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The role of civil society in DCFTA implementation in Moldova

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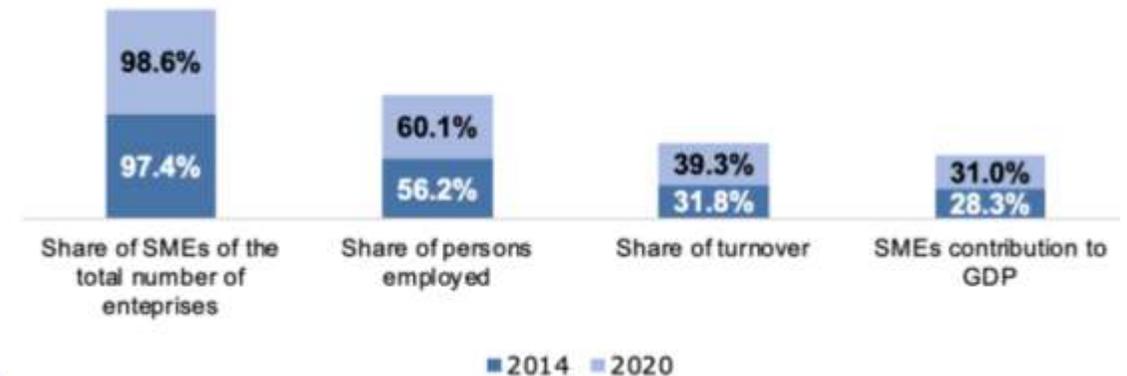
Institute for European Policies and Reforms (IPRE)



SME Dynamics

- Decrease of small enterprises and increase of micro enterprises
- SME sector contribution to GDP of around 31%
- Lower productivity of SME compared to larger enterprises
- No precise data of SMEs share in overall exports to the EU

	2014	2020
Share of SMEs out of total enterprises	97.4	98.6
Share of medium enterprises	3.1	2.3
Share of small enterprises	19.2	10.9
Share of micro enterprises	75.1	85.4



Gender aspects in SME performance

- In the period 2016 through 2019 the share of women-owned SMES has increased from 27% to 32.5%
- CSOs have designed several programs which aimed to increase the economic empowerment of women and to reduce inequalities
- The Organization for the Development of Small and Medium Enterprises Sector (ODIMM) launched in 2016 a Women in Business Program.
- Since the start of the program, around 620 investment projects received more than MDL 96 million (approx. EUR 4.8 million)





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Projects conducted by CSOs

- Legitimization and promotion of the DCFTA with the EU
- Provision of a platform for dialogue between business community and Government
- Increase of capacity
- Monitoring of the implementation of the DCFTA
- Public policy development and support in implementation





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Impact assessment of CSOs activities

- The SMEs representatives have been both **direct** and **indirect** beneficiaries of the projects launched and conducted by the CSOs, depending on the profile of the CSOs and their area of expertise.
- Within the projects implemented by the business associations, the SMEs were usually the **direct beneficiaries** (trainings and seminars on the DCFTA provisions, requirements and technicalities, individual consultations on the market opportunities provided by the DCFTA).
- The NGOs and think-tanks interaction with the SMEs has a different character: the SMEs are consulted, interviewed and invited to participate in research and training activities for enabling a better overview of their capacities and needs. Also think-tanks are developing studies and reports on the DCFTA implementation, which provide a clear picture of SMEs situation nowadays



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Conclusions

- The role of the CSOs in informing the SMEs about DCFTA components and opportunities is **limited**. Only a few business associations, which include a wide number of SMEs as part of their structure, are providing these services and opportunities for the SMEs.
- Civil society projects are **largely donor based** and operate on a **fragmented project approach** which could lead to misalignment of interest between the SMEs and civil society and international donors.
- An important impediment to inform SMEs about the DCFTA lies in the **lack of available data**. Until now, there are no precise statistics regarding the stake of SMEs in the overall Moldovan exports to the EU market.





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Recommendations

To the international donors:

- **Increase the number of granting programs aiming at supporting the business associations working in the SMEs sector.** Ensure a sustainable institutional funding which would allow the development of a medium and long-term vision for SMEs empowerment and capacity-building in the context of DCFTA;
- **Increase the support for the national/local NGOs and think-tanks for a wider interaction with the SMEs sector,** especially at the regional level. Consortiums between business associations, think tanks and local NGOs could genuinely help the SME sector to become better informed and aware about DCFTA.





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Recommendations

To the national authorities:

- **Develop a database for assessing the structure of SMEs exports to the EU market.** Communicate periodically about the dynamics of SMEs exports to the EU market and facilitate the development of analytical reports and papers dedicated to this specific topic;
- **Enable the establishment of a consultative council to the Ministry of Economy,** dedicated to the SMEs activity within DCFTA. The consultative council could benefit from the involvement and active participation of governmental authorities, business associations, think-tanks and NGOs working in this sector.



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Recommendations

To the civil society:

- **Ensure a broader and regular communication with the SMEs sector**, via the existing platforms at the level of civil society and government. Increase the number of civil society organizations present in the existing bodies (i.e. Economic Council to the Prime-Minister);
- **Create a platform for interaction between the NGOs, think-tanks and business associations at the national level.** A number of working groups could be developed within this platform, for discussing and addressing sectorial issues. Regular meetings between the business associations, NGOs and think-tanks will provide space for a mutual understanding of challenges affecting the SMEs and strengthen the collaboration between these three actors.



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Thank you!
Questions?



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