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Business Development Services Market Study Across the Dniester River

United Nations Development Programme
Support to Confidence Building Measures (SCBM) Programme
Republic of Moldova

Prepared by Alternative Internationale de Dezvoltare NGO
and New Age Think Tank

Acronyms and Abbreviations

BDS	Business development service
CBMP	Confidence Building Measures Project
BDSP	Business development service provider
CCIM	Chamber of Commerce and Industry of the Republic of Moldova
CCIT	Chamber of Commerce and Industry of the Transnistria region of Moldova
CIS	Commonwealth of Independent States
CPA	Central public authority
DCFTA	Deep and Comprehensive Free Trade Agreement
EEU	Eurasian Economic Union
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EC	European Commission
EU	European Union
GCR	Global Competitiveness Report
IFC	International Finance Corporation
JSCs	Joint stock companies
LPA	Local public authority
LTD	Limited liability company
MD	Republic of Moldova
MDL	Moldovan Leu (currency of the Republic of Moldova)
MIEPO	Moldovan Investment and Export Promotion Organization
MSMEs	Micro, small, and medium-sized enterprises
NBM	National Bank of Moldova
NBS	National Bureau of Statistics
NGO	Non-governmental organization
ODIMM	Organization for SME Sector Development
PR	Public relations
PPP	Public-private partnership
RUB	Russian rouble (currency of the Russian Federation)
SCBM	Support to Confidence Building Measures
SMEs	Small and medium-sized enterprises

TNR	Transnistriarouble (currency of the Transnistria region)
TAM-BAS	Turnaround Management and Business Advisory Services
UNDP	United Nations Development Programme
UMFE	Union of Manufacturers, Farmers and Entrepreneurs
VAT	Value-added tax
WB	The World Bank Group

Introduction

The purpose of this work was to **conduct an in-depth review of the business development services market across the Dniester River and to provide a set of recommendations regarding further development of the sector**. The review has been developed based on the international experience and lessons learned from developing the BDS markets in the EU and post-conflict countries. It helped identify cross-river cooperation opportunities with a focus on the needs of women, persons with disabilities, and other vulnerable groups (Annex_1).

This research was conducted by a consortium of Alternative Internationale de Dezvoltare NGO (Chisinau) and New Age NGO (Tiraspol) over the period from September 2015 to February 2016. The Consortium conducted comprehensive market research by organizing in-depth interviews with selected actors in the BDS market from both banks of the Dniester River to analyze current supply of, and demand for, the services and stakeholders involved. An online survey of business community was carried out; four focus group meetings with the BDS actors were conducted; and two study visits to learn from international experience were organized.

The authors take full responsibility for the contents of this report. The opinions expressed herein do not necessarily reflect the views of the UNDP and EU.

Note: Consistent with the wording practices in the negotiation process of the Transnistria region conflict resolution and for the purpose of continuous confidence building among all the actors involved in the BDS market development, the Consortium agreed to refer to the Transnistria region of the Republic of Moldova generically as "the left bank of the Dniester River or Tiraspol" and to the remaining part of the Republic of Moldova as "the right bank of the Dniester River or Chisinau or, simply, Moldova." The Consortium's opinions or explanations may not necessarily match donors' views.

Executive Summary

Purpose and Structure

The Consortium of Alternative Internationale de Dezvoltare NGO (Right bank of the Dniester River) and New Age NGO (Left bank of the Dniester River) won a tender announced by UNDP Moldova as part of the Support to Confidence Building Measures Programme funded by the European Union and implemented by UNDP.

The purpose of this work was to conduct an in-depth review of the business development services market across the Dniester River and to provide a set of recommendations regarding further development of the sector. The review has been developed based on the international experience and lessons learned from developing the BDS markets in the EU and post-conflict countries. It helped identify cross-river cooperation opportunities with a focus on the needs of women, persons with disabilities, and other vulnerable groups.

The report comprises three general chapters. **Chapter 1** provides definitions of the business development services and actors engaged in the BDS market and present an overview of the business development services on both banks of the Dniester River and key stakeholders involved.

Chapter 2 assesses the BDS market in Moldova and Transnistria region through comprehensive analysis of government organizations and BDS facilitators on both banks of the Dniester River, followed by assessment of the BDS supply and demand. This chapter also presents mechanisms to enhance cross-river cooperation among stakeholders, followed by the BDS market GAP assessment.

Chapter 3 outlines conclusions related to the BDS demand and supply in Moldova and Transnistria region, followed by structured recommendations presented as a roadmap of short-, medium-, and long-term actions to be considered by the BDS stakeholders for further enhancement.

Methodology

Formal SMEs development strategies on both banks of the Dniester River were considered as a baseline in the research. General statistics on MSMEs structure, types, geographic location, income, exports for both banks of the River and the European Union were analyzed, including a number of studies on MSMEs development, competitiveness, and access to finance. No studies on the business development services sector have been carried out before either on the left or right bank of the Dniester River. Therefore, the Consortium processed numerous studies, analytical papers, and other relevant documents on business development services for small enterprises and guidelines for donors to develop the best approach to the subject-matter.

Agreement to work as a team and build confidence among experts from both banks of the Dniester River was key in the approach to the assessment. As per the study methodology, sixty-four face-to-face interviews were conducted with various stakeholders: government organizations, BDS facilitators, business development service providers, and representatives of business communities from both banks.

Two study visits to Poland and Cyprus were organized for twenty-four stakeholders from both banks of the Dniester River representing the business development market. The main objective of the study visits was to learn the selected countries' best practices related to the business development services market.

The Consortium also conducted four focus groups with the BDS market stakeholders. During the four sessions participants were briefed on the preliminary findings of the assessment by the research team, menu of available services, quality of services, commercialization of service provision, availability of subsidies to compensate the cost of services, the need for government and donor support. Constructive discussions were held regarding the preliminary findings of the research, recommendations, and proposed implementation mechanism for further development of the BDS industry on both banks of the River.

An online survey using Survey Monkey for business community representatives on both banks was conducted, although the research tool proved inefficient in this case due to extreme reluctance of the business community to fill in online questionnaires. Inputs from eighteen companies were received; and, albeit very limited, their feedback was also taken into account in the review of their demand for BDS and business community needs for further development and tailoring of the BDS operations.

BDS MARKET IN MOLDOVA

Business Development Services Market in Moldova is in a phase of late emergence, being quite dispersed. However, it started consolidating, which is manifest in the current market segmentation. The BDS market on the right bank of the Dniester River is generally free and open. There are no specific market entry regulations; therefore, any entity with experience and knowledge is free to engage in the BDS activities. Over the last years, the number of companies providing BDS has surged. They are mostly management consulting companies, but they might also include listed public institutions, non-governmental and not-for-profit organizations, commercial companies, academic centres, and freelancers. It is difficult to estimate the number of BDS providers on the right bank of Dniester given that there is no clear definition of Business Development Services Market.

Although the official data is reported by the NBS for more than 800 companies registered and engaged in the BDS activities, thorough analysis shows that many of them are inactive or have nothing to do with BDSP; therefore, an estimated number of about 200 BDS providers are currently operating in the market.

The BDS sector remains fragmented and requires further diversification. There is strong demand for consultancy services in rural and remote small urban areas. BDSPs, more than 50% of them, are concentrated mostly in the capital city of Chisinau.

Business Development Services Providers lack specialization and international market insights and standards. However, in recent years, the number of consultants offering consultancy services related to business planning, marketing, and energy efficiency has also increased as a result of dedicated donor efforts. BDSPs rely heavily on the subsidized business development services and the market is highly dependent on donor support.

Government organizations and BDS facilitators. Two government institutions under the Ministry of Economy: (i) the Moldovan Organization for SME Sector Development (ODIMM), and (ii) the Moldovan Investment and Export Promotion Organization (MIEPO) are key organizations responsible for supporting the private sector development represented primarily by SMEs. The Chamber of Commerce and Industry of Moldova (CCIM) is another stakeholder in the BDS market.

International donor-supported projects have left a major mark on business development on the right bank of the Dniester River. Various donor-funded operations supporting the private sector development in Moldova include those worth mentioning in light of the comprehensive and extensive assistance provided to local SMEs over the past decade, namely: (i) Business Advisory Service of the European Bank for Reconstruction and Development (EBRD-BAS); (ii) Competitiveness Enhancement and Enterprise Development (CEED) funded by the United States Agency for International Development (USAID); (iii) Rural Investment Services Project; and (iv) Moldova Agriculture Competitiveness Project, both funded by the World Bank; and (v) IFAD operations in Moldova.

MSMEs on the right bank of the Dniester River made up about 97.4% of the total number of enterprises in the country. In 2014, there were 52.3 thousand MSMEs, 6.7 thousand (4.7%) more than in 2010. In the MSMEs sector, the microenterprises growth was the highest, their number having grown from 34.9 thousand in 2010 to 40.6 thousand in 2014.

At end-2014, 291.7 thousand people were employed in the MSMEs, or 56.2% of the total employed population. Compared to 2010, employment in the MSMEs sector decreased by 1%. Twenty-five (25) per cent of the MSMEs sector employees were engaged in wholesale and retail trade, followed by 14% engaged in processing industry and real estate and 12%, in agricultural activities, hunting, and forestry.

Most enterprises are located in Chisinau (66%) and are engaged in low value-added activities such as trade (40%), real estate and business services (17%). Individual entrepreneurs are engaged primarily in agricultural activities (70%), construction (12%), and trade (11%).

While investment climate on the right bank of Moldova has improved in recent years, administrative barriers to enterprise entry and exit, as well as requirements to obtain various permits remain high. Corruption continues to be one of the most significant impediments for local businesses.

Most entrepreneurs face difficulties such as lack of management skills and access to best practices to develop their businesses. The MSME support infrastructure should be developed further. Existing business advisory services are concentrated mostly in large cities such as Chisinau, Balti, etc.

BDS MARKET IN TRANSNISTRIA REGION

BDSP

There are 10 to 12 companies in Transnistria region that provide various types of consulting services to small and medium-sized business representatives. There is no electronic portal gathering information about consulting services providers by service type, location, or support.

Companies providing consulting services include the following types: NGOs engaged in this type of activities based on donor support; NGOs that combine donor support and commercial approach to consulting; commercial and public consulting organizations. In addition, some public awareness-raising entities and think tanks have been established with state support which provides some consulting services to entrepreneurs.

It should also be noted that in addition to the economic challenges of doing business Left bank consumers have been lacking information about services provided by the BDSPs. Furthermore, most entrepreneurs do not refer to consultants due to closed nature of their businesses, on the one hand, and lack of motivation, on the other.

Demand for BDS is underdeveloped and poorly structured due to lack of competition and the fact that the few companies which are operational are focused on expanding their clientele base rather than on the quality or mix of their services. Isolated economic development of the river banks over the past twenty-five years has led to different perspectives regarding small and medium business development; the main founding structure and investment volume also differs.

At the same time, the empowering opening presence in the European market might generate need for raising businesses' awareness about specific features of production and trade in accordance with the European standards, which is exactly the role and function of the consulting services industry. Therefore, consulting company's activities are expected to grow actively to improve management, trading, and manufacturing practices of entrepreneurs from Transnistria region.

There is obvious gap between consumers' needs and consulting service providers' capabilities; consulting services market is small, its commercial services capacity is low, and there are no consultants' certification mechanisms in place, similarly to Moldova. Therefore, Left bank should address low demand for, and extremely limited supply of, consulting services.

Government organizations and BDS facilitators

De-facto Ministry of Economic Development of Left bank is a key public stakeholder engaged in the support and development of small and medium-sized businesses.

A parliamentary committee for development of business and industry was created and Concept Paper on Small Business Development in the Transnistria region for 2015-2020 was adopted along with the strategic program On Investment Activities in support of SMEs.

The Chamber of Commerce and Industry from Tiraspol (CCIT) is another major actor in the BDS market which brings together 173 enterprises, institutions, organizations, associations, and individual entrepreneurs on a voluntary basis.

There are several professional associations in Transnistria region. The Union of Manufacturers, Farmers, and Entrepreneurs created in April 1999 is one of the most influential and oldest ones. Several agricultural producers' associations, such as the White Bridge Farmers' Association and Dniester Fruit Association of Fruits Producers, focus on expanding the contribution of agriculture to the development of the Left bank economy, increasing income, and creating new jobs in rural areas.

The most active donors in business development and consultancy on the Left bank are: EU, UN, UNDP (especially the Support to Confidence Building Measures Programme), the World Bank Group, British Embassy, United States Agency for International Development (USAID), Millennium Challenge Corporation (MCC), Foundation for Democracy, and the Embassy of the Netherlands in Romania and Moldova in the framework of MATRA Programme.

Local authorities have been providing insufficient support to small and medium-sized businesses; and in severe economic crisis conditions both in and outside the region, unfortunately, it is a matter of business survival, rather than business development, on the Left bank.

MSMEs. Authorities have only started focusing on small and medium businesses in the past few years. Statistics is one of the biggest challenges in the area of entrepreneurship in the region. Small businesses, which normally include both individual entrepreneurs and legal entities (micro-enterprises with a small number of employees and small businesses), are usually counted together.

However, statistics on patent entities (individual entrepreneurs, basically natural persons) is kept by the de-facto Ministry of Finance, while legal entities are registered by the Ministry of Economy. At the same time, generally speaking, it was quite difficult to obtain any statistics from either authority. There was a total of about 4,150 MSMEs on the Left bank in 2014, with the highest number of individual enterprises active in trade and catering (61.3%), followed by services (22.4%), agriculture (11.4%), and construction (4.9%). MSME concentration is the highest in Tiraspol and Dnestrovsk (36.3%), followed by Bender (18.4%) and Ribnita, including Ribnita Region (13.4%).

The number of patent holders almost doubled and reached 22 thousand persons over the period from 2010 to 2014. The issue of transformation of patent entities into legal entities is quite topical on the Left bank. The de-facto Ministry of Finance believes that individual entrepreneurs could reduce their tax burden by registering as legal entities. However, patent holders are still reluctant to do so and avoid registration as legal entities due to complexity and burdensome nature of the existing reporting system.

Conclusions Regarding BDS Demand and Supply in Moldova

BDS Demand:

1. Privatization process in the post-Soviet space has been producing constant changes for workers. Expectations of life-long employment with state-run enterprises have been dispelled, leaving workers in a situation where they had to find other means to sustain their livelihoods. For many workers, employment with MSMEs has become a necessity, if not a means of economic salvation. MSMEs make up 97.4% of the total number of

enterprises in Moldova with their employees accounting for 56.2% of the total active population in the Republic of Moldova.

2. Following the boost of MSMEs over the past fifteen years, many state and donor programmes started promoting business start-up and development. MSMEs growth constraints have been typically addressed through technical support with an emphasis on access to finance. Interventions included advisory services for MSMEs provided mostly free of charge; however, demand for such services was determined mainly through internal analysis and indicators.
3. MSMEs knowledge about BDS is limited to the services they benefited from in the past. The identified most well-known services are related to marketing, business planning, and training. In some cases, participation in training programs is mandatory, for example, when investment loans/grants are implemented and beneficiaries take part in a training program, for instance, on business planning as a condition for receiving a loan/grant.
4. There is chronic need for access to finance and fundraising in the Moldovan business environment, which has been exacerbated by the last year financial crisis and expensive loans provided by financial institutions due to conservative monetary policy of the NBM.
5. The greatest need for Mentoring & Coaching was voiced primarily by microenterprises. It is understandable given that these entities have a small number of employees and are most in need of specialized expertise. Moreover, microenterprises need to be able to access these ongoing services not only in urban areas, but also in rural localities either directly or through linkages with various types of intermediaries or larger enterprises.
6. When given access to the full menu of services for BDS and asked about current needs, MSMEs mentioned the following areas of support: product positioning and prices, international marketing research, access to finance and quality assurance. This trend is understandable. In a transition economy many business people find it hard to understand that the times when "you sell what you produce" are over and today we live in the era of "you produce what sells or what the market requires." In this context, it is not surprising that services such as “product positioning” and “prices” were ticked in most of the cases.
7. Self-assessment of entrepreneurial skills showcases that MSMEs face fewer issues when registering a business. However, most of the interviewed respondents need support with financial analysis, legal aspects, regulations, and licensing.
8. When asked to assess reasons for which MSMEs request BDS, two main types of answers were revealed: “Due to opportunities offered by donors” and/or “Willingness to develop business and increase profit.” Although there is strong evidence of demand for BDS, the evidence of the willingness of MSMEs to pay for these services is still sporadic. Two main reasons have to be acknowledged: micro-companies believe that such services have to be subsidized by donors; however, small medium-sized companies referred to the high prices for BDS.
9. The main constraints identified by respondents when benefiting from Business Providers services are: service quality; high service prices; unavailability of funds for such services; BDSPs’ limited ability to come up with specific solutions on a case-by-case basis; and theoretical rather than practical approach.

10. Field research and analysis of various studies reveals low level of entrepreneurial culture and limited understanding of BDS importance; knowledge of BDS is limited to personal experience; there is also lack of confidence in the solutions offered by BDSP.

BDS supply:

1. The BDS market in Moldova has reached a stage of development following the boost of the MSME sector over the past two decades.
2. Micro-enterprises, vulnerable population, e.g. youth, women, etc. are the core customers of BDSP, followed by developing MSMEs in sectors such as: agriculture, industry, trade, and services.
3. Various implemented state and donor-supported programs generate BDS platforms: e.g. business incubators, rural extension services, business portals, and database that contains at least 80 registered BDSP available in rural and urban areas. However, the capabilities of BDS to meet the needs of different types of SMEs appear to vary considerably across regions, rural areas being more affected compared to urban ones. Communication with customers is sporadic rather than systematic. Social media are almost not covered despite large audience and potential to reach new customers.
4. MSMEs development programs have been primarily focused on investment loans and grant schemes. Implemented programmes focused on business start-ups contain access to finance components with complimentary business development services, such as business planning and trainings covering general or introductory topics on accounting, marketing, etc.
5. BDSP provide a wide variety of business development services as part of their BDS support to MSMEs and stakeholders. They include to a great extent the following areas: training; business advisory/consulting services; market development services; support facilities (business incubators, association-based services); research and development; organizational development support (promoting inter-firm linkages, association development); and policy research and support for advocacy. The wide range of services in their portfolio without specific specialization in one or several fields raises questions as to the quality and sustainability of provided services.
6. There is no pricing policy in the BDS market. There is a difference in price which is determined by the following prerequisites: project location, sector, donor support, etc. However, willingness of the MSMEs clients to pay for the services provided by suppliers is the most sound indicator that these services address the priority needs of small-scale entrepreneurs. It should also be noted that there are no clear consulting company certification mechanisms in place.
7. Interviewed BDSP and stakeholders understand that “fully subsidized BDS are harming the market development.” Subsidized BDS are very often based on specific programs which are not always demand driven or tailored to the specific needs of entrepreneurs; though they seek to address MSMEs constrains to a great extent, the gratuity of such services will never meet customers’ real needs.
8. More complex investment and advisory programmes started to address specific beneficiary needs, e.g. agricultural producer groups, IT, light industry, food industry with

BDS provided based on beneficiaries' needs assessment. BDS holds a complex formula of trainings, individual consulting services, and specialized study visits provided with local and international expertise and co-financing element is applied. It should be noted that BDS are provided to existing businesses who seek development and access to markets.

9. No evaluation of BDS has been carried out yet. No cost-benefit analysis of the BDS market has been carried out; consequently, there is no understanding of to what extent the services provided impacted the business development. The dilemma of measuring the performance of business development services to MSMEs hinges on trade in the services.
10. An important aspect identified through field research is lack of standardization and certification of BDS. It is also unclear what methodology is applied to provide the services. An important aspect to be mentioned is that BDSP have good knowledge of local context.

Conclusions Regarding BDS Demand and Supply on the Left bank

BDS Demand:

1. The demand for consulting services is underdeveloped and poorly structured on the Left bank due to lack of competition and the fact that the small number of active BDS are focused on the expansion of their customer base rather than on service quality or service mix;
2. In addition to the economic challenges of doing business on the Left bank, service users face a vacuum of information about the services provided by the Left bank and Right bank BDSP companies. The study found that due to low awareness of small and medium-sized businesses about the BDS offered demand for the services is very limited;
3. The most popular type of consultancy provided for MSMEs is accounting and legal advice. MSMEs voiced obvious interest in Mentoring & Couching and incrementally business support;
4. It should be emphasized that, generally speaking, the greatest interest is in receiving free-of-charge BDS services, there is no personal motivation or finances available for fee-based services for Left bank businesses.
5. The research suggests low level of entrepreneurial culture and lack of practices of using high-skilled BDS. Several explanations account for that: on the one hand, it is the confidentiality of business; on the other, it is lack of confidence in the effectiveness of the consultations offered. In addition, the business community has no culture of seeking solutions from consultants;
6. Key expectations of the BDS service recipients are associated with access to practice-oriented knowledge and provision of mechanisms to address specific business problems.

BDS Supply:

1. There is no legal framework or BDS market regulation on the Left bank. Regulations governing entrepreneurship on the Left bank do not take into account consulting services.
2. Mismatch between consumer needs and consulting service providers' capabilities should be noted, as well as the limitations of the consulting services market due to its low

commercial activity, absence of consultant certification mechanisms and consulting companies.

3. Cooperation between the left and right bank BDSPs is sporadic, with many implications for the parties concerned, such as the Chamber of Commerce and ODIMM.
4. There is limited number of companies that provide BDS services operating on the Left bank market. BDS is often an additional area of activity and companies often operate based on the transfer of doing business experience.
5. While there are promising areas of consulting services, it should be taken into account that there is no institutional framework for doing business by Left bank entrepreneurs in Moldova, which, given various tariff and nontariff trade barriers between Moldova and Transnistria region, has been slowing down the BDS business development, too.
6. Similarly to the rest of the Republic of Moldova, corruption and excessive bureaucracy for businesses is a major problem on the Left bank, too.
7. We have to acknowledge high administrative barriers to doing business in general and the BDS in particular, as well as low level of competition. At the same time, the authorities have taken a number of measures to facilitate and simplify doing business.
8. There is high motivation and openness on the part of Left bank BDSPs. However, there is need to expand the range of services and improve the quality of services they offer. At the same time, Left bank BDSPs' efforts are currently focused mainly on expanding and "holding" the customer base.
9. Research has shown the extremely difficult process of the BDS commercialization, lack of statistical records for BDSP, limited access to information about consulting services market.
10. At the same time, the empowering opening presence in the European market might generate need for raising businesses' awareness about specific features of production and trade in accordance with the European standards, which is exactly the role and function of the consulting services industry. Therefore, consulting companies' activities are expected to grow actively to improve management, trading, and manufacturing practices of Left bank entrepreneurs.

Recommendations Regarding BDS Demand on Both Banks of the Dniester River

- It is necessary to implement consistently the state policy of improving the investment climate, developing legal regulation of the market base for the BDS in Moldova and Transnistria region, reducing administrative barriers, and introducing statistical reporting for BDS on the Left bank.
- It is necessary to optimize supply and demand in the BDS market. Therefore, it is important to expand the study of challenges and outlook for small and medium-sized enterprises on the Left bank. Conducting the Doing Business (business climate) survey on the Left bank similar to that prepared by the World Bank annually and assessing the

business environment for ease of doing business would help eliminate gaps in this field of knowledge.

- In the context of information extension and businesses consulting regarding production and trade in accordance with European standards, there is need for donor support training and professional development and certification of BDS professionals to provide services related to the requirements of the new trade. That would help activate and group the Left bank consulting companies, expand BDS offer, and improve management, sales and production knowledge of Left bank entrepreneurs.
- It is necessary to strengthen cooperation between the left and right banks at all levels (state, trade, commercial and non-governmental). It is also necessary to create a mechanism for interaction between consulting services providers. Creating BDSP Association would allow providers to consolidate efforts on the Left bank and contribute to market development. It is necessary to develop institutional framework for doing business in Moldova by Left bank entrepreneurs; addressing tariff and non-tariff barriers between both banks would activate business in general.
- Front-end subsidies in the form of grants, vouchers, or other payment mechanisms can be useful in lowering the initial costs to small business clients and will provide incentives for them to use such services. In theory, as firms become exposed to useful forms of business development services, they will continue to demand them, will become increasingly willing to cover full costs, and will thereby generate sufficient demand, which will facilitate growth of local business service suppliers and support networks. The 2016 Agricultural Producers Subsidy Programme is the first attempt to promote partial subsidies for consulting services.
- In practical terms, microenterprises expressed high interest in Mentoring & Coaching support. It is understandable because these entities with a limited number of employees are most in need of specialized expertise.
- MSMEs need to develop in a rapidly growing market; therefore, clearly, lack of knowledge about DCFTA requirements should be addressed by BDSPs most seriously, both in theory and in practice. Currently, most of the Moldovan companies with export potential are facing obstacles related to analyzing external markets and finding clients.

Right Bank (Chisinau) – Supply:

- Rather than supporting technical assistance activities that stop when project funds are exhausted, stakeholders have to analyze carefully ways to stimulate supply of sustainable services.
- BDS should be market-oriented and help MSMEs access new opportunities in growing markets and the extent to which particular types of services offer the potential for producing large-scale impacts through replication, expansion, or demonstration effects.
- Capacities of BDS providers should be constantly enhanced; only through skilled services consulting companies on both banks of the Dniester River will be able to become competitive in the local and regional markets and raise the clientele base.

- It is necessary to consolidate existing information technologies used to improve the effectiveness of business development services in Moldova and open the door for Left bank BDSPs to join the platform. Constant upgrade of services provided and new BDSP registry should be ensured.
- Social media should be used actively to promote BDS activities, services, achieved results, various trainings/events and offers for MSMEs.
- In addressing the lack of BDS identified by business representatives, BDSP should look for ways to provide services aimed at improving business linkages between MSMEs and larger companies to help overcome input supply and marketing problems and deal with technology supply and training needs.
- Clearly, more complex issues, such as BDS certification and application of methodologies, will not be addressed individually at stakeholder level without institutionalized representation. Therefore, there is need for a professional association in Moldova.

Left Bank (Tiraspol) – Supply:

- Given future directions of consulting services, it is also necessary to take into account that there is no institutional framework for doing business in Moldova by Left bank entrepreneurs, which, in the context of tariff and non-tariff barriers between Moldova and Transnistria region, has been slowing down the whole business.
- Consulting in the field of introduction of new environmental standards and energy-saving technologies (a traditional development trend of modern economy) is a promising demand trend.
- Consulting in the field of VAT introduction in Transnistria region is a matter of near future since introducing VAT would be the only way to cover budget deficit following the lifting of customs duties on the Left bank in 2017 in accordance with the EU DCFTA requirements.
- Agreement reached by the Left bank de-facto authorities with the European Commission on the implementation of the DCFTA RM-EU provisions opens a specific window of opportunity in terms of modernization of business technologies in accordance with the most successful international practices. It is expected that the emerging trend of introducing new standards, technical regulations and long-term trade rules in the European markets would raise significantly Left bank companies' interest in consulting services. In particular, such interest is expected on the part of the Left bank companies engaged in export activities and financial services sector.

Methodology

Inception phase – review and analysis of existing studies and other relevant documentation

Official strategies for SMEs development on both banks of the Dniester River have been considered as a baseline for research and played a major role in the entire assessment:

- National Development Strategy Moldova-2020;
- Strategy for SMEs Development for 2012-2020;
- Transnistria region Strategy for SMEs Development 2015-2020.

General statistical information on MSMEs structure, types, geographic location, income, exports for both banks of the River and the European Union has been analyzed, including a number of studies on MSMEs development, competitiveness and access to finance.

- The EBRD Strategy for Moldova approved by the Board of Directors on April 30, 2014;
- Moldova Private Sector Financing and the role of risk-bearing instruments, November 2013, financed by the EIB;
- SME Segmentation Study conducted within the framework of the WB Competitiveness Enhancement Project, March 2015.

No studies on Business Development Services Sector have been carried out before either on the left or right bank of the Dniester River. Therefore, the Consortium processed numerous studies, analytical papers, and other relevant documents on business development services for small enterprises and guidelines for donors to develop the best approach to the subject-matter:

- Business Development Services for Small Enterprises: Guiding Principles for Donor Intervention. Prepared by the Committee of Donor Agencies Interventions, 2001;
- Business Development Services How to Guide, Bratislava Regional Centre UNDP, 2004;
- A guide on Good Practices of Microfinance and Business Development Services in Europe developed by the European Microfinance Network, 2007;
- Business Services Sector Market Analysis, Volume 1, funded by DFID, 2011;
- EBRD Strategy for Moldova, 2014;
- Study of SMEs Segmentation in Moldova, financed by the World Bank, 2015.

All of the above documents, strategies, studies, research, and papers have been closely consulted by the Consortium as they represent a valuable source of information about business development services characteristics, structure and typology of the MSMEs universe that form the foundation and often dominate in the private sector in most of the world economies.

Interviews with key respondents and major stakeholders

The agreement to work as a team and build confidence among experts from both banks of the Dniester River has been key in the approach to this assessment. The main challenge was to receive feedback and inputs within a scheduled timeframe and follow the action plan according to the set dates. However, due to local elections in the Transnistria region in November 2015 the collection of data was extended until end-December 2015.

In October-December 2015, sixty-four face-to-face interviews with various stakeholders, business development service providers and business community representatives were conducted on both banks.

The survey was carried out in the form of semi-structured interviews based on a questionnaire followed by additional questions posed based on the answers provided. Additional questions aimed to add a qualitative part to the survey and provide additional explanations for the given answers since we expected that the companies could provide various responses based on different arguments as they operate in various areas or industries, each having its own specificities.

In addition to thorough and meticulous discussions with each respondent regarding the specificities of represented organization, enterprise, project, or sector they operate in, a series of general questions was asked regarding the recent and current business climate, impact of formal policies on business behavior, economic trends, structure of business deals, commercial practices in trade and way of doing business by market players, understanding the interaction between various stakeholders, etc.

These discussions helped sharpen and refine improved understanding of the complexity of business environment on both banks and set a basis for potential cooperation and confidence building. (Annexes_4.5; 4.6; 4.7)

Focus Group Meetings

Despite reluctance by some business community members to travel from one bank to another due to their heavy agendas, the Consortium carried out four focus group discussions, two sessions by two groups 12 to 15 participants each. The focus group meeting participants included business development services providers and BDS facilitators and other business development stakeholders that learned from Polish and Cyprus BDS best practices. The business community was also represented by nine light industry, agriculture, services, trade, and production companies from both banks of the Dniester River.

The first round of two focus groups with 14 and 15 participants, respectively, was briefed on the first findings of the assessment by the research team and discussed the BDS market specificities, service structure, menu of available services, way of service access and provision, service quality, price, commercialization of service provision, availability of subsidies to compensate the cost of services, stakeholders' role in policy-making, and the need for government and donor support.

The second round of two focus groups with 12 participants in each took place after the team of Consultants drafted first field research findings with recommendations and proposed mechanism for implementation for further development of the BDS industry on both banks of the River. Proposed solutions were revised by practitioners and beneficiaries, crosschecked on the 'ground' and endorsed.

Online Survey

Online survey using Survey Monkey for business community on both banks was conducted although the efficiency of this research tool was far from adequate due to the business community's extreme reluctance to make an extra effort to fill in a questionnaire. It is also notable that many enterprises do not yet have a common practice of online communication, telephone (facsimile) still being the main tool for rapid information exchange.

Online questionnaire comprised of thirteen questions with single and multiple answers was submitted to 148 business entities from both banks. Companies that received the questionnaire represented various sectors: agriculture, processing industry, construction, services, trade, IT, and were located both in rural areas and cities.

As a result, input from eleven Moldovan and seven Left bank companies was received and processed. Although very limited, their feedback was also taken into account to learn about their demand for BDS and business community needs for further development and tailoring of BDS operations. (Annex_4.8)

Study Visits

Two study visits were organized: to Poland (November 15   20, 2015) and Cyprus (December 6   10, 2015). The main objective of the study visits was to learn from the selected countries' best practices of business development services market.

The study visits were organized for twenty-four actors from both banks of the Dniester River, representing the Business Development Market (BDSP and stakeholders).

Participants represented the following organizations: CCIM, ODIMM, business incubators from Dubasari and Rezina Regions, MACIP (Training and Consulting Business Centre), Habitat NGO, SPAPP, Yahont Training Center, CCI Bendery, Belii Most NGO, Intereconomservice NGO, Regional Development Agency, European Business Association, Business Consulting Institute, and Intereconom. UNDP representatives managing the CBMP and consultants from Consortium were also part of the delegations, thus forming a multi-player live discussion panel for each trip.

The study visit participants learned about business development service in general and the best providers operating successfully in Poland and Cyprus in particular. Visits to BDS beneficiaries were conducted along with meetings to small and micro-enterprises which benefited from BDS to start or expand and develop their operations, run by entrepreneurs of different ages and gender, including vulnerable groups.

A number of important meetings were held with central, regional, and local public authorities, SME support organizations, Chambers of Commerce and Industry, Business & Professional Associations, Trade Unions, microfinance organizations and banking sector, etc. (Annex_4.3; 4.4).

1. BDS and their role in supporting the MSMEs economy

1. Business Development Services (BDS) Types

According to the Guidance prepared by the Committee of Donor Agencies for Small Enterprise Development (2001), **Business Development Services (BDS)** are generally defined as “services that improve the performance of the enterprise, its access to markets, and ability to compete. The definition of ’business development service’… includes an array of business services [such as training, consultancy, marketing, information, technology development and transfer, business linkage promotion, etc.], both strategic [medium- to long-term issues that improve performance] and operational [day-to-day issues]. BDS are designed to serve individual businesses, as opposed to the larger business community.”

BDS are a very important means of supporting especially the development of MSMEs that are known to create employment, generate income and contribute to economic development and growth. Employment and income generation are particularly important for impoverished rural areas and vulnerable communities and groups.

The first BDS established in Europe in the 19^{th} century were provided through Chambers of Commerce. In the second half of the 20^{th} century business development support became a general feature of economic policy in many European countries and this led to a wide spread of business support agencies.

While previously BDS suppliers focused mainly on providing trainings and assessment services, in recent years the diversity of provided services has broadened and now it includes business development opportunities to access new markets, information resources, infrastructure development and policy reforms.

Two types of BDS, namely strategic and operational ones, are being defined according to the Guiding Principles of Donor Intervention on BDS for Small Enterprises (World Bank). According to the Guiding Principles, the **operational services** comprise services needed for day-to-day operations, e.g., information, communication, management, accounting, etc. As for the **strategic services**, they address medium and long-term issues related to business market access or competitiveness.

Traditionally, the BDS are organized around seven types of services with the following services provided:

FIELDS	TYPES OF SERVICES
1. Market access	Market research Market information Trade fairs Products exhibitions Advertising Packing Marketing trips Subcontracting & Outsourcing
2. Infrastructure	Storage & warehousing Transport & delivery Business Incubators Telecommunications Internet access Computer access Secretarial services
3. Policy and advocacy	Training in policy advocacy Analysis of policy constrains & opportunities Advocacy on behalf of MSMEs Sponsorship of conferences Policy studies
4. Input supply	Linking MSEMs to input suppliers Improving suppliers' capacity to deliver quality inputs
5. Training and technical assistance	Mentoring Feasibility studies Business plans Franchising Management Advisory services Legal services Financial & tax advice Technical training
6. Technology and product development	Technology transfer/communication Quality assurance
7. Alternative financing mechanisms	Equipment leasing and rental Microfinance and credit unions/coops Equity investment Export guarantees Loan guarantees (portfolio and individual)

The primary focus of BDS services provision is to facilitate skills transfer and provide business advice. These skills transfer and provision of business advice is important in helping small business or emerging entrepreneurs to develop their business ideas into viable business enterprises (Pietrobelli and Rabellotii, 2002:9). Internationally, the field of business support has been growing alongside the SME development process (IFC, 2006).

It is also important to reiterate the ascending trend, especially among the emerging markets to provide the bellow listed services not just in the form of trainings but also as coaching/on-the-job training where a consultant/expert is an equal employee within the beneficiary enterprise.

As a rule, following requested training, the area of expertise is rendered in a practical and applicative manner which is enhancing the staff capacities in practical terms. There is also a higher level of certainty that the process is improved or optimized, thus ensuring a result-driven approach.

Information by type of services provided on both banks of the Dniester River is presented below:

Type of Service	Right Bank	Transnistria region
Management		
Business planning	x	x
Business Cycle	x	x
Strategic Planning	x	x
Mentoring & Coaching	x	x
Good Governance Principles	x	
HR Development		
Training Needs Assessment	x	x
Performance Development Planning	x	
Performance Appraisal	x	x
Drafting Job Descriptions	x	x
Human Resource Reorganization and Development	x	x
Labour Protection	x	x
Recruiting	x	
Marketing/Export developing/PR		
Statistical Analysis and Studies (local)	x	x
Marketing Plan (local)	x	x
Trainings in Marketing	x	
Market Studies/researches	x	x
Product Positioning and Prices	x	
Company Profile Development	x	
Identifying new business partners	x	
Negotiations with business partners	x	
Contracting issues and financial instruments to support exports	x	x
Exhibition Stand Design	x	
Export Planning	x	
Export Coaching	x	x
Export Development Strategies	x	
International Marketing Research	x	x
International Market access rules	x	
Image Creation	x	x
Promotional Materials Design	x	x
Writing and Editing Promotional Materials	x	x

Public Procurement Procedures	x	x
Website Development and Design	x	x
Mystery Shopping	x	x
Customer behaviour & satisfaction	x	x
Benchmarking	x	x
Finance and Financial services development		
Assurance	x	x
Audits	x	x
Risk Assurance Services	x	x
Cost management	x	
Financial and accounting reviews and investigations	x	x
Regulatory consulting	x	
Training in IFRS, Statutory Accounting Rules & others	x	x
Business Recovery Services (BRS)	x	x
Corporate Finance	x	x
Transaction Services	x	
Valuation and Strategy	x	x
Tax and legal	x	x
Corporate taxation	x	x
Access to finance	x	x
Management/analysis of financial liquidities	x	x
Financial analysis of sales	x	x
Production		
Streamlining Production	x	x
Production optimization	x	
Supply Chain Planning and Logistics	x	x
Production Planning and Control	x	x
Products delivery	x	x
Information Systems & Technologies		
Gaps Analysis and Design of IT solutions	x	x
Company Resources Planning Diagnosis	x	
Information Systems and Technologies	x	x
Information security systems	x	
Information management systems	x	
Quality Management Systems		
ISO 10002 - CUSTOMER SATISFACTION CERTIFICATION	x	
Management systems standards, including ISO 9001, ISO 14001, OHSAS 18001 and ISO 50001	x	
ISO 22000 – FOOD SAFETY MANAGEMENT SYSTEMS	x	
SAFE QUALITY FOOD STANDARD (SQF) CERTIFICATION	x	
IFS – International Food Standard	x	
BIO - Organic certification	x	
Good Manufacturing Practices (GMP)	x	
Hazard Analysis Critical Control Points (HACCP)	x	
Global GAP (Good Agricultural Practice)	x	
ISO 28000 – SUPPLY CHAIN SECURITY MANAGEMENT SYSTEMS	x	

ISO/TS 16949 – QUALITY MANAGEMENT SYSTEMS FOR AUTOMOTIVE PRODUCTS – IMPLEMENTATION TRAINING	x	
TL 9000 - Telecommunications Quality Management Systems	x	
ISO 27000 – Information security management	x	
ISO 26000 – Social Responsibility	x	

2. Actors Involved in BDS Markets

Business Development Service Providers are entities providing BDS to various types of entrepreneurs (end recipients) and may include for-profit companies, individuals, NGOs, professional associations, as well as governmental and non-governmental agencies, external semi-governmental civil service, etc.

Legally, a BDSP can be either public or private organization; however, there is a massive layer of non-governmental organizations which are obviously private although their operations are not-for-profit. It is also typical for both sides of the Dniester River where BDSP are organized as follows:

Governmental entities	Non-for profit firms	For-profit firms
Public institutions Municipal entities State companies	NGOs Business Associations Industry/Sector Associations Unions Federations	Individuals LTDs JSCs

A portal containing 81 registered BDSPs is available on ODIMM web-page and is easily available to the businesses community, stakeholders, and the general public. The portal also allows registering new BDSPs. BDSP can be easily tracked by location or field of activity.

BDS facilitators, in their turn, come to support BDS providers by building their capacity to develop new service products, promote new good practices, and address market needs. BDS market facilitation functions include the external evaluation of the impact of BDS providers, quality assurance, and advocacy for a better policy environment for the local BDS market. BDS facilitation is a function normally carried out by development-oriented institutions, having the objective of BDS market development, which include governmental agencies and specialized units, international financial institutions, UN and EU development programmes, national and international umbrella organizations, industry and employers' associations, trade unions and others.

Government provides an enabling policy, legal and regulatory environment for MSMEs and BDS providers, as well as public goods such as basic infrastructure, education and information services. The government also provides funding for BDS projects and state programs.

Donors provide funding for BDS projects and programs. In some cases, project office/implementing unit of a donor might be BDS facilitator.

The term **micro and small and medium-sized enterprises** (MSMEs) will be used in this research to refer to an enterprise's size or annual turnover. The following table shows the structure of private sector in the European Union, the Republic of Moldova, and the Transnistria region of Moldova:

Enterprise category	**Headcount**	**Or Turnover**	**Or Balance Sheet Total**
Micro enterprises			
EU	< 10	≤ EUR 2 mln	≤ EUR 2 mln
Chisinau	< 9	≤ MDL 3 mln (EUR 145,906)	≤ MDL 3 mln (EUR 145,906)
Tiraspol	≤ 15	< CLCMW 365,000 (EUR 209,284)	-
Small enterprises			
EU	< 50	≤ EUR 10 mln	≤ EUR 10 mln
Chisinau	< 49	≤ MDL 25 mln (EUR 1,215,882)	≤ MDL 25 mln (EUR 1,215,882)
Tiraspol	≤ 50	< CLCMW 1,200,000 (EUR 688,057)	-
Medium-sized enterprises			
EU	> 250	≤ EUR 50 mln	≤ EUR 43 mln
Chisinau	> 249	≤ MDL 50 mln (EUR 2,431,765)	≤ MDL 50 mln (EUR 2,431,765)
Tiraspol	-	-	-

3. Business Development Sector at Glance

Business Development Services Providers in Moldova

The Business Development Services Market in Moldova is in a phase of late emergence, being a quite dispersed market, but which started a consolidation process visible in the present market segmentation. The process will take place over coming years following models similar to those of other markets in Central Eastern Europe.

The BDS market on the right bank of the Dniester River is generally free and open. There are no specific regulations to enter the market; therefore, basically, any entity embracing experience and knowledge is free to provide BDS activities.

Business Development Services are only regulated by the general provisions of the Civil Code of the Republic of Moldova, Chapter XI. Entrepreneurship and Offer of Services, Section 3. Services Offered (Articles 970–971).

In order to operate as a Business Development Services Provider, no specific regulations concerning professional training or institutionalized professional training in Business Development Services is required. Neither the obligation to belong to a professional association in the field is required. Similarly to the EU trend, a BDSP may provide services without mandatory obligation to be a member of a professional association.

Over the past years, the number of companies providing BDS has surged. They are mostly management consulting companies but they may also include listed public institutions, non-government and not-for-profit organizations, commercial companies, academic centres, and freelancers.

The evolution of BDS Providers on the right bank of Dniester has emerged around individual consultants which accumulated their first experience by being employed with various international projects and companies starting in the early 1990s and later developed into partnerships thus establishing BDS consulting companies. At the more advanced stage of the BDS market development, a number of global and regional brand names in consulting industry launched their operation in Moldova and remain active to-date. This process is very similar to the one in the international markets. While in the 1990s individual consultants dominated in the BDS provision, today mainly companies supply BDS.

It is very difficult to estimate the number of BDS providers on the right bank of Dniester given that there is no clear definition of the Business Development Services Market. Currently, the market is fairly dispersed.

The ODIMM Business Development Services Platform (BDS) Database is the only open database BDS Providers can register with by filling out a questionnaire. Currently, the BDS database contains 81 business development service providers.

In accordance with the NACE code, the following activities could be attributed to BDS:

Code	Activity
7022	Activities of business and management consulting
7810	Activities of agencies for labour placement

8559	Other education forms
7021	Activities of consultancy in public relations and communication
7320	Activities of market surveys and public polling
7112	Activities of engineering and technical related consultancy

Thorough analysis of the official data provided by the NBS accounts for more than 800 companies registered and engaged in BDS activities has shown that many of them are inactive or are not BDSP.

An estimated number of around 200 BDS providers about 80% of which are small companies with an annual turnover below EUR 100,000, about 15% are medium-sized companies with an annual turnover from EUR 100,000 to EUR 500,000, and about 5% are large companies with an annual turnover above EUR 500,000 could be referred to as the BDS market actors on the right bank of the Dniester River.

Small and medium-sized Moldovan BDS providers usually have a small number of consultants (fewer than ten full-time consultants) while big players have more than 30 full-time consultants.

The BDS sector faces mild transition challenges with regard to MSMEs according to the assessment of Transition Challenges 2011 carried out by the EBRD within the developed Strategy for Moldova. The BDS industry remains fragmented and requires further diversification. There is strong demand for consultancy services in rural and remote small urban areas. An important aspect relates to disparities between rural and urban areas and uneven qualified BDSP supply. The BDSP concentration, more than 50%, is the highest in the capital city of Chisinau.

Another issue is connected to lack of business opportunities in small towns, especially those which were administrative centres before, while industrial zones were located in different settlements. Moldovan consultants provide services in a number of areas but most of them are specifically qualified in the area of business planning for fund-raising (banking or donor requirement), market analysis, adoption of various standards for further certification and implementation of computerized accounting system and web-page development.

Business Development Services Providers lack specialization and international market insights and standards. However, in recent years, the number of consultants offering consultancy in such areas as business planning, marketing, energy efficiency has also increased as a result of dedicated donor efforts. BDSPs heavily rely on subsidized business development services and the market is very dependent on donor support.

According to the EBRD Strategy for Moldova, "the quality of services has improved in recent years but many BDS providers still lack specialization, innovation, and international market insights. Also, there is no professional management consultant association in place to support and further develop the market."

Business Development Services Providers on the Left bank

There is no electronic portal on the Left bank which would gather information about suppliers of consulting services to small and medium-sized businesses about their types, problems and needs.

Therefore, the BDS information comes from various sources: from official information to expert opinions.

The following types of companies providing consulting services are distinguished: NGOs carrying out this type of activities based on donor support; NGOs that combine donor support and commercial approach to consulting; and commercial and public consulting organizations. It should be noted that consulting NGOs face serious difficulties with commercialization of their services.

In addition, there is some public information and there are analytical structures which partly provide consulting services to entrepreneurs (Information and Analytical Centre of the de-facto Ministry of Economy, Information Centre SCC). Demand for the services is shaped by the state which directly forces companies and organizations to use consultants' services based on its own need and decision.

Regretfully, it should also be noted that consulting organizations face great challenges to remain in the market. The Capital City Consulting Company and YurCom stopped their operation in 2015.

There is consumers' low awareness about the purpose of such services and solutions and mechanisms consulting instruments can offer. Companies are very close and there are concerns about engagement of external consultants. Entrepreneurs often do not have the culture of running economic business or using external expertise. Entrepreneurs learn most of the information from their colleagues and friends rather than from specialized consulting agencies.

Relatively high price for consulting services for MSMEs against the background of low income limits enterprises' access to the required consulting services and information.

It is impossible to study income structure of the Transnistria region consulting companies due to lack of official statistics. Local practices of BDS provision are not supported by formal contracts.

According to expert conclusion, there are 10–12 companies on the Left bank that deliver various types and volumes of consulting services to small and medium-sized business representatives.

Separate evolution of the economy on different banks of the river over the past twenty-five years led to various outlook for small and medium-sized business development; the main founding structure and investment volume also varies.

In addition, on the Left bank there is also a conflict between the declared priorities of the de-facto government in the implementation of export and import operations (endorsement of the business to focus on the development of the Eurasian Union markets while the EEU rules for Transnistria region remain unclear) and established real features of the Left bank business activity in the European markets (in the first half of 2015 over 78% of the Transnistria region exports went to the EU and Moldovan markets).

It is expected that the exploration of the crisis tendencies in the Russian economy (leader in the EEU economy) and devaluation of the Russian currency (and, consequently, increase in prices and loss of competitiveness of Left bank goods), as well as similar crisis processes in Kazakhstan and Belarus would further decrease the export flows of Left bank businesses in this direction.

At the same time, the empowering presence in the European market may generate need for more information about the specificities of production and trade in accordance with the European standards which is exactly the role and function of the consulting services industry. Therefore, active growth of consulting companies' actions is expected to improve the level of management, trading and manufacturing practices for the Left bank entrepreneurs.

Similarly to the rest of Moldova, corruption and excessive bureaucracy for businesses is one of the biggest problems on the Left bank. At the same time, the authorities have taken a number of measures to facilitate and simplify business though the results are not encouraging. There were few success stories which could serve as a good basis for further improvements in this highly sensitive area.

The mismatch between consumers' needs and capacity of consulting service providers is evident, so is the small size of the consulting services market, its low potential for commercial service activity, and absence of consultants' certification mechanisms, similarly to Moldova.

Thus, there is low demand for, and extremely limited supply of, consulting services on the Left bank.

Consulting regarding the introduction of new environmental standards and energy-saving technologies (traditional development trend in a modern economy) could be a promising demand area. Consulting in the field of VAT introduction on the Left bank is a matter of near future since VAT introduction is the only way to cover the budget deficit following the lifting of customs duties in Transnistria region in 2017 as per requirements of the DCFTA with the EU.

Analysis of promising areas of consulting services should take into account absence of institutional framework for doing business in Moldova by the Left bank entrepreneurs. Given the tariff and non-tariff barriers between Moldova and Transnistria region, it has been slowing down bilateral and joint business in general.

Transnistria region authorities have not been paying much attention to small and medium-sized businesses until recently. Special committee for the development of business and industry was established in 2010 which promoted and facilitated the adoption of the Law on the Features of State Support for Small Businesses.

At the same time, it is practically impossible for the business community on the Left bank to have access to international financing instruments; it is difficult to engage in investment activities, and government support has been very limited.

Regulations governing business on the Left bank do not mention expressly consulting activities. More specifically, the most comprehensive document governing development of Left bank businesses, the Concept Paper on Small Businesses Development in the Transnistria region of Moldova in 2015–2020 (Resolution № 182 of the Transnistria region de-facto Government of July 13, 2015), has one provision regarding the role of consulting companies, "...raising awareness of state support mechanisms for small enterprises."

The situation is largely due to the specificities of doing business in post-conflict areas in absence of an internationally guaranteed status for Transnistria region. However, the example of Cyprus suggests a number of possibilities to develop businesses, attract international investment, and improve opportunities related to the development of consulting environment. It should also be noted that in addition to the economic challenges of doing business Left bank consumers have been lacking information about services provided by the Transnistria region and Moldovan companies, BDSPs. In addition, the majority of entrepreneurs have no practice of referring to consultants due to closeness of businesses on the one hand and lack of motivation on the other.

At the same time, the demand for their services is underdeveloped and poorly structured due to lack of competition and the fact that few active companies are focused on expanding their clientele base, rather than on the quality and range of services provided.

Stakeholders and BDS facilitators in Moldova

National SMEs support

The key organizations responsible for supporting private sector development, primarily SMEs, are two government institutions under the Ministry of Economy: (i) the Moldovan Organization for SME Sector Development (ODIMM) and (ii) the Moldovan Investment and Export Promotion Organization (MIEPO).

The main activities the organizations are engaged in are briefly described below:

ODIMM – The Organization for Support and Development of Small and Medium-Sized Enterprises (ODIMM) created by Government Decision No. 538 dated 2007 as a subordinate institution of the Ministry of Economy. The organization in charge of implementing the SME development policy aims mainly to: (i) foster local entrepreneurship, (ii) facilitate SME access to financial and information resources, (iii) develop business support infrastructure, and (iv) consolidate public-private dialogue for SMEs.

ODIMM provides (i) financial support through matching grant schemes to foster investment of remittances for SMEs development (Program for Attracting External Remittances PARE 1+1) and loan guarantees for micro and small-sized enterprises lacking required collateral (through a credit guarantee fund), (ii) business development services, such as training courses and technical assistance on various topics (e.g. financial management, marketing, business planning) aimed at strengthening entrepreneurial skills of SME managers and start-up entrepreneurs (Gestiunea Eficientă a Afacerii - GEA), and (iii) a combination of the two aforementioned programs, e.g. PNAET program (Programul Național de Abilitare Economică a Tinerilor) which offers training and consultancy regarding business start-up and financing support (credit and grant facilities) for young people wishing to launch or expand a business in rural areas.

ODIMM is also actively engaged in organizing various SME support events, forums, workshops, specialized trainings for entrepreneurs and management of SME business portal (www.businessportal.md).

MIEPO was created by Government Decision No. 105 dated 1999 and reorganized later by Government Decision No. 109 dated 2014 as a public institution coordinating policy implementation for competitiveness, export promotion, and attracting investment in Moldova.

MIEPO aims at enhancing the economic development of Moldova by promoting exports and the internationalization of the economy. MIEPO helps local companies to face international competition to achieve profitable sales in international markets and attract foreign direct investments. More specifically, MIEPO provides direct and indirect assistance to Moldovan companies, including SMEs, by identifying and developing export market opportunities, creating and expanding international networks, and providing export support services.

Another stakeholder on BDS market is the **Chamber of Commerce and Industry in Moldova (CCIM),** which regulates its activity based on the Law 393-XIV as of 1999 with a status of non-governmental institution, autonomous, and independent organization.

CCIM as a non-governmental organization also plays an important role in promoting the development of entrepreneurial activity, taking into account the interests of all economic agents, branches of the national economy and specific territories of the country. The organization also promotes trade and industry both internally and externally and supports Moldovan economic business community in their dealings with public authorities in the country and specialized foreign organizations. CCI organizes frequent professional trainings, information support and advice for their members and interested parties.

Besides the national Business Support Organizations, one can notify an increasing trend of Independent Business associations, acting either at a sector level or having a multi-sector approach. Most of these associations are dedicated to participating in Public Private Dialogue platforms and represent the interest of their members at various levels through lobby and advocacy activities.

International MSMEs support

International donor support projects have left an important touch on business development on the right bank of the Dniester River. Among the various donor-funded operations supporting the development of the private sector in Moldova, a few of them are worth mentioning in light of the comprehensive and extended assistance provided to local SMEs over the past 10 years, and namely: (i) the Business Advisory Service of the European Bank for Reconstruction and Development (EBRD-BAS); (ii) the Competitiveness Enhancement and Enterprise Development (CEED) funded by the United States Agency for International Development (USAID); (iii) the Private Sector Development Projects 1 & 2, and the further Competitiveness Enhancement Project, and (iv) the Rural Investment Services Project 1 & 2, and the further Moldova Agriculture Competitiveness Project, all funded by the World Bank of Moldova and (v) IFAD operations in Moldova.

EBRD-BAS launched in Moldova in 2005 aims at facilitating the access to consulting services for local Moldovan SMEs. Projects are implemented together with local consultants and contain a matching grant of the ERBD (up to 75%). As of end of 2015, the EBRD-BAS has carried out more than 500 projects, through a diversified range of instruments and in various sectors. Most of the advisory services (about 40%) have supported the set-up of IT applications, such as management information or computerized manufacturing systems. Second type of requested services fall within the areas of energy efficiency (e.g. energy audit and renewable energy) and marketing (e.g. market research, branding, and e-commerce). One-fifth of companies requested support for setting up accounting systems. In terms of sectors, SMEs from food industry and trade benefitted of almost half of the total support.

CEED project aims at enhancing competitiveness of the Moldovan private sector enterprises through various interventions: improvement of marketing and sales skills, introduction of new technologies, access to finance and investment, and stimulation of creation of clusters by industries. CEED I, covering the 2005-2010 period, focused on three selected sectors/lines of business, and namely: (i) winemaking, (ii) textile and apparel, and (iii) ICT, identified as potentially leading sectors of the economy. Within the first phase of CEED, 115 companies were assisted, which led to the creation of 3,500 new jobs and increased sales of about US$ 84 million.

The second phase (CEED II), operational until 2015, was organized around other three pillars, namely: (i) increased productivity; (ii) increased trade and investment; and (iii) improved public-private dialogue for a better business environment. Through CEED II, the sector coverage was expanded to three more sectors: (i) home furnishing, (ii) footwear and fashion accessories, and (iii) tourism.

CE-WIN project supports Moldova's efforts to promote a strong, diverse and export-oriented economy by improving competitiveness and efficiency in key Moldovan industries. CEWIN supports the Government of Moldova's strategy of export and investment-driven growth by focusing on: increased productivity and quality; expanded market linkages; improved sector-enabling environment.

CE-WIN will build on the results of its predecessor projects — the Competitiveness Enhancement and Economic Development projects, known as CEED I and CEED II — and work in three sectors key to Moldova's economic development: wine and tourism, light industry (in particular, apparel and accessories), and information and communication technology. Planned CE-WIN interventions should lead to increased productivity, improved product quality, more streamlined business practices, and more modern management practices in the targeted industries. Expanded market linkages created through CE-WIN engagement will lead to increased value of exports and domestic sales in the targeted industries. Increased technical skills in the labor force will contribute to targeted industries' efforts to expand and develop new investments.

WB Rural Investment Services Project aimed at stimulating the development of the agricultural sector in the post-privatization period by improving the access of new private farmers and rural businesses to what is needed for success – legal statute of ownership, knowledge, experience and finance, at the same time building the capacities of public institutions and private entities for assuring the sustainability of the referred to activities. The effectiveness of rural business development activities within RISP proved to be rather good. In the first stage of the project succeeded in establishing 1300 viable rural businesses, the target being of 900. In the second stage of the project that had been initially planned for September 2006 – June 2010, a total number of 651 rural businesses have been established, at a target of 300. This was possible also due to the capacities, abilities and experience of the development partners with which the project concluded business development services for targeted beneficiaries. A dedicated component on Rural Business Development for SMEs provided complex support in form of: raising awareness, advisory services, elaboration of business plans, assistance in getting loans, and post-financing support for start-ups contributed to the creation and consolidation of BDSP in Moldova.

WB Moldova Agriculture Competitiveness project aims to enhance the competitiveness of the country's agro-food sector by facilitating market access for farmers. The project provides capacity building activities for primary horticultural producers aimed at assisting them in setting up and further developing productive partnerships, and providing consulting and training services for business planning and development, value chain integration and marketing. Altogether with capacity building support the project provides competitive matching investment grants to emerging productive partnerships for the modernization of post-harvest technologies in the horticultural sector. The matching grants do not exceed 50% of an eligible investment sub-project, with a maximum ceiling established at US$350,000 per productive partnership. Up untill the end of 2015, 45 Productive partnerships were created with project technical support. 29 productive partnerships succeeded to launch investments in post-harvest infrastructure with total investments exceeding US$16,6 million, of which grants share represented US$7,2 million. Post-financing technical support in form of practical trainings, individual coaching on dedicated subjects e.g. accounting, taxes, regulations, management, HR, marketing, export, sales altogether with dedicated economic mission to access foreign market are being provided through local and international business support services.

IFAD dedicated to eliminating hunger and rural poverty in developing countries, launched its operations in Moldova starting with the year 2000, the Government has signed 6 Financing Agreements with IFAD. The financing portfolio of IFAD operations in Moldova constitutes appr. 116 mln USD for the implementation of agricultural projects aimed to rural finance, SMEs development, agricultural revitalization, rural finance services and marketing, and climate resilience.

With IFAD financial support more than 2300 loans amounting 58 mln USD were provided for more than 4700 beneficiaries. Through the revolving fund, more than 800 loans amounting 68 mln USD were provided. Moreover, with IFAD support more than 1500 entrepreneurs benefitted of technical assistance in developing their investment business plans. 7500 people, agricultural producers and representatives of participating financial institutions were trained through various seminars and workshops and capacity building events and study visits conducted in country and abroad.

Stakeholders and BDS facilitators in Transnistria region

Among public stakeholders for the support and development of small and medium-sized businesses it is primarily distinguished the local Ministry of Economic Development of Transnistria region, providing the unified policy and exercising control in the area of foreign economic activity and trade, pricing, investment policies and policies in the field of employment and social protection of the population, in the field of state statistics realization of state policy. Under which operate the State Service for promoting investment and business activity.

Among Stakeholders the activities of "the state reserve fund" need to be highlighted, which are the target budgetary funds, subordinated to the local Government. Among the main objectives of the Fund should be noted - the provision of state support to the various sectors of the economy in order to stabilize the economy. In particular, the fund carries out "lending business agribusiness entities", "lending to small businesses" and "provision of no-interest governmental loans for Left bank citizens on the development of private farms."

The use of the Fund: in 2015 lend interest-free loans in the amount of 5.7 million RUB for on-lending to agribusiness entities and payment for a total amount of 6.54 million TNR to individuals for personal development of this sector. In 2014 it was allocated for financing 48 million RUB and 6.4 million TNR. Due to lack of bids corporate lending volumes decreased in 2015. Due the instability of the local currency and the occurrence of risks at the conclusion of foreign trade agreements economic entities had difficulties with the purchase of equipment. Recoveries on loans in 2015 were amounted to 82.6 million RUB and 7.1 million TNR. In 2014, the return on loans and borrowings was amounted to 128.2 million RUB and 11.6 million TNR.

In support of MSE the parliamentary committee for development of business and industry was created, and the "Concept of development of small business in the Transnistria region for 2015-2020 years" was adopted along with the strategic program "On investment activity".

Another significant actor in the BDS market is the Chamber of Commerce and Industry of Transnistria region (CCIT), founded on April 21, 1993. CCIT combines legal and physical entities of the Left bank, registered as entrepreneurs and their associations. Currently, the CCIT unites together, on a voluntary basis, 173 enterprises, institutions, organizations, associations and individual entrepreneurs. In the coming period CCIT intends to continue to strengthen and enlarge its membership, to expand the range and quality of services provided, and to sustain favorable conditions for business.

CCIT is focused on creation of adequate conditions for businesses, and aims to represent and protect their interests at all levels, including the highest echelons of power, to promote the development of direct relations with foreign partners in trade and technology transfer, to assist in trade missions, to search for investors and assist in deals breaking.

CCIT provides entrepreneurs with a wide range of professional services, including advice on foreign trade and market assessment, provides an independent evaluation of goods and properties, consultancy in business planning and organizational activities, and investment advisory. The CCIT activity is regulated by the Law "On Chambers of Commerce in the Transnistria region" dated January 17, 1995 and the Decree "On state support of the activities of the Chamber of Commerce of the Transnistria region" number 58 dated 7 February 2003, as well as the provisions of the Articles of Association of Non-profit Partnership "Commerce Chamber of Commerce of the Transnistria region".

It is to be mentioned that there are several professional associations on the Left bank. One of the most influential and old is the Union of Manufacturers, Farmers and Entrepreneurs (UMFE, Союз Промышленников, Аграриев и Предпринимателей), created in April 1999. UMFE actively cooperates with such professional associations as the "Union of the enterprises of the construction industry“(«Союз предприятий строительной отрасли») and non-governmental association "Association of Transporters and Roadmen" («Ассоциация транспортников и дорожников»). Their cooperation is focused on the joint development and implementation of state policy in the area of industry, construction, transport and road infrastructure of Transnistria region. They will also jointly participate in the public debate on taxation, price controls and tariffs, land relations and real estate.

Several agricultural producers' association, such as Association of farmers "White Bridge" and Association of fruits producers "Dniester fruit" («Днестровский фрукт») are focusing on expanding the contribution of agriculture to the development of the Left bank economy, increasing income and creating new jobs in rural area.

Professional Union of Entrepreneurs of Transnistria region (PUET) registered on August 23, 2004 arose as a result of transformation of the primary trade union of individual entrepreneurs, employers and employees of small and medium businesses of Transnistria region. PUET aims on continued constructive dialogue with the public authorities to sustain a solid path in the development of a real market economy, protect the interests of socially responsible Left bank businesses, to fight corruption and protect businessmen from unfair administrative burden and at the same time enhance the competitiveness of the Left bank businesses locally and internationally. Nowadays it brings together representatives of 6 areas: Tiraspol, Bender, Dnestrovsk, Slobozia, Grigoriopol and Dubasari. The organization positions itself as an open, active and representing the intellectual centre of the Left bank business society.

The most active donors in business development and consultancy on the Left bank are: EU, UN, UNDP (especially the Support to Confidence Building Measures Programme), the World Bank Group, British Embassy, United States Agency for International Development (USAID), Millennium Challenge Corporation (MCC), Foundation for Democracy, and the Netherlands Embassy in Romania and Moldova in the framework of MATRA Programme.

One of the most successful projects in this area is the Business School of the CCIT. Courses of free business education for beginners and experienced entrepreneurs on the Left bank - a joint project of CCIT, the European Union and the United Nations Development Programme (UNDP), which is implemented in Transnistria region since 2010. During this time the business school was visited by hundreds of students, aspiring entrepreneurs and acting managers, heads of small and medium-sized businesses.

The local authorities provide insufficient support to small and medium-sized businesses, and in toughen economic crisis conditions (both outside and inside); unfortunately, there is a need to talk about survival, not about business development in Transnistria region.

BDS beneficiaries – MSMEs in Moldova

According to the National statistics data for 2014, MSMEs on the right bank of the Dniester River constituted about 97.4% of the total number of enterprises of the country. In 2014 the number of MSMEs constituted 52.3 thousand enterprises, with 6.7 thousand (4.7%) larger as compared to year 2010. Within the MSMEs sector, the fastest growth of emerging enterprises was seen amongst microenterprises, growing from 34.9 thousand entities in 2010 to 40.6 thousand entities in 2014.

The largest share of MSMEs activity is in trade. In 2014, their number constituted about 20.5 thousand units, or 39% of the total of small and medium enterprises, which constituted growth of 9.6% from 2010. The second activity after trade is retail transactions with 9.6 thousand units active in 2014, which registered a comparable growth by 2.3 thousand enterprises as of 2010. Processing industry has registered a decrease in MSMEs since 2010 with 5 thousand units' active to 4.8 thousand in 2014. Agribusiness MSMEs in 2014 registered a slight increase reaching 2.9 thousand units in 2014, compared to 2.3 thousand units in 2010.

According to information provided by the State Registration Chamber, the number of enterprises registered in the State Register of Legal Entities on 01.01.2014 consisted of 163 974 legal entities and individual entrepreneurs, of which more than half are registered in Chisinau municipality; about 17% are registered in the North and South, fewer in UTAG.

At the end of 2014 the number of people employed in MSMEs accounted for 291,7 thousand people, which constituted 56.2% of the total number of the employed population. Compared to 2010, the employment in MSMEs sector decreased by 1%. Twenty-five (25) per cent of workers engaged in the MSMEs sector were involved in wholesale and retail trade, followed by 14% occupied in processing industry and real estate and 12% - in agricultural activities, hunting and forestry.

Business density, expressed as the number of registered businesses per 1,000 persons in Chisinau is about four to five times higher than in the region, which is influenced by multiple benefits granted by the status of the capital. Also, this indicator is higher in Gagauzia (32 registered businesses per 1,000 persons), followed by North and Central development regions (with 29 per 1,000 people). The lowest indicator (20 businesses per 1,000 people) is registered in the Southern part of the country. Therefore, the total enterprises' density constitutes 46 per 1,000 people.

Very interesting to notice the concentration of businesses based on type of activity which differs from region to region. The largest share of economic agents is concentrated in wholesale and retail trade, regardless of region. However, the largest share of 43.6% of businesses in the sector is observed in Gagauzia, followed by the North region with 42.1%. Businesses concerned agriculture, hunting and forestry sums up the biggest share for South Development Region 16.5%, followed by the North region with 13.5%. The manufacturing industry is more pronounced among businesses of Gagauzia cumulative 13.6%, followed by the central region 12.7% and 12.5% for enterprises located in the South. Chisinau municipality is highlighted by a 22.0% share of businesses in Real estate, due to the fact that the housing market is mainly concentrated in the capital.

Most of enterprises are located in Chisinau (66%) and the majority are involved in low value added activities like trade (40%), real estate and business services (17%). Individual entrepreneurs are predominantly engaged in agricultural activities (70%), construction (12%) and trade (11%).

While the investment climate on the right bank of Moldova has improved in recent years, administrative barriers to enterprise entry and exit, as well as requirements for obtaining various permits remains still high. Corruption continues to be one of the most significant impediments for local businesses.

Moldova's trade regime with the EU has been liberalized with the negotiations on a Deep and Comprehensive Free Trade Agreement (DCFTA) which once effective is expected to bolster agricultural exports and attract new foreign investments. Also privatization has accelerated and most agro-processors are privatized, but restructuring and competitiveness improvements are slow. Despite some progress on hygiene standards, processors still lack modern quality standards and traceability of produce is at an early stage. Productivity in crops production has significantly increased over recent years and compares favorably to other countries in the region.

The Moldovan banking system is selective in financing primary agriculture or agro-processors due to scarce resources and, given the sectorial risks there is a decreased lending appetite given the current challenging environment. Nonetheless, the Moldovan banking system still has one of the highest exposures to the sector in the region. Specialized infrastructure is still at an early stage and the downstream value chain via wholesaling to retailing does not function very efficiently.

Attracting foreign direct investment is crucial for the economy particularly on the background of the trade balance deficit, which remains very low as the result of weaknesses in the investment climate. The economy is predominantly driven by remittances-financed consumption of mostly imported goods, and primary agriculture, with very limited manufacturing industries. All these factors are complemented by obsolete production methods, insufficiently competitive business infrastructure and high labour migration.

Besides above mentioned barriers and combined with still low access to finance for the business sector, most entrepreneurs face such shortcomings as: **lack of management skills and access to best practices to develop their businesses**. **The MSME support infrastructure requires future development. Existing business advisory services are concentrated mainly in big cities like Chisinau, Balti, etc.**

BDS beneficiaries – MSMEs on the Left bank

While collecting the data on small business, it was noted that the issue of trust in statistics was one of the most serious problems in the area of entrepreneurship in the region. Small businesses, normally including both individual entrepreneurs and legal entities (micro-enterprises with a small number of workers and small businesses), are usually considered as a single social class. However, statistics on patent entities (individual entrepreneurs, basically natural persons) are kept by the de-facto Ministry of Finance, while the legal entities are registered by the de-facto Ministry of Economy. At the same time, generally, it is quite difficult to receive any statistics from both authorities. Neither the Ministry of Finance nor the Ministry of Economy publishes periodic statistics on small and medium-sized businesses. The information can be obtained only after the end of each calendar.

The number of MSMEs in Transnistria region

Year	micro	small	total
2012	3927	463	4390
2013	3836	476	4312
2014	3840	497	4337
2015 (1/2)	3685	463	4148

The number and tax deduction of individual entrepreneurs

Year	Persons	TNR
2012	16837	46 533 711
2013	18998	52 779 583
2014	21 882	

The highest number of people employed in micro and small enterprises for 2014 by branch was in trade and catering (38%), followed by industry (17.7%), agriculture (9.3%) and construction (9.7%).

The highest number of employed in individual enterprises for 2014 by branch was in trade and catering (12932 persons or 61,3%), followed by services (5153 or 22,4%), agriculture (2483 or 11,4%) and construction (1314 or 4,9%).

The number of MSMEs is concentrated in cities as represented below:

- Tiraspol and Dnestrovsk (36,3%)
- Grigoriopol and Dubasari (28.4%)
- Bender (18,4%)
- Ribnita and Ribnita Region (13,4%)
- The smallest number of SMEs in Camenca and Camenca Region (3,5%).

Budget revenues in 2014 from the PSC by small businesses - 384.21 million TNR, from individual entrepreneurs 76.4 million TNR.

On the Left bank, according to official statistics, small businesses created in 2014 up to 9.3% of GDP, which is less than the previous year by 0.3%, but higher than a year before (2013 - 9.6%, 2012 - 8.2%). For comparison share of small business in the economy on the right bank is 30%, in Russian Federation is about 20%, Ukraine 11%, while in EU it is almost 70%.

The problem of transformation of patent entities into legal entities is quite actual on the Left bank. The de-facto Ministry of Finance believes that by registering into legal entities, individual entrepreneurs could reduce their tax burden. However, the transition of individual entrepreneurs into legal entities only looks simple. In fact, it's not really attractive for patent holders. The reality is that, by becoming a legal entity, the entrepreneur will have to work with a cash register, and maintain an entire accounting system, for what they will have to hire additional employees and consultants. Obviously the majority of Left bank entrepreneurs do not have enough resources to switch to such organizational and legal status of business operation. And there is no hope the government may help in this process. Many governments apply various incentives to encourage transition of patent entities to legal, which is not the case in Transnistria region.

Another reason for the Transnistria region patent entities to avoid registration as legal entities is the complexity and cumbersome of existing reporting system. Most of entrepreneurs are forced to hire consultants in order to apply for tax refund. Before insisting on switch from one to another legal form, it is necessary to strengthen individual businesses, to provide them with certain knowledge and skills (here a new field for BDS activities might be considered).

From 2010 to 2014 the number of patent holders increased almost 2 times and reached up to 22 thousand persons. The most important event in the development of small and medium-sized enterprises on the Left bank was the adoption of the concept of development of SMEs until 2020, it is expected that the following actions will be performed within the concept:

- The anti-crisis measures to support the economy of the Left bank in conditions of economic downturn (proposal of the executive and legislative authorities, business community and international experts).
- The development of the banking sector and lending to MSMEs.
- The modernization of the tax system as an important factor to stimulate the economy.
- Development of the business climate and support for entrepreneurship. Formation of institute of business ombudsman.
- Problems and prospects of development of foreign markets for export products. Features of trade relations with EU, EEU and CIS.
- Modern technology to attract national and foreign investment.

It should be noted that a major impact on the development of SMEs on the Left bank have unresolved issues of trade relations with both European Union and the right side of Moldova, as well as with Russia and the EEC markets. In trade with Russia a number of Transnistria region goods are equaled to Moldovan, and together they put out of the free trade zone regime. In trade with the European Union it is necessary to implement new standards and technical regulations, which requires additional costs (in Moldova, these costs are largely reimbursed by European funds, on the Left bank this mechanism has not appeared yet). In trade with the right bank there is still a large number of tariff and non-tariff barriers.

It must be emphasized that such organizations as ODIMM and MIEPO do not operate on the Left bank. The closest organization's profile, by the nature of objectives and types of activities, could be the Chamber of Commerce and Industry (CCIT). New economic realities in many ways defined the priorities of this public institution to focus on the development and strengthening of various enterprises, both from left and right side of the Dniester River.

Recently a "single window" service centre was established in Tiraspol, which is free of charge and includes 63 types of services. This service centre allows citizens to apply for the necessary documents in a single organization, to have an interview with one expert, to fill one application form and to provide a minimum set of required documents and get a qualified consultation on relevant issues.

It is also problematic the fact that the few consulting service suppliers on the Left bank are located mainly in the capital, making almost inaccessible counselling the entrepreneurs from the regions and, in particular, for rural enterprises. Seminars and workshops conducted with the support of EU, UNDP and other international organizations are not sufficient and cover a small number of entrepreneurs. Most notable is the organization of business schools on the basis of CCIT, however, the business incubator project unfortunately failed, although the demand for it remains high.