 2) study the feasibility of an internet-based crowdfunding platform that could be deployed to expand the Moldovan diaspora's financial participation in the Moldovan economy.

This report completes the team's process evaluation of the PARE program and analysis of a crowdfunding platform. It attempts to evaluate the PARE program's general strategy, design and theoretical framework, as well as present a blueprint for a crowdfunding model that fits the unique needs of the Moldovan diaspora.

¹ "Republic of Moldova", United Nations Statistics database, accessed at <https://data.un.org/CountryProfile.aspx?crName=Republic%20of%20Moldova>

² "Moldova Overview", World Bank Group web portal. Accessed at <http://www.worldbank.org/en/country/moldova/overview>

The first chapter of the report provides a background of the context in which the team was engaged to evaluate the PARE program and propose a crowdfunding model. In giving an overview of Moldova's economy, the chapter aims to highlight structural challenges faced by Moldovan economic planners while emphasizing the economy's resilience to formidable macroeconomic dynamics shaped by regional and other external events. Specifically, the chapter will focus on the unique opportunities and challenges posed by outward migration (large by European standards) and the role of remittances as a key source of inward revenue. The chapter will also discuss the architecture of Moldova's SME sector and identify key institutional, regulatory and financial constraints to business creation and post-creation sustainability. Finally, the chapter will introduce the PARE program itself, outlining the program's four programmatic components and the

The chapter also introduces the distinct methodologies and theoretical frameworks used in the evaluation of the PARE program and crowdfunding analysis. It presents the research questions that guided our overall approach and, for the program analysis, describes how the team decided to focus its analysis on two of the program's four components.

The second chapter presents our programmatic recommendations with respect to the two barriers we identified: access to markets and access to finance. We aim to guide ODIMM towards making a shift from expanding the PARE program by quantitatively adding more beneficiaries to qualitatively strengthening the program by scaling and expanding its existing businesses using more efficient business development tools. To accommodate this shift, the we make several recommendations, namely that ODIMM act as a facilitator rather than direct implementer of the program, that PARE financing is done in a way so that demand drives supply to ensure business sustainability, and that the program take a more proactive approach towards supporting businesses – both during and after the PARE financing phase.

The third chapter presents our crowdfunding methodology and offers a roadmap for establishing a pilot crowdfunding platform to upscale the volume of remittances from abroad. In designing a potential pilot platform, we proposed an initial donations-based model to aid existing small business owners in Moldova.

Migration and Remittances: the Moldovan Experience

Migration refers to the movement of people between or within countries, whether voluntarily or by force. Motivations for engaging in migration can include the search for economic opportunity, flight from violent conflict or familial considerations, and the length of time spent in the destination can be fixed/pre-determined or open-ended/indefinite. Given this broad conception of migration and the lack of an international legal definition of what constitutes a "migrant", the United Nations has considered migrants to encompass a diverse range of actors, from educated economic migrants to war refugees and victims of political persecution. Migration is however often considered to be a voluntary activity undertaken in the absence of an external compelling factor, normally with some overriding economic or material motivation.

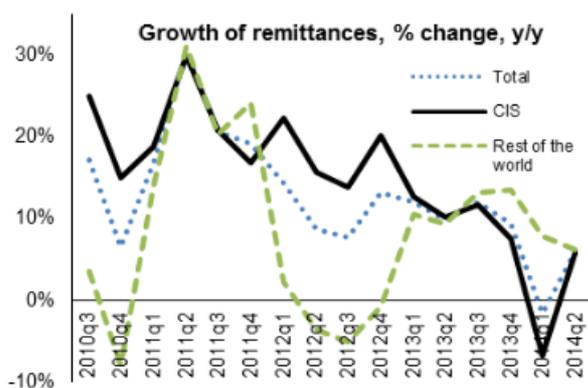
An important aspect of migration in the Moldovan context, is "return migration", defined as the "movement back to some previous place of residence".³ Return migration

³ Feindt, Waltraut and Browning, Harley L.; "Return Migration: Its Significance in an Industrial Metropolis and an Agricultural Town in Mexico," *International Migration Review* (6, 1972): 158.

has become an important issue for policy makers in recent years due to the challenge of reintegrating citizens into the economic and social life in their countries of origin. Notably, the PARE program represents the Moldovan Government's attempt to work with IOM to develop strategies for reintegrating return migrants into metropolitan Moldovan society.

Remittances in the Moldovan Context

FIGURE 1: REMITTANCE FLOWS INTO MOLDOVA



Source: Moldova Economic Update, Oct. 2014 (World Bank)

Generally, remittances have potential effects at the household, community and national level. Particularly at the household level, studies have shown that remittances can have a substantial positive impact on poor households, while they may generate multiplier effects for middle class households – increasing consumption, expenditure on housing, school attendance and access to professional qualifications/employment opportunities.⁴

In the Moldovan context, remittances are a key contributor to Moldova's micro- and macro-level economic development, an unsurprising fact given that around 20 percent of the population is engaged in migration. According to the United Nations Conference on Trade and Development (UNCTAD), one-third of Moldovan households receive remittances from abroad, and these flows account for roughly 50 percent of the average household income.⁵ To give a snapshot of the magnitude of remittances to Moldovan economic life, in 2012 alone an estimated 120,000 households received remittances amounting to US\$48 million – translating into around 1,200 transfers per day and 430,000 transfers during that entire period.⁶

TABLE 1: ANNUAL CHANGE IN REMITTANCE INFLOWS INTO MOLDOVA CHANGE (2009-2017)

2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F
-36.2%	+13.2%	+21.7%	+10.7%	+10.7%	+4.0%	+3.0%	+3.5%	+4.0%

Source: Moldova Economic Update, Oct. 2014 (World Bank)

Note: The figures represent increases and decreases in remittance inflows –measured in USD– as compared to the previous year. For the period 2014-2017, the data is based on the forecast inflows.

The majority of Moldovan migrants fall into the “voluntary migration” category. According to NEXUS, Moldovan migration follows a “circular” pattern that commonly ends with the return and re-integration of migrants into their communities in Moldova.⁷

The economic necessity for increased income is the primary motivation for Moldovans to migrate. Many Moldovans with relatives living abroad are increasingly dependent

⁴ For a lengthier discussion on the potential micro- and macroeconomic effects of remittances, see Naujoks, Daniel (2013), *Citizenship and Development: Diasporic Membership Policies and Overseas Indians in the United States* (Oxford: Oxford University Press).

⁵ Republic of Moldova: UNCTAD Investment Policy Review (Geneva: United Nations, 2013). Available at http://unctad.org/en/PublicationsLibrary/diaepcb2013d5_en.pdf

⁶ Driving Innovation in Circular Migration: Migration and Development in Moldova (Chisinau: NEXUS, 2014). Available at <http://nexusnet.md/pic/uploaded/files/IASCI-CIVIS%20Migration%20%2B%20Development%20in%20Moldova%20-%20Market%20Analysis%202014.pdf>

⁷ Ibid.

on remittances that represent 27% of the country's Gross Domestic Product.⁸ This has caused an overall increase in demand for consumption goods. Yet, Moldova's limited capacity to produce these goods causes citizens to import, thus offsetting the trade imbalance.⁹

Remittance trends:¹⁰

- Moldovan migrants who have successfully moved their families to their countries of residence remit on average 30 percent less than migrants who have not reunified with their families abroad.
- Most migrants remit amounts they believe the recipient requires to support daily consumption.
- Remittance amounts therefore do not tend to be influenced by migrant incomes.

The Moldovan Government's Program for Attracting Remittances Into the Economy (PARE 1+1): An Overview

The PARE 1+1 program was established in 2010¹¹ as the Moldovan Government's flagship effort to "mobilize the human and financial resources of Moldovan migrants in Moldova's sustainable economic development by fostering the establishment and development of small and medium enterprises".¹² The program is implemented, coordinated and monitored by ODIMM, a non-profit and non-commercial organization that coordinates directly with Moldova's Ministry of Economy – thus making it a public institution.¹³ The Government's goals with respect to the program are 1) to increase the volume of remittances invested in the Moldovan economy by US\$8.5 million, and 2) to create up to 2,000 new businesses and 6,000 new jobs (70 percent of which would be in rural areas).¹⁴

The PARE program is based on a "1+1" pairing scheme for business financing, in which the Government (through ODIMM) matches amounts invested by successful applicants into their businesses up to a maximum grant limit of MDL 200,000 (approximately US\$10,500). This arrangement therefore envisages that within the financing limit, a business owner would bear half of his or her startup/expansion costs while the other half would be covered by the Government. Successful applicants who are granted financing are able to elect for a lump sum payment of the total amount granted, or payments made over installments.

To be eligible to receive support and funding from the PARE program, an applicant must meet several requirements. The applicant must:

- Be a Moldovan citizen
- Has a migration connection by
 - living abroad,

⁸ Ibid.

⁹ *Republic of Moldova Poverty Reduction Strategy Paper*, International Monetary Fund (Washington, DC, 2013), available at <http://www.imf.org/external/pubs/ft/srct/2013/cr13269.pdf>

¹⁰ NEXUS, see footnote 6.

¹¹ *Vide* Government Decision No. 972/18.10.2010, Official Gazette 211-212/1091 of October 29, 2010.

¹² ODIMM, "PARE 1+1: Project of Attracting the Remittances in Economy." Accessed November 23, 2014. http://businessportal.md/en/projects/instruire/proiect_pare1plus1.html?print.

¹³ ODIMM was established in 2007 to promote entrepreneurship, support access to finance and provide services for SMEs in the country. In particular, ODIMM is tasked with matching grants from remittances, supporting the establishment of SMEs and organizing business training programs. PARE is one of four national projects that ODIMM manages.

¹⁴ UNCTAD, see footnote 5.

- having returned to Moldova after having lived abroad,,
- being a first degree relative of a worker who is living or has returned from abroad,
- Intend to launch a business in Moldova or expand an existing business
- Have some of his/her own funds from remittances (the source of the capital must be established through official documentation).

Structure of the Program

The PARE program consists of four components:

FIGURE 2: PARE 1+1 PROGRAM COMPONENTS



Initial Impact Assessment

Based on program indicators maintained by ODIMM, demand for both PARE business training as well as financing has increased since the program’s inauguration in 2010. This is evident from the program data provided by ODIMM.

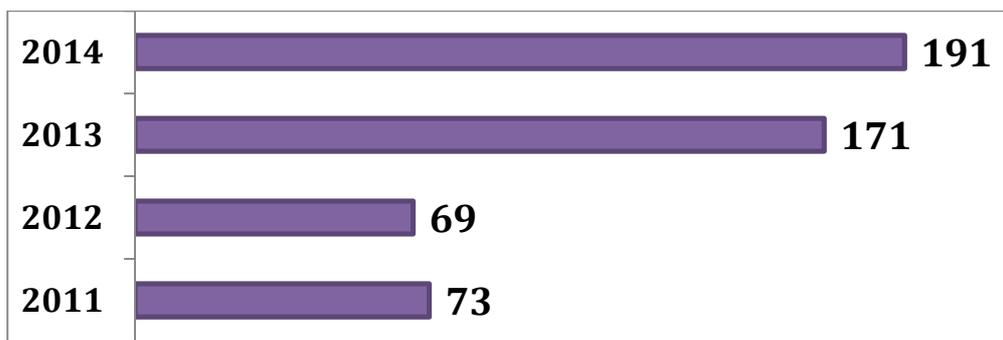
TABLE 2: PARE 1+1 INDICATORS

Indicator	2010	2011	2012	2013	2014	Total
Applications for Training	40	240	99	323	648	1350
People trained	20	215	101	260	498	1094
Women	3	63	15	71	146	298
Men	17	152	86	189	351	795
Applications for Financing	10	89	148	184	309	740
Finance grants contracted	0	73	69	171	191	504

Source: ODIMM (PARE 1+1 Program Indicators as at 26 January 2015)

Thus, a total of 504 individuals received funding under the PARE 1+1 programme (Figure 3). In the period 2010-2014, the beneficiaries of the PARE 1+1 program received a cumulative amount of financing of 83.6 million Moldovan lei (USD 4.6 million), which contributed to making investments of 184 million Moldovan lei (USD 10.2 million).

FIGURE 3: PARE 1+1 BENEFICIARIES (2011-2014)



In our consultations with ODIMM, the following observations were recorded:

- Applicant numbers were low in the pilot year (2010) given a lack of awareness about the program.
- The dip in financing applications approved in 2012 stemmed from both a doubling of applications for financing that year, coupled with a 20 percent reduction in the PARE program budget.
- A similar dip in financing approvals in 2014 was a result of the PARE program budget for the year having been exhausted by July 2014; consequently, ODIMM had to defer a number of 2014 applications for consideration in the 2015 cycle.

The promise of Crowdfunding

As this report also elaborates on the possibility of tapping into the remittance and investment potential of the Moldovan diaspora, this section provides a brief primer on the concept of crowdfunding.

Crowdfunding refers to any type of capital formation where funding needs are communicated to a larger group of individuals via an open call. Individuals can decide whether to contribute to a ‘campaign’ and as a result a large pool of money is aggregated through the smaller contributions of independent sources. In the past, crowdfunding was mainly limited to face-to-face interactions - for example through solicitations at churches or from house calls. Today, the spread of IT brings a much larger pool of potential contributors to the open call, essentially disseminating the campaign to an exponentially larger number of donors. Crowdfunding platforms are online portals that provide access to campaign information and draw attention to social and economic impact investment opportunities. Innovations in online and mobile banking technologies allow these platforms to channel funds from individuals to the campaigns they wish to support or invest in. They provide a digital forum where crowdfunders can comment on campaigns, request information, and track the progress of amounts raised by the crowdfunding, allowing the funders to independently monitor and vet campaigns. In addition to its philanthropic utility, online crowdfunding is now gaining attention around the world as a model for forming entrepreneurial capital that provides opportunities for small investors who are excluded from traditional investment mechanisms.

A program such as PARE raises questions about scale. A program that increases the number of beneficiaries or the amount of funding will require innovative financing solutions. Capital from commercial lending institutions typically raises the need for substantial securities and often carries extraordinarily high interest rates. However, small business owners and entrepreneurs rarely, if ever, have this collateral to satisfy these loan requirements. Moreover, high interest rates tend to be commercially unaffordable for most small producers starting a business. As a result, there is a

substantial need to fill this financing gap with low-cost capital to support the growth and development of businesses.

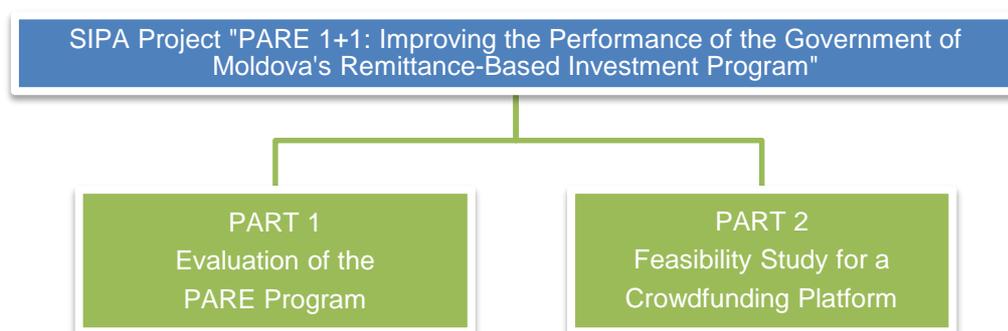
One development is crowdfunding, which drives value by harnessing the power of the masses. Online platforms are now capable of channeling capital to a wide variety of programs and ventures at the click of a button, overcoming limitations posed by distance and borders. As a result, these online tools are particularly attractive to remittance programs like PARE. Given the right conditions, crowdfunding can even serve as an alternative investment vehicle. The potential quantity of funders means that the risk is dispersed broadly so that each investor assumes less risk, which addresses a significant aspect of commercial lenders' hesitance to offer capital to early-stage entrepreneurs with innovative business models and ideas.

For crowdfunding to become a successful financing mechanism for businesses and entrepreneurs, the public sector will need to play a pivotal role in molding an ecosystem that enables platforms, businesses, donors and investors to participate in online crowdfunding. One of the major challenges facing the development of this ecosystem to date – in developed and developing countries alike – has been the creation of rules and regulations needed to govern online financial transactions such as crowdfunding. The government's ability to draft and implement relevant legislation, ensure regulatory coherence, and establish effective enforcement mechanisms for online crowdfunding will depend on overall political stability, the capacity of domestic political institutions and leadership.

Methodology

As mentioned above, the two key objectives of this analysis are (1) an assessment of the PARE 1+1 program and (2) the formulation of a crowd-funding roadmap. Given the differences of these objectives, the methodology to assess both areas includes both separate and joint approaches. As a result, the organization of the analysis into two standalone pillars allows the independent consideration of both parts, while identifying and making important linkages between them.

FIGURE 4: PROJECT DIVISION OF LABOR



These two parts are treated separately in this report. This division of our project into two standalone pillars allowed us to draw on a more efficient division of labor while enabling the identification of important linkages between the two parts.

Our overall work was guided by **three research questions**:

1. How effectively does the PARE program leverage remittances for investment into Moldovan MSMEs?
2. How can the components of the PARE program be restructured, and *which* components should be given initial priority, in order to increase the number of MSMEs and ensure the long-term sustainability of MSMEs that “graduate” from the program?
 - Is it feasible to expand the program’s beneficiary base to include relatives who are not engaged in migration?
 - What opportunities are available for leveraging crowdfunding in order to improve the program’s impact?
3. How can crowdfunding be successfully adapted to the Moldovan context in order to increase funding and access to the program?
 - What are the expected benefits/goals arising from crowdfunding?
 - What are the best practices and/or exemplary models for crowdfunding platforms?

In assessing the four components of the PARE program, we proceeded in three stages. Overall, the high degree of variance between the interview content led us to rely more heavily on a qualitative approach.

In-depth desk review

The team conducted an in-depth review of available secondary sources of information on remittance use in the Moldovan and other countries’ contexts.

With regard to the crowdfunding component of the research, the team started by assessing the overall outlook for implementing a crowdfunding platform in Moldova, considering factors that cover the whole ecosystem of such a platform.

TABLE 4: CROWDFUNDING PRE-IMPLEMENTATION OUTLOOK

Economic Regulations	The new operation supports the Government of Moldova’s National Development Strategy “Moldova 2020” goals of improving a business-enabling environment and promoting better access to finance for enterprises.¹⁵
Entrepreneurial Landscape	The majority of entrepreneurs encounter various issues. These issues stem from the environment in which they operate. Particular attention should be given to entrepreneurs’ distrust towards state initiatives, that should be the main guarantor of economic stability, and to make available resources required to develop the sector. ¹⁶
Technology Landscape	In 5 years, the ICT sector will be the main driver behind Moldova’s economic growth, augmenting labor productivity and enhancing international competitiveness, including by the wider use of ICT products and services across the economy and society. The sector’s development will be driven by the enabling factors of rapidly increased mobile and widespread broadband penetration and the supporting factors of an effective regulatory framework and appropriately skilled and competitive human resources. ¹⁷
Diaspora Engagement	Cooperation with diaspora associations of Moldovan citizens abroad is part of the state policy. From the institutional perspective, the necessary framework for the dialogue with the diaspora is being further developed. ¹⁸

¹⁵ “Ease of Doing Business in Moldova 2014”, World Bank Group, accessed at <http://www.doingbusiness.org/data/exploreeconomies/moldova>

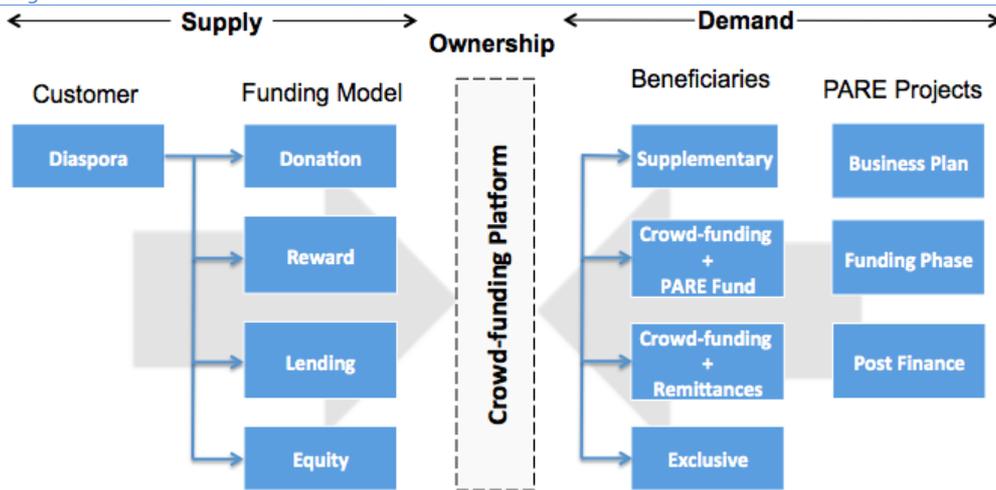
¹⁶ Chaşovschi, Carmen; Bordeianu, Otilia and Clipa, Dorin, “Entrepreneurial Culture in Transition Economies. The case of Romania and Republic of Moldova”, *Precordia Economics and Finance*, Vol. 15 (2014): pp. 1507-1514

¹⁷ “ICT Sector in Moldova”, Moldovan Association of ICT Private Companies (2011)

¹⁸ *Extended Migration Profile of the Republic of Moldova* (Chisinau: International Organization for Migration (IOM), 2012). Available at http://publications.iom.int/bookstore/free/110_emp_report.pdf

The conclusion was that the ecosystem in Moldova is ready and equipped to host such a solution. However, and due to the time and the capacity constraints, we were not able to assess specific measures regarding the supply of the funds (precisely the diaspora as a key customer segment). The focus of our field and desk research was to reach a clear view of how the main components of the crowd-funding value proposition should function, given the Moldovan context, and ODIMM's requirements. For that, we've created a framework that clarified our targets during the mission, and guided us (and the project stakeholders) on the field research/ question.

FIGURE 5: CROWDFUNDING FRAMEWORK



Fact-finding Assessment Missions to Moldova and key stakeholder interviews

We conducted two research missions to Moldova in January and March 2015, encompassing 25 interviews and 3 focus groups.¹⁹

First Assessment Mission

Two team members conducted a research mission in January to gain an initial high-level understanding of the regulatory, socio-economic and institutional landscape in which the PARE program operates. The team conducted interviews with 15 informants across five key groups: client (including IOM and ODIMM), government agencies (primarily the Ministry of Economy and BRD), think tanks and NGOs, and beneficiaries of the program. The key focus of the first mission was to identify the program components that are most in need of restructuring, following an assessment of the desired outcomes and impact from a revised PARE program. Given the limited resources and time available to the team, this approach ensured not only our analysis remained focused, but that resources were also efficiently utilized.

Second Assessment Mission

Five team members traveled to Moldova in March to conduct a second in-depth analysis of Components 3 and 4 in order to identify specific areas for potential restructuring. The team spoke with 10 high-level informants (including international development organizations, prominent MSME development projects and financial institutions) and conducted 3 focus groups with program beneficiaries. The focus of the second mission was to engage key stakeholders in specific discussions on the preliminary analysis and to obtain a deeper understanding of the program components that were identified as particularly open for improvement.

TABLE 5: INTERVIEWEES BY SECTOR FOR PROGRAM ANALYSIS

¹⁹ The majority of interviews were held in Romanian with consecutive interpretation.

Type of informant	January Mission	March Mission
Government	3	3
Think tanks	1	
NGOs	2	
International Organizations	2	1
Banks/Financial institutions	1	1
Other organizations	1	3
PARE program beneficiaries	5	
Other Private Sector		2
Total	15	10

Note: A full list of interviewees appears in Annex C.

With regard to the analysis and exploration of the key elements in the crowdfunding value chain (described in the above diagram), interviews and in-depth discussions were held with the key stakeholders (Table 4).

TABLE 6: STAKEHOLDERS INTERVIEWED BY CROWDFUNDING COMPONENT

Components	Interviewed Stakeholder
Beneficiaries Funding Models	ODIMM
	Beneficiaries Focus Group
	Bureau for Diaspora Relations
Financial Model	ODIMM
	Beneficiaries Focus Group
	Bureau for Diaspora Relations
Ownership/Administration	National Commission of Financial Markets
	ODIMM
	National Commission of Financial Markets
	Chamber of Licenses
Partnerships	Bureau for Diaspora Relations
	Mobiasbanca (Societe Generale)
	ORANGE Moldova
	UNDP
Crowd-funding Campaigners in Moldova	EBRD
	ICT Association
	Startup Moldova
	MARA Woman

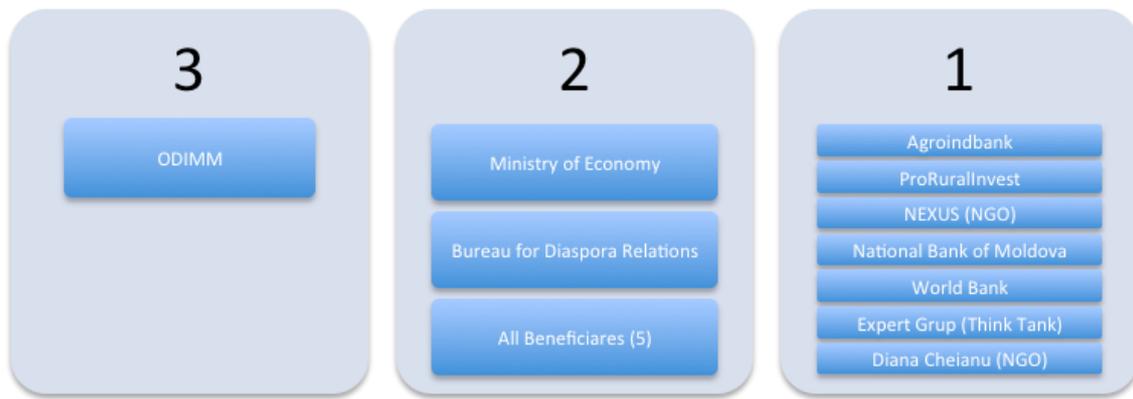
Interview Analysis

Identifying PARE 1+1 Program Components most suited for improvement

Following the January mission, we analyzed the interview data by matching trends and patterns in views expressed by informants to all four PARE program components in order to preliminarily determine which components required in-depth analysis for potential restructuring.²⁰

FIGURE 6: ALLOCATION OF CODING WEIGHTS ACROSS BENEFICIARIES INTERVIEWED

²⁰ To ensure the quality of the interview analysis, the team employed a consensus-driven coding strategy, which was based on a consensus-driven coding exercise. By the end of the coding process, we had identified the relevant “focus” PARE component, further disaggregated by sub-category and segment. It was expected that exercise would provide critical information regarding reported trends that would shape our approach during the March mission and, ultimately, inform our final recommendations.

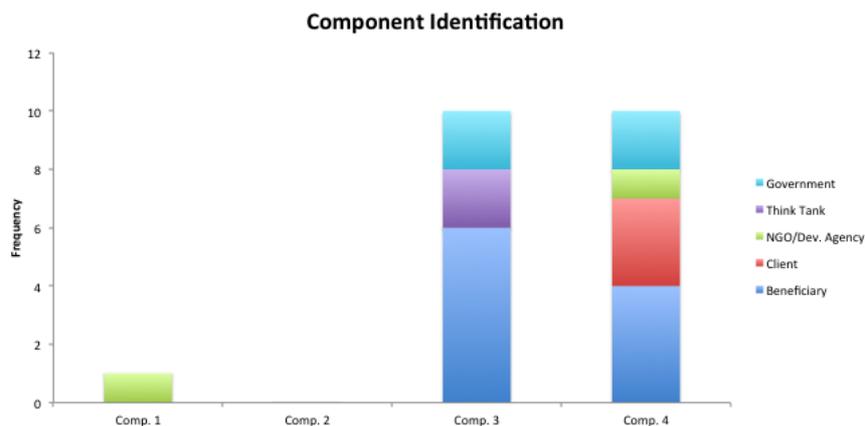


As the above figure illustrates, we assigned unique multipliers to informants to ensure our results accurately represented the significance and knowledge of each stakeholder and their proximity to the policy-making process. Our scale assigned the highest importance to the implementing agency, ODIMM (3), the second highest to beneficiaries and government agencies (2), and the lowest to think-tanks and development agencies (1).

We used the PARE program’s existing evaluation metrics²¹ as a guide to develop a set of 2 to 3 key metrics for each component. Based on our interview data, we then benchmarked each component against their metrics to rank the component’s performance.

Once we had isolated the component requiring the most in-depth analysis, we then aggregated data from this component and respective importance “weights” to determine which component required second-tier in-depth analysis.

FIGURE 7: IDENTIFICATION OF FOCUS COMPONENT



Based on our analysis, Component 3 (i.e. business financing/rule 1+1) and Component 4 (continued technical assistance) were most frequently identified as areas for improvement. Component 1 (program outreach), on the other hand was not mentioned by a single interviewee as being in need of reform, and Component 2 (business development-related training) was only mentioned by one development agency. As Figure 6 above shows, Component 4 most widely represents our informants, consisting of four key stakeholder groups (including ODIMM). Within Component 4, limited tools

²¹ The PARE 1+1 program’s key metrics include the volume of remittances, volume of investments and the number of SMEs created.

and lack of access to the financial sector were noted to be the largest barriers for PARE 1+1 beneficiaries in scaling their businesses.

We therefore identified Tools for Continued Technical Assistance as the Component 4 element with the highest potential beneficiary impact, and its improvement as in line with national priorities. Value chain support and specialized industry training were noted to be key inadequacies in the program's toolkit. Some beneficiaries received training on marketing, general management, and how to open a business. However, beneficiaries noted a need to receive support in navigating business opening bureaucracy, but some beneficiaries received it by seeking it out whereas others did not.

Chapter Two: Recommendations for a PARE 1+1 Review

This chapter contains in-depth analysis and recommendations for PARE 1+1 components on financing projects and continuing support (components 3 and 4). The first section provides an overview of the specific challenges faced by the PARE program as revealed by interviews and focus groups discussions with beneficiaries, ODIMM and other stakeholders. While the first section sets the conceptual scene for the concreted program recommendations, the subsequent sections elaborate on the need to increase competitiveness and the recommended approach and strategy. The final section will spell out the key constraints for the PARE 1+1 beneficiaries and proposed solutions

Program Analysis

Specific Challenges for Component 3 (Financing)

Together, access to PARE financing and the MDL 200,000 (approx. US\$11,000) grant ceiling were among the most reiterated obstacles identified by beneficiaries and other stakeholders. While the challenges surrounding access to finance are discussed in greater detail in Chapter 2, it is worth highlighting three general patterns that emerged during our interactions with beneficiaries and other stakeholders:

- *Amount.* ODIMM and the Ministry of Economy acknowledged that the funding cap was the most frequently identified issue with the PARE program among beneficiaries. One beneficiary whom we spoke to mentioned the Mexican *Tres por uno* program and suggested that the PARE program match the entire sum invested by beneficiaries irrespective of the cap. However, ODIMM and the MoE also told us that the amount of PARE funding was perhaps the hardest element of the program to change, given that this was wholly determined by the state budgeting process and political considerations outside of ODIMM's influence.
- *Duration.* Beneficiaries expressed the view that the 24-month cutoff period for financing was an obstacle for businesses entering their most crucial phase of development. Some expressed a preference for an option to apply for extension of funding after the 24-month period had expired, based on the business's performance and prospects.
- *Access (1).* The requirement to prove that investment funds came from remittances made it difficult for some beneficiaries to establish eligibility.

Undocumented migrants and their relatives are especially vulnerable, as they are often not able to provide document establish employment abroad (according to a European Union-IOM-World Bank study, only 13 percent of Moldovan migrant workers in Russia have written agreements with their employers, translating into high rates of informal/non-legal employment²²) and/or that funds transferred were done so through remittances (according to the Ministry of Economy, many Moldovan migrants send money back through informal couriers).

- *Access (2)*. At least one informant (Expert-Grup) noted that the PARE program's focus on remittances and familial connections to migrants created a perception of positive discrimination against non-migrants. According to this view, this was a key push factor incentivizing Moldovan workers to migrate, contrary to the Ministry of Economy's view that the remittance inflows generated by the PARE program have a net effect of *dissuading* further migration within families.
- Both Agroindbank and the NGO ProRural Investment noted that the requirement for beneficiaries to complete their own initial investments prior to receiving PARE funds created delays and mistrust among applicants.

Specific Challenges for Component 4 (Continuing Support)

Within Component 4, beneficiaries and stakeholders during the January and March missions noted that limited support tools, lack of access to the financial sector and inadequate M&E were the largest obstacles preventing the PARE program from fully meeting beneficiaries' needs in scaling and expanding their businesses. Access to finance and limited support tools were the largest identified obstacles, respectively accounting for at least half of informants' views. This section discusses the support tools and M&E aspects of Component 4's weaknesses, while Chapter 2 will explore the access to finance dimension in greater depth.

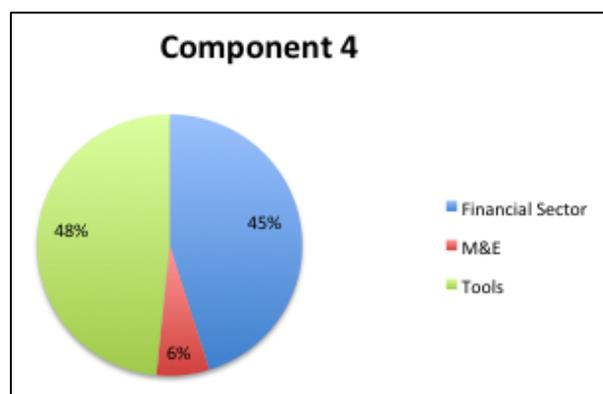


FIGURE 8: IDENTIFIED CHALLENGES WITHIN COMPONENT 4

Specifically, with regard to support tools and M&E, informants noted the following:

- The PARE program does not provide adequate support mechanisms to assist beneficiaries in expanding their businesses post the 24-month PARE financing period. Specifically, beneficiaries noted inadequacies in two areas:
 - Specialized industry training
 - Technical support with linking businesses to international value chains and increasing their international competitiveness
- The PARE program's Monitoring and Evaluation (M&E) system does not adequately measure the program's impact, resulting in a lack of clear, diagnostic

²² *Moldovans in the Russian Federation: socio-economic profile and policy challenges (Moldovan Diaspora Mapping Series)* (Chisinau: European Union, World Bank, IOM, 2013)

information on “weak spots” that is necessary for improving the program and identifying and plugging any policy gaps.

Observation 1: Need for more Specialized Industry Training

Beneficiaries noted that addition to the PARE program’s initial training, they needed more advanced and specialized knowledge related to their industry and financial management (e.g. cash flow analysis). One beneficiary mentioned that the “only time he got information related to his particular sector was when he went to the Netherlands on a trip to learn about his business”. Beneficiaries identified the need for training in specific business skills:

- Managerial capacity
- Business administration
- Financial literacy, specifically instruction in crafting successful bank loan applications
- How to absorb/acquire additional capital during expansion phases
- Cash flow analysis, specifically guidance in understanding demand and supply metrics

Underscoring these needs, some beneficiaries revealed that they had received support by actively seeking it out whereas others did not – thus creating a perception of an uneven playing field in access to technical support. We therefore inferred that there has been uneven support addressing beneficiary needs based on request.

From our interactions with ODIMM, we assessed that ODIMM were largely aware of these needs and had a lot of initiatives/ideas for addressing them, although their lack of capacity in implementing them meant that specialized business support beyond the basic Component 2 training was inevitably provided on a request basis. For instance, ODIMM were able to help connect farmers with veterinary doctors, link entrepreneurs with legal support and training courses offered by the Moldovan Chamber of Commerce as well as other SME development events (e.g. SME Week, which is organized by ODIMM) and women’s platforms, but were at present unable to incorporate all these elements into the general PARE syllabus.

Observation 2: Need for Technical Support on Accessing Value Chains and Increasing Competitiveness

A number of beneficiaries also noted the need for program support to better address their needs along the value chain, specifically in terms of increased access to markets as well as the tools to remain viable these markets. For example, we heard a need for guidance in tapping technology transfer from abroad (i.e. better equipment and relationships with foreign companies), diversifying regional supply chains and clients given the ongoing Ukrainian crisis, and in expanding client bases and increasing leverage in client relationships.

Particular challenges:

- *Agricultural Value Chain Constraints:* Specifically, think tanks and NGOs we spoke to considered Moldova’s agricultural sector to have significant value chain constraints in terms of low productivity and weak market linkages. They expressed the need for greater marketing support for farmers and agricultural entrepreneurs, given the lack of sustainable or properly used market

information systems in Moldova. Additionally, at least one informant (ACED) mentioned that one of the biggest constraints among micro-agribusinesses was farmers' strong tendency towards risk aversion, which kept them from diversifying their crop output and exploring other high value crops.

- *External Constraints:* These value chain constraints are further compounded by Moldova's challenging geopolitical environment. According to the Ministry of Economy, the Russian embargo on Moldovan agriculture imports has adversely impacted Moldovan businesses, compounded by the fact that "97.5% of all Moldovan businesses are s." The MoE is implementing reforms to increase access to EU markets and help businesses meet quality control requirements.

Both ODIMM and BRD recognize the potential of the PARE program to extend value chain-related support beyond the two-year program timeline as a means of improving businesses' profitability. For instance, ODIMM presently conducts workshops on building business associations among PARE-affiliated entrepreneurs. In this sense, ODIMM's role is limited to providing a forum for entrepreneurs to freely network among themselves, and ODIMM hosts at least one conference each year with 100-150 participants – including at least one networking event focused on women.

On linking Moldovan entrepreneurs with international value chains, most of ODIMM's market access work has been through the Europe Enterprise Network, which ODIMM administers in Moldova, but they are not at present able to help establishing market linkages. ODIMM acknowledged that Moldovan producers are not competitive enough to export to the EU market, although they noted the Moldovan Government's support for making products more competitive in the EU market.

Observation 3: Need for an Improved M&E Framework

A number of mostly high-level informants, particularly the World Bank Office in Moldova and the think tank Expert-Grup noted the need and potential for improving the PARE program's M&E framework. Stakeholders familiar with the PARE program stressed a tendency in Moldova to focus on successes, at the expense of paying less attention to important data on business failures, losses, unemployment and other indicators – and mentioned that the PARE program was not immune to such tendencies.

In our interactions with them, ODIMM recognized the importance of effective M&E for program sustainability, but noted the resource constraints associated with developing and implementing a robust framework. ODIMM currently conducts M&E through the collection of questionnaires once a year, combined with site visits to business premises and follow-up via e-mail correspondence and phone calls. However, ODIMM conceded that as the number of PARE program beneficiaries has increased, the continued regular and accurate collection of data has become more challenging.

Increasing Competitiveness

Achieving long-term, positive change for PARE 1+1 beneficiaries and potentially causing spillover effects for local economies requires the establishment of viable, sustainable businesses. The PARE 1+1 program has developed strong beneficiary recruitment and training components and has assisted increasing numbers of beneficiaries since the creation of the program. However, as the program continues to expand and mature, the focus on long-term business success for beneficiaries must be streamlined throughout the PARE 1+1 program.

In order to increase the sustainability and viability of these businesses in the long-term, PARE beneficiaries need more than grant money; business competitiveness is intricately tied to a number of factors. Generally, entrepreneurs in Moldova face challenges ranging from national-level issues such as corruption and bureaucracy, to individual-level obstacles like marketing and business management. While ODIMM has limited capacity to solve such national-level issues like corruption or high interest rates, there is significant opportunity to assist entrepreneurs in increasing or maintaining competitiveness within current national contexts. Therefore, support should focus on addressing the key constraints beneficiaries face in sustaining and expanding their businesses, i.e. gaining access to markets and finance after receiving initial PARE funding. Based on our research, we found that beneficiaries mostly needed support in marketing their products and services and gaining access to financing to sustain or grow their business.

Building on the program assessment in Chapter 1, we will develop in-depth analysis of financial and market access. Ultimately, in our recommendations, we will offer broad-reaching strategies leveraging strategic partnerships in Moldova and strengthening ODIMM's capacity to evaluate change stemming from the PARE program. These overall strategies have the potential to address multiple constraints. Additionally, we will offer constraint-specific solutions that can complement and enhance these broader strategies. Therefore, while our broader strategies will focus primarily on enhancing the Post-Funding Assistance stage (Component 4), we will also offer recommendations that we believe will help mainstream the focus on competitiveness throughout different stages of the program (Components 2-4).

Recommended Approach and Strategy

Focusing on strengthening beneficiaries' businesses, rather than expanding the beneficiary pool, will require ramping up business development support to address their key constraints. To implement a program strategy for this new focus, the team suggests four overarching principles to guide ODIMM's approach:

1. *Act like a facilitator rather than a direct implementer* during the post-investment stage for stronger impact and sustainability. Since it is difficult to provide direct support to a growing number of beneficiaries, ODIMM can identify their business needs and link them with existing service providers for assistance.
2. *Make demand drive supply*. Currently, ODIMM funds businesses without considering the end-market, which may increase the failure rate of businesses. We suggest that the end-demand for the product or service should guide the program, starting from integrating market analysis in training and selection process, and having end-market needs inform linkages and tools.
3. *Take a more proactive approach towards supporting existing beneficiaries*, who currently need to seek out support themselves. Our research indicates inconsistent receipt of post-funding assistance among the beneficiaries.
4. *Shift from an activities-inputs-outputs M&E approach to one that is based on outcomes and impacts* to understand PARE's longer-term impact in terms of business growth and competitiveness.

Based on this new approach, the team recommends a two-fold strategy: (i) building strategic linkages with existing resources and service providers and (ii) building M&E systems, to work towards improving competitiveness among PARE's investees.

Summary of Key Constraints for the PARE 1+1 Beneficiaries and Proposed Solutions

End-Market Identification and Access

Identification and access to markets for beneficiaries' products and services was a common issue mentioned by various stakeholders, including beneficiaries, government agencies, and micro, small and medium enterprise (MSME) development experts. Accessing markets has been a structural issue in Moldova's micro-enterprise sector and is not specific to PARE beneficiaries. Within Moldova's MSME sector, micro-enterprises tend to be the most vulnerable to market dynamics, and therefore require greater support. Furthermore, markets in Moldova and abroad are always changing, such as the Russian ban on Moldovan wine imports in 2013, the Russian fruit embargo of 2014 (which banned Moldovan apples, plums, peaches and canned fruit²³), and the free-trade deal and association agreement²⁴ signed with the European Union in 2014.²⁵ This requires Moldovan MSMEs to constantly adapt to changing market conditions, further highlighting the need for beneficiaries to have market-related support.

Input Market Dynamics

Our research indicated that for some businesses in Moldova, the conflict in Ukraine has resulted in the loss of key sources of raw materials. For one beneficiary, this meant that the company had to change the supply of zinc from Ukraine to Romania, which has been of poorer quality and more expensive. Therefore, he has been trying to identify new contracts or subsidies. Furthermore, the 30 percent depreciation of the Moldovan Lei has made it even more critical to identify affordable suppliers for businesses importing raw materials or crop treatments.

Source: "Ex-Soviet Moldova is feeling the squeeze from Russian fruit embargo", Business Insider (April 8, 2015).

Based on our interviews, we learned that:

- *MSMEs do not conduct end-market analysis, which may result in limited demand of their products and services and unmarketable brands.* Through our research, we learned that one of the key issues hindering sustainability among MSMEs was that entrepreneurs did not fully understand their end markets before launching their businesses. For example, EBRD discussed a bakery business that was unable to sell its specialty bread, as there was no demand in their villages. Furthermore, our interviews revealed that the lack of end-market focus was a critical issue for Moldovan small agribusinesses, who are resistant to or are unaware of the advantages of producing more marketable products, e.g. high value crops. Small agribusinesses often produce crops based on their skills and interest, with little consideration of the potential market.
- *MSMEs tend to focus more on production rather than sales.* Micro-enterprises tend to disproportionately invest more in production capacity than sales. As a result, they may be unable to break even or generate profit since they tend to spend as much, or more, on production than their revenue. This is an issue

²³ "Moldova fights back against Russia's food bans", *The Guardian* (August 15, 2014), available at: <http://www.theguardian.com/world/2014/aug/15/moldova-fights-back-russia-food-bans>

²⁴ European Commission: Moldova Trade Policy overview. Accessed at <http://ec.europa.eu/trade/policy/countries-and-regions/countries/moldova/>

²⁵ In June 2014, the EU and Moldova signed an Association agreement, which gives duty-free treatment to Moldovan wines, and removed import duties for several goods traded between the EU and Moldova.

EBRD has observed among its MSME clients. For example, an EBRD client received a grant to purchase 12 new sewing machines, but did not know how to absorb this new capital investment in terms of utilization and sales. This can be reflected in trends in sales and revenue growth in businesses' income statements and inventory performance.

- *MSMEs have little leverage with large buyers.* Since MSMEs offer low propositions, large buyers benefit from relatively low switching costs if MSME suppliers fail to meet demand requirements and/or preferences (e.g. price, production volume, quality, reliability, etc.). As a result, this puts immense pressure on micro-enterprises to perform and build new customer relationships, especially if one large buyer dominates their volumes. For example, we learned about a PARE clothing business that failed after it lost MaxMara as a buyer since it was not able to meet the buyer's volume requirements. Additionally, we also learned that this is a key constraint for Moldovan micro-agribusinesses who struggle in providing consistent and large volumes of produce throughout the year to local retailers. As a result, microenterprises need to understand the preferences of their large buyer customers and cooperate with other producers to scale operations.
- *MSMEs are vulnerable to fluctuations in demand.* Due to recent economic conditions, Moldovans have reduced purchasing power, which has led many micro-enterprises to close. For example, we learned about an EBRD client who was running a bakery business in rural areas for fifteen years. Due to drastic reductions in people's purchasing power, she had to close sixty percent of her bakery shops. Micro-enterprises need to be able to quickly identify alternative markets to cope with demand fluctuations. This is exacerbated by the lack of financial access, detailed in the next section.

While the majority of PARE's beneficiaries are targeting local and domestic markets, we had the opportunity to meet beneficiaries who are catering to international markets. Their international focus in particular exposes these businesses to a number of risks to which locally or nationally focused businesses are not vulnerable. For example, the Russian fruit embargo has disrupted the traditional markets of many PARE beneficiaries, who are now forced to scramble for alternative markets and buyers. Particularly, the Russian embargo presents a huge concern since 51% (256 contracts) of PARE's portfolio is dedicated to agriculture. While there has been a recent fair-trade agreement that has opened up the EU market, the EU market is immensely competitive and has demanding quality and technical standards requirements.²⁶ Moldova's market-support infrastructure, in terms of standards, testing, and certification bodies, suffice for CIS markets but are still inadequate for the EU. Therefore, will require greater market support in shifting from CIS to EU markets.²⁷ Additionally, beneficiaries mentioned that they need support in upgrading their equipment and establishing relationships with foreign companies to compete in EU markets.

Recommendations for Improving End-Market Identification and Access

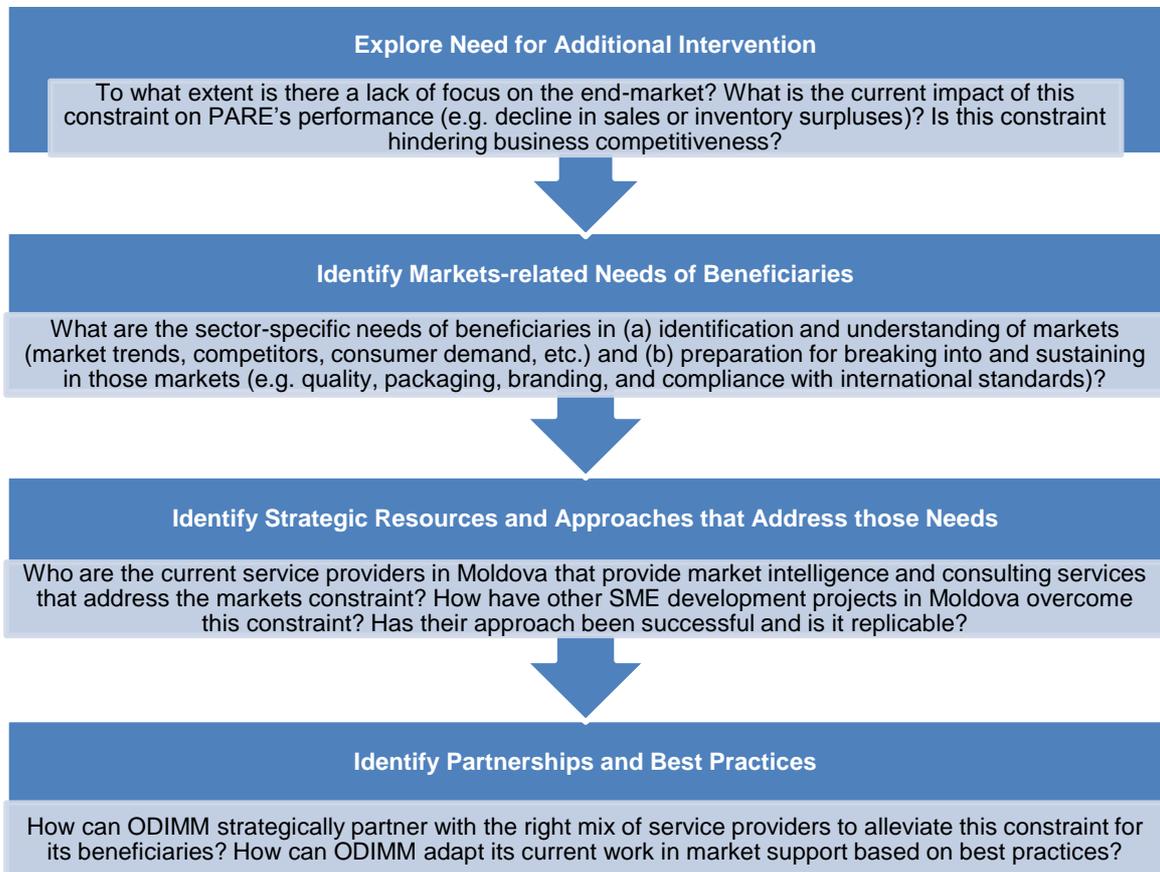
Overall, the lack of focus on the end-market, in terms of analysis and preparation, among PARE's entrepreneurs and the limited support services they receive in these areas can hinder the potential sustainability and competitiveness of the businesses.

²⁶ "Ex-Soviet Moldova is feeling the squeeze from Russian fruit embargo", *Business Insider* (April 8, 2015). <http://www.businessinsider.com/afp-ex-soviet-moldova-feels-squeeze-from-russian-fruit-embargo-2015-4>

²⁷ "Assessing Competitiveness in Moldova's Economy: A Study Conducted for USAID", Development Alternatives Inc. (DAI) (2004). Accessed at http://pdf.usaid.gov/pdf_docs/PNADC977.pdf

Therefore, we recommend that in addition to the referral system ODIMM explore how to ensure that PARE beneficiaries have an end-market to cater to (training and due diligence) and are equipped with the resources that will give them the knowledge and skills to enter those markets (post-investment stage). We suggest the following thought process to examine this constraint:

FIGURE 9: KEY QUESTIONS FOR EXAMINING THE MARKETS CONSTRAINT

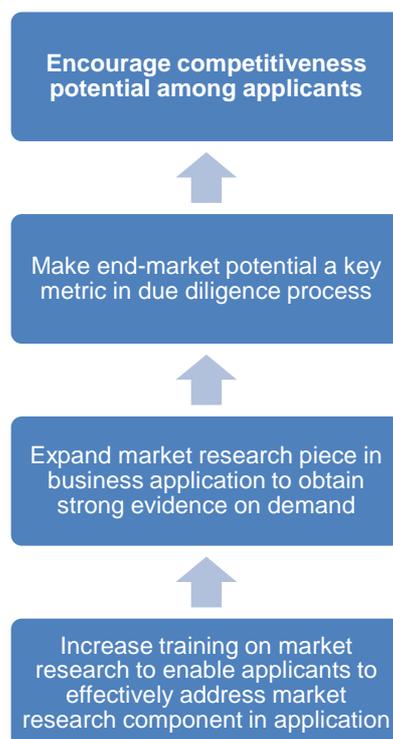


As discussed above, building partnerships and developing a referral system can alleviate the marketing constraints among others. In addition to referrals, however, we have identified additional opportunities for changes in ODIMM's current marketing support activities based on lessons learned and insights from MSME experts in Moldova. In our analysis below, we have grouped ODIMM's marketing support activities and potential opportunities by (A) Training and Due Diligence Stage (Components 2 and 3) and (B) Post-investment Stage (Component 4).

A. Training and Due Diligence (Components 2 and 3)

To address the markets constraint, we suggest the following approach for components 2 and 3 to encourage businesses to have competitiveness potential:

FIGURE 10: PROCESS FOR INTEGRATING END-MARKET EVIDENCE IN TRAINING AND DUE DILIGENCE

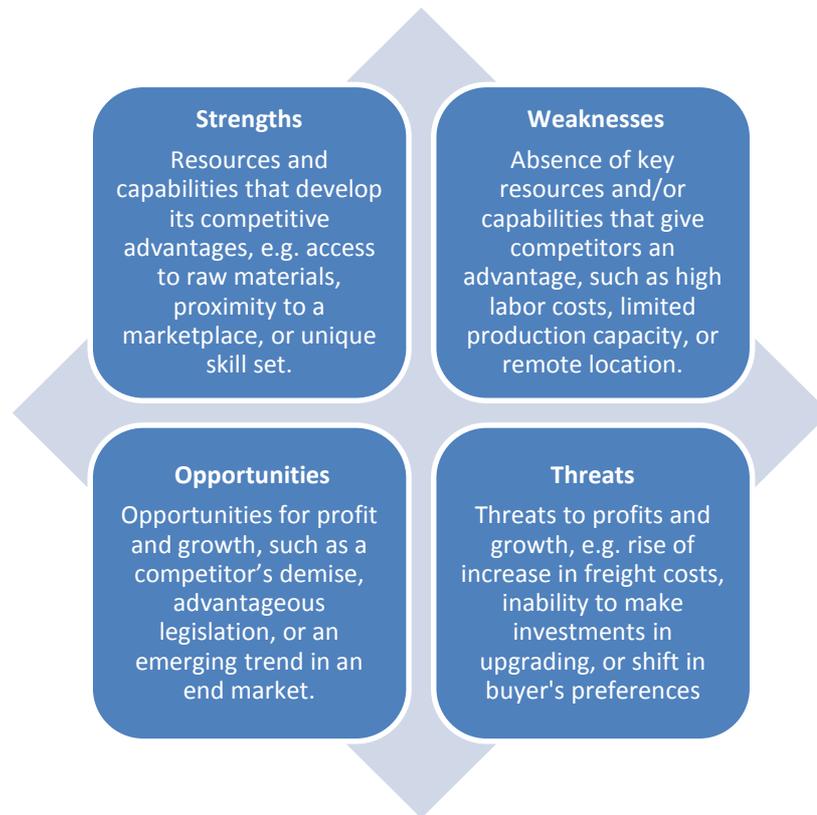


1. *Expand current 10-day training program to integrate additional trainings and activities that will help entrepreneurs conduct market analysis for their business plans.* We recommend adding training sessions that will help entrepreneurs identify appropriate markets and potential tools and resources for research on those markets. This will in turn help them better focus their sales and marketing efforts once they receive PARE funding. ODIMM could consider training beneficiaries in market analysis tools and strategies that (a) equip applicants in providing the data ODIMM needs in the business plan (e.g. consumer preferences) and (b) are feasible, accessible, and affordable for beneficiaries.

To ensure it is feasible, we suggest ODIMM explore a combination of crosscutting and sector specific activities. For example, ODIMM can consider expanding their current crosscutting markets training to give entrepreneurs the basic fundamentals they need for primary and secondary market research for their business plan. Additionally, ODIMM can complement this by integrating industry-specific panels and interviews of industry-experts or former PARE beneficiaries discussing sector-specific market issues. This also aligns with beneficiaries’ interests in receiving additional sector-specific trainings.

2. *Expand the current component of market research in the business plan application:* We suggest breaking up the current application question: “What is your target market? How large is this market estimated to be?” into a series of detailed questions that encourage entrepreneurs to examine various aspects of the market and provide a more robust analysis. The additional questions in the business plan should link specific attributes of the business with the target end-market. We included USAID’s sample of market research areas based on a Strengths, Weaknesses, Opportunities, and Threats (SWOT) framework for ODIMM to consider when exploring additional questions.

FIGURE 11: END-MARKET ANALYSIS SWOT MATRIX BASED ON EXAMPLE IN “MICROLINKS”
SOURCE (SEE SOURCE LINK BELOW)



Source: Microlinks, "End Markets – Overview"²⁸

Including additional questions will encourage entrepreneurs to explore their end-markets, while allowing ODIMM to assess entrepreneurs' marketing and sales goals against market potential.

1. *Make end-market potential a key criterion for funding.* Evidence of end-market potential will help ODIMM better assess the applicants' competitiveness potential.

²⁸ "End Markets – Overview", *Microlinks* web portal, available at <https://www.microlinks.org/good-practice-center/value-chain-wiki/end-markets-overview>. Accessed on May 5, 2015.

Incorporate broader market considerations in training and diligence process

ODIMM does not dictate which products/services or target markets beneficiaries should pursue. However, ODIMM can consider integrating broader market considerations in their trainings and diligence processes, so beneficiaries can incorporate these aspects in their research and application.

- A. *Niche Markets:* Based on our discussions with CEED and UNDP, we learned that the majority of Moldovan small businesses is best suited for niche markets, since it is difficult for entrepreneurs to reach economies of scale. Considering SME development projects in Moldova have been targeting niche markets, given the higher potential for success, we recommend ODIMM consider identifying these markets and bringing them to beneficiaries' attention during training. For example, in the apparel industry, CEED has been targeting a niche market of "irka" shoes and has found that success has been easier in this market. Similarly, CEED has identified a niche tourism market that combines wine and adventure, and has been promoting adventure-based tourism and agro-pensions. These agro-pensions have generally been small in size. Additionally, the Ministry of Economy suggested pursuing the rural tourism market as well, considering it also has spill-over effects for villages. Identifying and investing in niche markets and technologies, e.g. green agriculture, will help PARE diversify its investments and promote innovation in the MSME sector. Among agribusinesses, ODIMM can consider promoting niche-agricultural products (e.g. ecological honey).
- B. *Reverse Demand:* In addition to identifying and targeting niche markets, there are certain services and products for which other SME developments are creating demand, and could be an opportunity for partnership with PARE. For example, while there is little demand for agro-pensions, CEED is creating small incentive grants for rural accommodation and identifying focus areas for this type of rural tourism. ODIMM could potentially partner with CEED in those focus areas and encourage beneficiaries to consider this service.

B. Post-Investment Stage (Component 4)

Promoting Group Marketing through Associations

We believe there is an opportunity for ODIMM to expand its current work in association building to promote group marketing. While several beneficiaries noted an interest in forming associations for networking and industry knowledge, our research has also highlighted the potential associations have in addressing market-related constraints in Moldova.

For example, CEED has taken an advisory role for associations where it advises newly formed associations on joint-marketing strategies (e.g. unified brand), organizational management (e.g. leadership, criteria for selecting members) and operational planning. In our interview, we learned about CEED II's success with associations in Moldova. For example, CEED II formed an association for group marketing in the fashion industry, which has grown from 9 to 58 companies. Association members have been able to share costs for billboard advertising, obtain group discounts in buying, and share inputs (e.g. photographers in the fashion sector). As a result, this has helped make marketing services more affordable for entrepreneurs.

Furthermore, since Moldovan supermarkets tend to require an on-going supply of produce throughout the year, they tend to work with larger companies that have more greenhouses and greater production capacity. Furthermore, to export agricultural goods to European supermarkets, entrepreneurs will need to promote their goods as a group, given the demanding requirements of EU markets.²⁹ As a result, it is difficult for micro agribusinesses to obtain retail buyers on their own and need associations and/or cooperatives in their marketing and sales efforts. This also highlights the need for

²⁹ Business Insider, see footnote 26.

associations to compete locally or internationally in terms of joint production and marketing

ODIMM currently provides a series of workshops that gives one-day trainings on association-building to various industries (e.g. agro-tourism, manufacturing, and energy production). These trainings aim at explaining the benefits of associations, and serve as a networking opportunity. Given the potential impact of associations, ODIMM can consider expanding its current work in promoting association building among its beneficiaries. We discuss two association-building approaches undertaken by other MSME development projects in Moldova below:

Generic Umbrella Brand for Agribusinesses

CEED II believes that associations have international marketing potential with *generic umbrella brands*, if they are guided on how to effectively promote the brand (e.g. a trademark). ODIMM can explore opportunities for facilitating the creation and promotion of a common brand for its entrepreneurs (e.g. in processed fruits). For example, ACED has helped create generic brands to consolidate producers' commercial identify. In preparation for two trade exhibitions, experts determined that the appearance of fruits was not enough for buyers to abandon their old suppliers, requiring a need to emphasize the taste as the differentiating factor. As such, producers participated in trade fairs under a common national brand with the ACED-designed logo and slogan "Moldova – taste makes the difference."

- i. *Be a facilitator if there is interest in building associations.* USAID ACED has been informally promoting interest among producers to form regional collectives for joint storage, packing, and marketing. For example, ACED connected table group producers with the Association of Table Grape Producers and Exporters to discuss international market opportunities for Moldovan table grapes. As a result, growers felt the need to take collective action and decided to form a regional producer association amongst themselves for joint ownership and operation of cold chain and packing facilities and joint marketing of their product. Once there is interest among entrepreneurs, ACED then links these groups with consulting firms who help them determine the type of association or cooperative to consider.
- ii. *Be a coach to actively promote associations.* CEED II has taken a relatively hands-on approach towards association-building. If there is an interest in building a collective, CEED II coaches associations in strategy and operations. CEED II believes the key to their success with associations has been that they have never funded associations' operational costs to keep financial incentives in place. CEED II limits its scope to guiding associations in set-up (e.g. develop an activity plan and a training calendar). Additionally, based on CEED's experience, larger associations are stronger as they better represent the industry and are more economically efficient. Therefore, they encourage these associations to expand their membership.

While these approaches have been successful, we have also learned about some of the challenges in Moldova. Several donors have been focusing on promoting associations in Moldova, which has been an uphill battle given Moldova's history of communism and forced collectivization. Furthermore, group marketing tends to work effectively with more established and well-run businesses. With these challenges and potential benefits, we suggest that ODIMM consider adapting ACED's approach (i.e. *be a facilitator if there is interest in building associations*) considering its target segment is micro start-up businesses. ODIMM can link current beneficiaries to relevant successful associations for round-table discussions on sector-specific issues, e.g. local and international market opportunities current beneficiaries. This in turn can eventually build an interest among entrepreneurs, after which ODIMM can refer them to the

relevant firm or project that can determine the type of entity (association vs. cooperative), purpose (joint storage, operations, or marketing), etc.

Access to Finance

Limited access to finance for MSMEs was noted to be one of the largest barriers in helping PARE 1+1 businesses grow. The current banking system situation in Moldova, a lack of awareness of available financial services among MSMEs, and the risk-averse nature of banks and entrepreneurs have limited access to formal financing for MSMEs. This section will analyze the situation both from the demand and supply side, and will attempt to provide recommendations to overcome the aforementioned challenge.

1. Complexities of the Moldovan Banking System

The Moldovan banking system has faced several challenges. Given the high levels of remittances in Moldova, ranking 5th worldwide in 2012, the decline of private consumption in the euro area was felt on the country's banking system. This situation has negatively impacted borrowers' creditworthiness and the percentage of bad loans.

According to a study evaluating the fragility of the banking system in Moldova, conducted by the National Institute for Economic Research³⁰, the main barrier in accessing finance is the shortage of long maturity funds in Moldova's banking system. Only 17 % of the deposits held at banks have maturity greater than 12 months, while 75 % of the requested loans are long-term. Clearly, there is a potential mismatch between banks' deposits and liabilities; therefore, banks prefer to maintain high levels of liquidity to be able to respond to investor runs, instead of lending at maturities much longer than those of deposits.

In addition, since the economic contraction in 2009, the domestic banking system started incurring high non-performing loans. In 2008, delinquent loans registered at 5.9% peaking at 16.3% in 2009. As of 2012, this indicator reached 14.5% highlighting the banking system's vulnerability. The recent steep depreciation of the Moldovan Leu (MDL) is also expected to worsen delinquency indicators. It is noteworthy that population has been converting their local currency deposits into foreign currencies, creating a shortage of MDL.

A couple of additional characteristics have contributed to the banking sector fragility. First, despite the efforts by the National Bank of Moldova in making public the ultimate beneficial owners of local banks, the process has not been completed. The vulnerability arises from the fact that it cannot be established whether owners are in a position of providing funds in case of stress situations. Second, foreign strategic investors own less than 20% of the banking sector's assets. The few foreign investors are Mobiasbanca (Groupe Société Générale), Eximbank (Gruppo Veneto Banca), ProCredit Bank (BCR Chisinau) and Banca Comerciala Romana).

The aforementioned report suggests that the high levels of liquidity maintained by banks are most likely caused by the mutual lack of confidence of individuals towards banks and of commercial banks towards potential borrowers. Vulnerabilities of the financial system have pushed the National Bank of Moldova to raise base interest rates

³⁰ Clichici, Dorina; "Banking System Fragility: Case of the Republic of Moldova", *Scientific Papers Series Management, Economic Engineering in Agriculture and Rural Development* (Vol.14, Issue 1, 2014), pp. 53-60.

from 3.5% to 13.5% and minimum reserve requirements simultaneously, which have caused surplus and lower interest rates in foreign currency, contributing to a self-fulfilling prophecy situation in which interest rates in local currency have skyrocketed. These facts are relevant for our study as beneficiaries mentioned high interest rates as the main constraint to access formal financial services. We will explore these constraints in detail in the next section.

2. Demand-side Analysis

While beneficiaries appreciated PARE 1+1's financial support, they are in need of further financing to scale their businesses and cover working capital expenditure. Most of the beneficiaries we had the opportunity to speak with lacked knowledge of formal financial products, and were not finance savvy.

Based on our findings, entrepreneurs resort to informal sources when in need of additional financing. Most of them approach family and friends, highlighting the convenience of these type of loans as i) relatives charge very low or no interest, ii) no payback date is stipulated, and iii) low pressure to pay back.

In addition, beneficiaries have attempted to obtain grants from different development assistance programs, such as the Japanese Non-Project Grant Aid Moldova (JPNGA), which facilitates leasing purchases by small and medium enterprises of production equipment; however, the beneficiaries that applied were not accepted for funding.

Constraints in Obtaining Financing

Based on our findings, we found that beneficiaries avoid seeking financing from banks for the following reasons:

- *High interest rates charged by banks.*
- *A high collateral, where beneficiaries are asked to pledge between 150% and 300% of the requested loan amount. Collateral cannot be fulfilled pledging future production, and companies' real estate value is insufficient.*
- *Limited awareness of loan requirements and, according to beneficiaries, complex application processes.* We learned from one beneficiary that the process of gathering the required application paperwork was cumbersome and lengthy and he did not get approval. Beneficiaries perceive banks as very strict in their requirements; for example, detailed financial information of applicants.

3. Supply-side Analysis

There are fourteen authorized commercial banks in the Republic of Moldova: Comerzbank, Banca Sociala, Victoriabank, Agroindbank, Moldindconbank, Societatea pe Actiuni Banca de Economii, EuroCreditBank, Unibank, Banca de Finante si Comert, Energbank, ProCredit Bank, Romana, Eximbank and Mobiasbanca.

The largest three and five banks in Moldova account for 75% and 90%, respectively, of depositors and borrowers.³¹ We learned from our interview with Mobiasbanca that the three largest players in offering products suited to SMEs are ProCredit, Agroindbank, and Mobiasbanca. We explored the products offered by these banks in an attempt to showcase the variety of products available in the market for MSMEs. The following table summarizes the products available, and a complete description of each

³¹ Ibid.

product can be found in Annex A.

TABLE 7: KEY CONSTRAINTS IN SME PORTFOLIO DEVELOPMENT

	ProCredit Bank	Agroindbank	Mobiasbanca
SME Products	<ul style="list-style-type: none"> • Working Capital • Fixed Assets • Real Estate • Overdraft • Credit Lines • Exports 	<ul style="list-style-type: none"> • Working Capital • Fixed Assets 	<ul style="list-style-type: none"> • Working Capital • Fixed Assets
International Development Organizations	<ul style="list-style-type: none"> • EIB line 	N/A	<ul style="list-style-type: none"> • EBRD line • BSTDB line • EIB line • IFAD line

Based on interviews with different stakeholders, we conclude that the key constraints faced by banks in developing their SME portfolio are:

- *Poor quality of data submitted by potential borrowers.* Entrepreneurs do not have financial documents and fiscal evidence, making it is difficult for banks to assess their credibility.
- *The collateral is not enough to back large investment amounts.* Potential borrowers do not have real guarantees to pledge or even if they own real assets, such as land, they are valued at very low prices. It is noteworthy that collateral is not an impediment when loan amounts are small.
- Business knowledge of people is low. Some entrepreneurs do not know what to expect from banks and therefore become risk-averse
- *Financial situation of specific industries.* CEED II’s financial assessment of the wine sector revealed that the industry is over-indebted. Therefore, wine-sector entrepreneurs are having difficulty in accessing credit due to the sector’s delinquent credit history.

Recommendations for Increasing Access to Finance

Based on the information detailed in the above section, we were able to determine that PARE 1+1 beneficiaries have ongoing financial needs that need to be addressed, and that banking financial institutions have programs suited to very small and small enterprises that could fulfill those needs. ODIMM could take an active role to bridge the supply and demand gap through two approaches: facilitating workshops that address the specific constraints mentioned in “Access to Finance” section, and linking beneficiaries with consultants capable of helping entrepreneurs to understand their financial needs.

1. Addressing Specific Constraints

On the demand side, beneficiaries highlight three principal constraints, namely i) high interest rates, ii) high collateral, and iii) lack of knowledge on available products and complicated application processes. On the supply side, the main constraints faced by banks are i) quality of submitted data, ii) lack of collateral, and iii) lack of financial knowledge of entrepreneurs. ODIMM is in a position of linking demand and supply by facilitating workshops with entrepreneurs that address the following topics:

- *Stress the importance of submitting high quality information to the bank.* Beneficiaries mentioned high interest rates as the main constraint to access formal financial services. Based on our conversation with the management team of Mobiasbanca, we learned that quality of data is crucial to assess whether an applicant has the capacity to pay back the loan, which directly impacts the interest rate charged. Mobiasbanca mentioned that even for small clients, whom are able to present clear financial data, it offers good interest rates. It is a spread of about 400-500 basis points (4-5% per annum) between the interest rate charged to those who are able to present data of quality and those who cannot present data to the bank. In this sense, the lack of data is what makes a client very risky. ODIMM could develop a program to guide PARE1+1 beneficiaries in preparing detailed financial statements that meet financial institutions' expectations.
- *Emphasize flexibility of collateral in terms of loan amount.* Financial institutions assess the need for a loan applicant's collateral on a case-by-case basis, as it depends on the loan amount being requested. According to Mobiasbanca, for loans up to MDL 100,000 the bank does not ask for real collateral and personal guarantees can be pledged. If the credit is up to MDL 300,000 the collateral can be pledged on inventories and movable goods. If the loan requested is greater than MDL 300,000 real collateral is needed. Likewise, ProCredit Bank's credit line can be disbursed without collateral if the loan amount is up to MDL 200,000. It is important to inform entrepreneurs that collateral depends on the loan amount being requested.
- *Discuss SME-oriented products and the requirements to apply.* In the Access to Finance section, we presented products offered by ProCredit Bank, Agroindbank and Mobiasbanca to small entrepreneurs that could be of interest for PARE 1+1 beneficiaries. Mobiasbanca in specific, analyze the financial capacity of the micro-sector in two ways: i) in case the client is starting up the business and has a simplified record, the bank analyzes his/her capacity, potential and real development of the business, and ii) if the client already has and ongoing business, the bank looks deeper into the financial records and cash flow.

2. Focusing on Entrepreneurs' Financial Needs

A crucial crosscutting issue is the fact that many entrepreneurs do not know their financing needs to help their business grow. Oftentimes, Moldova's small entrepreneurs are not finance savvy and they do not know which financial products better suit their needs, for instance, the terms and conditions of loans are different in the case of leasing, short term and long term financing. In this regard, ODIMM could consider a more targeted approach, co-financing consulting services that would help entrepreneurs understand their financing needs and align them with the right financial product. According to EBRD, small companies cannot access financial instruments because they do not possess knowledge to determine whether their needs could be fulfilled with for example, equipment on lease or credit.

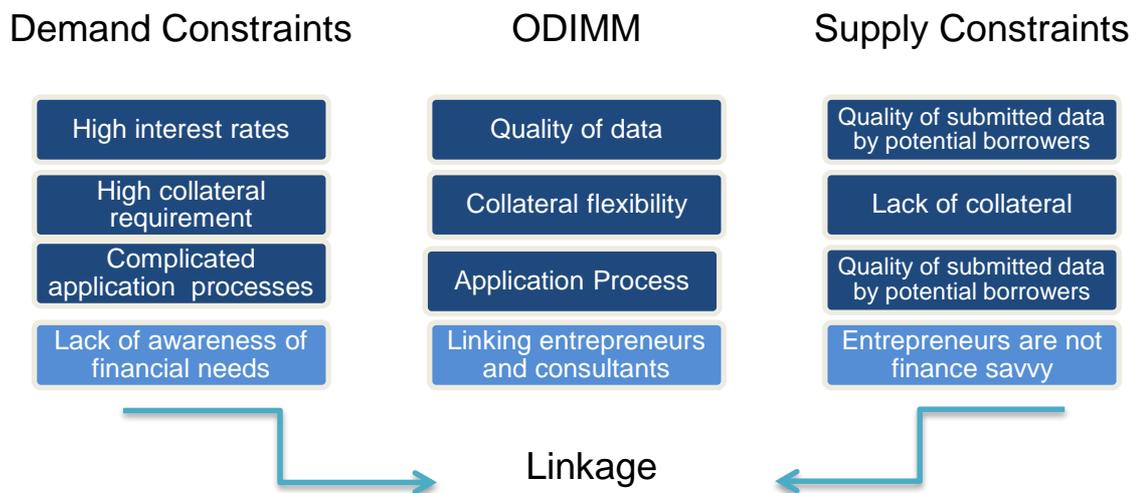
According to a USAID report on rural and agricultural finance in Moldova,³² the existence of adequate support services are preconditions to an efficiently functioning rural agricultural finance and will increase confidence of formal financial institutions

³² *Innovations in Rural and Agricultural Finance in Moldova* - microReport #34 (Washington, DC: USAID, January 2006). Available at http://www.ruralfinance.org/fileadmin/templates/rflc/documents/1210950249678_Innovations_in_RAF_in_Moldova.pdf

to serve micro entrepreneurs. The report explicitly mentions the need for business development services in order to support entrepreneurs and build creditworthiness in the eyes of financial institutions. For further illustration, please refer to the text box below (“ACED: Linking Potential Borrowers with Business Development Service Providers”), which explains in detail how USAID’s Agricultural Competitiveness and Enterprise Development Project (ACED) supports AAF by linking potential borrowers with business service providers, who assist them with the preparation of business plans. ACED monitors the completion of high quality business plans.

The following graph summarizes the role that ODIMM can play in bridging the gap between demand and supply constraints.

FIGURE 12: ODIMM'S ROLE IN BRIDGING DEMAND AND SUPPLY CONSTRAINTS



Source: Millennium Challenge Account - Moldova³³ and ACED Annual Report³⁴

³³ Millennium Challenge Account –Moldova: Monitoring and Evaluation Plan (The Compact Program, February 2014). Available at [https://assets.mcc.gov/documents/ME_Plan - MDA - V4 - Feb14.pdf](https://assets.mcc.gov/documents/ME_Plan_-_MDA_-_V4_-_Feb14.pdf)

³⁴ ACED Annual Report: March 23, 2011 through March 31, 2012 (Washington, DC: USAID, April 2012). Available at http://pdf.usaid.gov/pdf_docs/pa00j9g7.pdf

ACED: Linking Potential Borrowers with Business Development Service Providers

In 2010, the Millennium Challenge Corporation (MCC), a United States Government Corporation, and the Republic of Moldova, signed the Millennium Challenge Compact action plan. The goal is to contribute to poverty reduction through economic growth. One of the specific goals is to help Moldova transition to High Value Agriculture (HVA), which would increase incomes in the agricultural sector and create an enabling environment in terms of legal, financial and market aspects. Specifically, one of its pillars is Access to Agricultural Finance (AAF), which aims to provide long-term financing and technical assistance to support entrepreneurs in their HVA-related investments. The program aims to:

- (1) Make banks knowledgeable about lending for post-harvest to reduce perceived risk, and thus collateral requirement
- (2) Empower enterprises to invest in post-harvest infrastructure, providing business plans support services
- (3) Improve access to finance, which results in more stable cash flows and increased collateral capacity of AAF borrowers.

USAID's Agricultural Competitiveness and Enterprise Development Project (ACED) supports AAF by linking potential borrowers with business service providers, who assist them with the preparation of business plans. ACED monitors the completion of high quality business plans.

Overarching Strategies to Increase Competitiveness in PARE 1+1 Beneficiaries

Solution 1: Structured Referral System

As illustrated in our above analysis, developing partnerships is a yet untapped but potentially advantageous solution for addressing the key financial access constraints like loan application barriers and quality data production, market access constraints regarding the identification and diversification of potential markets for beneficiaries, and thus the overall business competitiveness of PARE entrepreneurs. However, these two constraints are among a diverse set of issues entrepreneurs face when building and sustaining a business. Identified in our analysis were also constraints regarding industry specific assistance, value chain analysis, and consistency of post-financing assistance. Overall, our findings indicate that increasing the competitiveness and sustainability of PARE's beneficiaries requires expansive post-funding assistance that addresses both general business obstacles as well as sector-specific needs beyond those constraints analyzed through this project.

This necessarily diverse system of assistance is functionally impossible for one organization to provide. Therefore, we recommend developing a referral system that leverages the existing business development ecosystem in Moldova. Ultimately, this referral system should aspire to align topical programs and partners with the needs of individual beneficiaries. Overall, this strategy employs the strength and diversity of existing service providers, which could include SME development projects, government agencies, nonprofit organizations, or consulting firms etc., to offer tailored assistance for PARE beneficiaries and potentially solves a wide array of constraints identified through our interviews and focus groups:

- *Tailored Assistance:* both our program analysis and desk research indicate that businesses need assistance based on a number of key business characteristics, most specifically beneficiaries request industry specific assistance and information. However, a number of other factors may also dictate the kind and

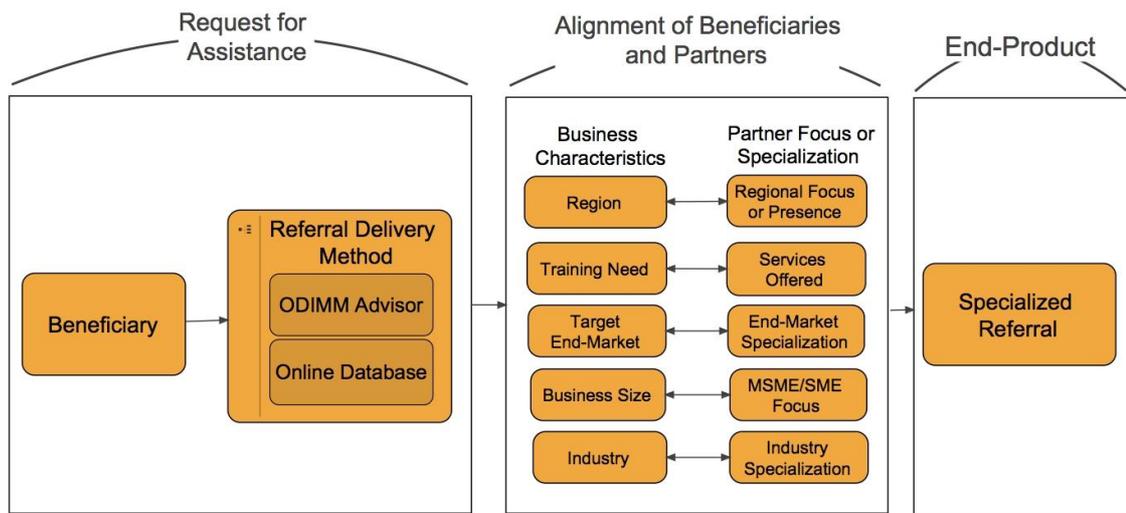
amount of assistance necessary. For example, an agricultural business looking to sell within Moldova will not encounter the same obstacles or have to meet the same requirements as a business looking to export to the European Union. Additionally, these businesses will not encounter the same obstacles and requirements as a business exporting to Russia. As we will illustrate in the next section, the referral system has the potential to closely align beneficiary goals and business characteristics with partner programs and focuses.

- *Streamlined Assistance:* The current post-funding system depends heavily on beneficiaries proactively engaging PARE business advisors throughout the two-year technical assistance provided post-funding. However, this strategy may be vulnerable to discrepancies in the information and level of assistance provided to beneficiaries, as indicated in our focus group discussions with beneficiaries. By, first, streamlining the referrals and information that PARE 1+1 business advisors dispense to beneficiaries as well as expanding potential delivery points can standardize the information and level of assistance beneficiaries receive post-funding.
- *Proactive Assistance:* A referral system has the potential to both expand the current assistance structure as well as the increase PARE's ability to proactively engage with beneficiaries post-funding. Discussed below, by both creating additional points of access to the referral information as well as carefully constructing the partnership pool, PARE's post funding assistance can build a stronger, proactive approach to building competitiveness among beneficiaries.

Furthermore, the system can address the most pressing constraints identified through our program analysis:

- *Financial Access:* The formal financial system is met with significant distrust in Moldova, and beneficiaries are often deterred by the cost of financing and collateral requirements as indicated in the above financial access analysis. The referral system can both offer information regarding traditional loans as well as loan alternatives of which beneficiaries may currently be unaware or unmotivated to explore. More information and examples of referrals regarding financial access are provided in the following pages.
- *Market Access:* Currently a number of programs exist that help SMEs in gaining market access and building associations. The referral system can link these programs with beneficiaries, therefore addressing a critical constraint beneficiaries face post-funding. Further and more detailed information regarding potential referrals is available at the end of the Referral Strategy recommendation.

FIGURE 13: REFERRAL PROGRAM STRUCTURE



The referral system revolves around the development and organization of relevant SME and business development oriented partners with the goal of aligning the needs of beneficiaries and available services in Moldova. This strategy can be both reactive as well as proactive because the system responds to beneficiary demands while encompassing the supply of relevant assistance. By equally considering both demand for and supply of assistance in the development and organization of partnerships, one can build a tailored as well as resilient referral strategy that addresses the evolving needs of beneficiaries.

Evaluating Demand of MSMEs for Key Post-funding Services

Our program analysis identified a number of constraints PARE 1+1 beneficiaries faced in the post-funding stage, which we recommend be considered for identifying strategic partnerships. For example, since lack of industry-specific support is a common constraint, ODIMM may want to begin by identifying partners that provide business development services in PARE’s focus industries, i.e. agriculture, production, and services. While our program analysis is a good starting point, we recommend a more in-depth analysis of post-funding experiences in order to understand the most pressing beneficiary needs and to identify the best strategies to facilitate competitiveness.

Evaluating Supply by Relevant MSME Service Providers

Developing partnerships exclusively based on current beneficiary needs inherently limits the system to reactive referrals. Therefore, we recommend that once the most pressing needs are addressed and appropriately referred, that a more extensive network be built with partners who may provide services beyond the scope of current beneficiary demands. This will require more extensive research in order to map relevant SME and business development programs.

This “supply” oriented approach to partnership development promotes a more resilient, proactive method of referrals that can address evolving beneficiary demands while also meeting current ones. Additionally, by expanding partnerships beyond current demand the referral system can potentially increase interest in alternative business development strategies. For example, lack of access to capital in the form of bank loans is commonly

cited by PARE 1+1 beneficiaries, but a bank loan is not the only strategy for raising capital. Alternatively, ProCredit bank provides relevant accounts and information regarding business savings strategies as loan substitutes, which may be more appropriate than a loan for smaller businesses with lower or unpredictable profits.

Finally, throughout our interviews a number of potential partnerships surfaced, with two organizations indicating an explicit interest in partnering with PARE including USAID, CEED, and Mobiasbanca.

Partnership Organization

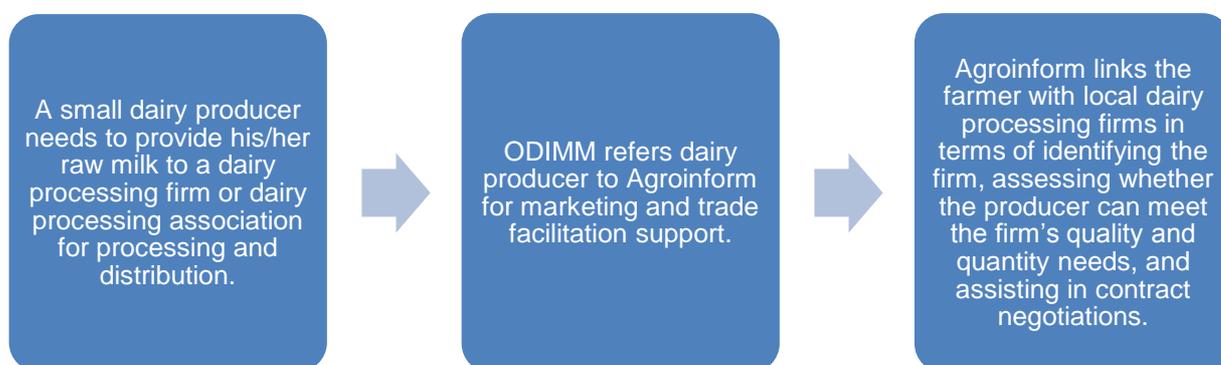
The organization of partners is essential to the functioning of the overall referral system because it facilitates the alignment of beneficiary needs and partner assistance. Functionally, the strategy consists of a number of indicators that will be used to identify appropriate and useful referrals. It may be useful to organize partners according to a combination of the following indicators, though this should not be considered an exhaustive list:

- Industry
- Business Size (in terms of investment size or employee size)
- Target End-Market (local, national, or international distribution)
- Services Offered (marketing support, legal support, financial literacy training, etc.)
- Region

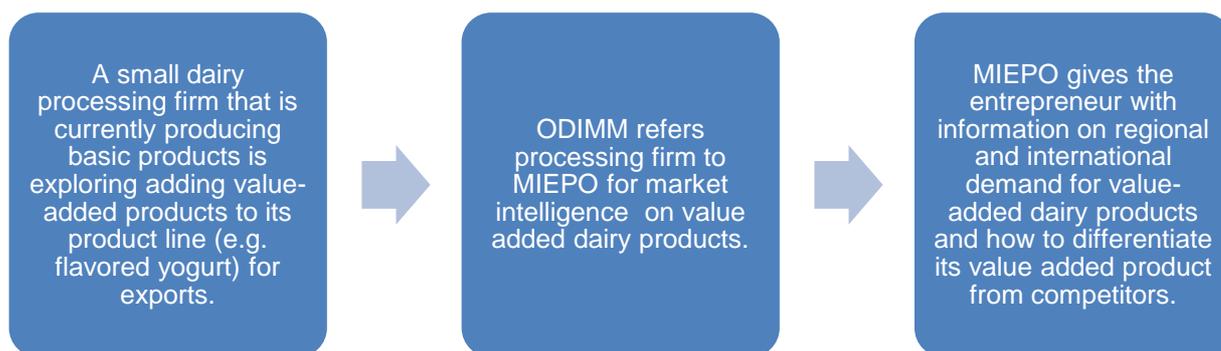
Again, we recommend that the categorization strategy reflect the dual focus on demand and supply of business development assistance. Continuing with the earlier examples, this indicates that categorizing by “industry” would help to appropriately refer beneficiaries who were looking for industry specific assistance. On the supply side, the ProCredit example indicates that categorizing also by “services offered” (perhaps with a sub-category of “loan alternatives” and/or “savings”) may facilitate more appropriate and creative referrals.

By adopting this organizational strategy, PARE can provide increasingly specific referrals. Below are three examples of possible referrals that use various business characteristics to align beneficiaries with appropriate partners.

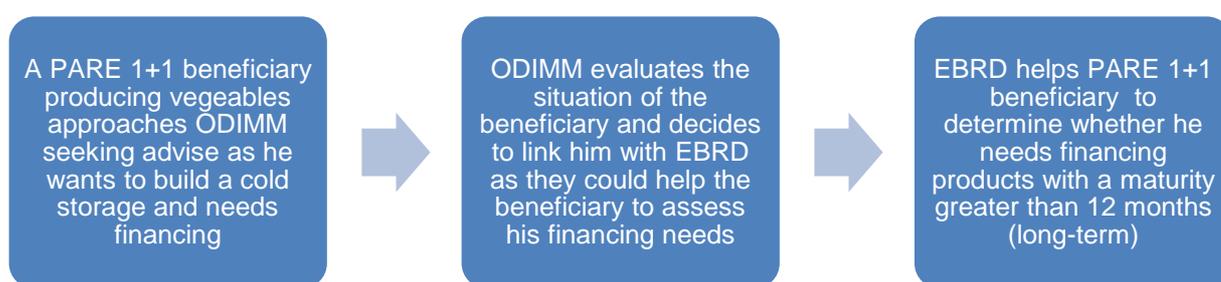
EXAMPLE 1



EXAMPLE 2



EXAMPLE 3



Referral Delivery

At delivery, beneficiary businesses must be categorized according to the same strategy adopted for organizing partners in order to align the beneficiaries with the most appropriate partners. For example, if the partner segmentation strategy includes an “end-market” category, the end market of beneficiaries for whom PARE will make a referral should also be collected. On the name note, beneficiary assistance needs should also align with partner services provided, etc. It should be noted that not all referrals would match every indicator, but that a combination of indicators allows for a system that can respond to diverse demands and contexts.

We recommend both reactive as well as proactive delivery of the referrals through a three-pronged referral approach: 1) integrating into the current advisor system; 2) providing public information about partners; 3) providing a referral packet to entrepreneurs once their business plans are approved.

Currently, ODIMM’s post-funding assistance is provided through individual business advisors who work with the beneficiaries to overcome business obstacles. Providing these business advisors access to the database enables them to provide tailored and informed suggestions to the beneficiaries with whom they work. Moreover, by using the referral system the post-funding assistance provided will be greatly expanded as beneficiaries are connect to the network of business development programs who can provide more specialized assistance than ODIMM currently offers.

However, the current system is vulnerable to inconsistencies as it primarily depends on beneficiary requests for assistance. Therefore, in order to address the inconsistency in information sharing that we noted through focus groups with beneficiaries, we suggest a two-fold strategy of making partner information publicly available and providing a

list of relevant referrals based on business characteristics for common post-funding assistance needs upon business plan approval.

Solution 2: Shift in PARE's M&E System from an Inputs-Oriented System to a Results-Based System

ODIMM's current M&E system and data collection efforts are commendable. We believe that ODIMM can build on this success to add more analysis, and utilize the data collected to its utmost potential. While an increased focus on data analysis would not require a huge shift in ODIMM's current M&E efforts, it would help ODIMM effectively portray the program's success and understand program areas that need attention.

Our earlier recommendations aim to alleviate key constraints that beneficiaries face, e.g. end-market identification and access to finance, through referrals and other activities, which would ultimately make PARE's businesses more competitive in the local and international marketplace. To measure the program's effectiveness and performance in increasing competitiveness and the impact of its investments, we believe a strong complementary monitoring and evaluation (M&E) system that measures the competitiveness of PARE's businesses is critical.

Based on our analysis, we determined that PARE's current M&E approach is based on *activities* and *outputs*. However, to understand PARE's *longer-term* impact in terms of business growth and competitiveness, we believe that there needs to be an emphasis on *outcomes*, as opposed to outputs. Therefore, we suggest that PARE makes a shift from an inputs-activities-outputs model to a results-based system that focuses on outcomes and impacts. This requires a shift from a focus on the *process* to the *benefits* of the program.³⁵

A stronger focus on the impact of the PARE1+1 program activities also aligns with the Government of Moldova's endeavors to conduct ex-ante and ex-post policy impact assessment that aim at understanding, among other, the economic and development impacts of programs and policies. From the viewpoint of program effectiveness, it does not seem necessary to undertake in-depth research on all impact dimension outlines in the Government of Moldova's guides on policy impact assessments. Instead it appears to be sufficient to focus on the competitiveness and growth of PARE's businesses and their contributions to Moldova's economy in terms of jobs, investment, and sales.

A results-based M&E system will help PARE:

1. *Develop a track record of success among beneficiaries.* Obtaining data on businesses' competitiveness potential can help PARE in two ways:
 - a. *Strengthen beneficiary's positioning within the Moldovan SME environment* (e.g. in terms of funding, marketing, etc.). If PARE's businesses are vetted and supported by data demonstrating competitiveness potential, key players

³⁵ Perrin, Burt; *Moving from Outputs to Outcomes: Practical Advice from Governments Around The World* (Washington, DC: IBM Center for The Business of Government, 2006). Available at <http://siteresources.worldbank.org/CDFINTRANET/Resources/PerrinReport.pdf>

in the SME ecosystem, such as banks and large buyers, will view PARE 1+1 as a predictor of success, which can in turn increase access to markets and finance for enterprises. For example, if PARE uses data to build credibility among its businesses, PARE's investment could serve as a "seal of approval" for banks during their screening and diligence processes of loan applications. As a result, banks may be more interested in (a) funding PARE's beneficiaries, as they will not be perceived as "risky" and (b) developing partnerships with the PARE program given the potential of its beneficiary pool.

- b. *Ensure success of the crowd-funding platform through showcasing competitive businesses on a strong trajectory.* An M&E approach will allow ODIMM to communicate results through well defined "success stories". Targeting businesses with high-growth potential will increase credibility of the platform among users. The aim is to attract donations not only from the Moldovan diaspora, but also from a broader base of users, who might demand more evidence before funding projects. Therefore, in selecting the beneficiary pool for crowdfunding, data that tracks the viability of businesses will be necessary.

Hierarchy of Program Objectives

To develop an outcome-oriented M&E system, a clear understanding of the “hierarchy of objectives”, i.e. activities, outputs, outcomes, and impacts, is critical. Additionally, these objectives will inform the following key questions that will guide the evaluation process. Various donor agencies, including the Department for International Development (DFID), the United Nations, etc., provide their own conceptualizations of these objectives. We provided a sample of objective definitions and the key questions they address in line with USAID’s guidance below:

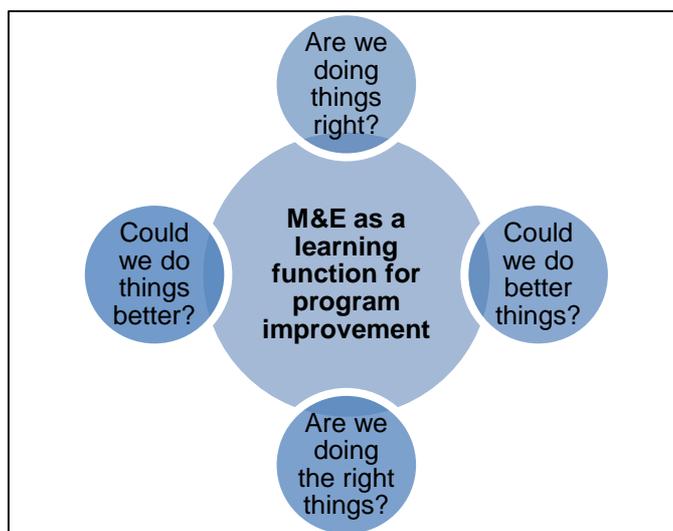
KEY TERMINOLOGY AND QUESTIONS BASED ON USAID’S *M&E HANDBOOK FOR BUSINESS ENVIRONMENT REFORM AND USAID’S/CATHOLIC RELIEF SERVICES’ M&E PLANNING HANDBOOK*

Objective	Definition	Key Questions(s)
Goal	Simple clear statement of the overarching purpose of the project and the problems it aims to address. The set of goals helps frame the project design and the focus of the M&E.	To what extent has PARE contributed towards its longer-term goals? Why or why not? What problems is PARE trying to address? What is the best way to measure the progress of the program and how can it translate to the M&E indicators?
Impact	These are the long term results produced by an intervention, directly or indirectly, intended or unintended. Impact measures to what extent the project goals have been achieved, or to what extent a sustainable contribution to the goals have been made.	To what extent has the PARE program contributed to SME development in Moldova? Has it increased the access to markets and finance that many SMEs are currently lacking? And more particularly, to what extent has it led to job creation and increased incomes for the target populations?
Outcome	These are the short term and medium term results of an intervention’s outputs, usually requiring the collective effort of partners. It aims to quantify the achievements at the end of the project. Outcomes represent changes in conditions that occur between the completion of the output and achievement of impact.	What changes have occurred as a result of PARE’s investment, training, and technical support? How will they contribute to the PARE’s goal and desired impact? E.g. What is the number of new enterprises or jobs created as a direct result of PARE interventions?
Output	These are the immediate results from the project’s activities. These outputs can either be directly experienced by those being targeted by the intervention (e.g. participation in training) or indirectly (e.g. report)	What direct tangible products or services has PARE delivered through its activities? What are the quantifiable results of the activities of the PARE program?
Activity	The actions taken or the work performed as part of an intervention. In other words, the activities and tasks of the project. Activities utilize inputs (e.g. funds) to produce specific outputs.	Have PARE’s planned activities been completed? Have they been on time and within our budget? Will the activities contribute to the program’s overarching goal?
Input	The resources that will be used (e.g. people, money, expertise, etc.) to deliver the activities/tasks of the program.	How are our resources being used? Are our resources being used efficiently?

Source: *M&E Handbook for Business Environment Reform* (USAID); *M&E Planning Handbook* (USAID and Catholic Relief Services). For citations, see Bibliography.

According to a report published by Evidence on Demand with the assistance of the UK Department for International Development (DFID) on crowd-funding initiatives supporting developing country entrepreneurs, there is a lack of information on the due diligence process and M&E of crowd-funded projects. Certainly, adopting an M&E approach to select projects would make ODIMM one of the initial adopters of more transparent practices. This will also ensure that ODIMM's crowd-funding platform is understandable and easy to account for.

FIGURE 14: BASED ON EXAMPLE FROM USAID'S M&E HANDBOOK FOR BUSINESS ENVIRONMENT REFORM



2. *Measure the program's performance and make data-driven decisions for program improvements.* Tracking intermediate outcomes, such as sales, will help ensure that PARE's businesses are on a healthy trajectory for sustainability and expansion. Measuring their growth and success can in turn (a) reveal PARE's programmatic performance and (b) inform programmatic decision-making (i.e. outreach, training, and diligence) for improvement. As a result, outcomes-oriented M&E is a "learning function" that can help ODIMM understand "why particular interventions have been more or less successful."³⁶ This in turn can drive decision making to improve PARE's performance.

For example, outcome data can inform changes in diligence methodologies, expansion in business development support, etc. Additionally, this will also help PARE measure itself against its longer term "expected results" (e.g. revival of local and national economy, decreased poverty level in rural areas, and stronger start-up survival rates). PARE can link intermediate outcomes, such as increase in investments, to a broad objective like reviving the local economy.

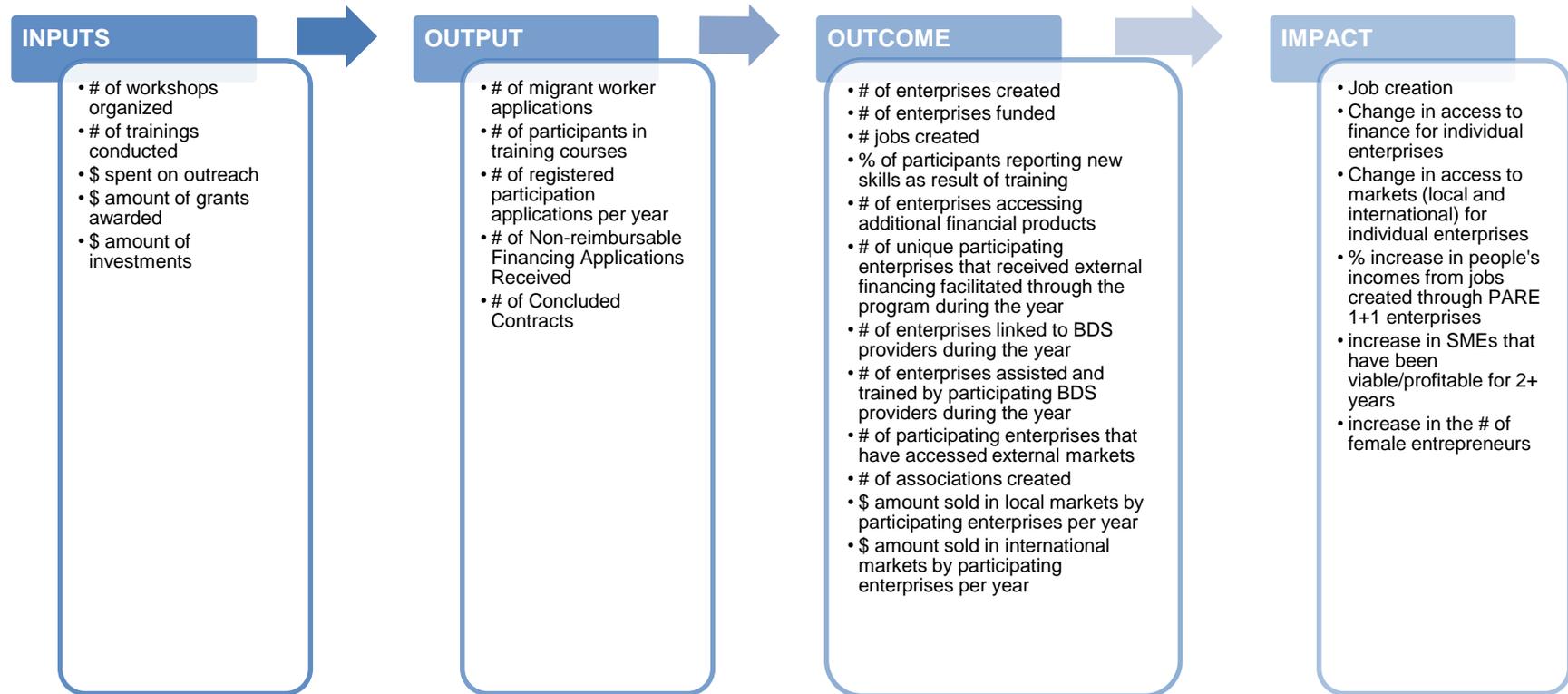
3. *Unifies the program.* A results-based M&E approach tracks the goals of the overall program and measures how the individual components of the entire program add to the realization of the outlined goals. Instead of measuring the outputs of each programmatic aspect individually, a more holistic framework allows for an integrated approach that weaves the various activities together in order to measure not only the impact of the program as a whole, but possibly even the effect of the various activities on each other.
4. *Measure the success of the referrals system.* If ODIMM decides to implement the recommended referrals system, metrics that evaluate its effectiveness will need to be included as well. Specifically, M&E mechanisms should assess (a) whether the service provider responded to the entrepreneur's request and (b)

³⁶ *The Monitoring and Evaluation Handbook for Business Environment Reform* (IFC, GTZ and DFID, 2008). Available at <http://usaidprojectstarter.org/sites/default/files/resources/pdfs/mandehandbook.pdf>

how effective the service provider's response was in addressing the entrepreneur's need(s).

Currently, PARE's M&E indicators focus on activities and outputs mostly pertaining to participation in training and applications (applicants, contracts, and funding). A summary of existing metrics and potential additional outcome/impact metrics is included below:

FIGURE 15: PARE METRICS AND POTENTIAL ADDITIONAL OUTCOME/IMPACT METRICS



Chapter Three: Crowdfunding

Crowdfunding Options and Recommendations

Beneficiary-Funded Model

The current PARE 1+1 program funds businesses through a single channel, by matching PARE funds with remittances sent by the business owner’s relatives or, in the case of returning migrants, their own money earned abroad (see Figure 16). Accordingly, the program reaches a specific number of beneficiaries and is limited in its reach by 1) the number of business owners who can prove they are investing remittances from abroad, and 2) the number of viable businesses that can be financed by PARE’s program budget.

Crowdfunding is an alternative funding option that could overcome the barriers or limitations outlined above. Below is a discussion of five potential funding models that outlines the costs and benefits of each model in the Moldovan context, taking into account recommendations drawn from the stakeholder interviews.

FIGURE 16: CURRENT PARE 1+1 STRUCTURE

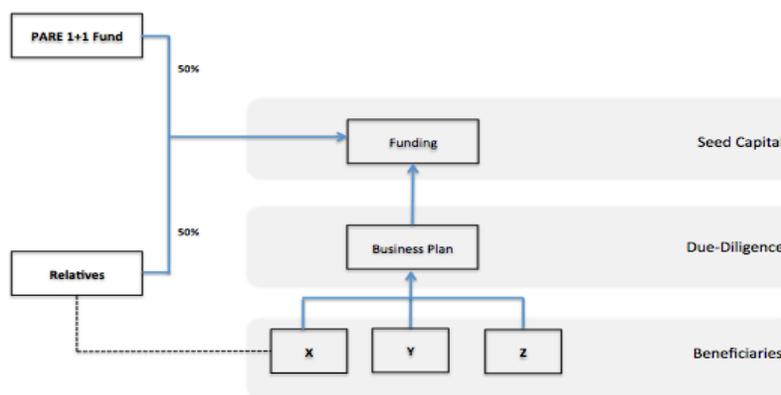
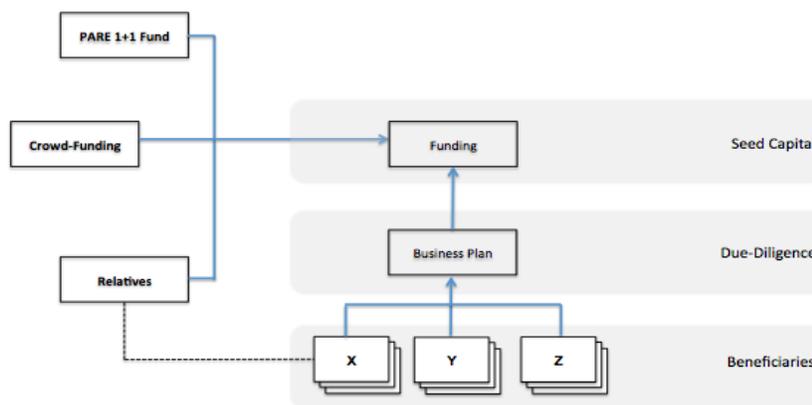


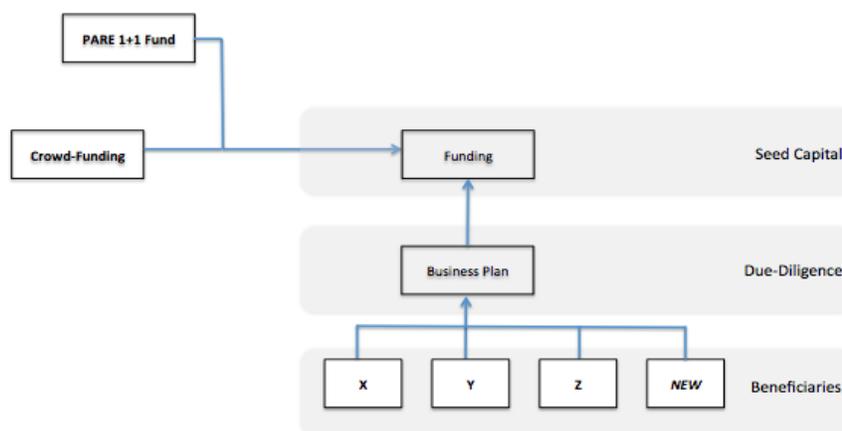
FIGURE 17: MODEL A – CROWDFUNDING AS A SUPPLEMENT TO EXISTING FUNDING SOURCES



In this funding model, crowdfunding serves as a supplementary channel of funding within the existing PARE program structure. The model would help scale the existing PARE program by increasing the funding budget through crowdfunding. This would allow the program to maintain its migrant/diaspora-driven mission while either increasing the number of beneficiaries or increasing the total funding cap per beneficiary. Such a model would align with the needs of the beneficiaries, who have expressed an interest in additional funding opportunities for new projects as well as an increase in the matching cap for each individual project.

The key drawback to the model is that the crowdfunding would complement the seed funding of as-yet unproven start-ups. Multiple stakeholders (most notably BRD the National Commission for Financial Markets and USAID) expressed the importance of building trust for any crowdfunding platform, such as by showcasing ODIMM funded businesses that are proven to be viable. There is significant concern that, owing to an initial trust deficit, funders will be less likely to send funds through the platform for businesses at the seed stage.

FIGURE 18: MODEL B – CROWDFUNDING AS A REPLACEMENT FOR REMITTANCES

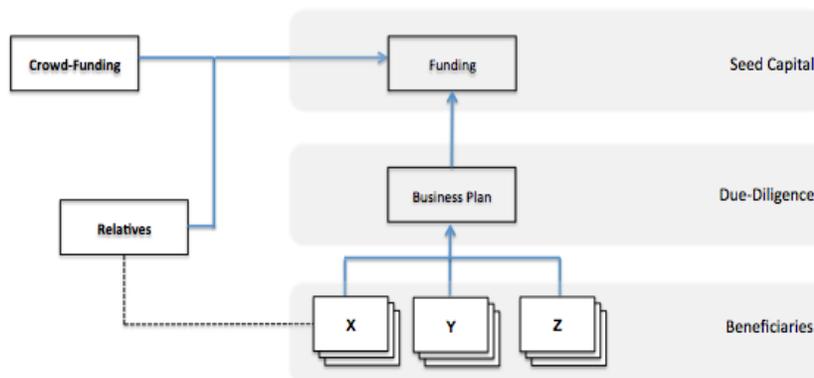


In this model, crowdfunding would replace the migrant remittances portion of the program. In essence, under Model B the PARE program would match the crowdfunding stream for each project and hence remove the barrier of only accepting business owners with migrant relatives - thus addressing a central critique of the program. The benefit of this model is that it would expand the beneficiary base and allow the program to reach new segments of business owners: those who do not have relatives to send remittances for business capital.

The major weakness of the model is the potentially limited initial funding stream through the crowdfunding platform. There is no guarantee —and some informants we spoke to were doubtful — that this crowdfunding model could fully replace the investment level of the diaspora remittances. It is the personal connection between the migrant and the recipient of the funds that drives the current process and provides the key incentive for migrants and their families to channel remittances into productive investments. For this reason, it may seem doubtful that a model, which is not based on a personal relationship between remitter (donor)

and recipient (PARE beneficiary), may attract sufficient contributions. If the crowdfunding cannot match or exceed the amount of remittances currently being invested, the funding per beneficiary would actually decrease in this model. As a result, Model B is a high-risk model to implement in the initial phases, especially given the sparse crowd-funding environment in existence in Moldova today.

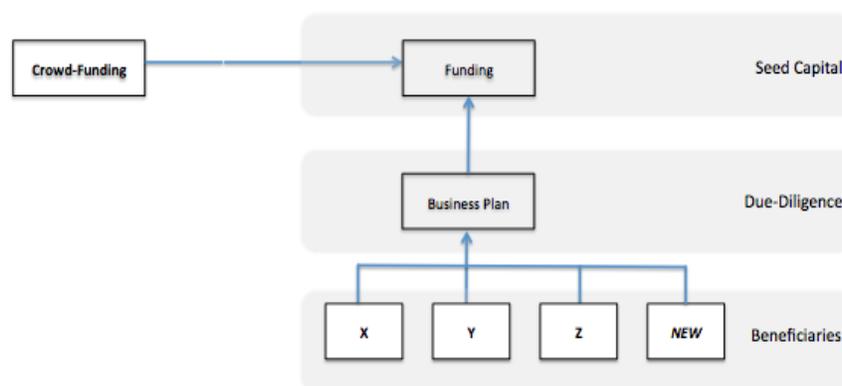
FIGURE 19: MODEL C – CROWDFUNDING AS A REPLACEMENT FOR PARE 1+1 RESOURCES



Similar to the previous model, Model C aims to replace a portion of the PARE program’s funding stream through crowdfunding. In this case, the crowdfunding would replace the MDL 200,000 match-up that the PARE program provides, or provide the funds available to ODIMM for the program. In this regard, it would reduce the program’s reliance on state budgetary allocations.

Under this model, ODIMM would maintain the role of due diligence and selection of business plans, technical assistance, and performing M&E. In essence, beneficiaries would receive funding derived solely from migrant relatives and the crowdfunding pool. In theory, this model opens the program to a much larger stream of funding, which would allow PARE 1+1 to either fund more beneficiaries or increase the amount of funds per beneficiary. Yet the inherent risks are the same as in Model B. The likelihood that the crowd-funding stream would be strong enough to match or exceed ODIMM’s matching funding to beneficiaries is very low, at least in the initial phases of the project. As such, Model C should not be considered as an initial crowdfunding strategy until the viability of crowdfunding platform can be fully proven.

FIGURE 20: MODEL D – STAND-ALONE CROWDFUNDING



In this model, crowdfunding can be used to generate all the funds needed to support an entire heretofore-untapped segment of the SME sector. This could entail a structure parallel—and relatively unconnected—to the PARE program *or* a focus on funding the needs of PARE beneficiaries after the program’s first round of financing. An advantage of opening access via crowdfunding to all SMEs would be that this would allow new segments of business owners outside of the migrant relative restriction to benefit. On the other hand, this model could also be used to address the funding needs of PARE program beneficiaries in the post-funding stage. As discussed in detail in the previous chapter, these needs are largely unmet by current financial institutions and a well-designed crowdfunding platform could seek to bridge this gap. In this regard, success stories and collected data from past PARE 1+1 beneficiaries could be used to create the necessary trust for crowdfunding as a means of financing.

In any event, this model would dispense with the need for a funding cap by basing the funding on the specific business capital required. This model is particularly relevant if implementing the crowdfunding at stages other than the initial seed funding, which the PARE program has done so far.

Recommendation

After discussions with various stakeholders and a review of the crowd-funding ecosystem in Moldova, it became clear that a crowdfunding platform needs to establish trust in its initial stages to ensure success and sustainability. Most stakeholders see the PARE program and ODIMM as an essential first step in the due diligence process, ensuring that businesses funded by the PARE program are vetted for viability. Yet the current lack of a crowdfunding environment in Moldova requires more than just a stamp of approval from ODIMM in order to incentivize donors to fund via the platform – it requires some proven success stories. It is therefore our recommendation that the crowd-funding platform adopts the structure of Model D and targets graduates of the PARE program in the post-seed stage. This would allow proven start-ups to access financing after the initial PARE funding allocation and help them grow and scale their business - helping them to access a greater fraction of the market and potentially transition from a micro to a small enterprise.

There are two main types of crowdfunding: *non-financial crowdfunding* and *financial crowdfunding*. These differ primarily in contributing individuals' expectations of a financial return at some point in the future. Each type of crowdfunding presents distinct challenges, opportunities and implications for campaign promotion, engagement with investors or donors and the institutions, infrastructure and regulations needed to support them.

Non-Financial Crowdfunding

Funds are solicited for independent projects or initiatives that appeal to others with similar interests and carry no expectation of financial return:

- **Donation-based:** As long as there is no expectation or legal obligation of a return for the money provided, the transfer is considered a donation and is referred to as donation-based crowdfunding. There are no real risks associated with this type of crowdfunding, though generally entrepreneurs have a harder time raising the required sums of money.
- **Reward-based:** Another model is known as rewards-based crowdfunding, where funders provide capital to support a campaign in return for some kind of in-kind benefit or reward. Businesses may use reward-based crowd-funding as a tool to gauge demand for new products – entrepreneurs can make a limited set of their product and reward investors with the initial model, while garnering feedback on product design and quality. For example, a honey producer could offer a jar of their honey as a 'reward' for donations of a particular size submitted through the crowdfunding platform. Again, risks are few but because rewards tend to be small, entrepreneurs can have a hard time raising substantial capital.

Donation- and reward-based crowd-funding present fewer risks than financial crowdfunding. There are always risks of fraudulent campaigns, violations of cyber security, and non-fulfillment (in the case of a reward) that are common to all types of crowdfunding. But those can be mitigated through better site management, due diligence, and regulation.

Based on our research and interviews conducted with the Moldovan National Commission of Financial Market (CNPF) and the Chamber of License, there is no law or regulation in Moldova that imposes limits on this type of non-financial funding model. Thus, this would be the simplest model of operation to implement in Moldova. Nevertheless, it will be difficult to raise the substantial capital needed for a for-profit business, as donation models depend on the trust and goodwill of the donors (the diaspora in this case) and do not offer substantial incentives to the donor.

Financial Crowdfunding

There are two types of models that have gained traction as viable investment mechanisms:

- **Equity-based:** provides investors with an equity instrument that confers a share of ownership or a share of future earnings. Returns are therefore tied to the future success of the business they invest in. It presents the potential for greater rewards as the business becomes successful over time. However, it also presents greater risk to the equity holders in the event that the venture fails.

- **Debt-based:** investors receive a debt instrument that specifies the terms of future repayment. This is essentially an obligation of the crowdfunding campaign owner to repay the funds provided by the investor, which usually consists of the principal plus a fixed rate of interest. Interest is not always included in lending-based crowdfunding, leaving room for impact investors to provide low-cost microloans to start-ups.

The increased risk inherent in financial crowdfunding leads to higher regulation of interactions and thus places greater significance of the domestic legal environment, regulatory structures, and institutional capacities for the viability of the crowdfunding mechanisms. Moreover, the platform needs to be able to link to existing bank accounts for the required transfers of funds between the enterprises and the individual funders. BRD believes that the equity-based structure would be difficult to introduce in Moldova's cultural context, as most PARE beneficiary businesses are relatively small (with around 5 employees) and family-based, and would therefore be reluctant to take on more partners.³⁷ Despite the regulatory and operational challenges, it is clear that financial crowdfunding provides a potential return to the lender and as a result has the capacity to incentivize greater flows of funds to the individual enterprises.

The major constraint to the financial crowd-funding is Moldova's Law on Entrepreneurial Activity and Enterprises, which states that any funds collected from the population through an open offer and that need to be reimbursable in whole or in part, have to be authorized. Only banks, credit unions or MFIs can receive such authorization, which would significantly affect the intended ownership structure, which is discussed in the following section.

The entrepreneurial environment in Moldova is still in its emerging phase, and one aspect of this is the absence of laws specifically related to crowdfunding, and the existence of only a few regulations protecting and regulating investments from abroad. The increasing globalization of crowdfunding requires regulations that cater to both domestic and international demographics in order to leverage the participation of investors and entrepreneurs. While the regulatory environment is not within ODIMM's purview, it must nonetheless be stressed that a positive and enabling entrepreneurial/regulatory environment is essential to the success of not only the crowdfunding platform but the SME sector overall.

Recommendation

Given the outline of the various funding models and the current regulatory environment in Moldova, we recommend that at least in the initial stages, the crowdfunding platform be implemented as a **donation based model**.

As trust and interest in the concept grows, the platform could transition to a lending based model over time, though given our interviews with the stakeholders and the existing enabling environment in Moldova, it seems unlikely that an equity-based model would be viable in the short to medium term.

Ownership and Governance

The ownership and governance structure of the platform is a key element that depends on the capacity of the various institutions as well as the desired Beneficiary Funding Model and Financial

³⁷ These concerns are most applicable for all crowd-funding models discussed above, except for Model D.

Model. It is also tied directly to the level of details needed in the “Reporting” aspect of the platform value chain. Ownership models can be:

- **Public:** Hosted by a government entity, this type of ownership structure will not be ideal for financial crowdfunding due to specific regulatory needs associated with equity-based platforms. Moreover, lack of trust in government agents may hinder donations or capital flows into a crowdfunding platform controlled by a government body. CNPF believes that the government (or an NGO³⁸) should own a donation-based platform, as it would act as an assurance that the donations are for a non-profit cause.
- **Private:** This can entail a private conglomerate or financial structure that is set up to monitor and regulate the crowdfunding platform. This type of structure would be more suitable for equity- or debt-based crowdfunding. Given Moldova’s Law on Entrepreneurial Activity and Enterprises as outlined by CNPF, only banks, credit unions, MFIs or investment funds can receive the authorization to legally operate an equity- or lending-based platform.
- **Public/Private:** A partnership between ODIMM, and a private entity or NGO.
- **International/Multilateral Organizations:** Third party hosting that is suitable in environments where trust in the government and financial institutions is low.

When presented with the ownership options, most stakeholders believed that ODIMM should own and manage the crowdfunding platform in order to build trust in the concept. The diaspora and beneficiaries are already familiar with ODIMM’s programs and expertise, and might be more likely to use the platform as a funding option if it is operated through them as opposed to an unfamiliar or other government body. BRD also noted that a public/private partnership might be desirable in the initial stages, as it would mitigate the corruption issue. Over time, as trust is established, the platform could transition to private ownership to ensure sustainability.

Recommendation

It is our recommendation that ODIMM should own the platform as long as it remains donation-based and focused on PARE 1+1 beneficiaries, though clear capacity constraints need to be addressed.

The crowd-funding platform would need a dedicated team that updates and maintains the site regularly. It is important for full disclosure and transparency to exist from the beginning, as any hidden fees or transactions could undermine trust in the platform and ODIMM. Moreover, a concerted outreach campaign needs to be sustained to make the platform more ‘visible’ and maintain activity on the site.

Crowdfunding Product Consultation

Value Proposition

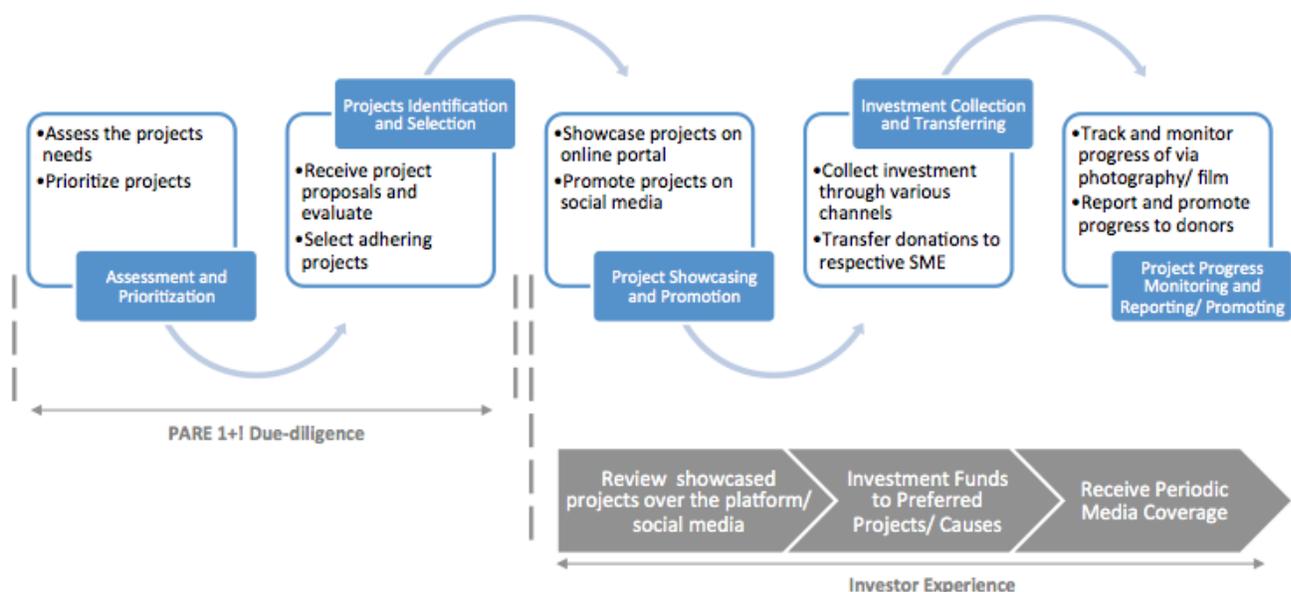
From our analysis, we have worked on a value proposition for the platform that we believe would ensure the highest level of transparency. The service would involve five key steps, three of which

³⁸ An NGO technically counts as neither public nor private, but as a third (civil society) sector institution: <http://www.gdrc.org/ngo/peter-willems.html>.

are detailed here. Project identification and selection processes are covered as a result of the PARE1+1 due-diligence process to ensure that minimal risk is involved in the implementation and that funds will be allocated in a transparent and efficient manner.

Once the project has been identified, a clear and specific M&E methodology will be followed, based on clear indicators of success for each activity stipulated in the project. A clear technical and financial reporting system with both written and visual evaluation methods will also be created. The reporting process should be translated into visual productions that should be exposed on the platform in the form of charts, images and videos, to allow the donor to track the record of the project they have donated to.

FIGURE 21: CROWDFUNDING VALUE PROPOSITION



Roadmap to Implementing a Crowdfunding Platform in Moldova

With the goal of reaching a full-fledged crowdfunding platform, and considering the recommended models discussed at the beginning of this chapter, a 6-month to 1-year pilot phase should be initiated with the aim of:

1. Fine-tuning the platform's operational assumptions;
2. Planning for costs more efficiently, so as to increase the likelihood of success and attract key partners for the full-fledged platform.

Therefore, in the first year the team should focus on building the platform in terms of operations, portal development, branding and identity creation, and reputation building. Phase 2 will be dedicated to growth and expansion of the funding and operational model.

TABLE 8: PROPOSED CROWDFUNDING STAGES

Phase	Description	Target
1. Pilot (Minimal Viable Product)	<ul style="list-style-type: none"> ○ Pilot high-impact, low risk, and small budget projects (2 to 3 projects) ○ Minimal investment in the platform features ○ Clear focus on the offline marketing element ○ Asses all the possible payment channels (offline and online) 	<ul style="list-style-type: none"> ○ Raising funds for all the selected projects ○ Create a sample of a diverse, and a rich customer base (covering all the targeted countries and segments) to measure engagement ○ Running the whole value chain of the platform ○ Documenting all the phases of the projects ○ Understanding the campaign dynamics
2. Official Launch (Brand Building)	<ul style="list-style-type: none"> ○ Go-Live ○ Focusing on attracting individual premium donors within the diaspora segment ○ Campaigning for diverse projects (multiple sectors) ○ Partner with credible institutions for community reach and fundraising 	<ul style="list-style-type: none"> ○ Creating a strong brand across targeted customers ○ Overcome the mistrust issue ○ Robust payment channels ○ Efficient cost-effective operations ○ Generating portal and social media traffic
3. Expansion	<ul style="list-style-type: none"> ○ Expand operations geographically ○ Initiate a marketplace for sales of products and services ○ Online advertising space on the platform 	
4. Further Expansion	<ul style="list-style-type: none"> ○ Consider potential opportunities (lending options) ○ Expand to other SME programs 	

Recommendation

It is our recommendation that the pilot phase would undergo at least four months of extensive, and simultaneous off-line marketing campaigns in order to reach the targeted funds for the selected projects.

Nevertheless, the overall pilot phase duration should not last for more than one year in order to capitalize on the initial campaign momentum. Going through all the operations mentioned in the platform value proposition is crucial before considering the official launch of the product.

Marketing Strategy

During the build-up phase, the platform will require a clear strategy to establish awareness, credibility and trust. Given the nature of its value proposition, the main objectives to focus on during this phase would be:

1. Introducing and building brand awareness to attract traffic to the portal;
2. Promoting projects in order to attract donations;
3. Educating customers on the SME sector in Moldova and on how migrants' contributions would make a difference to its growth.

Given the business cycle of the projects listed on the platform, the marketing campaigns should match with the platform's progress calendar (charting the launch, progress, and achievements of the piloted projects). The goal should be to ensure ongoing engagement with the customers.

TABLE 9: MARKETING STRATEGY

	Activities	Targets
Initiating a campaign for a series of businesses OR Reporting a target reached, or a business achievement	<ul style="list-style-type: none"> - On-the-ground events (embassies, consulates, universities...etc.) - Media Production (Videos, Photos) - Mass Media Coverage (TV, Radio, Printings) - Digital Media 	<ul style="list-style-type: none"> - Fundraising - Online traffic
Reporting Progress	<ul style="list-style-type: none"> - Media Production (Videos, Photos) - Mass Media Coverage (TV, Radio, Printings) - Digital Media - One-to-One outreach with donors (phone calls, mail and email) 	<ul style="list-style-type: none"> - Online traffic

The two main channels, listed below, should be mastered by the marketing team in-order to achieve those targets:

I. Off-Line Marketing

Since the Moldovan diaspora is considered the main target group for this platform, it is crucial to plan an extensive on-the-ground marketing campaign with the aim of reaching the diaspora (with all its different segments) in each of the targeted countries (Italy, Russia, UK, Portugal, USA, Spain, Greece, and Ireland). Those plans should utilize all the channels that can help in reaching different segments of the diaspora, including Moldovan-themed events abroad and events in Moldova at the national and local level.

TABLE 10: MARKETING CHANNELS

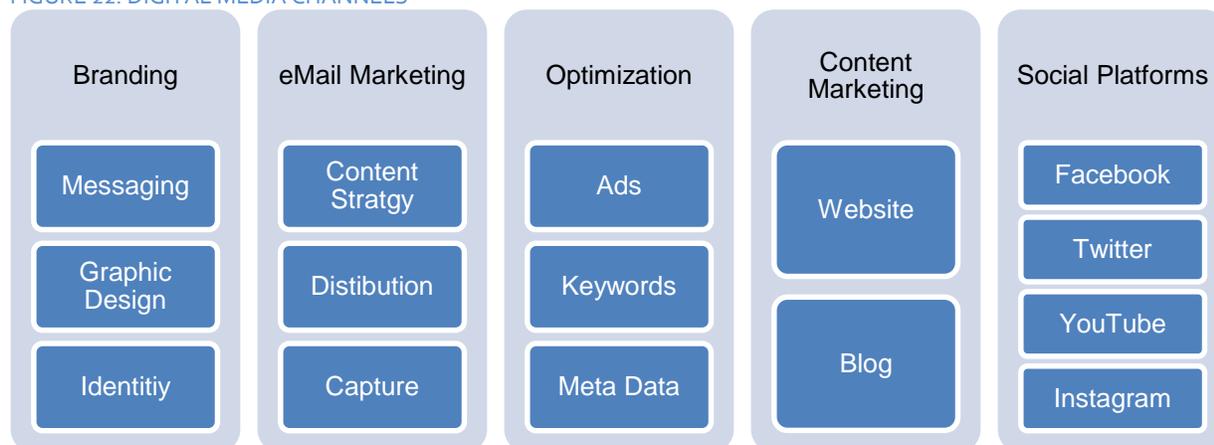
Government	Embassies and consulates
	Air Moldova (national airline)
Civil Society	Moldovan migrants' and diaspora organizations
	Universities (student associations)
Private Sector	Multinationals and foreign banks operating in Moldova (Societe General, ORANGE).

It is therefore highly recommended that the marketing team start by enlisting the volunteer services and the support of prominent figures in Moldova from the arts, music, film, and sport and literature fields to draw attention to the platform. Their mass appeal would help in motivating the diaspora to support the businesses participating in the platform. With the support of these figures, media can be leveraged to build brand awareness and attract traffic to the platform.

II. Digital Media

The digital media is the most crucial component in the platform marketing strategy. The success of the platform will be determined on the implementation of a well-rounded digital media strategy that takes into considerations the 5 main digital channels, along with the Offline and the Mass Media campaigns.

FIGURE 22: DIGITAL MEDIA CHANNELS



Recommendation

Given the criticality of the marketing component, conducting a comprehensive customer analysis is crucial prior building up the Marketing strategy of the platform, especially with its unique value proposition, and its diverse outreach (multiple countries, with multiple languages). The assessment should be conducted mainly to understand the targeted audience. There will be many segments within the audience, and their needs and behaviors will be different. Accordingly, the digital strategy (the key marketing component) must accommodate to those needs of each audience segment and how they think and feel – their consideration cycle, and where the platform fits their agenda, their wants and their needs and what their natural behavior is – online and offline.

Team Structure

While a typical crowdfunding platform provides a static tool for certain services along the value chain, the intended platform remains unique in covering the chain endways for a specific segments (SMEs), with advantages like PARE1+1 due-diligence process to select the businesses to fund, market their need, monitor their progress & report their achievements through social media. Given the customized value proposition of the intended crowd-funding platform, and its planned road-map, we see the below as key functions/roles that should be there in the team to operate the platform.

General Manager: The team leader needs both experience and skill in order to push the campaign forward. As team representative, it is this individual who communicates most with big funders/donors across the targeted countries.

Marketing & PR: Crowdfunding requires relentless online, and offline communication. The role of this team is crucial for the platform success. For that, clear differences are there between the online and the offline marketing role, aside from the overall management of the function.

Technology: This team will be in charge of developing, testing, and distributing the platform itself (web and mobile interface). In addition, the team will be managing the technical integration with the social media channels, and the online payment channels if exist. This role can be outsourced, with an internal technical manager to work as an interface with the vendor. Yet, and for this decision to be considered, a cost-benefit analysis should be conducted based on the offers received from the software vendors.

Project Operations: takes care of the selection process of the businesses, following-up on the business plans, back-end paperwork of matching funds, and coordinating with the marketing teams on what, where, and when should the media coverage starts.

FIGURE 23: PROPOSED TEAM STRUCTURE



Risks and Revenue Opportunities

With such a roadmap, the crowdfunding operations would encounter multiple risks. As the product evolves, the biggest risk would mostly result from poor management of the proposition, lack of funds from the diaspora, or miscalculations of SMEs regarding participation in the platform. Nevertheless, we also envision a revenue stream for this platform that would help it to achieve financial sustainability.

TABLE 11: RISK MITIGATION

Risk	Description	Mitigation Strategy
Insufficient Funding	Projects may not receive sufficient funding to initiate implementation	<ul style="list-style-type: none"> ○ A large number of small donations have to be encouraged by dividing large projects into phases or shares/items.
Legal Framework	Moldova's current regulatory framework cannot accommodate a full-fledged crowdfunding platform	<ul style="list-style-type: none"> ○ Short Term: work on a donation model to ensure fundraising to the selected business, while reporting the impact to the donors. ○ Long Term: create or partner with an MFI, to enable the "lending" model, targeting a financial return to the customers.
Partnerships Delays	Delay in agreements with key partners (e.g. operators)	<ul style="list-style-type: none"> ○ Focus on generating traffic on the platform to increase market exposure and popularity ○ Achieve several success stories to prove credibility
Limited Engagement from the Diaspora	Project fails to attract diaspora or if the diaspora does not find the project appealing, this will be reflected in a lack of funding.	<ul style="list-style-type: none"> ○ Crucial aspect of the selected business should be communicated to the diaspora while creating partnerships with embassies and associations in the selected countries prior to the launch of the pilot.

TABLE 12: REVENUE OPPORTUNITIES

Revenue Opportunity	Description	Details
Monetizing Content	Online advertising on social media, and on the portal's landing pages.	<ul style="list-style-type: none"> ○ Generate revenue out of the exclusive content produced to promote the platform, and used on the social media channels while campaigning to the businesses.
Provide Consulting Services	Provide donation marketing consulting services to large corporations' or foundations' CSR departments	<ul style="list-style-type: none"> ○ Build relationships and rapport with corporations funding projects through the platform and assess willingness to provide services

Case Study (LIVE Lebanon)

An online platform, Live Lebanon (www.livelebanon.org) was created by the United Nations Development Programme (UNDP) to engage Lebanese expatriates abroad and attract online monetary donations in order to support and follow the progress of local community and development projects across Lebanon.



Target

The platform provides a mechanism through which community projects in Lebanon are funded by remittances from Lebanese emigrants, both at an individual and associational level. To make a contribution, the donor is able to choose which village he or she wishes to support, a project within that village and the amount of the donation he or she wishes to make. Projects are also divided into quantifiable items or shares, and donors can alternatively choose to donate a certain number of shares or items. Updates on the projects are provided throughout the website through pictures, stories, budget reports and statistics.



The project's focus on eliminating regional disparities was also linked to the Lebanese government's national strategy. A crucial part of the project was that it established cooperation between local communities, organizations, individuals, and associations of Lebanese expatriates worldwide. The general Directorate for Emigration under the Ministry of Foreign Affairs was the national focal point for the project, with an aim to develop the capacities of the General Directorate to be able to manage the project in the long-term.

Communication Plan

UNDP developed and implemented a comprehensive communication plan to promote the “LIVE Lebanon” initiative. The initiative is composed of a one-month teaser media campaign with 13 celebrities on all Lebanese TV stations, a smart-phone promotional application for androids and iPhones that can be downloaded for free on Google Play and a global fund-raising tour with famous pop musicians who served as Live Lebanon's Goodwill Ambassadors. UNDP also played a key role in mediating a one-year partnership with Al Jadeed TV channel to develop and produce the entire media campaign and to regularly promote the initiative throughout its entire grid at no cost to the organization, as well as secure celebrities for its promotion.

The plan was composed of 3 main elements:

1. A one-month teaser/revealer media campaign with 13 celebrities on all Lebanese TV stations
2. A smart-phone promotional application for androids and iPhones that can be downloaded for free on Google Play
3. A global fund-raising tour with Live Lebanon's Goodwill Ambassador

Lessons Learned

After two years of operations, the main challenges experienced by the LIVE Lebanon team can be summarized as:

- **Low Visibility:** During its second year of operations, the project’s visibility was still limited as no major marketing events were held either in Lebanon or overseas, with the key exception being a fundraising gala in Monte Carlo that was hosted by the Live Lebanon Goodwill Ambassador to Western Europe. Several press events were held, such as the press conference around the time of the appointment of the Institutional Goodwill Ambassador, but these generated limited follow-up.
- **Financial Sustainability:** Largely financed by the UNDP, Live Lebanon needs to identify sustainable sources of income so that it may continue operating as a multi-year program. This has negatively affected the choice and scope of activities to be conducted, which could have had more tangible results.

Conclusion

Besides its governance structure, the features and of crowdfunding platform, the simple user-experience, and the communication plan, the key activities of soft assistance undertaken by the project were:

- Outreach to Lebanese Embassies and Consulates
- Goodwill Ambassadors scheme
- Capacity development at the local level within Lebanon for project proposal submissions and project implementation (especially in procurement)

Annexes

Annex A: Sample of SME-tailored Financial Products

We mentioned in the Access to Finance sections that there are plenty of financial products suited to SMEs in the market. This annex explores the products offered by ProCredit, Agroindbank and Mobiasbanca.

- ProCredit Moldova is part of a group of development-oriented banks operating in Africa, Eastern Europe and Latin America. Its mission is to create inclusive financial sectors in developing countries, focusing on providing services to very small, small, and medium-sized businesses in the fields of agriculture, production, trade and services. The bank offers the following products to very small and small businesses:
 - Loans for fixed assets and working capital are extended to businesses that have operated in Moldova for at least 3 consecutive months in the case of trade, services or manufacturing businesses, or for at least 12 consecutive months in the case of agricultural businesses. The repayment schedule is flexible, there is the possibility of accessing several loans in parallel, and the collateral requirement is determined case by case.
 - Real Estate loans to construct a new building or renovate offices are extended to small and medium enterprises in the trade, services or manufacturing sectors, which have been operating for at least 6 months. The repayment schedule is flexible over a maximum of 12 months term.
 - Overdraft is a product that enables small entrepreneurs to make payments when there are not enough funds on the current account. Requirements are more stringent, financial documents and minutes of General Assembly of Founders, among other documents are required.
 - ProCredit Bank and the European Investment Bank (EIB) offer working capital, fixed assets and real estate financing to SMEs. This product offers several advantages, such as preferential interest rates, long repayment terms (from 2 to 15 years), and flexible approach to collateral.
 - Standard credit lines are offered to businesses with stable and regular income to cover ongoing working capital needs. The approach to collateral is flexible and interests are calculated on a daily basis only for the amount used of the pre-approved loan.
 - Credit line with reducing balance is offered to businesses that have seasonal earnings but still have continuous need for working capital (e.g. purchase raw materials). This loan offers several advantages; the interest is paid only for the amount used, a maximum of MDL 200,000 can be disbursed without collateral, in case higher amounts, the approach to determine pledge is flexible, and the bank takes the decision within 48 hours.

ProCredit Bank offers special products to those companies involved in exporting activities. The bank has designed an overdraft credit facility in EUR and USD, which term is up to 12 months. No collateral is required for amounts up to EUR 20,000, accounts receivable can be pledged for amounts between EUR 20,000 and 150,000,

and collateral guarantees from ODIMM can be used to access up to 50% of the amount.

- Agroindbank has more than 20 years of experience in Moldova. As of 2011, the bank's share in the country's banking system was represented by close to 18% of total assets. Agroindbank offers loans to initiate new businesses and to cover additional financing needs of microenterprises [criteria: nine employees, annual sales of more than MDL 3 million, assets of less than MDL 3 million. Available products include the following:
 - Working capital loans are extended to enterprises that need to keep up with investments in fixed assets, need to react to changing market conditions, and need to mitigate seasonal fluctuations.
 - Medium and long-term investment loans are offered to finance capital investments and constant working capital linked to fixed assets investments. The terms are 5 years with a 2-year grace period, 8 years with a 4-year grace period and 15 years with a 3-year grace period.
 - Agroindbank extends credits to young and newly created microenterprises in need of financing. The loan amount is up to MDL 500,000 with a term of 18 months in the case of working capital, and 5 years for investments. A real estate guarantee must be pledged, the collateral is usually 100% or less of the loan amount.
- Mobiasbanca is a commercial bank owned by Société Générale (88 %), one of the largest banking groups in the euro area, and the European Bank for Reconstruction and Development - EBRD (9 %). Mobiasbanca has 57 branches in Moldova, the majority of them are located in Chisinau and Balti, but it also has a strong presence in the northern and southern regions of the country.

Throughout the years, the bank has built several partnerships with international organizations, such as European Bank for Reconstruction and Development - EBRD, International Fund for Agricultural Development-IFAD, United States Agency for International Development -USAID, International Finance Corporation – IFC, European Fund for Southeast Europe – EFSE, International Development Association – IDA, and European Investment Bank –EIB, to provide financing to small and medium enterprises. The following are some SME suited products offered by the bank:

- EBRD line is intended to provide financing for medium and long-term investments in fixed assets, working capital, and exports. There are two EBRD lines. First, EBRD line 2004 provides up to USD 250,000 (convertible in MDL) with a term of 18 months. Second, EBRD line 2006 provides up to USD 500,000 (convertible in MDL) with a term of 48 months.
- BSTDB line finances capital investments and working capital. The loan amount is USD 500,000 (convertible in MDL) with a term of 57 months.
- EIB finances the purchase, renovation or expansion of tangible assets (except land), investments in development costs, research and development expenses, strengthening of internal market distribution networks, and medium and long-term working capital. The term is between 2 and 10 years.
- EIB also made funds available to SMEs from the wine sector and support industries to promote the production of quality wine in Moldova. The maximum amounts vary

depending on the final use of the funds (e.g. EUR 5 million for wineries upgrading, EUR 2 million for vineyards restructuring, EUR 600,000 for medium and long term financing of working capital, EUR 10,000 for establishment of one hectare of vineyards, and EUR 1000 for grubbing of one hectare of vineyards). The maximum term is 10 years with a 4-year grace period, and the disbursement can be made in EUR, USD or MDL. EIB's sources will finance 50% of the total cost of the project and the beneficiary the other 50% from own resources, credit banks and loans from non-banking financial institutions, and/or grants.

- IFAD is an international organization operating a government-approved program for young entrepreneurs up to 30 years old. This program targets startups or already existing small enterprises with up to 10 employees. The maximum amount is MDL 300,000 and the grant component is up to 40% of total amount. At this point Mobiasbanca has 50 small enterprises participating in the program. The bank participated last year in IFAD 5 and is now waiting parliament approval for IFAD 6, which will target young entrepreneurs up to 35 years old in rural areas. This program will focus in the agricultural sector, providing loans of a maximum amount of MDL 500,000 to small businesses that have been running for at least a year. IFAD 6 is only intended to finance investment in fixed assets and does not finance working capital.
- Mobiasbanca's PRO program offers micro loans to individual enterprises, farmers, legal entities and private individuals conducting an entrepreneurial activity with more than 3 months of experience (12 months in the case of agricultural activities). In addition, the bank has a program called Simple Finance for very small amounts, in which they finance up to MDL 20,000 lei in rural areas with a simple approval process. A mobile sales force visit clients in villages, whom only need to come to the branch once to sign the documentation.

Annex B: Metrics

This annex delves into more detailed descriptions and uses for the proposed additional, result-oriented indicators. It is meant as a guide to the types of inputs, outputs and outcomes that could be appropriate for the PARE 1+1 program and that could shift the M&E towards a more long-term strategy that captures the competitiveness of the SME beneficiaries.

INPUTS		
Construct	Indicator	Description
Learning in terms of knowledge and skills	# Of workshops organized	The number of workshops organized by ODIMM for PARE 1+1 beneficiaries during the year.
	# of trainings conducted	The number of trainings organized by ODIMM for PARE 1+1 beneficiaries during the year.
Marketing/outreach	\$ spent on outreach	The total amount of money spent on advertising the PARE 1+1 program nationally and abroad.
Initial financing options and criteria	\$ amount of grants	The average amount of money granted per PARE 1+1 beneficiary in a year; also disaggregated by gender and sector.
	\$ amount of investments	The average amount of money PARE 1+1 beneficiaries invest out of pocket into new enterprise; also disaggregated by gender ad sector.
OUTPUTS		
Construct	Indicator	Description
Learning in terms of knowledge and skills	# of participants in training courses	Total number of participants in PARE 1+1 training courses per year; disaggregated by gender and sector.
Demand for PARE 1+1 grants based on stage of application	# of migrant worker applications	
	# of participation applications per year	
	# of non-reimbursable financing applications received	
	# of concluded contracts	
OUTCOMES		
Construct	Indicator	Description
Effects of program on SME sector	# of enterprises created	Total number of enterprises created by beneficiaries in a year; disaggregated by sector.
	# of enterprises funded	Total number of enterprises funded through PARE 1+1 grants in a year; disaggregated by sector.
	# jobs created	Total number of jobs created by enterprises funded through PARE 1+1 in a year; disaggregated by gender, sector, urban/rural. Given the importance of employment creation, these indicators could calculate the number of full and part-time jobs, the wages, job-level, and other indicators that measure the meaningful impact on job creation.
Learning in terms of knowledge and skills	% of participants reporting new skills as result of training	Proportion of participants receiving a perceived positive impact through ODIMM's training.
Access to Finance	# of enterprises accessing additional financial products	Total number of PARE 1+1 enterprises accessing additional financing outside of ODIMM (through private sector or other government programs).

	# of unique participating enterprises that received external financing facilitated through the program during the year	Total number of enterprises directly linked to additional, outside financing options through the advice and network of ODIMM.
Advisory services or training delivered by BDS providers to participating enterprises	# of enterprises linked to BDS providers during the year	Total number of enterprises that were linked to business development service providers post-funding by ODIMM.
	# of enterprises assisted and trained by participating BDS providers during the year	Total number of PARE 1+1 funded enterprises that were assisted and trained by business development service providers.
Access to markets	# of participating enterprises that have accessed external markets	Total number of PARE 1+1 funded enterprises that accessed external markets in a year; disaggregated by sector.
	# of associations created	Total number of associations created among PARE 1+1 beneficiaries; disaggregated by sector.
	\$ amount sold in local markets by participating enterprises per year	Total market share of PARE 1+1 funded enterprises within domestic sphere; disaggregated by sector.
	\$ amount sold in international markets by participating enterprises per year	Total market share of PARE 1+1 funded enterprises in international sphere; disaggregated by sector.

Annex C: List of Interviewed Organizations

First Assessment Mission (January 2015)

Organization
Moldovan Ministry of Economy
National Bank of Moldova
NEXUS
United Nations Development Programme (UNDP)
Expert-Grup
World Bank
NGO ProRuralInvest
Agroindbank
Prof. Diana Cheianu-Andrei (Center of Investigations and Consultation – Sociopolis)
Bureau for Diaspora Relations
ODIMM
5 PARE program beneficiaries located in the Greater Chisinau area

Second Assessment Mission (March 2015)

Organization
Orange (Mobile and Telecoms)
Mobiasbanca (Société Général)
European Bank for Reconstruction and Development (EBRD)
Bureau for Diaspora Relations
Chamber of Licenses
Moldovan Association of Private ICT Companies
National Commission for Financial Markets
Mara Woman
Startup Moldova
Competitiveness Enhancement and Enterprise Development II (USAID CEED II)
Agricultural Competitiveness and Enterprise Development Project (ACED Moldova - Remote interview)
3 Focus Group Discussions

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