

SITUATION OF SOCIAL ENTREPRENEURSHIP AND ENTREPRENEURSHIP POSSIBILITIES FOR YOUNG PEOPLE IN REPUBLIC OF MOLDOVA

**National research in framework of the KA2 project “Entrepreneurial
EAST (Entrepreneurship Activities – Strategic Training)”**

National Association of Young Managers (ANTiM)

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INTRODUCTION

This study has been developed by National Association of Young Managers, in framework of Erasmus+ KA2 project „Entrepreneurial EAST (Entrepreneurship Activities – Strategic Training)” implemented by „MilleniuM” Training and Development Institute. Study is providing an overview of the current situation in the field of social entrepreneurship and entrepreneurship possibilities for young people.

The report consists of 5 chapters,

- Chapter 1 provides an overview on the socio-economic situation in the Republic of Moldova.
- Chapter 2 focuses on the definition and realities of entrepreneurship and social entrepreneurship in the Republic of Moldova.
- Chapter 3 examines the perception and valuation of the potential of social entrepreneurship in the Republic of Moldova.
- Chapter 4 focuses on examples of good practices of social entrepreneurship in the country.
- Chapter 5 analyzes the directions supporting and promoting entrepreneurship in the Republic of Moldova.

RESEARCH METHODOLOGY

- Questionnaires, completed by 490 young people
- Analysis of synthetic data,
- Analysis of bibliographic sources,
- Focus group discussions,
- 5 interviews with entrepreneurs conducting social entrepreneurship activity.

The recommendations formulated on the basis of the study carried out are focused both on the development of policies in the field and on the development of existing practices.

1. SOCIO-ECONOMIC SITUATION OF THE REPUBLIC OF MOLDOVA

1.1. Short analysis of the economic situation in the Republic of Moldova

The 2009 global economic and financial crisis as well as the banking crisis of 2014 strongly influenced the economy of the Republic of Moldova, as a consequence, the investments in the economy have been reduced, the sales revenues of the economic agents have been decreased, the mdl depreciated and the purchasing power of the population diminished, the remittances have been reduced, etc. Despite these negative phenomena, at the end of 2017, according to the National Bureau of Statistics data, the country's economy grew by 4.5% compared to 2016, with the value of the gross domestic product (GDP) exceeding 150 billion mdl. The most significant influence on GDP growth was the gross added value created in the wholesale and retail trade, transport and storage, hotels and restaurants. Crediting the economy reflects the first signs of revival, the volume of new loans granted in the economy registered an increase of about 28%.¹

Table 1.

Dynamics of economic indicators - Republic of Moldova

	2013	2014	2015	2016	2017
GDP, current prices, mln mdl	100510	112050	122 563	135397	150369
Value of industrial production, million mdl	39024,3				
Inflation rate, %		5,1	4,7	13,4	6,5
Interest rate on credits in mdl,%	12,3	10,6	14,1	14,2	11,55
Annual average exchange rate, mdl / Eur	16,7241	18,6321	20,8980	22,0548	20,69
Registered enterprises	6231	6263	5985	5673	6406
Radiated enterprises	2808	2770	3905	4055	8540
Competitiveness Rank	89 / 148	82 / 144	84 / 140	100 / 138	89 / 137
Competitiveness Index (Score 1-7)	3.9	4.0	4.0	3.9	4.0
Ease of Doing Business	76	78	63	52	44
Average annual number of population, thousand people	3559	3556	3554	3552	3550,9
Available incomes of the population, monthly averages per person, mdl	1681,4	1767,5	1956,6	2060,2	2244,9
Average monthly salary in economy of an employee, mdl	3765,1	4172,0	4610,9	5084,0	5697,1
The average size of the monthly fixed pension, mdl	1020,6	1087,6	1165,2	1275,2	1527,9

Source: NBS, MEI, Public Services Agency PI, World Economic Forum, World Bank

¹

In January-December 2017 the exports increased by 18.6% and imports - by 20.2%. However, the small domestic market and an economy that is predominantly dependent on migrant transfers (compensation for work and personal transfers - about 21% of GDP in 2017) makes the economy extremely vulnerable to regional fluctuations. The Republic of Moldova continues to be the poorest country in Europe with an annual GDP per capita of 2062.68 USD in 2016.

Table 2.

	2012	2013	2014	2015	2016
Republic of Moldova	1731,51	1894,78	1986,94	1980,27	2062,68
Ukraine	3153,74	3169,08	3123,92	2828,89	2905,86
Romania	8518,32	8851,96	9158,52	9564,09	10080,97

Source: www.tradingeconomics.com

An important problem of the Moldovan economy remains its reduced completeness. According to the Global Competitiveness Index 2017-2018, conducted by the World Economic Forum, Moldova ranks 89th out of 137 states.

Although, compared to the 2016-17 Index, the position has improved by eleven degrees, the Republic of Moldova ranked 120 in the "Business sophistication" and "Market size". A particularly low position was recorded in the estimate of "Financial market development" (place 124) and "Innovation" (place 128), as perceived by the private sector representatives.

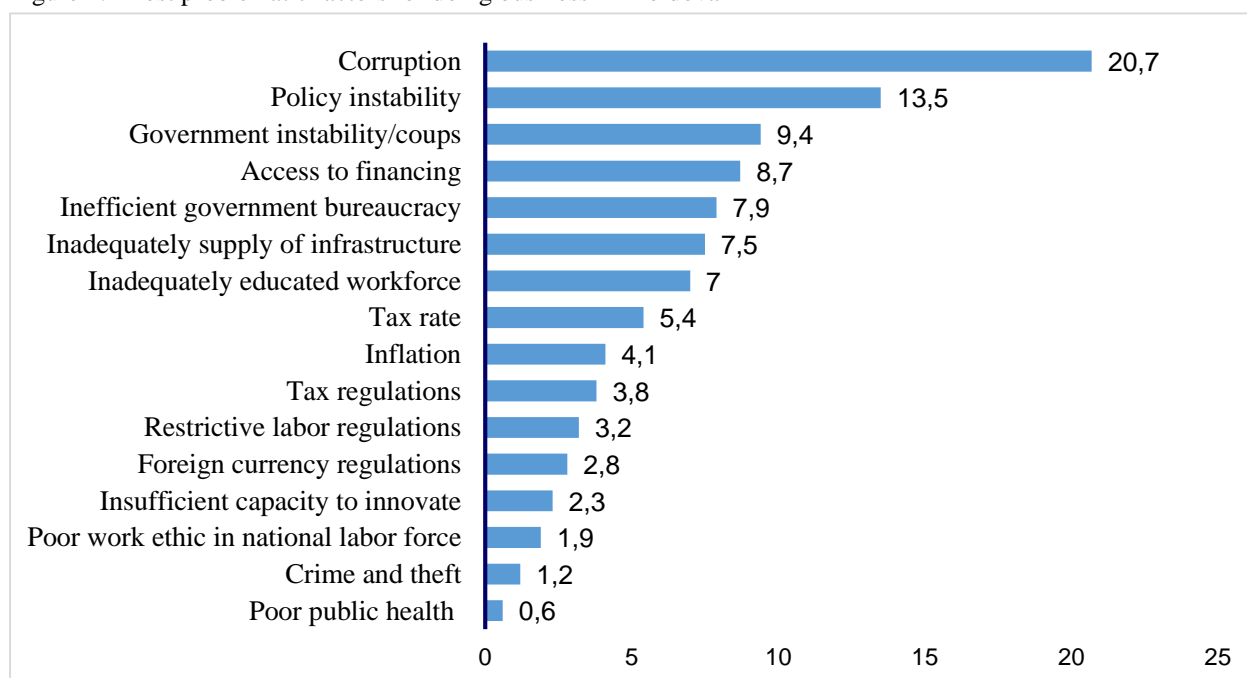
Table 3

	2016- 17			2017- 18	
	Rank / 138	Score 1-7 (best)	Rank / 137	Score 1-7 (best)	Scor best Country / Economy
1st pilar: Institution	128	3,1	119	3,2	6,2 /FindaInd
2nd pilar: Infrastrucure	86	3,6	88	3,7	6,7/Hong Kong SAR
3rd pilar: Macroeconomic environment	100	4,1	81	4,5	6,6/ Norway
4nd pilar: Health and primary education	95	5,4	97	5,4	6,9/ Finland
5th pilar: Higher education and training	91	4,0	83	4,1	6,3/Singapore
6th pilar: Goods market efficiency	107	4,0	97	4,1	5,8/Singapore
7th pilar: Labor market efficiency	91	4,0	94	3,9	5,9/Switzerland
8th pilar: Financial market development	129	3,0	124	3,1	5,8/New Zealand
9th pilar: Tehnological readiness	58	4,4	53	4,6	6,5/Luxembourg
10th pilar: Market size	124	2,6	120	2,7	7,0/China
11th pilar: Business sophistication	127	3,2	120	3,4	5,9/Switzerland
12th pilar: Innovation	133	2,5	128	2,6	5,8/Switzerland

Source: World Economic Forum's Global Competitiveness Report 2017-2018. www.weforum.org

According to the report concerned, interviewed entrepreneurs have highlighted the following factors as the most problematic for running a business: corruption; policy and government instability, limited access to financing; inefficient government bureaucracy, etc.

Figure 1. Most problematic factors for doing business in Moldova



Source: World Economic Forum, Executive Opinion Survey 2017, The Global Competitiveness Index 2017-2018 edition, p. 204.

As for the main issues related to doing business in Moldova, according to the World Bank's ranking, in 2018 Moldova ranks 44th in terms of ease of doing business. The report considers 190 economies and compares them on the basis of 10 criteria such as starting a company, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes and duties, trading across-border, resolution of commercial litigation and company insolvency.

Table 4.

Position of the Republic of Moldova according to the Doing Business Report

Indicators	2013	2014	2015	2016	2017	2018	The difference compared to the maximum score (0-100)
Number of countries included in the report	185	185	189	189	190	190	
Ease of doing business	76	78	63	52	44	44	
Starting a Business	39	81	35	26	44	23	93,76
Dealing with Construction Permits	121	174	175	170	165	165	51,98
Getting Electricity	169	165	149	104	72	80	74,65
Registering Property	22	19	22	21	21	20	82,60
Getting Credit	53	13	23	28	32	42	70,00
Protecting minority investors	25	80	56	36	42	33	66,67
Paying taxes	70	95	70	78	31	32	84,55
Trading across borders	175	150	152	67	34	35	93,32
Enforcing Contracts	29	23	42	33	62	62	60,87
Resolving Insolvency	127	91	58	60	60	65	52,56

Source: www.doingbusiness.org <http://www.doingbusiness.org/reports/global-reports/~media/WBG/DoingBusiness/documents/profiles/country/MDA.pdf>

Among the indicators analyzed by the World Bank, the Republic of Moldova scored the best performance in registering the transfer of property rights (20th place), which provides for 5 procedures in average and lasts for 5.5 days.

As for starting a business, entrepreneurs need 5 days and to complete four procedures for opening an enterprise in the Republic of Moldova (23rd place). Best New Zealand performance with one procedure and 0.5 days for formalities.

The development of the electronic system for the submission of tax reports and the payment of on-line taxes / fees contributed to the improvement of the position of the Republic of Moldova regarding the payment of taxes from 21 payments in 2016 (78th place) to 10 in 2018 (32nd place) in 2018. However, the number of hours required to pay taxes and fees is relatively high - 181 hours, in Estonia, for example, enterprises spend 50 hours on these activities.

A relatively good position is related to the protection of minority investors (33rd place). Concerning cross-border trade, the Republic of Moldova ranks 35th, while access to financing, ie granting loans on the 42nd place.

Regarding the settlement of commercial litigations, the process takes an average of 585 days or 19.5 months, so the Republic of Moldova is ranked 62th.

Major difficulties also arise in the case of resolving insolvency, and the length of completion of all business liquidation formalities has remained at 2.8 years over the last few years. Not incidentally the entrepreneurs mention that in Moldova it is easy to open a business, but it is very difficult to close it. duration

The most burdensome procedure related to the development of the business in the Republic of Moldova is the obtaining of the construction permit (165th place), given that it takes 276 days and requires for 28 procedures to be completed. Similarly, the connection to the electricity grid (80th place), which lasts on average 87 days, is also a big problem.

1.2. Legal Framework for Entrepreneurship and Social Entrepreneurship

Successful business development in the Republic of Moldova is not possible without an adequate legal framework that would regulate entrepreneurship activity.

The basic law governing entrepreneurship activity, including social entrepreneurship, is the Law of the Republic of Moldova on Entrepreneurship and Enterprises.

According to this, "entrepreneurial activity" represents the activity of production manufacturing, execution of works and provision of services, carried out by citizens and their associations independently, on their own initiative, on their behalf, at their own risk and under their patrimonial responsibility in order to ensure a permanent source of income."²

According to the legislation, the entrepreneurial activity can be carried out as a natural person - individual entrepreneur or as a legal person. The most common organizational-legal forms are: limited liability company; individual enterprise; joint -stock company; production cooperative; entrepreneur cooperative; general partnership; limited partnership.

The institution empowered with the state registration of individual entrepreneurs and legal entities is the Public Services Agency (Department of Registration and Licensing of Law Units).

² Law on Entrepreneurship and Enterprises, no. 845 of 03.01.1992, art. 1

Table 5.

The scheduled time for normal registration is 24 hours and the fee charged: 364 mdl for the individual entrepreneur and 1149 mdl for the legal entity. In case the entrepreneur wishes to expedite the registration, for 4 hours, the fee is 1456 mdl and 4596 mdl respectively.³

Basic regulatory acts governing entrepreneurial activity

	No.	Date of adoption
Law on Entrepreneurship and Enterprises	845	03.01.1992
Law on Joint Stock Companies	1134-XIII	02.04.1997
Tax Code. Title II. Income tax	1163	24.04.1997
Tax Code of the Republic of Moldova	1163	24.04.1997
Tax Code. Title III. Value Added Tax	1415	17.12.1997
Tax Code. Title VI. Tax on real estate	1056	16.06.2000
Tax Code. Title V. Tax administration	407-XV	26.07.2001
Law on licensing of entrepreneurial activity	451-XV	30.07.2001
Law on entrepreneur cooperatives	73-XV	12.04.2001
Civil Code of the Republic of Moldova	1107-XV	06.06.2002
Labor Code of the Republic of Moldova	154	28.03.2003
Tax Code. Title VII. Local taxes	93	01.04.2004
Accounting law	113	27.04.2007
Law on Limited Liability Companies	135-XVI	14.06.2007
Law on State Registration of Legal Entities and Individual Entrepreneurs	220	19.10.2007
Law on the regulation of entrepreneurial activity through authorization	160	22.07.2011
SME Sector Development Strategy for 2012-2020, GD	685	13.09.2012
Law on Small and Medium-Sized Enterprises	179	21.07.2016
Tax Code. Title X. Other tax regimes	145	14.07.2017

As regards social entrepreneurship, in the Law on Entrepreneurship and Enterprise, in November 2017, a separate chapter on Social Entrepreneurship and Social Enterprise was introduced, which will enter into force on June 24, 2018.

Thus, social entrepreneurship is an entrepreneurial activity whose main purpose is to solve social problems in the interest of the community.

Social entrepreneurship activity can be conducted by social enterprises and social insertion enterprises, focusing on improving living conditions and providing opportunities for people in disadvantaged categories of the population by strengthening economic and social cohesion, including at the level of local communities, by employment, by developing social services in the community's interest, by enhancing social inclusion.

The list of types of social entrepreneurship activity is established by the Government, the enterprises focusing on at least one of the following areas:

- creating jobs and employment, as a priority, of people from disadvantaged categories of the population;
- protecting and promoting the rights of people with disabilities and their families for the purpose of their social inclusion;
- promoting the possibilities of employing people from the disadvantaged categories of the population through the provision of labor mediation services, information and professional counseling, guidance and training, counseling and assistance in starting an entrepreneurial activity;

³ Public Services Agency - <http://asp.gov.md/ro/persoane-juridice>

- carrying out activities that contribute to the implementation of public regional development policies, including reducing imbalances between the levels of socio- economic development in and within regions, strengthening financial, institutional and human opportunities for the socio-economic development of the regions, supporting the work of local public administration authorities and local authorities, oriented towards the socio-economic development of localities and coordination of their interaction with national, sectoral and regional development strategies and programs;
- the provision and development of social services as well as financial sustainability for the development and expansion of social services;
- promoting environmental protection activities;
- waste management in order to reduce them and maximally re-introduce them into the economic circuit, as well as to prevent environmental pollution;
- promotion of national heritage protection activities;
- realization of tourism and sports activities for recreation and socialization;
- carrying out extracurricular activities;
- carrying out activities in the fields of education, culture, health care, protection and social assistance, welfare and community development, if these activities are directed solely towards the strengthening of economic and social cohesion and increasing social inclusion.

In order to be granted the status of social enterprise or social insertion enterprise, it will be necessary to file to the National Commission for Social Entrepreneurship the dossier containing documents confirming the carrying out of the social entrepreneurial activity. The statute is awarded for a period of 3 years, with the possibility of extension if it is proved that the conditions underlying the award of the status have been respected and is obtained from the moment of registration of the syntagma "Social enterprise" or "Social insertion enterprise" in the enterprise incorporation documents and in the State Registry in which the legal entity is registered.

Table 6.

Basic features of Social Enterprise and Social Insertion Enterprise

	Social Enterprise	Social Insertion Enterprise
Purpose	conducts social entrepreneurship activities in order to solve social problems of community interest.	creating jobs and employment, as a priority, of people from disadvantaged categories of the population.
Founders	public associations, foundations, religious cults, private institutions and / or natural persons	
Legal status	<ul style="list-style-type: none"> • Non-commercial organization, • limited liability company, production cooperative 	

Conditions for granting status	<ul style="list-style-type: none"> • ensure associates equal voting rights, regardless of the participation in the share capital; • reinvest at least 90% of the profit in achieving the set goals • apply the principle of social equity to employees, ensuring fair pay levels, between which there can be no differences that exceed the ratio of 1 to 5; • have no debts to the national public budget; • expressly stipulates in the constitutive act the areas in which it carries out its activity, as well as the fact that: • does not distribute the property acquired from the time of obtaining the social enterprise status from social entrepreneurial activities and more than 10% of the profits between its members and its founders, including in case of reorganization or liquidation; • in the event of liquidation, transfers the assets remaining after satisfying its creditors' claims to one or more social enterprises, social insertion enterprises or non-commercial organizations that have acquired the status of social enterprise or social insertion enterprise. 	
		<ul style="list-style-type: none"> • at least 30% of the staff employed in the disadvantaged categories of the population, so that the cumulated working time of these employees represents at least 30% of the total working time of all employees; • in the act of incorporation, it is stipulated, as an objective, the creation of jobs and employment, as a priority, of people from disadvantaged categories of the population.
Facilities	<ul style="list-style-type: none"> • free counseling from public authorities and institutions to setting up and / or developing business; • the right to participate in the procedures for the award of public procurement contracts, in accordance with public procurement law; • state aid through approved state programs in compliance with the relevant legislation 	<ul style="list-style-type: none"> • the allocation of some premises and / or land which are in the public property of the administrative-territorial units, in compliance with the provisions of Law no. 436/2006 on local public administration, for the purpose of carrying out the activities for which it has been granted the status of social insertion enterprise; • support in the promotion of products produced and / or supplied, services rendered or works performed within the community, as well as in identifying sales outlets for them; • support in the promotion of tourism and its related activities by capitalizing on the local historical and cultural heritage; • other facilities and tax exemptions granted by the local public administration authorities under the law. "
Legal framework	<ul style="list-style-type: none"> • Law on Public Associations, No. 837 of 17.05.1996, art. 261. • Law on Entrepreneurship and Enterprises, no. 845-XII of 3.01.1992, Chapter VI¹ • Law on foundations. no. 581-XIV of 30.07.1999, art. 23¹ • Law on Social Services, no. 123 of 18.06.2010, art. 11 (2) • Law on Social Inclusion of Persons with Disabilities, no. 60 of 30.03.2012, art. 32, 36 • Law on Employment and Social Protection of Persons seeking Employment, no. 102-XV of 13.03.2003 	

1.3. Evolution of Entrepreneurship Development in the Republic of Moldova

Small and medium-sized enterprises (SMEs) have an important role in the development of a country's economy, their share in the GDP formation ranges from 10% to 70%. SMEs directly contribute to job creation, stimulate competition, contribute to the growth of exports, foster the creation and implementation of innovations and new technologies. Compared to large enterprises, SMEs are more flexible, more responsive to the changes in business environment and growing market demands. SMEs are the most widespread form of business around the world.

Small and medium-sized enterprises are defined as being enterprises that cumulatively meet the following conditions:

a) have an average annual number of employees (average scriptic number of the staff in the management period) of up to 250;

b) achieve an annual turnover (sales revenue) of up to 50 million mdl or hold total assets (fixed assets and current assets) of up to 50 million mdl, according to the latest approved financial statement.

Depending on the annual average number of employees, the annual turnover or the total assets they hold, small and medium-sized enterprises fall into the following categories:

a) micro enterprise - enterprise with a maximum of 9 employees, achieves an annual turnover of up to 9 million mdl or holds total assets of up to 9 million mdl;

b) small enterprise - enterprise with 10 to 49 employees, achieves an annual turnover of up to 25 million mdl or holds total assets of up to 25 million mdl;

c) medium enterprise - enterprise with 50 to 249 employees, achieves an annual turnover of up to 50 million mdl or holds total assets of up to 50 million mdl.

For statistical purposes, the indicator by which SMEs are classified is the average number of employees.

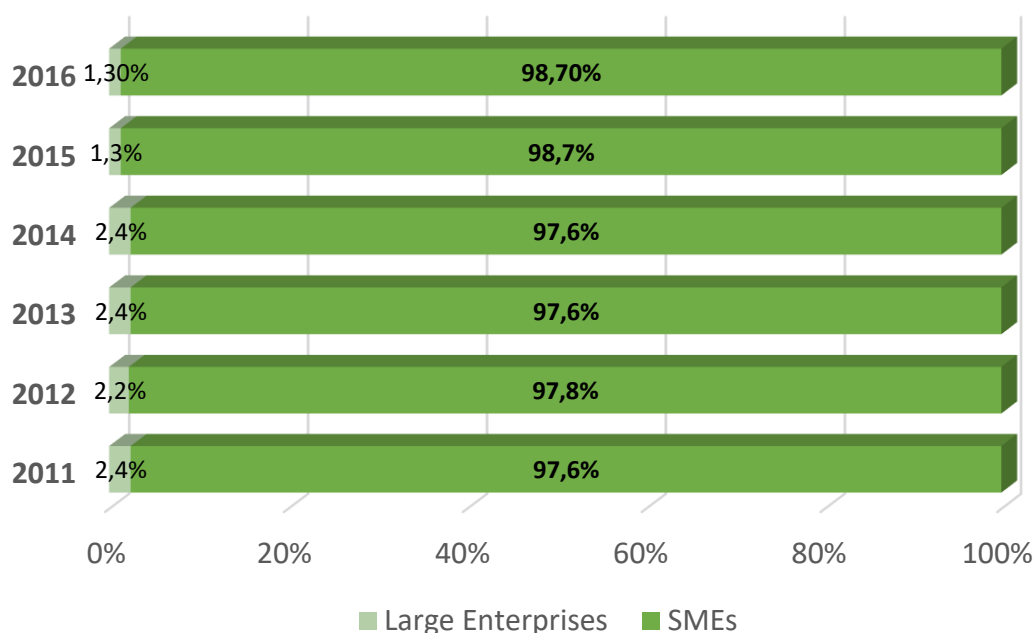


Figure 2. Evolution of the SME sector by basic criteria

Source: National Bureau of Statistics, www.statistica.md

Analysis of SMEs dynamics shows an increase for the last 2 years of the share of small and medium enterprises in total enterprises. This quantitative change is not a qualitative one, because the changes were made as a result of the change in the SMEs selection methodology in the statistical analyzes. Thus, if the SMEs category previously attributed the enterprises that at least according to one criterion corresponded to certain category, now the criterion for statistical analyzes is only the average annual number of employees.

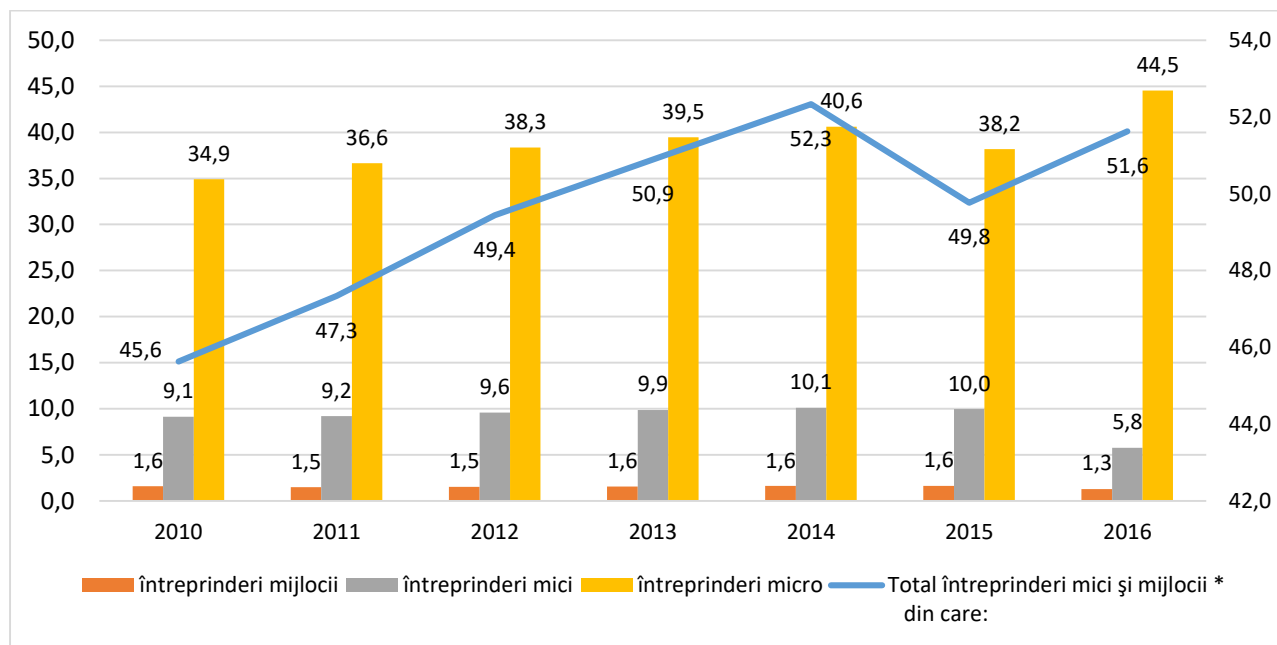


Figure 3. Evolution of the number of SMEs, thousands of units
Source: National Bureau of Statistics, www.statistica.md

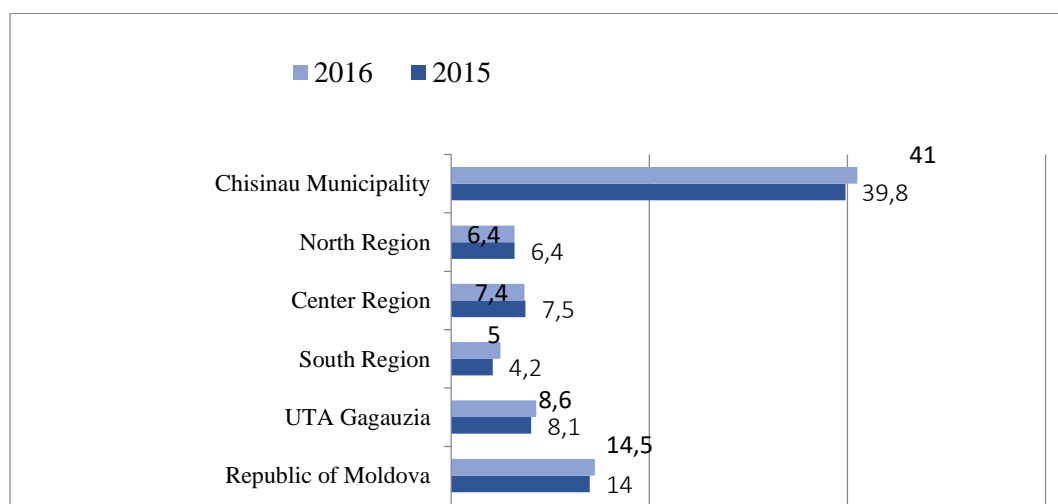


Figure 4. Density of SMEs per 1,000 inhabitants.
Source: National Bureau of Statistics, www.statistica.md

The density of enterprises, expressed in terms of the number of active enterprises per 1000 persons in the Chisinau municipality, is about five to six times higher than in the regions (65% of the total number of SMEs activate in Chisinau municipality), which is significantly influenced by a set of advantages such as: developed infrastructure, high number of potential consumers, high payment capacity, higher consumption demand. The region with the lowest density of SMEs is the South Region, here are 4.2-5 SMEs per 1000 persons, a higher indicator is recorded in ATUG of 8.1- 8.6

SMEs per 1000 persons. The country average in the years 2015-2016 was about 14 SMEs per 1000 people, a much lower indicator compared to other similar countries in terms of geo-economic development.

Most SMEs in the Republic of Moldova have the main activity the retail and wholesale trade, accounting for 39.3% of total SMEs in 2016, decreasing by 1% compared to the value recorded in 2014 (see Table 2.1.). Enterprises performing professional, scientific and technical activities rank second, accounting for 8.6%, increasing by 0.5% compared to 2014. The 3rd position is made up of SMEs in manufacturing industry - 8, 5%, recording a slight decrease of 0.2%. Enterprises that practice agriculture, forestry and fishing account for 6.6% of total SMEs, increasing by 0.7% compared to 2014. They are closely followed by real estate businesses - around 6.5%, being slightly lower than in previous years.

Table 7.

Dynamic evolution of the share of SMEs on the main types of activity

percent

The main types of activity of enterprises	Share in SMEs		
	2014	2015	2016
Agriculture, forestry and fishing	5.9	6.2	6.6
Manufacturing industry	8.7	8.5	8.5
Production and supply of electric and thermal energy, gas, hot water and air conditioning	0.2	0.2	0.2
Water distribution; sanitation, waste management, decontamination activities	0.7	0.7	0.7
Constructions	5.7	5.8	5.8
Wholesale and retail trade; maintenance and repair of motor vehicles and motorcycles	40.3	39.7	39.3
Transport and storage	5.3	5.3	5.2
Accommodation and catering	3.4	3.5	3.5
Information and communications	3.8	3.9	3.9
Real estate transactions	6.7	6.9	6.5
Professional, scientific and technical activities	8.1	8.3	8.6
Other activities	11.2	11.0	11.2

Source: Report "Activity of small and medium enterprises in the Republic of Moldova in the years 2015-2016". www.statistica.md

Sales revenue earned by SMEs is not distributed according to the number of companies. The largest incomes are registered by the SMEs in the sphere of trade, about 48.6%, followed by those in manufacturing industry (11%) and in the spheres of agriculture, forestry and fishing (8.3%).

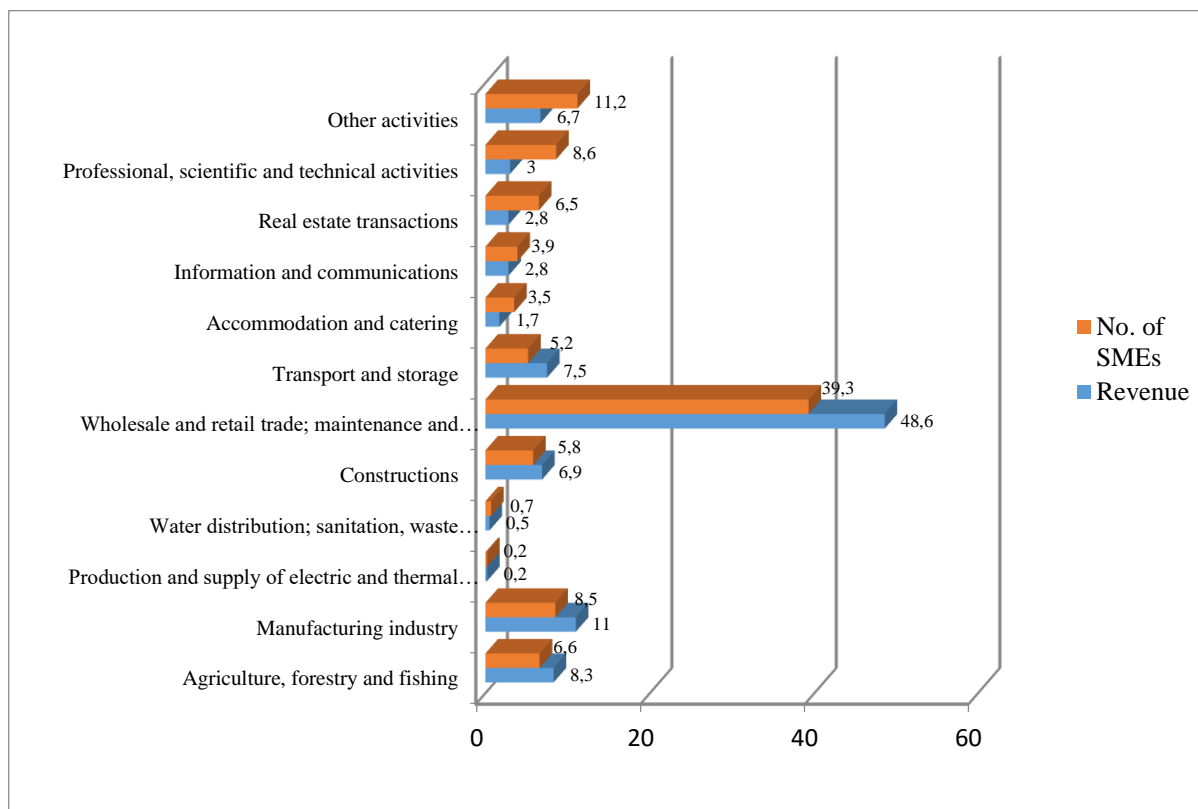


Figure. 5. The share of sales revenues and the number of SMEs by main types of activity for 2016 (percentages)
Source: Report "Activity of Small and Medium Enterprises in the Republic of Moldova in 2016". www.statistica.md

From the point of view of territorial distribution, the share of SMEs in the total number of enterprises registered in the respective statistical regions is relatively uniform, oscillating between 98.3-99%. However, considering the total number of SMEs in these regions, considerable discrepancies can be observed. Outside the municipality of Chisinau, most SMEs are registered in the Central and North Regions and the least in the South Region and ATU Gagauzia. This situation has a negative impact on the socio-economic development of these regions, and therefore certain policies are needed to stimulate entrepreneurial activity in these regions.

Table 8.

The results of the activity of small and medium enterprises in territorial profile in 2016

Region	Number of units		Number of employees		Sales revenue (turnover)	
	thousand units	in% compared to total ATU	thousands people	in% compared to total ATU	million mdl	in% compared to total ATU
Chisinau mun.	33.4	98.6	168.6	54.6	81,043.9	37.4
North Region	6.3	98.5	53.4	61.8	15,849.6	44.2
Center Region	7.8	99.0	54.5	79.0	17,737.8	55.2
South Region	2.7	99.0	25.8	78.6	6,670.7	72.4
ATU Gagauzia	1.4	98.3	11.2	72.8	3,652.4	53.8
Total	51.6	98.7	313.5	61.2	124,954.4	41.5

Source: Report "Activity of Small and Medium Enterprises in the Republic of Moldova in 2016". www.statistica.md

From the point of view of territorial distribution of employees, it can be noticed that the largest share of the jobs created by SMEs compared to the total number of employees in the region is registered in the Central and South Regions, the lowest share being in Chisinau mun.. Thus, it can be seen that

SMEs in urban areas contribute less to job creation than rural areas. This can be explained by the concentration of large enterprises in urban areas where they can easier access qualified staff

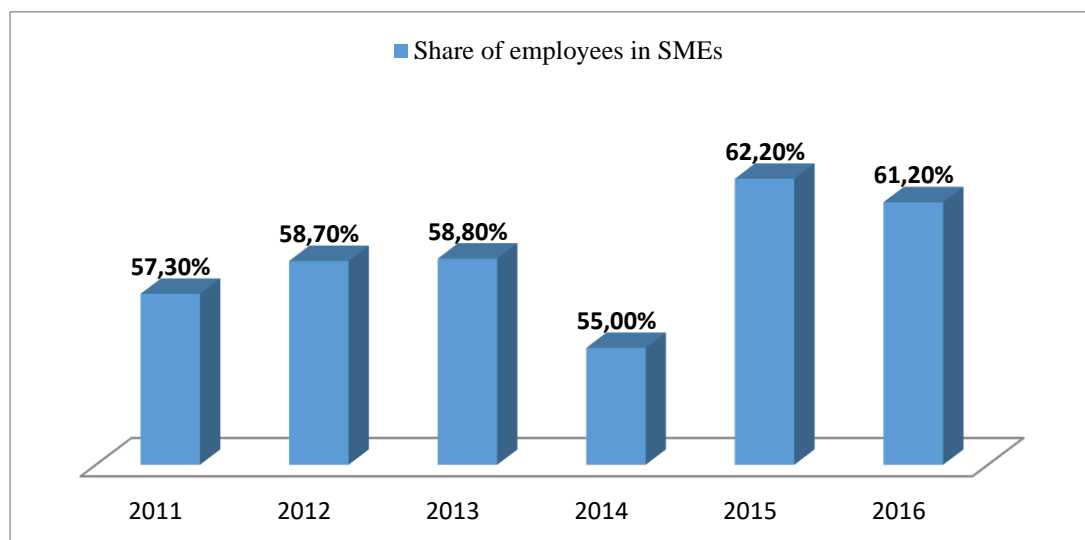


Figure 6. Share of employees in the SMEs sector

Indicators on revenue from sales and profit, which characterize the company's financial condition, come to complement the analysis of entrepreneurial development, measure the entrepreneurial performance of SMEs in the territorial profile. In 2016, the revenue from sales of SMEs accounted for 41.5% of total sales revenue to enterprises in a slight decrease by 0.9 p.p. compared to 2015, but a significant increase compared to 2011-2014.

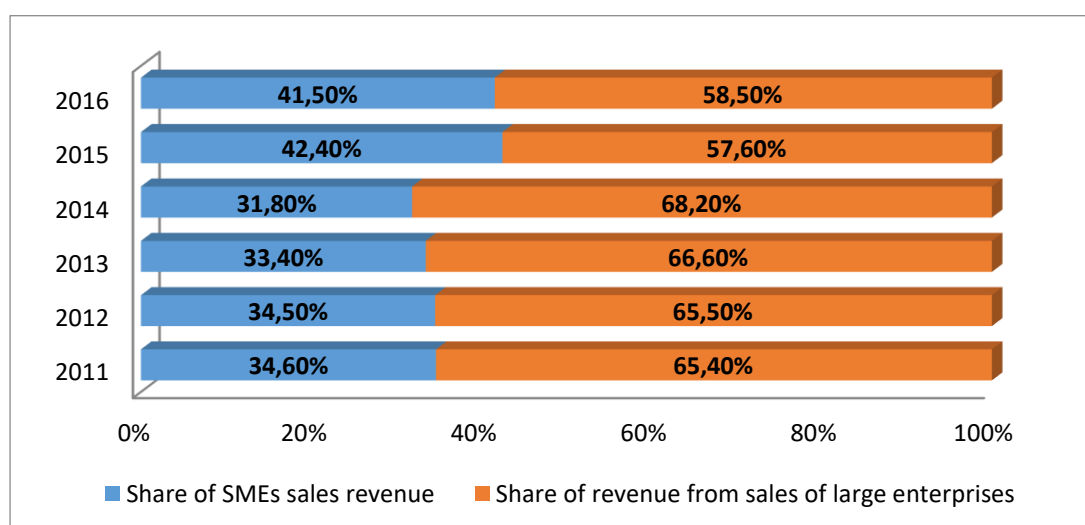


Figure 7. Dynamics of SMEs sales revenue

The largest share of revenues in the SMEs sector is the trade activity, followed by accommodation and catering, followed by the processing business. In absolute terms, in 2016, a profit up to higher taxation was obtained by the enterprises in Chisinau mun. of 3701.0 million mdl or 63% of the total profit, followed by those in the Center Development Region by 841.0 million mdl (14.3%), North, which amounted to 650.7 million mdl (11%). Less profits have been obtained by SMEs in the South Region with corresponding 454.7 million mdl (7.7%) and ATU Gagauzia, registering 230.8 million mdl (3.9%).

SMEs in the Republic of Moldova records imbalances in the share of sales revenue in their activity, the largest contribution being generated by small enterprises (16%). This situation is conditioned by

several objective and subjective factors such as: the relatively small activity experience of the SMEs sector (only 25 years); the lack of support tools correlated with the needs of the sector; relatively low level of business technology; entrepreneurial culture in the process of training and development.

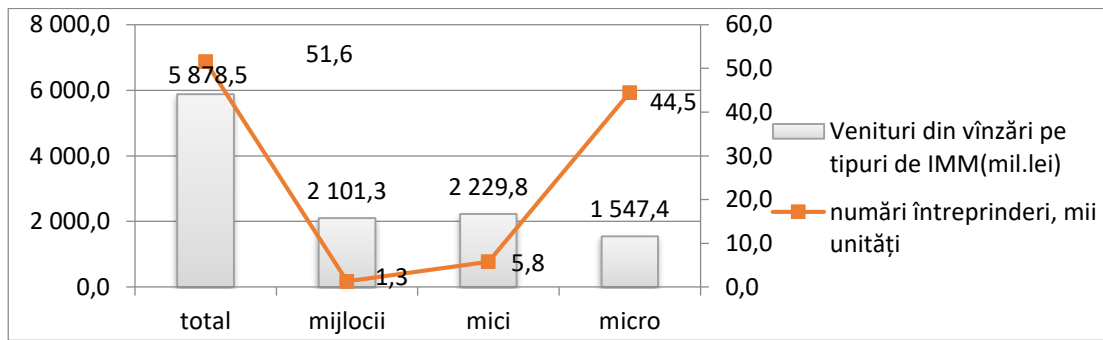


Figure 8. Revenue from sales by SMEs types, 2016

At present, young people represent a quarter of the country's population, being a strategic component of sustainable development, through labor supply, the creation of families and human continuity. According to data of the National Bureau of Statistics of the Republic of Moldova on the structure of the stable population by age and gender on January 1, 2017, young people aged 18-35 constituted 1082.23 thousand people, decreasing by 34.5 thousand persons or 3.1% compared to 2015, representing $\approx 30.5\%$ of the stable population (2% less compared to the year 2015), of which $\approx 44.3\%$ live in the urban area and $\approx 55.7\%$ live in rural areas.⁴ In 2015, over a quarter of the Moldovan youth was not employed or attended any school or training (28.9 percent). This category of young people is known as NEET, who are either inactive young people who do not attend any form of education (76.9 percent of NEET) or unemployed who do not have any form of education (23.1 percent). These young people represent a risk group in terms of the high probability of loss of human capital (accumulated during school) with negative consequences and substantial costs for both individuals and for society in general.⁵

The employment rate of young people aged 15-34 for the last 3 years is a relatively constant rate of about 33-32% of the total economically active population, being one of the lowest rates compared to the neighboring countries in the region. A lower occupancy rate in average under 9% is in the age group of 15-24 years, which is explained by the period of the studies being carried out by young people.

At the same time, young people in Moldova have the highest rate of inactivity, over 66% according to international data compared to other countries, exceeding more than twice the average of EU countries (27.7% for 2014).⁶

⁴ Analysis of the implementation of the National Youth Development Strategy 2020. National Youth Council of Moldova https://www.cntm.md/sites/default/files/Analiza%20strategiei%20Nationale_final.pdf

⁵ Vladimir Ganta and Leyla Shamchiyeva. Transition of young people towards the labor market in the Republic of Moldova Results of the 2013 and 2015 surveys on the transition from school to work. The results of the 2013 and 2015 surveys on the transition from school to work. July 2016. Youth Employment Program Employment Policy Department

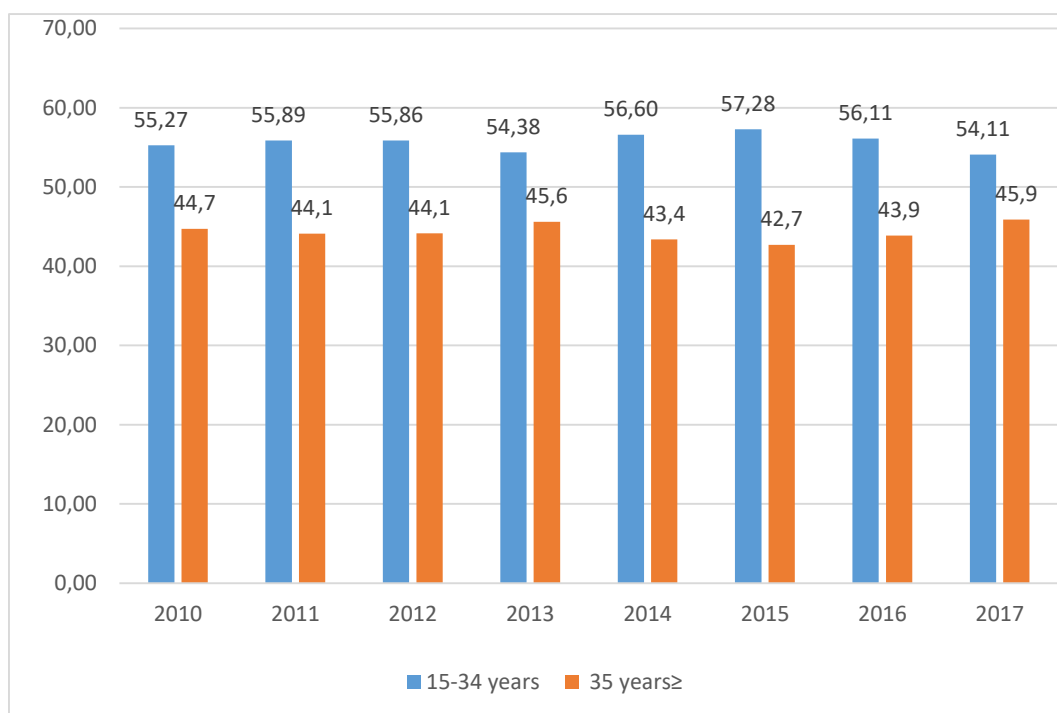
⁶ Mariana BUCIUCEANU-VRABIE, Irina PAHOMII. The demographic barometer of the situation of young people in the Republic of Moldova: from desiderates to opportunities. http://moldova.unfpa.org/sites/default/files/pub-pdf/Barometru%20Demografic%203_Situatia%20Tinerilor%20in%20RM_2015.pdf

The lack of opportunities for valorising the knowledge and skills of young people either as an employee or as an entrepreneur has caused a massive exodus of them in search of work abroad (Figure 9). According to the data of the National Bureau of Statistics⁷, in 2017, of all migrants, the highest share belongs to young people aged 25-34 years - 38.24%, followed by persons aged 35-44

years - 22.92 %, 45 - 54 years - 16.64% and 15-24 years - 15.9%. There is a high share of young people looking for job abroad, 45.9% of the total number of people in the 15-24 age group and 54.11% - in persons aged 25-34. There is also a high share of young people in the total number of people working or looking for work abroad.

Figure 9. Share of people aged 15-34, working or looking for work abroad, 2013-2017
Source: National Bureau of Statistics, <http://statbank.statistica.md>

According to the study Transition of young people towards the labor market in the Republic of Moldova. The results of the surveys of the transition from school to work in the years 2013 and 2015,



among students, "almost 6 percent of male students and 4 percent of female students hope to work in family business or family farm, and 14.4 percent and 16.5 percent, respectively, hope to work for their own business one day. In total, only one-fifth (22.6 percent) and more women than men want to work in the private sector."⁸

Although the range of entrepreneurs support programs in the Republic of Moldova is quite varied, there is a lack of support for young people to start or develop their business, where their share remains relatively small, 2.4% of entrepreneurs are aged up to 24 years and 20.3% are aged 25-34 years. And young entrepreneurs are unmotivated in launching businesses, where business conditions are not attractive, limited economic opportunities and low incomes respectively.

⁷ Statistical data bank of Moldova, NBS, Social statistics ... Migration of the labor force <http://statbank.statistica.md>

⁸ Vladimir Ganta and Leyla Shamchiyeva. Transition of young people towards the labor market in the Republic of Moldova Results of the 2013 and 2015 surveys on the transition from school to work. The results of the 2013 and 2015 surveys on the transition from school to work. July 2016. Youth Employment Program Employment Policy Department

The most significant challenges for young people in business development are 34.3 - market competition, where young people have to compete with well-established entrepreneurs on the market, 34.0 - insufficient financial resources, 8.4 - political uncertainties, 7.2 - insufficient expertise, but also legal regulations (1.6%).⁹

According to the Youth Index 2015 study, and the statistical data identified in the entrepreneurial research process, demonstrates that young people in Moldova are more likely to start a business (44.40%), compared with adults (24.99%).¹⁰ But in doing this, young people face a greater range of difficulties, compared to an experienced entrepreneur, which is a powerful demotivating factor for young people to launch in business. The main issues for young entrepreneurs remain: access to cheap and easily accessible financial resources; insufficient mentoring assistance necessary for young people, especially at the start of the business; poor cooperation with LPA, etc.

Another major issue is statistical data on youth entrepreneurship. At present there is no mechanism in the Republic of Moldova to collect age-disaggregated statistical data with reference to other aspects relevant to the development of youth entrepreneurship, including business financing rate, business failure in the first year after initiation, loan rate offered to people who start their own business. Sequential information can only be obtained from organizations implementing certain support programs for young people, mostly financed from the state budget, but also from some sources of external donors (eg ODSME, IFAD, CEDA)

At the same time, we think young entrepreneurs are more creative and innovative, more open to implementing innovations or introducing business methods and models that can contribute to their rapid growth and internationalization.

⁹ Study. Existence, efficiency and functioning of platforms and programs for youth employment. The National Youth Council of Moldova and the Moldovan Students Alliance.

¹⁰ Youth Index 2015. <http://moldova.unfpa.org/en/publications/index-from-the-2015>

2. DEFINITION AND REALITIES OF ENTREPRENEURSHIP AND SOCIAL ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA

2.1. Development of social entrepreneurship in the world and the Republic of Moldova

Profit and morality are a hard combination to beat.
Hubert H. Humphrey

Interest in social entrepreneurship by practitioners, policymakers and academics has grown exponentially over the last decade.¹¹

The increase in the number of the unemployed and the polarization of the population have contributed to the growing international interest for the social enterprise and social entrepreneurship, which are important factors in boosting economic development, creating new jobs, including for / and of disadvantaged people.

European Commission data indicate that one in four enterprises in the European Union (EU) is a social enterprise. The figure rises to one in three in Belgium, Finland and France, 10% of all European enterprises, or 2 million enterprises are social enterprises.¹²

The 2009 Social Entrepreneurship Survey, conducted by Global Entrepreneurship Monitor's (GEM), has assessed the share of people involved in social entrepreneurship in the total number of the active population, thus in Belgium - 3.02%, 5.13% in Finland, 2, 63% in France, 2.48% in Italy, 4.41% in Croatia and 4.23% in the United Kingdom.¹³ Social enterprises are present in almost every sector of the economy, such as: banking, insurance, agriculture, various commercial services, and health and social services etc. These enterprises are often more productive and competitive, due to the strong personal commitment of founders and better working conditions for employees.

There is currently no unified approach to the concepts of social enterprise and social entrepreneurship. One of the classical definitions of social entrepreneurship and social entrepreneurship is provided by Dees, who says that social entrepreneurs play the role of change agents in the social sector by:

- Adopting a mission to create and sustain social value (not just private value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand, and
- Exhibiting heightened accountability to constituencies served and for outcomes created.¹⁴

The Organization for Economic Co-operation and Development (OECD) defines social enterprises as "any private activity carried out in the public interest, organized with an entrepreneurial strategy, but whose main purpose is not to maximize profit but to achieve certain economic and social goals, and which has the capacity to bring innovative solutions to the problems of social exclusion and unemployment"¹⁵ (OECD, 1999).

The Global Entrepreneurship Monitor's GEM 2015 Report on Social Entrepreneurship defines "Social Entrepreneurship Activity" (SEA) and defines the need for any kind of activity, organization or initiative that has a particular social, environmental or community objective. This could include

providing services or training to socially deprived or disabled persons, activities aimed at reducing pollution or food-waste, organizing self-help groups for community action, etc." ¹⁶

The European Commission in the "Social Entrepreneurship Initiative"¹⁷ defines social enterprise as a subset of the social economy (social economy operator) that:

a) has as its primary objective the achievement of a measurable positive social impact, according to the statutes, the constitutive act or any other statutory document on the basis of which the business was established, when the enterprise:

- provide services or goods to vulnerable, marginalized, disadvantaged or excluded and / or persons

- provides goods or services using a production method that integrates vulnerable, marginalized, disadvantaged or excluded persons;

b) uses the profits earned primarily to achieve its main objectives rather than distribute them and have procedures and rules defined in advance for any exceptional situation where profits are distributed to shareholders or owners, which ensures that such a distribution of profits does not undermines the main objectives; as well as

c) it is administered in a spirit of an enterprise, in a responsible and transparent manner, in particular by involving workers, customers and stakeholders affected by its economic activities. " ¹⁸

The social enterprise is guided not by the accumulation of profit but by the desire to solve social problems. At the same time, the social enterprise is not a charity organization, but it is a business in the full sense of the word, it must be redeemed, at the same time carrying out social tasks.

Despite their diversity, social enterprises mainly operate in the following four fields: Work integration, personal social services, Local development of disadvantaged areas and other – figure 10.

¹¹ Niels Bosma, Thomas Schött, Siri Terjesen, Penny Kew (2015) GEM 2015 Report on Social Entrepreneurship. <http://www.gemconsortium.org/report> p.9

¹² European Parliament Resolution of November 20, 2012 on the Social Entrepreneurship Initiative - Building an ecosystem to promote social enterprises in the context of the economy and social innovation (2012/2004 (INI)) <http://www.europarl.europa.eu>

¹³ GEM 2009 Report on Social Entrepreneurship, p. 14 <http://www.gemconsortium.org/docs/download/2519>

¹⁴ J. Gregory Dees, The Meaning of "Social Entrepreneurship", 1998, <https://entrepreneurship.duke.edu/news-item/the-meaning-of-social-entrepreneurship/>

¹⁵ Favoriser le developement des entreprises sociales - Recueil de bonnes pratiques. OECD / Union Europeenne, 2017 P.24

¹⁶ file: /// D: / Angela / AntrepSocial / gem-2015-special-report-on-social-entrepreneurship-1464768244% 20 (2) .pdf, p. 11

¹⁷ Initiative for Social Entrepreneurship "(COM (2011) 0682

¹⁸ European Union Programme for Employment and Social Innovation ("EaSI") and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion. Official Journal of the European Union 20.12.2013 <http://eur-lex.europa.eu/legal-content/RO/TXT/PDF/?uri=CELEX:32013R1296&from=FR>

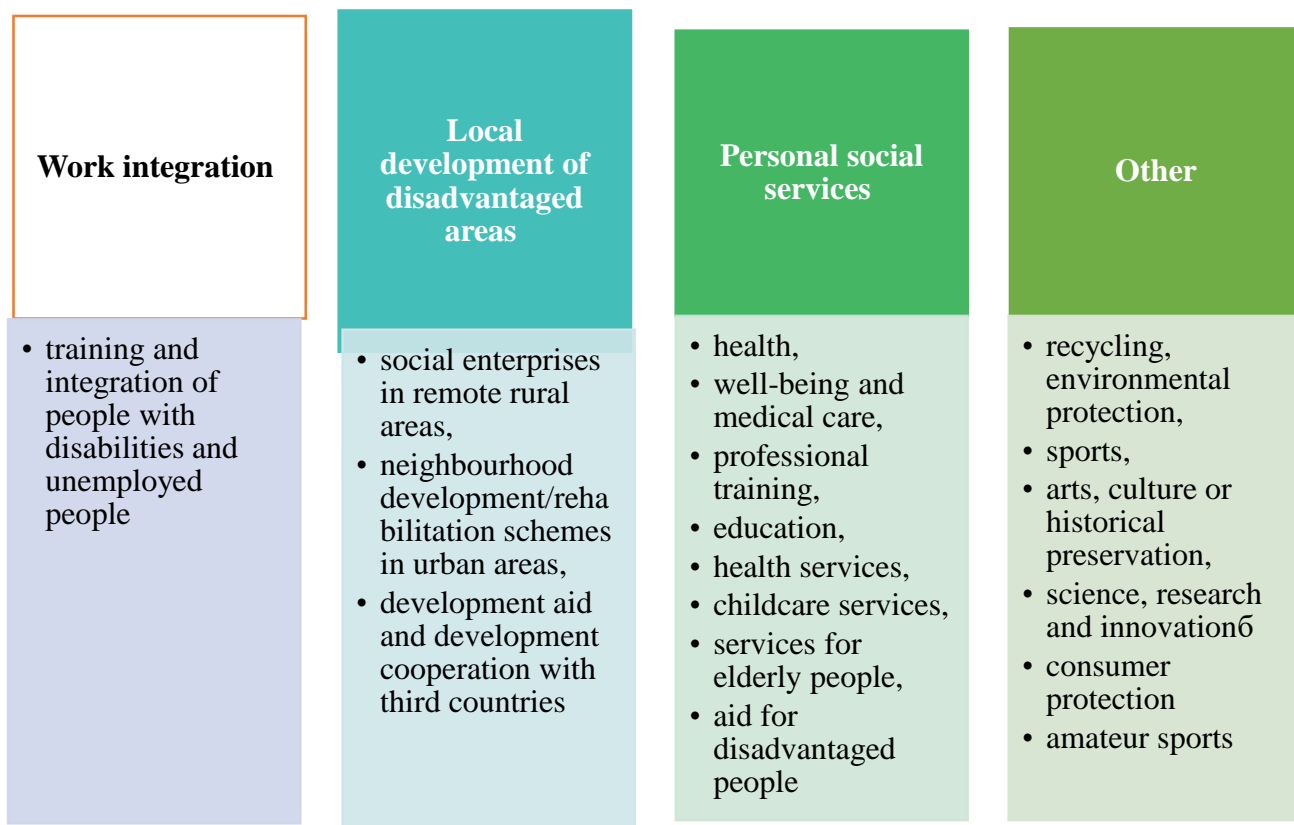


Figure 10. Fields of operation of social enterprises

Sources: http://ec.europa.eu/growth/sectors/social-economy/enterprises_en

Recognizing the importance of social enterprises in economy, in 2011, in the European Union, the Social Business Initiative (SBI) was launched. The European Commission's Social Business Initiative uses the term 'social enterprise' to cover the following types of business:

- Those for who the **social or societal objective of the common good** is the reason for the **commercial activity**, often in the form of a high level of social innovation
- Those whose **profits are mainly reinvested** to achieve this social objective
- Those where the method of organisation or the ownership system reflects the enterprise's mission, using **democratic or participatory principles or focusing on social justice.**"¹⁹

SBI aims to introduce a short-term action plan to support the development of social enterprises, key stakeholders in the social economy and social innovation. It also aims to prompt a debate on the avenues to be explored in the medium/long term. There are 11 priority measures, organised around 3 themes.

¹⁹ http://ec.europa.eu/growth/sectors/social-economy/enterprises_it

Table 9.

Theme and action to The social business initiative (SBI).

Theme	Action
I. Making it easier for social enterprises to obtain funding	<ol style="list-style-type: none"> 1. Put forward a European regulatory framework for social investment funds 2. Encourage the development of microcredit in Europe, specifically by improving the related legal and institutional framework. 3. Set up an EU financial instrument to provide easier access to

	<p>funding.</p> <p>4. Make social enterprises an investment priority of the European Regional Development Fund and European Social Fund.</p>
II. Increasing the visibility of social entrepreneurship	<p>5. Identify best practices by establishing an exhaustive register of social enterprises in Europe.</p> <p>6. Create a public database of labels and certifications applicable to social enterprises in Europe.</p> <p>7. Help national and regional governments introduce measures to support, promote and finance social enterprises.</p> <p>8. Create multilingual information and exchange platform for social entrepreneurs, business incubators and clusters, as well as social investors. Increase the visibility of EU programmes to support social entrepreneurs and make it easier to obtain funding.</p>
III. Making the legal environment friendlier for social enterprises	<p>9. Simplify the rules regarding legal recognition as a European Cooperative Society; put forward a regulation creating a legal status for European foundations. Conduct a study on the situation of mutual societies.</p> <p>10. Make quality and working conditions more important criteria for the awarding of public procurement contracts, particularly for social and health services.</p> <p>11. Simplify the rules for awarding public aid to social and local services (which would benefit many social enterprises).</p>

Although widespread and valued in the Western Europe countries, social entrepreneurship remains a relatively new idea in the Republic of Moldova. The legal framework that would regulate and support the development of social entrepreneurship is at the stage of constitution, the articles on social entrepreneurship in the Law on Entrepreneurship and Enterprises will enter into force from June 2018.

However, the last decade, thanks to the support of the external donors, UNDP-Moldova "Better Opportunities for Young People and Women" and "Development of financial sustainability of civil society organizations", East European Foundation, Contact Center through Local Economic Development Program, USAID FHI 360 Project, The Association of Keystone Human Services International Moldova, the Government of Sweden and ADA Austria, etc., and in order to ensure the sustainability and achievement of its mission, a number of non-commercial organizations (NGOs) implemented projects oriented towards the development of social entrepreneurship.

2.2. Analysis of the associative sector (NGO) and the characteristics of the services that are offered, especially in the field of social entrepreneurship

Currently, about 7,950 national public associations are registered in the Republic of Moldova at the Ministry of Justice, excluding foundations, private and public institutions and religious organizations. The number of local public associations is unknown because the local authorities do not provide the appropriate information to the Ministry of Justice. As a result, neither society nor the state knows the real total number of local and national civil society organizations in Moldova. The majority of registered CSOs (approximately 65%) are located in Chisinau, although this territorial-administrative unit represents only about 25% of the total population of the country. According to unofficial estimates, about 2,500 public associations are registered in the Transnistrian region of the Republic of Moldova. Moldova has about 1.9 CSOs per 1000 inhabitants, which represents a progress compared with Ukraine (1, 2) and Russia (1.6). But this number is considerably lower

compared to the countries of Eastern Europe: Romania (2.9), Macedonia (5.6), Hungary (6.6), Croatia (9.6) .5

According to the estimates of the studies conducted, only about 25% of the total number of CSOs are sufficiently active and develops different projects and initiatives, and one of the causes is insufficient funding both within the country and the lack of revenue generating mechanisms through the provision of services.

At present, the associative sector in the Republic of Moldova is present in very varied fields, the main ones being: education and training (50%), social services (40,8%), community development (36,9%), civic participation (%), health and youth (19.2% each), culture (16.9%) 7.

The legal framework of the associative sector in Moldova recognizes three distinct forms of organization: public associations, foundations and private institutions. Basic legislation includes the Law on Public Associations (1996), the Law on foundations (1999) and the Civil Code (2002). Most CSOs are registered as public associations. The Law on Public Associations has been amended under the Civil Code and establishes permissive rules for CSOs in obtaining public utility status.

However, the legislative framework for CSOs also registered some negative changes in 2015, notably due to the changes made to the Fiscal Code and the failure to establish a "One Stop Shop" for CSO registration, which is generally favorable at national level, but there are shortcomings at the local level.

For example, many of the first level Local Public Administrations do not maintain a registered CSO database and have limited knowledge of assigning the unique CSO registration number. The "One Stop Shop" for CSO registration, to be operational in 2014, has not been opened. In June 2015 the procedure for granting public utility status for CSOs was modified and, in addition to the "acceptance" / "rejection" options, the Certification Commission would also offer the option of "postponing", giving 30 days to the CSOs to adjust their document package.

Currently in the Republic of Moldova, there is no Coordination Structure for cooperation with civil society, although it was planned under the Civil Society Development Strategy (2012-2015). It is remarkable that such structures exist and operate in several European countries, including Romania, France, Great Britain, Hungary, Macedonia, Slovakia, Czech Republic, Croatia. Although some concrete steps have been taken to ensure a permanent dialogue between Moldovan authorities and civil society, maintenance and intensification of this cooperation remains problematic.

By the Government Decision no. 11 of January 19, 2010, the National Council for Participation (NCP) was created as a Government consultative body in the process of policy development, not also monitoring their implementation. Since its creation, the NCP has been sufficiently active in public consultations with the Government, contributing to the involvement of civil society in the decision-making process despite deficiencies, insufficient capacities and appeals from the representatives of civil society in the Republic of Moldova.

The mandate of the National Council for Participation (NCP) expired at the end of 2014.

Some networks have significant collaborative experience with line ministries: for example, the Coalition for Law Promotion and Volunteer Activities and the National Youth Council in Moldova have initiated lasting policies in partnership with the Ministry of Education, Culture and Research; Support Platform for Social Entrepreneurship - with the Ministry of Economy, etc.

Limited progress has been registered in the Republic of Moldova in the development and implementation of financial and fiscal mechanisms in favor of CSOs. Ensuring financial sustainability is a key issue in the development of the associative sector in the country, and the corresponding achievements of recent years are, although visible, insufficient to strengthen the sustainability of CSOs, as confirmed by both resolutions of NGO forums and other studies.

According to the CSO Development Index in Moldova - 2015, the financial viability of the CSO has improved in 2015. In addition to external grants, the income from the public budget, donations, income from economic activity and membership fees have also been important sources of income for CSOs. According to another study conducted in 2015 at the Contact Center initiative, about 83% of

the CSO's income comes from external grants. Research shows that among the largest external donors are: European Union, USAID, Swedish Government / Swedish Agency for International Development and Cooperation, Swiss Cooperation Office, UNO agencies, Embassies of: USA, Austria, Great Britain, Germany and Slovakia which plays an important role in the financing of CSOs. Other foundations and funding organizations are: Soros-Moldova Foundation, East European Foundation, SOIR, HEKS.²¹

Compared to the situation in the countries of the region, Moldova is the country with the greatest dependence on external financing sources. Thus, according to some studies on the financial sustainability of NGOs in several European countries, including Romania, Poland, Hungary, Czech Republic and Slovakia, the vast majority of the NGO's financial resources, about 43%, are formed by ways of generating own revenues, including membership fees, economic activities, paid services, income generated by investments. In these countries, the public sector support is also positioned as a significant source of income and accounts for around 35%. This category is followed by sources from private philanthropy (22%), including from tax incentives for private economic operators, individual tax incentives, volunteers' contribution.

Internal sources of self-financing are insufficiently developed and the value of existing ones is insignificant. In principle, non-commercial organizations may carry out ancillary economic activities under their statutes. This provision is not applied in practice for various reasons, including the fact that the CSO is not aware of practical ways to apply, but sometimes also because of the reluctance of the authorities.

The latest studies show that the state, within the limits of the resources available, is working to support the sector, and public finances are gradually becoming a source for initiatives in the field. Thus, in 2015, 2016, 2017, the Ministry of Youth and Sports (MTS) provided funding for both youth CSOs and 8 Youth District Councils. The Ministry of Economy and the Ministry of Environment also provided small grants to the CSOs. As far as donations are concerned, they have diminished. According to the Philanthropic Behavior Index, in 2015 only 17% of respondents in the Republic of Moldova said that they did charity, down 4% from 2014.

A major impact on CSO financial sustainability was the 2% Law, which entered into force in 2017. On July 21, 2016, the 2% Law was adopted in Parliament. Starting from January 1, 2017, individual taxpayers may direct two percent of their income tax calculated for the previous year, at choice, to a non-commercial organization or religious cult. But this law is not sufficiently promoted and people who can donate do not know this. But also for organizations wishing to benefit from these 2% have a number of conditions to be met, which are clearly described on the website of the Ministry of Justice. But the use of the amounts of these 2% received by organizations, is strictly directed to public utility activities and requires annual reporting on how it was used.

In the Republic of Moldova the development of social enterprises has become a national priority with the adoption by the Parliament of the Republic of Moldova of the Strategy for Civil Society Development for the years 2012-2015 and of the Action Plan. Although widely spread and valued in the countries of Western Europe, social entrepreneurship remains a relatively new idea in the Republic of Moldova. The current legislation does not create different conditions for the launch and development of social enterprises. However, several initiatives aimed at the development of social entrepreneurship have been initiated and, in some cases, successfully developed in the Republic of Moldova.

Although there are some successful experiences, they have been largely initiated and developed exclusively through the contribution of external donors. In most cases the companies concerned were created by public associations. In the Republic of Moldova, these entities are taxed according to general rules, regardless of the purpose they pursue.

Therefore, a major difficulty is formed by the legal and regulatory conditions. The areas in which social enterprises predominantly develop are: services, agriculture, woodworking, beekeeping, healthy nutrition, knitting, etc.

List of subjects practicing social entrepreneurship

ENTERPRISE	CITY	WEB SITE	E-MAIL	ACTIVITY 1	LEGAL ST
Aburas Catering	Oxentea		rodicacons@gmail.com	Food	NGO
AREAP	Edinet	areap.md	mdareap@gmail.com, alina.reseticov@gmail.com	Laundry	NGO
ArtDedal	Soroca	youthsoroca.md	ion_babici@yahoo.com	Buildings and public works	Ltd
Children's Center for Early Development "Golden Key"	Taraclia	prima-taraclia.md	scopencojt@mail.ru	Training	NGO
Concordia Development	Chisinau	concordia.md	moldova@concordia.md	Agriculture, environment, green spaces	Ltd
Dezdna	Singerei		dezdna@yamdex.ru	Textile, furniture, arts and crafts	NGO
Dorinta	Calarasi		centrul-dorinta@mail.ru	Recreation, culture, sport	NGO
Fabris	Peresecina	fabris.md	causaa2007@yahoo.com	Textile, furniture, arts and crafts	NGO
Floare de cires Catering	Razeni	floaredecires.org	catering@floaredecires.org	Food	Ltd
Habitat Eco-Social	Rezina		luminita.ru@gmail.com	Laundry	Ltd
Keystone Moldova	Chisinau	keystonemoldova.md, instruiri.md	instruiri.md@gmail.com	Provision of staff / Temporary work	NGO
Manual Therapy Center San Tao	Balti	afa.md	afabalti@yahoo.com	Recreation, culture, sport	NGO
MARA Woman	Scoreni	mara.md	knits@marawoman.org	Textile, fashion	NGO
Nou din Nou	Chisinau	noudinnou.md		Textile, furniture, arts and crafts	Ltd
OSORC	Tiraspol		osorc@yamdex.ru	Recreation, culture, sport	NGO
Speranta Center	Chisinau	speranta.md	info@speranta.md	Food	NGO
The Best Move	Chisinau	cangurul.md	contact@cangurul.md	Transport, logistics	Ltd

2.3. Entrepreneurial education at national level - formal and non-formal and the number of young people involved

An important role in developing the spirit of initiative and entrepreneurship lies in entrepreneurial education that enables young people to be more creative and more confident in their work and to increase their chances of engagement encourages them to start new businesses and improve their role in society and economy. Investing in entrepreneurship education is one of the highest return investments Europe can make. Surveys suggest that between 15% and 20% of students who participate in a mini-company programme in secondary school will later start their own company, a figure that is about three to five times that for the general population.²⁰

At present, the educational system in the Republic of Moldova offers opportunities for the realization of entrepreneurial education through the optional and compulsory disciplines included in the curricula, as well as the extracurricular activities carried out in the educational institutions.

²⁰ C. Jenner, 'Business and Education: Powerful Social Innovation Partners', Stanford Social Innovation Review (Aug. 27, 2012).

The first programs of entrepreneurial education in the country have been carried out since 1993 within the first Centers for Business Training and Consultancy (Business Center Moldova, MACIP -

Moldo-American Center for Private Initiative, Bizpro Moldova etc.). These centers were created with the support of foreign partners: the TEMPUS project of the European Union and Eurasia - USAID, and the training programs focused, in particular, on adult education, including students in higher education institutions.

In 1995, once the start of Junior Achievement Moldova activity, entrepreneurship education is focused on primary and secondary general education institutions. Since the organization's registration in the Junior Achievement Moldova entrepreneurship training programs, over 190000 students and about 1800 teachers have participated. Currently, in collaboration with the Ministry of Education; Culture and Research of the Republic of Moldova and "Familia Sturza" Foundation, Junior Achievement Moldova programs are offered in 130 schools and high schools in the country, where about 8000 pupils from the grades I-XII benefit both of didactic activities in the classroom and extracurricular activities such as olympics in economy, school fairs, summer camps, etc.²¹

As entrepreneurship is one of the key competences, studying it has become necessary and important in the formation of any pupil and student.

According to the Framework Plan for primary, gymnasium and lyceum education, Economic and Entrepreneurial Education includes the following courses: Applied Economics, Entrepreneurship spirit, Business Ethics, Key to Success, My Finances, School Mini Company, School Company, Economic and Managerial Simulation Exercises (TITAN) etc. are recommended for optional courses and compulsory classes in in-depth classes of economic disciplines. Course duration is 34 hours per year. Pupils study the system of the market economy, discover business operations, study the current world economy and acquire knowledge and skills, develop the skills needed to act as competent citizens, as employees in the labor market and as consumers.²² However, due to a wide variety of optional courses, a large number of pupils did not include in the program any entrepreneurial education course.

In order to increase the attractiveness of the professions, entrepreneurship courses have been introduced in all vocational technical education institutions. The aim of the discipline the Basics of entrepreneurship is the students' initiation in the basic concepts of entrepreneurship and the development of competences in pupils, which will allow them to efficiently capitalize on their own potential and, in the future, to initiate and effectively manage some entrepreneurial activities. Within the study discipline are presented the general notions on entrepreneurial activity, the characteristic of legislative base and the ways of launching and managing a business, the essential strategies and milestones in the business plan, as well as various financing and supporting options of the entrepreneurial activity. To study the given discipline, according to the framework plan for vocational secondary education, 120 hours are allocated.²³

Although entrepreneurship education in technical secondary schools will encompass all pupils, their efficiency and usefulness depends on how well teachers are trained to train entrepreneurial skills in pupils.

²¹ Junior Achievement Moldova, <https://jamoldova.org.md/index.php/ro-ro/despre-noi-ro/istoric-si-misiunea>

²² ECONOMIC AND ENTREPRENEURIAL EDUCATION, Optional curriculum for high school education (grades X - XII), Ministry of Education of the Republic of Moldova, 2013, https://jamoldova.org.md/images/DOC/curriculumciclu_liceal.pdf

²³ BASICS OF ENTREPRENEURSHIP. National Curriculum for Secondary Technical Vocational Education, Ministry of Education no. 863 of September 7, 2015, https://ceda.md/wp-content/uploads/2018/03/Curriculum_Bazele-Antreprenoriatului_2015.pdf

Therefore, the Center for Entrepreneurial Education and Business Assistance (CEDA) in partnership with the Ministry of Education, Culture and Research of the Republic of Moldova and the National

Agency for Employment "(ANOFM) within the projects" Training in the field of entrepreneurship and employment in Moldova, phase IV (MEEETA IV) and "Reconceptualization of Professional Orientation and Career Counseling, phase II (REVOCC II), funded by the Liechtenstein Development Services Foundation (LED), and respectively Austrian Development Agency "(ADA), initiates training for teachers who teach entrepreneurship, develops methodical support for teachers, organizes internships, master classes, enterprise visits, forums of professions, round tables, summer schools, etc..

Table 10.

**Evolution of pupils / students by types of educational institutions
and the way to study entrepreneurship**

	Entrepreneurial education	2014/15	2015/16	2016/17
General primary and secondary education institutions	Optional	340977	334509	333729
Technical secondary education institutions	Mandatory	17508	16098	18980
Colleges / post-secondary technical	Mandatory / optional depending on the field of study	29810	30428	29811
Higher education institutions	Mandatory / optional depending on the field of study	89529	81669	74726
Total, persons		477824	462704	457246

Source: NBS, Statistical data bank from Moldova, Social statistics / Education. Available: <http://statbank.statistica.md>

In terms of entrepreneurship education in post-secondary technical (colleges) and university education, the achievement of these depends, to a large extent, on the field of study. Thus, in the educational institutions whose educational offer is focused on the programs of study in Economics, Business and Administration, Marketing and Logistics, Accounting, Hotel Services, Tourism and Recreation, etc., the Entrepreneurship course is included in the curriculum either as a compulsory discipline (eg Business and Administration study program) or an optional course (Accounting). According to the frame plan, its duration is between 120-150 hours.

Regarding social entrepreneurship, although the Entrepreneurship course mentions this form, there is no educational institution that would include in the curriculum a course of Social Entrepreneurship.

Non-formal education differs from formal education, both in content and through forms of achievement. The content of non-formal education is organized on areas of interest (not on years of study or academic disciplines), and the forms are very diverse in terms of duration, way of organization or teaching, characterized by: - concrete responsibility for fixed requirements; - allowing abstraction moments by extracting knowledge from practical life; - removing the teaching function from education, leaving place for learning function.

From this perspective, we highlight the following features of non-formal education:

- is complementary to formal education;
- is focused on the beneficiary and on the real learning needs, facilitating their identification for a better adaptation of the learning process;
- is adjusted to the community, group, and / or individual and involves self-study;

- is structured and organized, has clear learning objectives attached and requires efficient resource management;
- builds on many active / interactive and diversified learning methods;

Non-formal education, being efficiently organized, contributes to the strength of young people's knowledge and skills that they need to succeed in contemporary society, mobilizing the full potential of children / young people's learning to assimilate socio-cultural changes that are permanent in modern society. Thus, non-formal education complements the gaps in formal and extracurricular education.

If we refer to non-formal education in the field of entrepreneurship, then we can mention centers providing training services in this field and here we mention ODSME, it has programs dedicated to young people who want to start a business. The Chamber of Commerce and Industry (CCI), which has a series of trainings dedicated to entrepreneurs. This category also includes the trainings provided to young entrepreneurs by the IFAD program.

Programs implemented with the support of the state budget

The Organization for the Development of Small and Medium-Sized Enterprises (ODSME) implements the state support programs of SMEs. All programs are dedicated to a certain category of beneficiaries, including for young people.

The National Program for the Economic Empowerment of Young People (PNAET) is approved by the Government of the Republic of Moldova on the basis of the Government

Decision no.364 of June 3, 2008, with the subsequent modifications of expansion of the Program's action until the end of 2017.

Beneficiaries of the Program: young natural and legal persons aged 18-35 who carry out entrepreneurial activity in all eligible economic areas, mainly in the regions. Funding sources of the program: the funds of state external loans and grants of the Investment Development Projects, credited by the Ministry of Finance of the Republic of Moldova.

Component I "Training and Consulting" - ODSME (Organization for Development of the Small and Medium Enterprises Sector of the Ministry of Economy of the Republic of Moldova)

Component II "Financing of rural investment projects by granting repayable commercial loans in a maximum amount of 300 thousand mdl, with a grant portion of 40% of the loan amount, as well as financing of leasing contracts".

Component III "Post-Funding Monitoring" - implemented by the Credit Line Directorate of the Ministry of Finance (CLD) through the Intermediate Participating Financial Institutions (IFP).

During the entire Program implementation period, 5031 young people participated in the Component I.

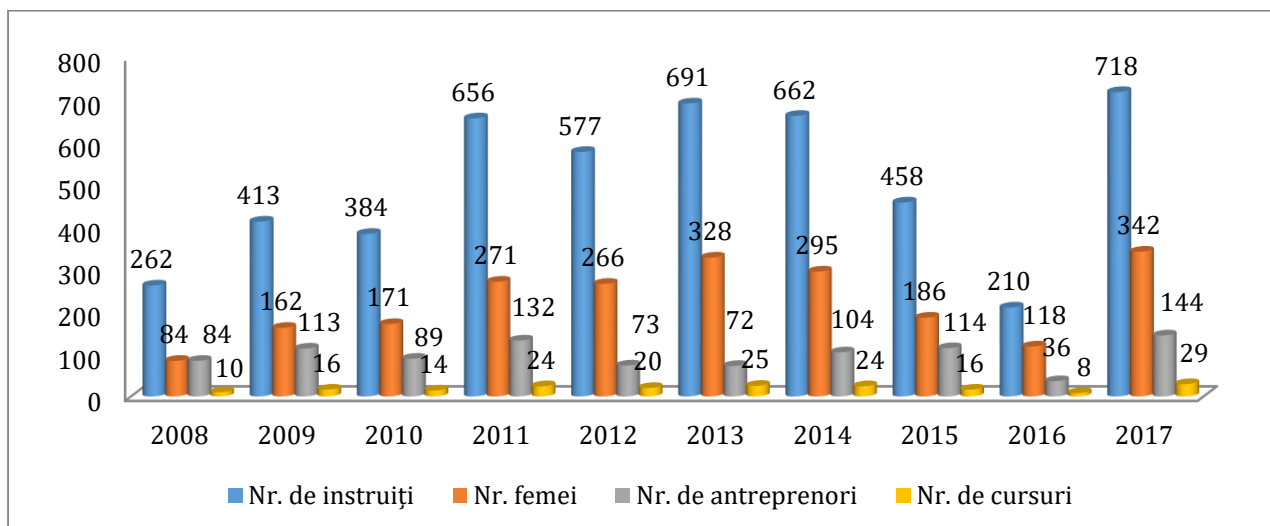


Figure 11. The evolution of trainings within the PNAET program during the implementation period
Source: ODSME

Since the beginning of implementation of the Program PNAET, 1851 sub-projects of young beneficiaries have been financed, totaling 532.37 million mdl, including non-reimbursable grants amounting to 40 percent of the loan amount - 209.3 million mdl.

The Continuous Learning Program "Efficient Business Management" that is designed for entrepreneurs who want to improve their knowledge in business management. They are short term modular trainings offered for free to entrepreneurs.

During the implementation of the program 2009-2017, about 17700 entrepreneurs were trained throughout the country, including 35% of young entrepreneurs aged 18-35.

The program for attracting remittances into economy PARE 1 + 1 is approved by Government Decision no. 972 of 18.10.2010. The program is intended for migrant workers and / or their first-degree relatives who wish to invest in launching and / or developing their own businesses.

TARGET GROUP: Migrant workers or first-degree relatives.

During the implementation of the program 2011-2017, 1873 people were trained, including 40% young people. Non-reimbursable financial support was provided for 1136 businesses, including 555 managed by young people.

According to the Youth Service Providers' Catalog of Moldova, of about 145 providers, about 103 are public institutions, 42 with status of public association and 1 provider with foundation status. For the rural area we have 35 providers with their headquarters in the villages, and in the urban area there are 110 providers. The members of this network provide a range of 9 types of services.

Other public associations that offer non-formal training such as CEDA, ANTiM, JCI, JEF Moldova, CNTM, etc. may also be mentioned.

Regardless of whether it is formal or informal, entrepreneurial education must have an applicative character, as it involves the formation and development of specific skills to young people, as close as possible to real life, which they can use later in their work.

3. PERCEPTION AND VALUATION OF THE ENTREPRENEURSHIP POTENTIAL IN THE REPUBLIC OF MOLDOVA

3.1. Perception of Entrepreneurship by Young People

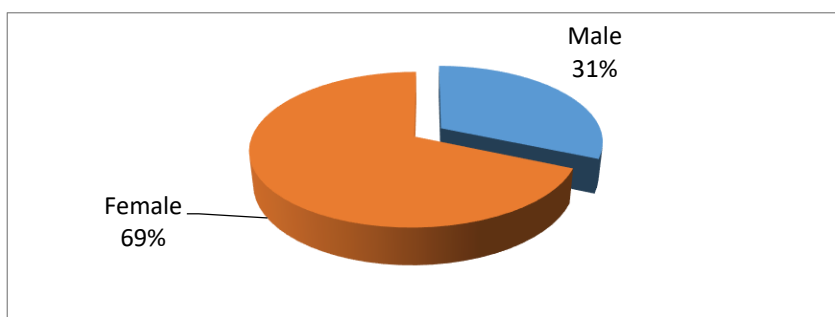
In order to identify young people's perceptions on entrepreneurship, the reasons that would lead them to enter into business, and the main impediments to engaging in such activities, a survey was conducted between 15 and 30 March 2018.

The questionnaire contained questions regarding:

- Profile of respondents;
- Young people's perception on entrepreneurship;
- Qualities required for business success;
- Young people's entrepreneurial intentions;
- Factors that hinder the business success in the Republic of Moldova and the necessary support to be provided to young people for business development.

For data processing and analysis, the SPSS 16.0 program was used.

490 respondents from different areas of the Republic of Moldova participated in the survey, students/pupils from the educational institutions in Chisinau, Balti and Cahul, as well as young participants in various entrepreneurial development programs developed during the years of ANTIM.



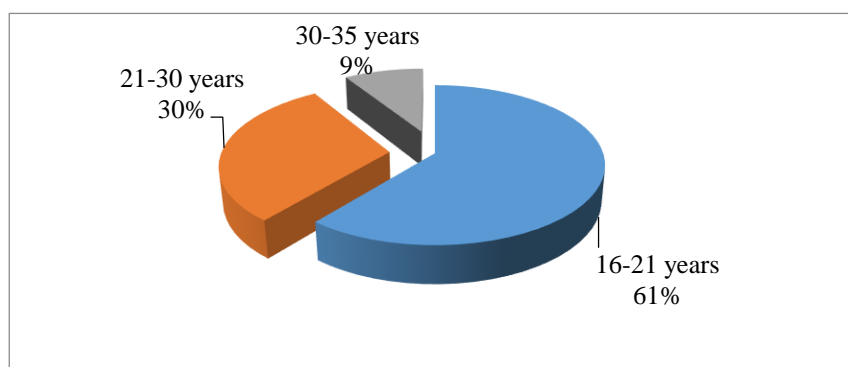
69% of those interviewed representing women and 31% men.

Figure 12. Distribution of respondents by gender,%

According to survey results, young people aged 16-21 have the highest share (61% of respondents), those who are barely setting priorities for their future career and occupation.

The share of those aged between 21 and 30 was 30% and 9% among respondents aged 30-35 years.

Figure 13. The distribution of the sample by the age of respondents



Regarding the occupation of the respondents, 75% are students / pupils, 13% - employees, 11% entrepreneurs / managers, 1% - unemployed.

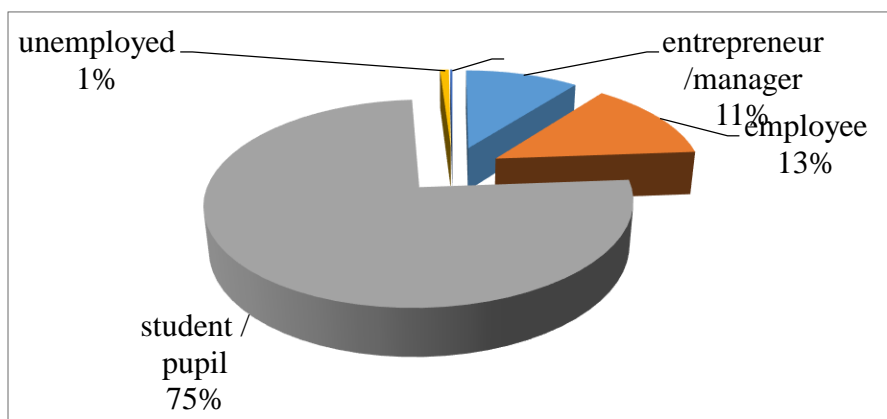


Figure 14. Distribution of the sample by the occupation of the respondents

When asked what is associated with entrepreneurial activity, 66.8% of the young participants surveyed said that with the possibility of implementing their own ideas, 50.4% - with activity on their own and 38.7 - the occupation which they like. Mostly, for young survey participants, the entrepreneurial activity is associated with the benefits people can obtain from the start of a business rather than with the benefits to society. Thus, only 29.2% of the respondents associate entrepreneurship with the creation of new jobs, and the number of those who linked the entrepreneurial activity with the creation of the benefit for the society is 7.6% of the total number of respondents.

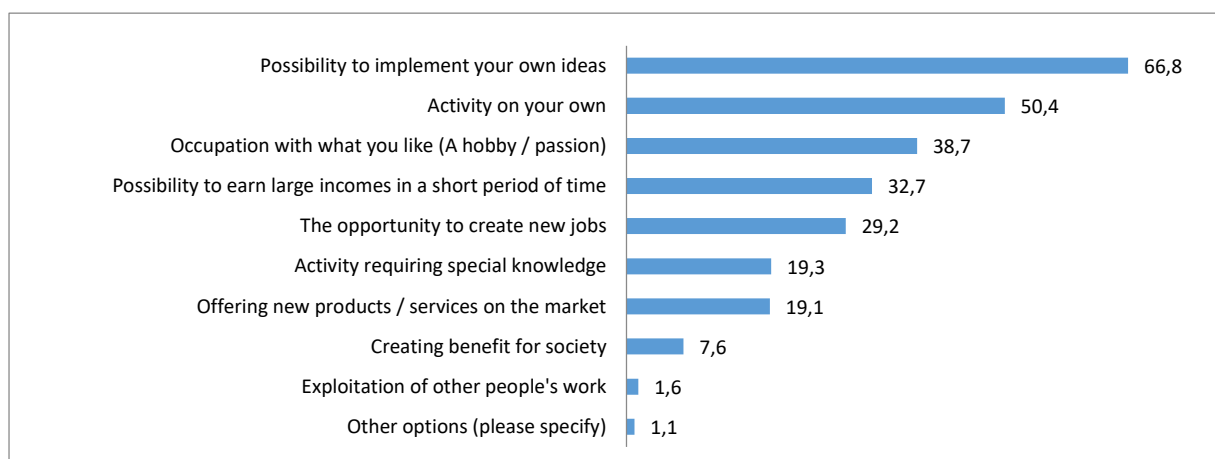


Figure 15. In your vision What do you associate with entrepreneurship activity? (maximum two answers)

Although young people have initiatives and are most often oriented towards solving social needs, however they still think that the most frequently in the Republic of Moldova open businesses people who have financial resources, experience, as well as people who have relationships. Regarding people who have been out of work or people with special needs, respondents do not agree that they start a business.

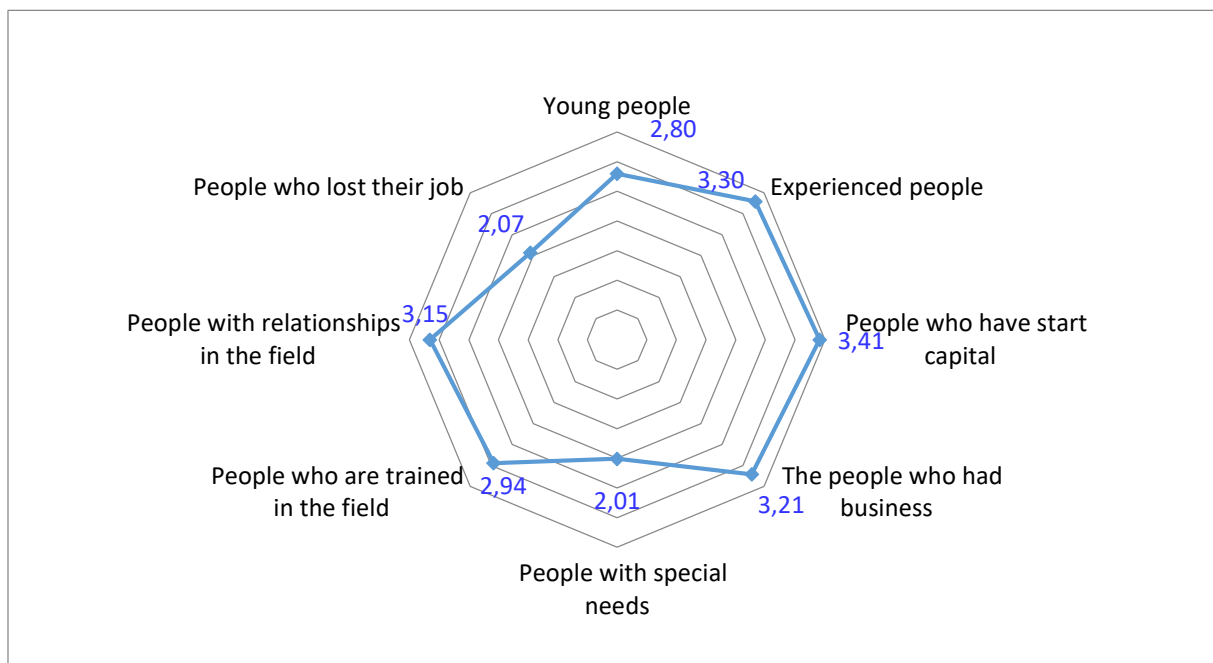


Figure 16. Who most often initiates a business
(4 - total agreement, 3 - agreement, 2 disagreement, 1 - total disagreement)

One very important and beneficial thing is that many young people have realized that online businesses are much easier to initiate. Using computers and the Internet (using social networks, movies, games, etc.) helps them develop their digital skills, so being asked where it is easier to start the business, 44% mentioned that in the virtual environment. And there are many examples.

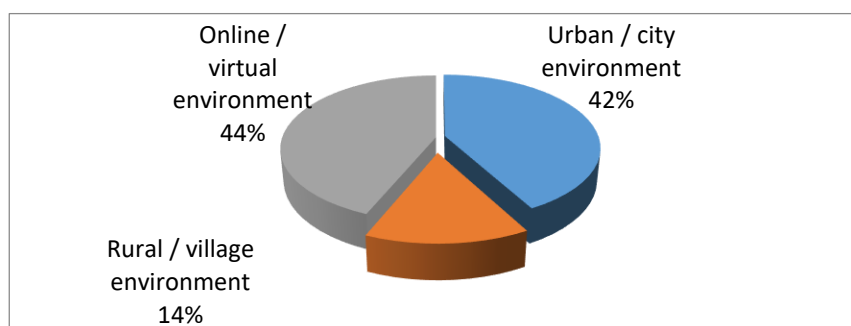


Figure 17. The environment in which it is easiest to initiate a business

Regarding the areas where it would be better (quickly and easier) to start a business by a young person in the Republic of Moldova, 26.7% of the respondents believe that trade; 8.4% - agriculture, 16.4% - information and telecommunication, 16.2% - public catering, etc.

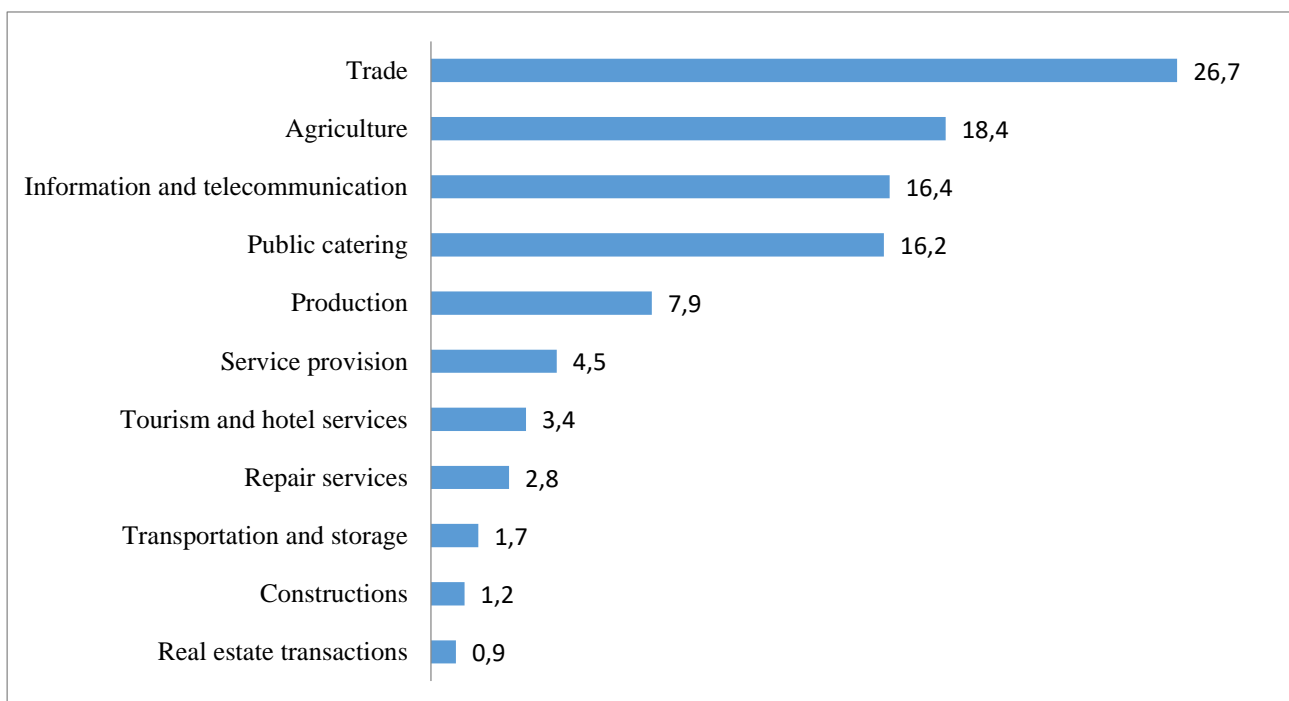


Figure 18. Areas where it would be better (quickly and easier) to start a business by a young person in the Republic of Moldova (one answer)

As more and more is currently being discussed about the need to promote entrepreneurship among young people and their intuition in order to form entrepreneurial skills necessary to start and develop a successful business, the questionnaire also included the question "To what extent do you think the education received by young people in school / university prepares them to become entrepreneurs?". The analysis of the results shows that about 54% of the respondents consider that the entrepreneurial education is useful, to a great extent (45%) and (9%) in a very large extent. However, the number of those who believe that school / university does not sufficiently prepare young people to become entrepreneurs is not small. Thus, 31% of the respondents chose - in a small extent, 11% - very small and 4% consider that doesn't prepare at all. Although responses show only perceptions and opinions of respondents regarding the usefulness of entrepreneurial education, it provides an insight into the effectiveness of educational institutions' efforts on this issue.

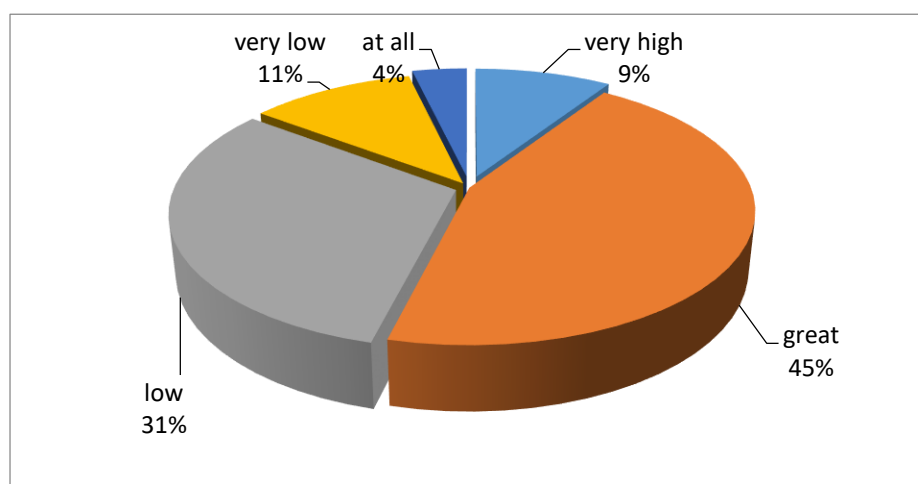


Figure 19. Respondents' opinion on the *education received by young people in school / university prepares them*

When asked at what age it is better to start your own business, 70% of respondents opted for the age group with great potential 26-35 years. While 26% think the age at which you can start your business is 18-25 years and only 4% aged 36 to 45 years.

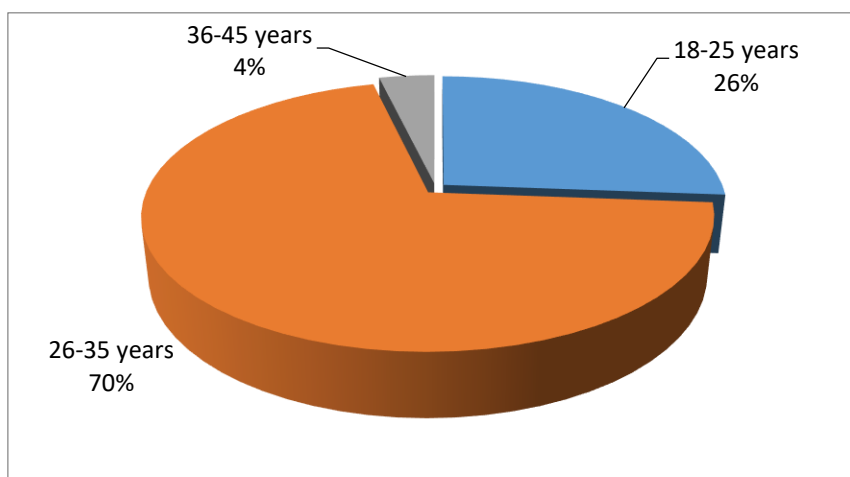


Figure 20. The age at which it is best to start a business in the respondents' opinion

It is gratifying that although at the time of the survey, only 11% of the respondents mentioned that they are doing entrepreneurship, the question of whether they intend to start a business, 60% mentioned - yes, 35% - I am not sure and 5% - not. Of those planning to do the entrepreneurial activity 69, 8%, think they will open their own business in the next 3 years, 5.7% - they will take over / continue their parents' business and 8.7% will act as a freelancer.

To the question about what prevented them from starting a business so far, 59.7% of the respondents mentioned the lack of resources (capital and equipment), 20.2% - they did not have business ideas, 13.2% - they invoked the lack of knowledge for business management, 10.2% - lack of necessary relationships, 7.9% - fear of failure and about. 6.7% - other reasons.

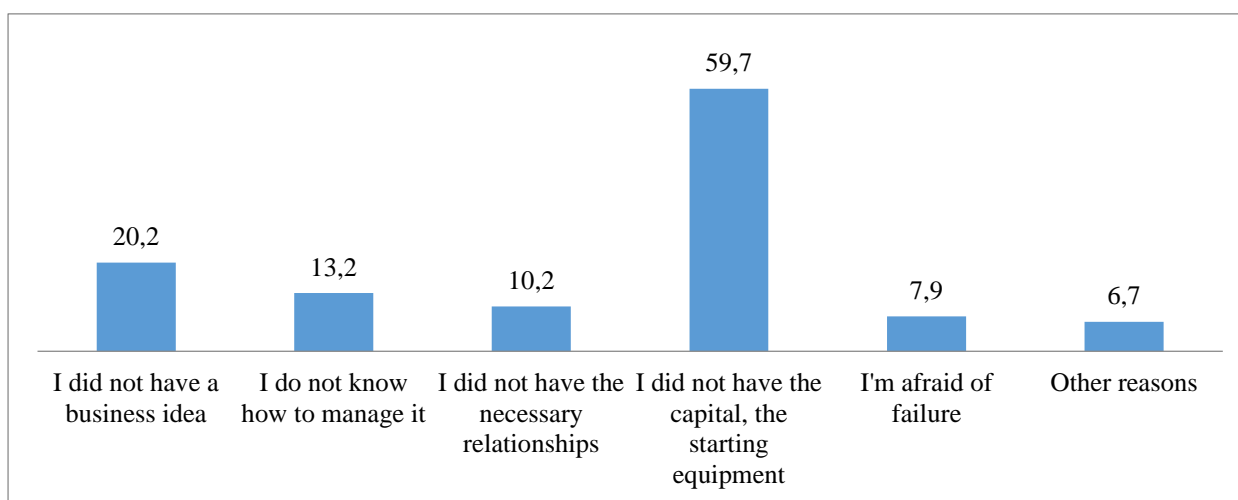


Figure 21. Reasons for not opening a business so far

Respondents were asked to self-assess whether they have the necessary knowledge and skills to start a business. Only 38.3% of young people mentioned that they have the necessary knowledge to a large extent (34.4%) and to a very large extent (3.9%). Although among the respondents there is a large share of the students / pupils included in the curriculum and courses related to the entrepreneurial education, the share of those who consider that they have low and very low knowledge and skills needed to start the business is 53,1% and 7.4% respectively, and 1.2% - think they have not at all.

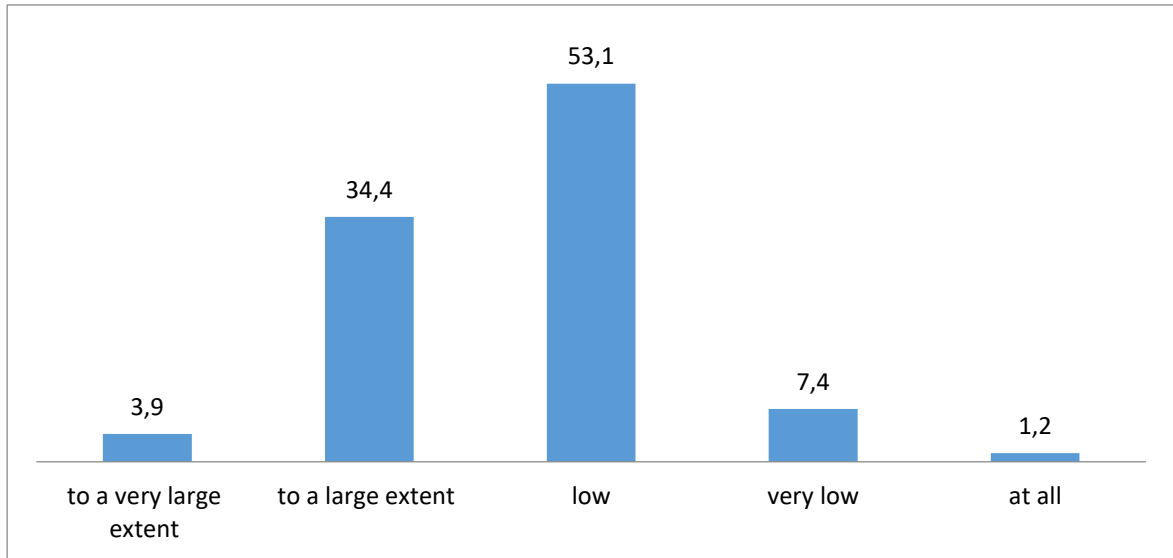


Figure 22. Respondents' opinion on the extent to which they currently have the knowledge and skills needed to start a business

If we consider what qualities are needed to develop a business, then the priority was given by the respondents to the following: risk assumption, communication, ambition, teamwork, self-confidence, creativity and innovation. In the opposite, qualities of lesser priority, in the opinion of the respondents, were: professional ethics, the existence of a vision, independence and proactive.

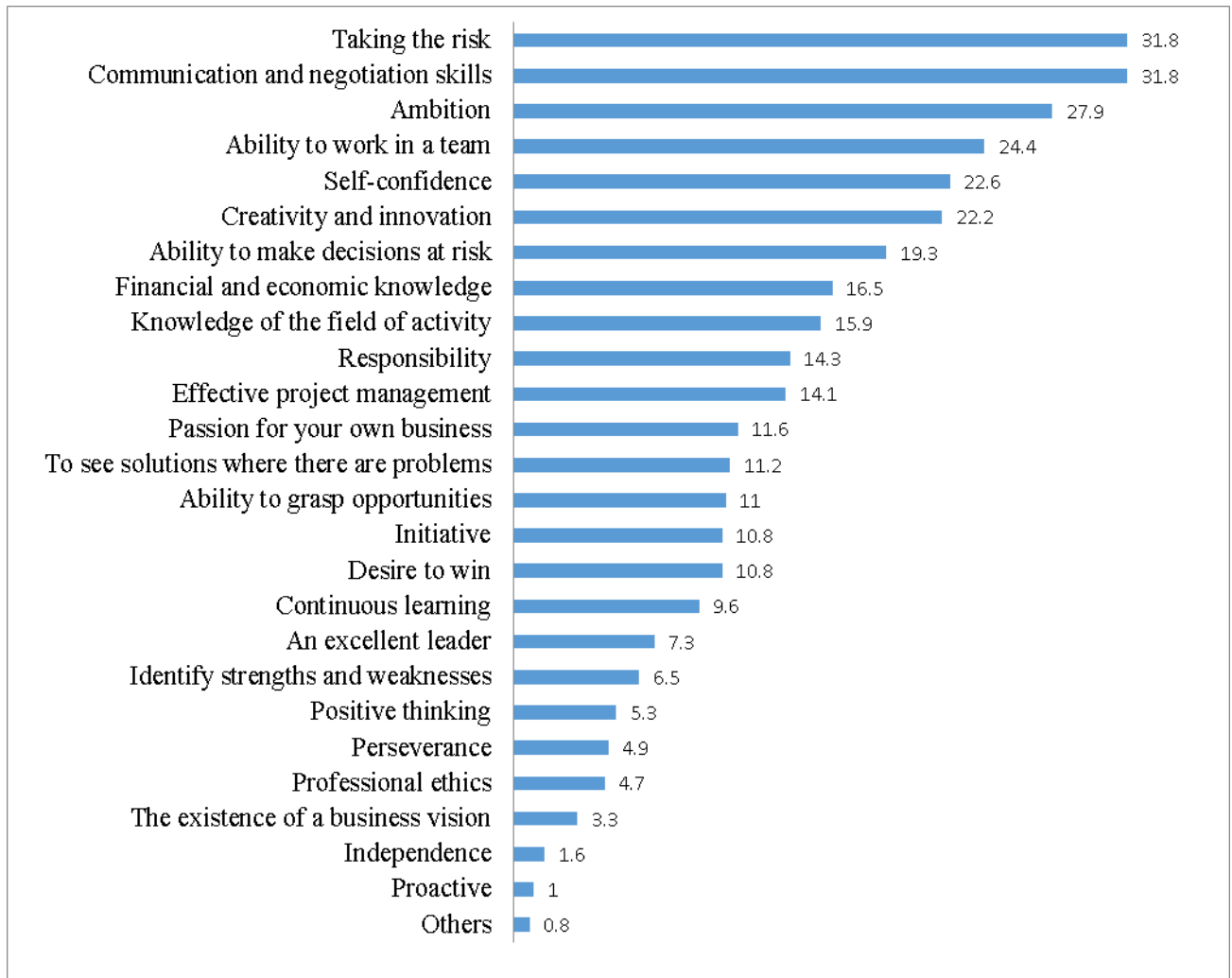


Figure 23. The most important 3 qualities required for business success

Young people's opinion on external factors that hampers the successful development of the business in the country is of interest. As in the Global Competitiveness Report 2017-2018. (www.weforum.org), corruption is the first place - 70.9% of young respondents mentioned this factor. The figure is worryingly high. Although most respondents did not have entrepreneurial activity and did not have such "own experiences", young people see corruption as a serious obstacle. The second largest issue is the "high taxes" - 52.1%, followed by "the risk of political instability" - 39.1%, the "tax and legislative framework" - 28.7%, the "bureaucracy" - 5%. An increasing problem is related to the low quality of the labor force, due to the high migration level of young people abroad, as well as the low level of training of the specialists. ¼ of respondents mentioned this factor. Also, a development barrier is also related to business financing - 24.4% of respondents consider that there is insufficient available financing.

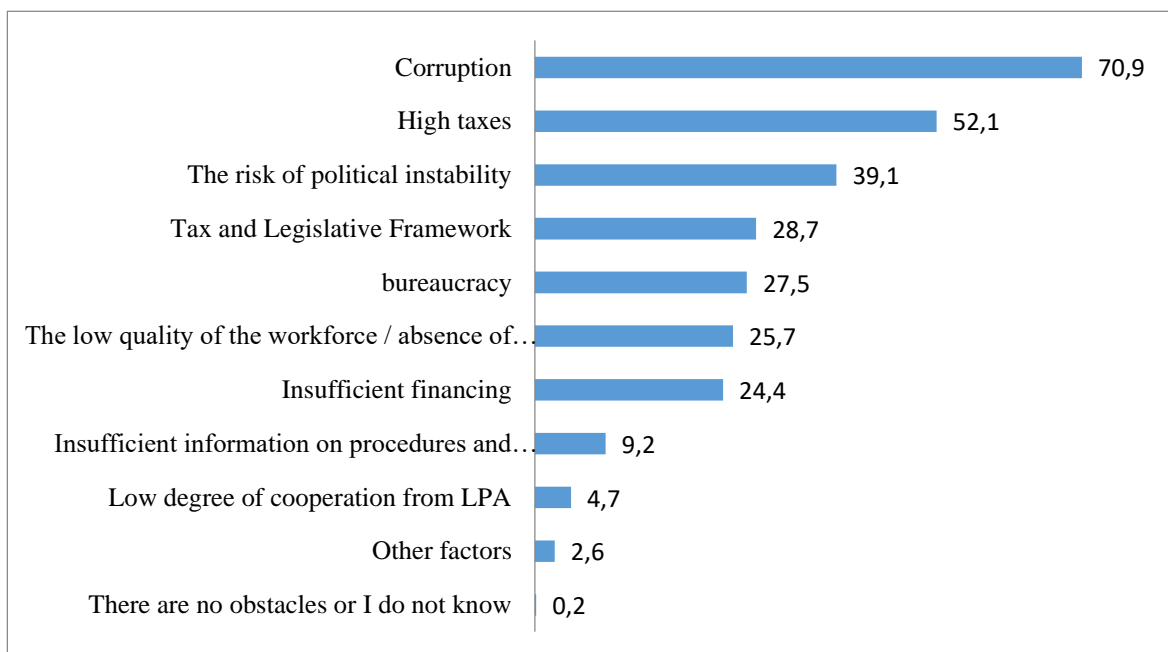


Figure 24. External factors that, in the opinion of respondents, business development in the Republic of Moldova (maximum 3 responses)

An important support that considers young people to be welcome and necessary for launching and developing a business is the opportunity to learn from the experience of others, so the "experience sharing" option was chosen by 60.7% of the respondents. Considering the lack of available funding an obstacle, as solutions propose the granting of non-reimbursable financing - 50.7%, as well as the creation of multi-financing platforms - 23.4% and offering preferential credits - 12%. An important support, according to young people, is also the consultancy and mentoring offered, namely 40.7% and 16.1% of the respondents. Also, 36.9% opted for the support infrastructure: business incubators, I-hub, co-operation areas.

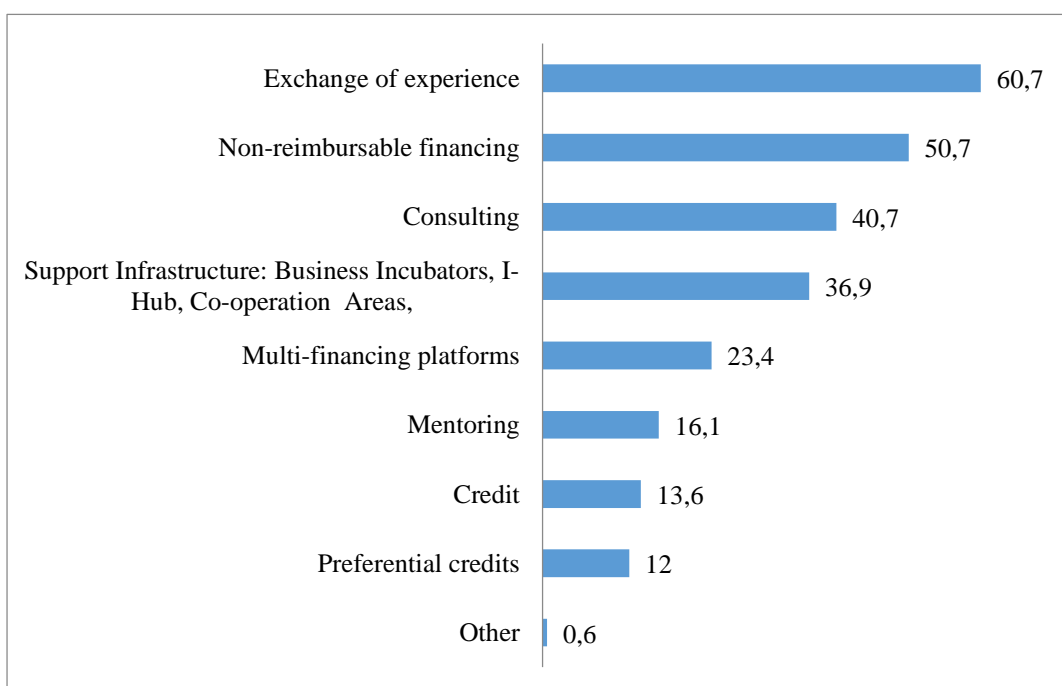


Figura.25. What kind of support do you think is useful in launching and developing a business? (maximum 3 answers)

Young people being asked how they will launch in business, what they are thinking of contributing to the business they will develop, and a large part of them have specified job creation, promoting the image of the locality, solving social needs, etc.

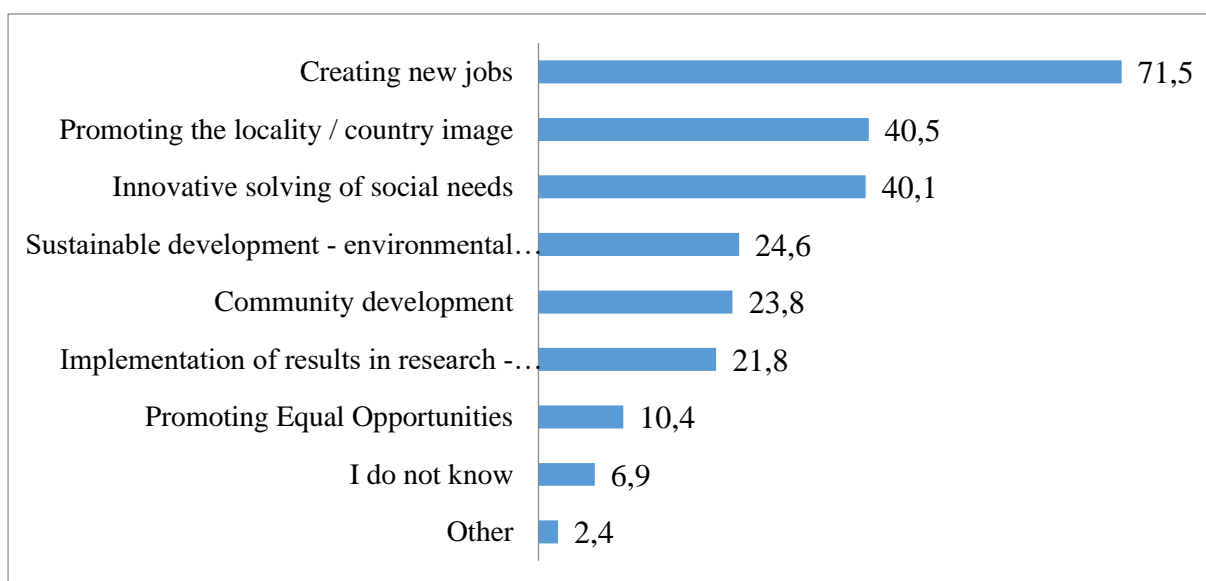


Figure 26. Priorities for solving social issues

From the answers obtained, it is clear that priority is given to the creation of jobs, the promotion of the locality and the innovative solving of some social needs.

Here we mention that young people are willing to get involved in social projects, only that certain messages, successful stories that would promote activities in this field are needed.

3.2. The views of key actors involved in social entrepreneurship

Focus Group "Perceptions on Social Entrepreneurship and the main impediments in doing this activity"

On March 29, 2018, the focus group activity was organized within the ASEM in order to determine the perception by different interested groups concerning the concept of social entrepreneurship, the reasons for the launch in this field and the obstacles that hinder the development and promotion of social entrepreneurship as an effective form to solve social problems.

The event was attended by representatives of SME support organizations, public associations carrying out social activities without registering a social enterprise, public associations that support the social initiatives of different categories of citizens, entrepreneurs who practice social entrepreneurship.

The collected information can be used to form a generalist image and can be used to formulate hypotheses. We also mention that the data collected can not be extrapolated to the entire population. Data can be interpreted in terms of trends and require confirmation from the quantitative study.

Experience of market participants.

The focus group was attended by representatives with different experience in social activities or entrepreneurial activity. Thus, most of the participating public associations have an experience of between 5 and 15 years. What is related to social enterprises here the experience is between 3-6 years.

As far as the fields of social entrepreneurship are concerned, the palette is quite varied such as: employment of people with disabilities, promotion of social inclusion, knowledge development, young people's support in starting a business, and support for SMEs.

ACTIVITY RESULTS

Question	General Ideas
Question: What motivated you to choose SA and not a classic entrepreneurship	
	<p>General Ideas</p> <p>I have noticed that for different persons / or and representatives of different institutions the motivation that underpinned the practice of SA activity was very different. Among the main motivations for initiating SA activity were:</p> <ul style="list-style-type: none"> - Achieve the statutory objectives of the PA and ensure its sustainability - Examples of other public organizations and the desire to help them - The desire to provide support for the local population in order not to depend on the benefits - Personal motivation to leave something in the society where the person / company operates - Dissemination of good experiences of success / achievements of people with disabilities. (promotion, dissemination, information). - Other views on the distribution of company profits than the traditional ones. <p><i>P7: "the need motivated us. We do not have employees, and that's why we thought to hire people in the locality. "</i></p> <p><i>P6. "I met someone from the local association, and at her request I hired a person with disabilities, and I saw that she was doing well and is more diligent. It is a pleasure to have given this opportunity, and then we decided for us why we should not go that way. "</i></p> <p><i>P8. "PA's activity was targeted on people with disabilities, donors withdraw and PA needs support for its services. At the same time, we have seen that people with disabilities have very few chances to get into the workplace and then we decided to initiate two social entrepreneurship activities: training center and Eco-Vox"</i></p> <p><i>P3 - "I had such experience for purely personal reasons. We wanted to do something good for the locals in the area where we work."</i></p> <p><i>P4 - "I went on a new activity taken from the CBP experience, where many entrepreneurs applied with SA ideas. And being guided by this trend, we have decided to direct the association's activities in this direction as well. Our predominant role was information, propagation and support."</i></p> <p><i>P5 - "The young people we work with are usually more vulnerable. To facilitate the social integration of young people with feasibility, I initiated career guidance activity. The main motivation is to help young people from different categories to integrate more effectively into society by starting a business or by finding a job appropriate to the skills they own."</i></p>
Question: Who helped you in initiating social activities. Who was next to you.	
	<p>General Ideas</p> <p>It comes from education. Desire to help someone.</p> <p>In implementing the proposed activities, some participants have appealed to various</p>

organizations, local and international institutions

Others started alone not knowing they could ask someone for help

Others have responded to the demand of the society. They identified the problem and considered it appropriate to solve it with their own forces by providing services against payment.

For public associations, the support came mainly from foreign donors, whose objectives are social entrepreneurship.

The entrepreneurs, in particular, have mentioned that they have received no support from anyone because what they started to do was based on their own desire and not on imposition or circumstance. A certain impetus was also from external business partners and family members.

- **P6** "There was no financial aid, only an informational one for social workers in the locality, who did not provide information about people with disabilities in the locality".
- **P8** "the idea was supported by foreign donors and later we started to self-fund, but there is still a lot of volunteering"
- **P7** "we have not been supported by anyone. I thought we had to do something for the people in the locality where we work "

Question: How do you understand social entrepreneurship

General Ideas

The opinions and perceptions exhibited by the participants vis-à-vis the SA point to a relatively low level of knowledge of the SA essence. For 1/3 of the participants it is associated with charity actions in the locality where they are or as a whole in society.

Others perceive it as an overview of how an organization should work in a society. Not to be a consumer of resources and opportunities but also to contribute to creating a favorable environment for the whole society. PA representatives believe that SA is a very complex concept that is still confusing for many, including those who claim to do SA activities. The main emphasis, however, is on how much of the company's profit is reinvested in various social causes that it chooses by its status.

- *P7 "engagement of the economic agent in the local area, In sponsorship actions, local activities and communication with local people".*
- *P3 "charity for the community you are in"*
- *P6 "healthy vision on the society in which you work. Economic involvement, but also in social life. Civic initiatives are still social entrepreneurship. For us, hiring people with disabilities from the locality is an imperative. I am against charity, because they do nothing to help society. On the contrary, it is a destructive element that encourages inactivity. More important are the integration, engagement activities that create values for disadvantaged people for life. "*
- *P2 "SA is a link with the distribution of corporate profit. How the company distributes this profit. 90% of the company's profits go to various activities for both employees and society. I think it's about profit and how it is distributed. "*
- *P4 "Where working each, to leave a trace in his life."*
- *P3 "I think that for the SME sector the social entrepreneurship is a little more difficult. We have people in charge, equipment that involves much more worries and responsibilities "*
- *P8 "I think SA what we do with the profit, on the one hand, and on the other hand that the entrepreneur does not choose the easiest way. Make the choice not the easiest (between hiring*

someone with disabilities or not giving priority to those with disabilities) "

- *P1- "Not everyone can do business, especially SA. These people have their own choice to make it easier or to get people in trouble to help solve them. "*

Question: What difficulties have you encountered in carrying out social entrepreneurship activities?

General Ideas

The impediments that were mentioned by the participants are of different types, being based on their own situations and experiences.

PA representatives see impediments to the proper functioning of the law. It is not a motivation for the business environment to engage in this activity. Erroneous perception on the essence of SA by all actors involved. Passive LPA in the process of establishing partnerships and lack of long-lasting benefits for the locality, which motivates them to resist rather than to accept something new. LPA's very low level of information with reference to what SA is. They don't want worries and more responsibilities. Reticence comes more out of ignorance.

Entrepreneurs believe that the main impediments are that the SA road is a way of life that lasts from the moment you assume it. So we are not talking about any facilities or other benefits for business, but about an internal philosophy about how each entrepreneur wants to build his business. So there is a certain level of individual culture and education through which feels the need to give something in the society where you work.

- *P6 "poorly developed infrastructure for people with disabilities. Lack of clarity in the tasks and responsibilities of the LPA of different level, which creates impediments in the rapid solution of the detected situations. Who gives them access to all facilities in rural areas - is not clear."*
- *P3 "we have to take a higher degree of responsibility for these people. How to mitigate these risks that are more likely to occur, especially in activities where production is occurring. " "I do not need some facilities, but I'm afraid of the job security responsibility."*
- *P2 "for me SA associates with a way of life that every person chooses and which is long enough - a life. But I do not fear that this concept will not develop in the RM. We are just starting out. "*

Question: What can we do to promote this concept, to increase this community

Traditionally, views have been different depending on the experience of the participants and the domains they come from.

All of them unanimously mentioned that it is necessary to organize National Campaigns to inform the general public and other stakeholders about what social entrepreneurship is.

Associate different businesses and associations to carry out certain social entrepreneurship activities (union of efforts).

Collaborations as much as possible between organizations that make or want to do social entrepreneurship. Mutual support and promotion.

Question: But to do social entrepreneurial activities first is the business side and then the social one.

General Ideas

PA representatives mention the need for inclusion in all entrepreneurship training of the social entrepreneurship compartment so that entrepreneurs can make their own choices. Promote relevant examples.

P3 "it would be good to exempt certain taxes that would make the products of social enterprises more competitive. Increase fees for imported products. Promoting domestic producers and their mutual support. Transparency in the economic activity of all economic agents".

P2 "to make recommendations to these businesses, to join us for some projects of common interest."

P8 "some changes in legislation that would encourage social enterprises to grow and find customers (eg in Romania, any company with more than X employees is obliged to hire a certain number of people with disabilities or if they do not have the opportunity to buy certain products or services from social enterprises) "

P5 "to organize youth camps or summer schools in the SA field, which would provide them with clarity in this area."

Conclusion:

Based on the work carried out, we can make the following conclusions:

- The SA concept is a very new one and little known by all stakeholders;
- Law no. 223 of 02.11.2017 on the amendment and completion of some legislative acts is very little promoted among the interested groups, which creates big impediments in the SA perception and the motivation to use this form of entrepreneurship;
- For many participants, including representatives of the business environment, SA is perceived mainly as a charity activity, rather than a business activity oriented towards solving a social cause. However, some consider that SA is more a philosophy of every person's life that can not be imposed but comes from education and internal desire to do something for the society where you work or where you came from.
- Among the main motivations behind the initiation of SA activity were mentioned: the objectives of the public association, the desire to leave something in society, to help people who are in difficulty or to take relevant examples from business partners;
- From the point of view of the support obtained, the representatives of the public associations were supported mainly by foreign donors and local partners, and the business environment of no one;
- Among the main impediments encountered in the realization of social entrepreneurship were mentioned: erroneous perception by entrepreneurs of social entrepreneurship; the lack of the necessary infrastructure especially for people with disabilities that limit them in accessing a job, the indifference of LPA to promote and support social enterprises, the fear of entrepreneurs of a higher degree of responsibility, especially in the case of hiring persons with disabilities; low level of collaboration between organizations and social enterprises.
- To promote this concept and to motivate the launch of as many entrepreneurs as possible in this field, such activities have been proposed: dissemination of good practices in this field, implementation of national population information Campaigns on SA; training of all interested groups to facilitate the creation of partnerships; cooperation between entrepreneurs

and public associations working in the field of SA; creating a database of SA companies and organizing events to exchange experience between them and those who want to launch in this area.

4. EXAMPLES OF GOOD PRACTICES OF SOCIAL ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA (

4.1. KEYSTONE MOLDOVA



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Mission

The mission of Keystone Human Services International Moldova Association is to promote and develop opportunities that will be in the form of consultant services, technical assistance, direct support service, best-practice training, monetary and administrative supports to further the independence and social inclusion of people who are in need of service due to disabling conditions, situations of poverty, abandonment, institutionalization, and other adverse societal conditions throughout Moldova.

How did you get the idea to start the business

The "Keystone Human Services International Association Moldova Association" public association was founded in 2004 in order to facilitate the access of people with disabilities and from specialized institutions to a decent life and not to allow them to be placed in these institutions. We wanted that these categories of people not to be isolated from society, to integrate and to act as personalities but also as full members of society.

To achieve this goal, of course, financial resources are needed, which the association does not always have at its disposal.

Thus, we thought to initiate some entrepreneurial activities that would allow the association's activities to be supported on the one hand and, on the other hand, would give people with disabilities the opportunity to integrate into the workforce.

Activities initiated were the Keystone Training Center and the Eco Vox workshop.

The training center offers modern spaces (also adapted for wheelchair users) and equipped for conferences, trainings and other educational events, and the Eco Vox workshop focuses on employing people with disabilities in the production of organic textile bags.

When you started the business and who helped you

Both economic projects were initiated by Keystone Moldova.

At the creation of the Eco Vox Workshop, 2 donors OSF / MHI and the East European Foundation provided financial support in 2012. And the Keystone Training Center, launched in 2016, was initiated with the support of the Soros Foundation-Moldova.

If the workshop offers the opportunity to gain from the work done by disabled people and their parents, then the income from the activity of the training center is aimed at supporting people living in the community with de-institutionalized intellectual disabilities

Why did you choose social entrepreneurship, what was the motivation or advantages you identified

As the association works for people with intellectual disabilities, it is natural for entrepreneurship activity to be directed to these disadvantaged groups, including their direct involvement. If we are talking about advantages, then it is the only one - to increase the integration of people with intellectual disabilities in society and not to admit their institutionalization.

What difficulties have you encountered in carrying out this activity?

Difficulties are specific to each economic activity we make.

For the training center, the main difficulty is to attract customers and to sell rental services of training facilities. At the same time, we are still not well-known on this market and the location is less advantageous.

For the Eco-vox workshop, the difficulties lie in the high competition on this segment and low assortment range. Bags produced by our beneficiaries are more expensive than those imported from China, which does not give us the opportunity to make big sales.

As common difficulties for both activities, I could mention the poor promotion as well as the lack of a marketing plan.

At what stage of development are you now and what future plans do you have?

At the moment we are at an early stage, because many things have not been achieved

For Keystone, we have developed a plan with several new activities such as: organizing paid events, paid trainings. We would also like to develop consulting services for specialists working with people with disabilities, including in regions. We are working on developing the curriculum for the courses for adult and social worker training and their accreditation.

For Eco-Vox - we want to diversify the range of bags, souvenirs and find new markets including getting out for export, because in developed countries the attitude towards the products made by people with disabilities is more positive. We would like to sell the textile bags manufactured by people with disabilities in the country's store networks.

What changes in the society or the environment in which you operate have been noticed due to the social entrepreneurial activity

I want to mention that the changes are not so great or our society is still not so open to supporting social entrepreneurship

However, those who have learned about us and the activities we carry out support us and are ready to access our services and to purchase products made by people with intellectual disabilities. We have been able to co-opt some categories of foreign organizations and donors for the most part. For example we have a nice collaboration with UNDP, GIZ, People in Need Moldova, AOPD, FEE and others.

However, overall, the attitude of the society is positive and I hope that more and more supporters of social entrepreneurship will be along with the promotion of the given concept among the population.

Recommendations

In order to stimulate social entrepreneurship it would be good to create networks or associations by which it would provide support in finding new markets and potential customers.

For those who want to launch in this type of business it is extremely important to study the field well and to know the issues related to the business management.

It is also good to invest in building relationships, to associate with other social enterprises in order to strengthen the efforts and achieve better results.

4.2. EDUJOC - Education through Play



Mission

The EduJoc mission is that every child in Moldova has at least an educational toy in the home, to help parents not just give their children the best and most suitable toys, but to spend more time on their children, to play together, to read them, to walk, to move, to listen and to encourage them, that is to offer them the most beautiful childhood!

How did you get the idea to start the business

Many friends with children were asking me to bring educational toys from Romania, where I was studying, because they were hard to find in Moldova, very expensive and mostly only in Russian, then I brought a small collection of toys and I organized the first our free event for parents and children, where they had the opportunity to discover the concept of educational toys. We have received many positive opinions and further requests to organize such events. Since then, our mission is to offer the chance to all Moldovan children to have at least one educational toy in their home matched with their temperament and needs. From the beginning, we wanted to have a toy factory, and after 2 years of activity we managed to raise funds and open our own production workshop, all the while we organized playrooms in schools, kindergartens, children's centers and family events ..

When you started the business and who helped you

Initially we started it as a pilot project, for half a year we talked to our parents, we played, we analyzed the market and the consumer, then in December 2012 we registered the company.

At first we had only toys in Romanian, then we modeled our business according to the requirements and suggestions of the clients. Now we offer the largest collection of educational toys and games, we have our own production, games and wooden toys and more than 50 articles created in the EDUJOC workshop. In addition to we have a program of activities for all children aged 2-99, we combine fun with play-based education! We give parents free time and help them choose the right toy for their children.

The knowledge gained during my studies and the desire to bring a change in the society and to make as many happy children helped me to believe in my idea. Thanks to my business, I succeeded in bringing together my family, who always joined me and encouraged me to realize my ideas.

Why did you choose social entrepreneurship, what was the motivation or advantages you identified

Enthusiasm and dedication for volunteering, the passion and interest in entrepreneurship, the desire to contribute to the development of a better society made me come up with something new and original that I like and care about, so "EduJoc" appeared.

In 2011 I learned what social entrepreneurship means in an international project in Riga, I have been so excited about this business model in which you help the society and create a positive long-term impact, doing what you like and assuring yourself in the same time the personal comfort, so that

the lack of the legislative framework in Moldova, did not stop me from doing social entrepreneurship!

We set out to organize at least one free workshop in each institution in the country, to promote the culture of the game in families, and to provide alternative methods, games and activities for children's development, and encourage parents to give children time, affection and love.

We organized over 30 seminars and trainings through schools, kindergartens, and other educational institutions free of charge; seminars for parents; children's playrooms in orphanages, hospitals, organizations, kindergartens.

We have been able to provide teaching materials over 35 school centers where cabinets have been created for the inclusion of children with special needs.

We provide parents with free time, we arranged and fitted a truck with shelf, shelves and toys with which we move directly to the parents' home, so we have reduced the time to purchase a toy from 4 hours to 15 minutes.

All the activities we carry out improve the quality of life of families, especially children and women.

What difficulties have you encountered in carrying out this activity?

Identifying team members who have the same values and motivation as me.

At what stage of development are you now and what future plans do you have?

We are at the stage of expanding our business internationally and nationally and we are working on a new collection of family articles together with the designer Mihai Stamati.

What changes in the society or the environment in which you activate have been noticed due to social entrepreneurial activity

We promote play-based education, and the toy collection we create gives parents an effective alternative to fighting screens by developing children's creativity and intelligence.

Our social entrepreneurship concept generates a strong impact in the long run, we help a whole society, especially educators and parents, to excel in their job and give children the most beautiful childhood, give parents free time, offer alternatives for child development and organize workshops for the development of critical creativity and thinking.

There are already over 7 families who have given up television in favor of family games.

We want to grow a generation of intelligent and creative children, the EduJoc generation.

Parents' impressions, children's energy, teachers' testimonies are the greatest reward for the whole team, we have moments when some clients embrace us and thank us for being and are happy to have found us, or that is by far the highest reward for me and the whole team. The beautiful results are the engine that feeds us with energy and motivation to continue with more dedication.

We started the campaign "We play with all children in Moldova" and we have managed so far to take the toy car and our play experts in over 15 preschool institutions in the country. We managed to make happy over 10,000 children. How many happy children, so many happy moms.

4.3. "SanTao" Massage Center



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Mission

Providing new opportunities for training and employing persons with visual disabilities from Balti municipality and neighboring districts.

How did you get the idea to start the business

During the last years of activity, the Association of Business Women from Balti has implemented projects aimed at developing the entrepreneurial abilities of young women and providing support at the start of the business. Of the young people who benefited from the grant program, 6 - are people with different forms of disability, ambitious young people who have turned their passion into a constant source of income. Their example has shown that people with special needs can be successful in business, want to work, develop a career in a field, especially if health allows them to do so.

The successful histories of these young people motivated us to identify new opportunities to increase the level of social inclusion of people with disabilities.

In discussions with the Association of Blind people of the Republic of Moldova, I learned that in Balti, without a job, for many years, there were people with visual impairments who worked in a company specializing in cardboard processing and boxes manufacturing . Knowing that people with visual impairments have very well developed sensory capabilities, we have decided to capitalize on these skills, which are the key to success in practicing massage.

Another factor that contributed to the decision to open a Massage Center in which people with disabilities activate, was Romania's experience in the field, a country where the degree of inclusion is more developed.

When you started the business and who helped you

Due to the financial support provided by the Est-European Foundation in December 2014, the SanTao Massage Center was opened in Balti, within which were created jobs for 6 people with visual disabilities, created in the profession of masseur within the project . For the successful completion of the project, an active involvement of all stakeholders was needed. Right from the start, the project was supported by partners:

- AOFM from Balti, who have assumed the responsibility for organizing the professional training and certification program in the profession of masseur, covering the costs of training, accommodation and scholarship;
- P.A. The Association of Blind People of Moldova together with its representatives from the region have helped to identify and inform people with visual disabilities, about the opportunities offered by the project.

Why did you choose social entrepreneurship, what was the motivation or advantages you identified

People with disabilities are the most vulnerable and have limited access to the labor market because they are less productive than people with full skills and obviously need some facilities. As a result, people with low skills need support both at the level of representation in Public Institutions and at the level of facilitating the process of integration into society.

In the hope that the Law on Social Entrepreneurship will be adopted, where more opportunities and facilities will be offered, I chose this form of activity.

What difficulties have you encountered in carrying out this activity?

From the start, we encountered difficulties in selecting and training people with disabilities, as, according to AOFM requirements, every disabled person needs to have a new type of disability certificate to assess the proportion of their ability to work. The process lasted a long time and prevented compliance with the established terms, as well as creating inconveniences for the beneficiaries.

The biggest problem we faced during the first period of activity was the small number of clients, corresponding to low incomes that were insufficient to cover the expenses. In order to improve the situation and ensure the Center's work, the team used various methods of promoting the services provided within the CTM, but due to the existing stereotypes towards people with disabilities, the process of attracting clients was difficult at first.

A difficulty was also the identification of a suitable place. Since the City Hall did not provide space for social entrepreneurship activity, after 8 months of activity, the period when the rent was paid from the donor's sources, we were put in the situation to look for another locality. The price for space rent is advantageous, but the masseurs have to work in the subsoil.

Another difficulty is high taxes. So far, social enterprises are taxed according to general rules, regardless of the purpose they pursue. Given that the type of activity is the provision of customer services, the highest tax burden is payroll taxes.

At what stage of development are you now and what future plans do you have?

Nowadays, within the Massage Center, there are 3 masseurs, and 5 masseurs provide massage services at home. Therapists of the Center enjoy the appreciation of the guests, who once enjoyed the massage service, come back with pleasure, to follow therapeutic, Thai or relaxing massage sessions. The volume of services provided at the Center is increasing and the annual revenues reached the amount of 750 thousand mdl.

For the future, the Massage Center plans to diversify the range of services so that it can generate jobs for other people with disabilities.

The Women's Business Association is looking for new opportunities to initiate other social projects for different categories of people with disabilities in Balti and not only

What changes in the society or the environment in which you activate have been noticed due to social entrepreneurial activity

Through the information input, the East European Foundation has managed to explain to LPA representatives from the 10 localities benefiting from the grant program, which is Social Entrepreneurship and its role in community development, by increasing the level of integration of vulnerable groups.

Thus, the City Hall of Balti is looking for new projects to develop SA activities, and in this direction AFA is a prospective partner. In this respect, a bilateral co-operation agreement has been signed, which involves identifying the financial sources from which to start social affairs. As a result of the social entrepreneurship activity in the community, there was an increase in the number of people with disabilities who are seeking to get a job.

The activity of the Massage Center is a successful one, because it is a good example for other Moldovan NGOs. At the local level the massage center has created a reputation among the inhabitants of the municipality, but it is appreciated as a successful history both by the Est-European Foundation and by the City Hall of Balti municipality.

4.4. Production of Pao Candles candles

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How did you get the idea to start the business

Spontaneously, one morning, at 4 am, I found that there are no such candles in the Republic of Moldova, I researched the market and analyzed the technology a lot.

When you started the business and who helped you

We started in 2014, our parents also supported us morally and financially.

Why did you choose social entrepreneurship, which was the motivation or advantages you identified?

We did not initially realize that we are doing social entrepreneurship, or at least then did not call it that. For PAO Candles social entrepreneurship means giving a chance to people with disabilities working in the company, encouraging them to develop and earn decent work. One of the main advantages we have identified was the fact that among people with disabilities the fluctuation is not so great, namely because they find a harder a job in our country.

What difficulties have you encountered in carrying out this activity?

The biggest problem is poor infrastructure, there are no ramps for those in a wheelchair, we have no adapted public transport, unfortunately we would have hired more people, but there are many impediments.

At what stage of development are you now and what future plans do you have?

To increase our production capacity and launch new products into the local and foreign markets, create new jobs, including for people with disabilities, willing to work at home!

What changes in the society or the environment in which you activate have been noticed due to social entrepreneurial activity

We are increasingly contacted by different associations to do hiring, which can be more enjoyable than have satisfied customers and people who want to work side by side in your business?

Unfortunately, too few changes of mentality, probably with the new law, things will change, we will properly perceive social entrepreneurship.

4.5 Floare de cires LLC

Sergiu Gurau,
Executive Director, "Eco-Razeni" Public Association
Founder, LLC "Floare de cires" Social Enterprise

How did you get the idea to start the business?

I operate in the associative sector for a long time, I am especially concerned by youth policies. Over the years I have coordinated several projects and programs for young people, I know the challenges of the sector and the needs of young people. As the organization in which I operate is located in the rural area, I have noticed that we face problems that will have dramatic consequences in the near future on the socio-economic development: youth unemployment and migration, informal economy and youth without professional training, a growing number of young people from disadvantaged categories, economically inactive and at high risk of social exclusion. This "opportunity" has actually led me to have a more innovative approach, and I have seen a great potential to launch a social business that responds to both the emerging needs of young people and the valorisation of resources with economic potential that we have in the region.

When you started the business and who helped you?

The business model I thought in 2012 with the partners of the organization, especially with financiers and public authorities. First of all, the image of the organization as an active actor in the social field, with a portfolio of dozens of projects, has helped us to position ourselves as a reliable partner for all the actors with whom we initiated this social impact collaboration. People in the organization and community who formed themselves as professionals initially involved as volunteers, after which they became employees, in which we discovered the entrepreneurial spirit, they were actively involved in planning and launching the business - their help was and is invaluable. It has greatly helped us the analysis of experiences and lessons learned from other social enterprises abroad that work in similar fields, study visits and expert exchange are essential for a social business. The investment project was supported by several donors who provided non-reimbursable funding to develop the idea of a social business. The launch on the market of catering services took place in September 2013.

Why did you choose social entrepreneurship, which motivation or advantages have you identified?

Social entrepreneurship is a less explored area in the Republic of Moldova, but with a huge potential for development considering the social and economic context. Being an organization that

focuses on social innovation and is concerned about the valorisation of the potential of young generation, I understood that the entrepreneurial approach of society's issues is a sustainable solution for them. From the start, I realized that social entrepreneurship involves both economic and social risks, but having the rich experience in the social field and the support of various partners, we were confident that our business idea is likely to become a success. The social enterprise is also a way to diversify funding sources for our organization's programs. Social responsibility of the companies is an increasingly obvious need in our society, that is why we have proposed that Floare de cires be an enterprise that inspires other economic agents, to demonstrate that it is possible to get involved in solving society's problems, and that's what makes your business grow.

What difficulties have you encountered in carrying out this activity?

We have a special approach to difficulties, these are actually lessons from which we learn new things, make us stronger, stimulate us to be more creative.

At what stage of development are you now and what future plans do you have

We are at the stage of development and we are planning to grow the social business in the near future: to expand our customer segment and launch new services on the market. Besides the financial indicators that we want to improve, continuously, in the medium term we aim to double the number of employees in disadvantaged categories, to offer opportunities for professional training at the workplace for many young people, to increase the number of beneficiaries of the Social care canteen service. At the same time, we are concerned with identifying and applying solutions that would help to minimize the negative impact on the environment our company has, including exploiting as many renewable resources and raw materials of local origin as possible.

What changes in the society or the environment in which you activate have been noticed due to the social entrepreneurship activity?

It is obvious that community actors are better aware of social issues and are making an effort, either directly or indirectly, to be part of the process of solving them. Several governmental institutions, economic agents and NGOs are concerned about this area, develop policy documents or strategies to help sustain, promote and develop social entrepreneurship in our country. It is too early to talk about certain changes of social impact, especially when the Republic of Moldova relatively recently started to develop the phenomenon of social entrepreneurship and there are no statistical data justifying the changes.

5. SUPPORTING AND PROMOTING ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA

5.1. Overview of national entrepreneurship support system: platforms, institutions, incubators, etc. and funds for start-up

In the Republic of Moldova are created institutions of physical and social support infrastructure of SMEs that represent efficient solutions of contemporary management for the stimulation of the entrepreneurial development especially in the rural areas.

Business incubators - a tool for local economic development, designed to facilitate the business start-up, development and success. Practically, it is organized in such a way as to allow small businesses admitted to assistance - called "incubated firms" - development in "controlled" spaces.

Currently in the Republic of Moldova there are 3 types of business incubators:

1. **university** - created and administered by educational institutions in order to facilitate young people to start business as students. So we have BI of ASEM, BI of UTM
2. **innovative** - created and managed by research and scientific institutions that exploit the results of science and innovation in one or more technological-scientific fields through innovation and technology transfer activities and carry out research to provide scientific support for the activities mentioned. Currently, 8 incubators are active in the Republic of Moldova.²⁴
3. **classical** - created and managed in partnership with LPA and SME support institutions.²⁵ The main goal is to provide conditions favorable to start-ups in rural development areas. Currently there are about 15 incubators in the country like this, 11 of which have been created with the EU financial support and administered by ODSME in partnership with LPA. In these 11 incubators, activate around 180 businesses, including 89 Businesses, are run by young people. These businesses have created over 800 jobs, including 344 for young people and 410 for women.²⁶

82% represents the survival rate of graduate business of incubator companies.

Industrial parks - is a delimited territory with technical and production infrastructure in which economic activities, predominantly industrial production, service provision, capitalization of scientific research and / or technological development are carried out in a regime of specific facilities for the valorisation of the human and material potential of a region. Among the opportunities offered by the Industrial Parks are:

- ✓ reduce the costs and time needed to launch the production activity;
- ✓ purchase of land for constructions at the normative price;
- ✓ technical, legal and advisory support in the process of obtaining authorizations, approvals, coordinations and other permissive documents;
- ✓ financial support for the creation of technical and production infrastructure;
- ✓ reducing the risks related to the economic activity.

²⁴ Innovative Infrastructure. Innovative Incubators. <https://aitt.md/ro/incubatoare-de-inovare.html>

²⁵ A.Dod. GENERAL OVERVIEW ON BUSINESS INCUBATORS IN THE REPUBLIC OF MOLDOVA.UTM. pag.71-73
http://utm.md/meridian/2009/MI_4_2009/13_Dodu_A_Privire_generala.pdf

²⁶ www.odimm.md. Annual report. RIAM business incubator network.

Since 2011 until now, 10 industrial parks have been established in the Republic of Moldova, in which 60 economic agents operate, employing about 2800 people - IP "Tracom" and IP "FAIP" (the municipality of Chisinau) IP "Răut" (Balti municipality), IP "Cimișlia" (Cimislia city), IP "Edinet" (Edinet city), IP „Comrat” (Comrat city), IP "CAAN" and IP "Triveneta Cavi Dvelopment "(Straseni city), IP" Bioenergagro "(Drochia city) and IP " Cahul "(Cahul city).

Clusters - a relatively new model for the RM of support and development infrastructure of SMEs and not only. According to the Law 179 of SME in 2016, they are an association of interconnected enterprises located in geographical proximity, usually belonging to a sector or related sectors, as well as scientific research institutions, universities and other organizations whose activity is focusing on innovation, their cooperation allowing for the enhancement of competitive advantages of the enterprises.²⁷

1. Agency for Intervention and Payments for Agriculture AIPA

Subsidization in agriculture is a non-reimbursable financial aid granted to agricultural producers by the state in order to support the investments made according to the pre-established eligibility criteria in order to encourage and stimulate the development of the agro-industrial sector in the Republic of Moldova. The subsidy process is regulated by the **Regulation on the way of allocation of subsidizing funds for agricultural producers**, which is approved annually and which stipulates both the grant conditions and the size of the approved fund within the state budget limit. The management of the means of the subsidy fund is carried out by the **Agency for Intervention and Payments for Agriculture** subordinated to the Ministry of Agriculture, Regional Development and Environment.

Priority I. Increasing the agro-food sector's competitiveness through restructuring and modernization.

Measure 1. Investment in agricultural holdings for restructuring and adaptation to European Union standards.

Measure 2. Investments in the processing and marketing of agricultural products.

Priority II. Ensure sustainable management of natural resources.

Measure 3. Preparation for the implementation of actions related to the environment and rural area.

Priority III. Increasing investment in physical infrastructure and services in rural areas, including in infrastructure for agricultural enterprises, located outside an urban area.

Measure 4. Improvement and development of rural infrastructure.

Measure 5. Consultancy and training services.

2. Agency for Energy Efficiency

The Agency for Energy Efficiency is the administrative body in the field of energy efficiency and renewable energy, established through the reorganization of the National Agency for Energy Conservation. The EEA operates under the authority of the Ministry of Economy - the central specialized body of the public administration in the energy field.

The Agency for Energy Efficiency is responsible for implementing the state policies in the field of creating the premises for improving energy efficiency; supporting the activity of the structures involved in the elaboration and realization of the programs, the plans, the provision of energy services; of other efficiency measures of energy consumptions, according to the provisions of the Law on Renewable Energy No. 160-XVI of July 12, 2007, Law no. 142 of July 2, 2010 on Energy Efficiency and Government Decision No. 1173 of 21.12.2010.

²⁷ Law 179 of 21.07.2016 on small and medium-sized enterprises. <http://lex.justice.md/md/366638/>.

In carrying out its mission, the AEE is responsible for ensuring and supporting the achievement of the objectives of the National Energy Efficiency Improvement Program, providing the necessary assistance in the development of local energy efficiency programs and plans and monitoring their achievement.

3. The Chamber of Commerce and Industry of the Republic of Moldova

operates on the basis of the Law "On the Chamber of Commerce and Industry" no. 393-XIV of 13.05.1999. The law confirms the status of the Chamber as "A non-governmental, autonomous and independent organization representing the interests of the Moldovan entrepreneurs as a whole. The Chamber is a legal person of public law and as such enjoys state support ". The main objective of the

Chamber is to create a business environment and business community in the society and to represent the interests of its members in the Moldovan foreign economic relations system, in the relations of the members with the governmental authorities and with the foreign business circles.

4. THE RURAL PROGRAM OF INCLUSIVE ECONOMIC-CLIMATE RESILIENCE (IFAD VI)

The objective of the program is to allow the rural poor entrepreneurs to increase their income and strengthen their resilience, namely:

- to improve farmers' capacity to adapt to climate changes;
- to increase the rural population's access to credit by offering diverse and affordable financial products;
- to increase productivity and competitiveness, to increase the investments, to improve market access

Credits and grants

- **Credits for Small and Medium Enterprise (SME):** Any business registered in the rural area (excluding Chisinau and Balti), the equivalent to US \$ 150,000 (medium term up to 5 years, long term up to 8 years - only for multiannual plantations), interest rate (9.9% MDL, 4.85% Eur, 5.36% USD).
- **Young Entrepreneurs (YA):** the enterprise is founded and managed by young entrepreneurs, citizens of the Republic of Moldova, aged 18-35 years including (for women aged up to 40), any business registered in the rural area - the amount of the loan up to 300,000 MDL, of which grant 120 thousand MDL, for large investments, the amount of the loan may be increased up to 400,000 MDL, medium term, minimum 3 to 5 years (grace period 1-2 years), long term (only for multiannual plantations) from 4 years to 8 years (grace period 2-4 years), the grace period applies only to the amount of the loan, the interest rate 9.5% -10%.
- **AEI members:** Individuals - AEI members (any rural legal activity generating income, both agricultural and non-agricultural), maximum amount 100 thousand MDL, the term up to 3 years, including the grace period \leq 1 year, the average interest rate of IFAD resources 15%.

5. Competitiveness Enhancement Project (CEP II)

Total budget - 45 million US dollars, implementation period 2015 - 2019.

The objective of the CEP II project is to strengthen the export competitiveness of indigenous private enterprises and reduce the constraints and burdens of the regulatory framework.

The components and activities of the project

The project includes the following three components:

- ✓ Support the Government in the process of implementing the Regulatory Reform;
- ✓ Development of the small and medium enterprises sector;
- ✓ Access to finance.
- ✓

Component 1 "Regulatory Reform".

This component will support the Government's effort to improve the business environment, including the implementation of the Regulatory Reform Strategy and the Action Plan for the period 2015-2020. The project's activities provide support for the Government to implement the Standard Cost Model (SCM) as a tool for analyzing the impact on the business environment.

Component 2 "Development of the Small and Medium Enterprises Sector".

This component aims to strengthen the links between Moldovan small and medium-sized enterprises and the outlets, as well as to improve their ability to compete in these markets.

Through the grant sub-component (MGF), private sector enterprises will benefit from grants in the form of grants by covering 50% of consultancy costs for activities to enhance export competitiveness. The sub-component will support economic agents:

The activities under the institutional consolidation sub-component will support the strengthening of the ODSME and MIEPO capacities, which must become key links in facilitating the development of SMEs and their access to the EU's outlets. International experts in SME development and export promotion have provided ODSME and MIEPO with assistance in developing strategies and restructuring them to better address customer needs.

Component 3 "Access to finance"

The component will facilitate the access to medium- and long-term financing of export-oriented enterprises.

Private businesses eligible for funding will benefit directly from targeted funds through participating commercial banks to meet their needs in current assets and capital investments. The maximum amount of the loan offered to an economic agent will amount to USD 800 thousand. The maturity period for the loans offered is up to 8 years for capital investment and 4 years for current assets. Loans will be available in USD, Eur or MDL at the request of the applicant. At the same time, the given component provides technical assistance and training to improve the risk assessment methodologies for SME financing and to improve the loan guarantee mechanism.

6. The Small Business Advice Program (ASB) of EBRD

Advice for Small Business Team aims to help small and medium-sized businesses grow, become a true catalyst for the local and regional economy.

We put customers in touch with local consultants and international experts who can provide support in solving many of the problems faced by local businesses. From the smallest, who wants to grow, to those geared to global markets, our network of consultants and experts helps the customers to progress and expand their business. We support the companies in various fields, such as food, wholesale and retail, construction and engineering, etc.

Supporting consulting projects implemented by local consultancy companies

Enterprises are able to address ASB EBRD Moldova to obtain subsidies for partial coverage (up to 70% of the cost of a project, up to EUR 10,000) of the costs for the following consultancy services:

- ✓ strategy
- ✓ marketing
- ✓ organization
- ✓ operations
- ✓ technology
- ✓ engineering solutions
- ✓ quality management
- ✓ financial management
- ✓ energy efficiency and environment

The projects supported by ASB EBRD are implemented only by experienced consultants with available capacities and resources and the necessary expertise for the successful implementation of the requested project.

Supporting sectoral expertise projects implemented by international experts

ASB EBRD Moldova offers opportunities for collaboration with international experts who have more than 15 years of senior management experience in the same field as your. These projects involve a strategic review of the business, from sales and marketing to exports, investment, financial and strategic planning. Our international experts contribute with their own extensive experience in the field - they know the latest and most efficient processes and technologies. They held executive

positions, so they understand the challenges faced by entrepreneurs. But at the same time, they know the truly efficient management techniques and how they can be tailored to the needs of each enterprise.

7. HORIZON 2020 Program

Horizon 2020 Program is the largest Research and Innovation program ever developed by the European Union. The program provides funding of € 80 billion for 7 years (2014-2020), in addition to the private investment that this funding will attract. It promises more capital innovations, world discoveries and awards, bringing the great ideas from laboratories to the market.

Horizon 2020 is a financial instrument for implementing the flagship initiative Europe 2020 "Innovation Union", aimed at ensuring global competitiveness in Europe.

By combining research and innovation, Horizon 2020 contributes to boosting the economic growth and job creation, focusing on scientific excellence, leadership in the industrial sector and societal challenges, in order to ensure Europe's ability to produce world-class science to remove the barriers to innovation and to facilitate the collaboration of the public and private sectors to deliver innovative solutions. Starting with 2014, the Republic of Moldova has become a country associated with the program, benefiting from the same participation rights as the countries of the European Union.

8. The "Competitive Agriculture in Moldova" Project (MACP)

The objective of the Project is to increase the competitiveness of the agri-food sector of the Republic of Moldova by supporting the modernization of the food safety management system, facilitating the access of agricultural producers to the markets and integrating environmental farming practices and sustainable land management.

Within the project two grant programs for agricultural producers are implemented:

The Investment Grants Program "**Facilitating the Access to Outlets**" provides for the association of horticulture farmers, in producer groups and their support for investment in technologies for post-harvest infrastructure.

The second additional financing awarded to the Competitive Agriculture Project in Moldova, worth USD 10 million will continue to stimulate investments in post-harvest infrastructure in the horticultural sector but its extension to two new sub-sectors: the collection and processing of honey and milk.

A grant will amount to no more than 50% of the eligible investment amount, with a ceiling of \$ 350 thousand per producer group. Producer groups will ensure the co-financing of the other portion of at least 50% of the eligible investment amount.

The Investment Grants Program "**Enhancing Productivity through Sustainable Soil Management**" grants non-reimbursable post-investment financial support to farmers who have implemented sustainable land management technologies.

The maximum grant ceiling is \$ 20 thousand, but does not exceed 50% of the performed investment.

5.2. The biggest challenges in entrepreneurship at national level and, in particular, in the case of small businesses

Moldovan social enterprises continue to face a series of barriers. Although the barriers are context-oriented and specific to each country, they usually refer to:

- *Poor understanding of social enterprise concept*: poor understanding of the concept of "social enterprise", although changes have been made in legislation, however, the term is not very well known, mostly this concept is associated not with the activity of entrepreneurship, but with **non-**

commercial organizations that carry out charitable activities or the integration of disadvantaged and disabled people into work

- *Lack of specialized services of business development and support* such as incubators, mentoring and training plans, investment support, etc.

Most needs to support social enterprises are similar to those of mainstream business, but also social enterprises have specific characteristics (their dual missions, business models, target groups, activity sectors, etc.) that create complex needs requiring diversified and sometimes adapted solutions. In most countries, the specialized support for social enterprises is largely absent and, where it exists, is limited and fragmented.

- *Lack of fiscal incentives for social enterprises;*
- **Access on markets:** Misuse of social clauses, current public procurement (large contracts, disproportionate pre-qualification requirements, etc.) payment delays, after all the information, makes it difficult for social enterprises to compete effectively in public procurement markets;
- *Access to finance:* Conventional investors and creditors do not ordinarily use the double and hybrid business models of social enterprises.

However, specialized investors, financial intermediaries and instruments are currently non-existent or underdeveloped in most European countries.

Consequently, social enterprises find it difficult to access external financing sources;

- *Lack of common metering and impact proofing mechanisms:* measuring or reporting at present of the social impact of the social enterprise

Therefore, there is a lack of information about the social impact of these organizations and about their awareness of the "difference that the social enterprise does". Impacts must be demonstrated to the benefit of financiers and investors and in accordance with public procurement rules. The development of common systems for measuring social impacts could result in more transparency, accountability, better recognition of the social impact of enterprises and, therefore, more interest from private investors and the general public.

In general, the general economic environment is mainly seen as a constraint on the continued development of the social enterprise (by reducing public spending which remains the dominant source of income for social enterprises) with potential opportunities to be fully exploited (new areas of activity and market diversification) markets and sources of income).

The survival and growth of the social enterprise is also constrained by factors such as the lack of viable business models (especially in the case of social enterprises with traditional nonprofit origin), high dependence on the public sector as a source of income, lack of commercial spirit / entrepreneurship spirit and the managerial and professional skills necessary for the expansion activity.

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ANNEXES

Anexa

Doing Business 2018
Poziția Republicii Moldova
Ease of doing business rank (1–190) 44
Overall distance to frontier (DTF) score (0–100) 73.00
Population 3,552,000

✓ Starting a business (rank) 23	Getting credit (rank) 42	Trading across borders (rank)
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		35
DTF score for starting a business (0–100) 93.76	DTF score for getting credit (0–100) 70.00	DTF score for trading across borders (0–100) 92.32
Procedures (number) 4	Strength of legal rights index (0–12) 8	<i>Time to export</i>
Time (days) 5	Depth of credit information index (0–8) 6	Documentary compliance (hours) 48
Cost (% of income per capita) 5.6	Credit bureau coverage (% of adults) 13.6	Border compliance (hours) 3
Minimum capital (% of income per capita) 0.0	Credit registry coverage (% of adults) 0.0	<i>Cost to export</i>
		Documentary compliance (US\$) 44
		Border compliance (US\$) 76
Dealing with construction permits (rank) 165	Protecting minority investors (rank) 33	<i>Time to import</i>
DTF score for dealing with construction permits (0–100) 51.98	DTF score for protecting minority investors (0–100) 66.67	Documentary compliance (hours) 2
Procedures (number) 28	Extent of disclosure index (0–10) 7	Border compliance (hours) 4
Time (days) 276	Extent of director liability index (0–10) 4	<i>Cost to import</i>
Cost (% of warehouse value) 1.6	Ease of shareholder suits index (0–10) 8	Documentary compliance (US\$) 41
Building quality control index (0–15) 12.0	Extent of ownership and control index (0–10) 5	Border compliance (US\$) 83
	Extent of shareholder rights index (0–10) 8	
	Extent of corporate transparency index (0–10) 8	
Getting electricity (rank) 80		Enforcing contracts (rank) 62
DTF score for getting electricity (0–100) 74.65		DTF score for enforcing contracts (0–100) 60.87
Procedures (number) 6		Time (days) 585
Time (days) 87		Cost (% of claim) 28.6 Quality of judicial processes index (0–18) 9.5
Cost (% of income per capita) 721.4		
Reliability of supply and transparency of tariffs index (0–8) 7		
Registering property (rank) 20	Paying taxes (rank) 32	Resolving insolvency (rank) 65
DTF score for registering property (0–100) 82.60	DTF score for paying taxes (0–100) 84.55	DTF score for resolving insolvency (0–100) 52.56

Procedures (number) 5	Payments (number per year) 10	Time (years) 2.8
Time (days) 5.5	Time (hours per year) 181	Cost (% of estate) 15.0
Cost (% of property value) 1.1	Total tax and contribution rate (% of profit) 40.5	Recovery rate (cents on the dollar) 28.0
Quality of land administration index (0–30) 22.0	Postfiling index (0–100) 90.79	Strength of insolvency framework index (0–16) 12.0

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