Needs Assessment and Evaluation of COVID-19 Impact on MSMEs
98.7% of all firms are SMEs,
59.8% of business sector employment,
70.8% of value added.

Needs Assessment and Evaluation of COVID-19 Impact on MSMEs

- ~ 140 local communities covered
- more than 400 respondents
- 39% women
- 71% from urban areas
- 39 years - median age of the respondents
Normal distribution of the respondents according to the number of employees

- SMEs relying on imports (38%) and focused on domestic market
- only 15% are involved in export activities
Distribution of respondents by economic sectors:

+ long-lasting relations with their clients and business partners

- low diversification of clients and limited/no access to domestic and external markets for farmers
- 75%-100% decline in sales (all)
- restricted access to raw materials
- lower demand because of decline in households’ revenues
- difficulties with the transportation of employees to/from the workplace
- undermined distribution networks due to closed shops and local markets (right bank)
Poor Crisis Preparedness

- 1/3 of companies have some capital/liquidity reserves that could cover no more then 3 months of their operations
- 12% have access to external financing sources
- 50% do not have proper internal procedures for crisis management
- low juridical literacy of small entrepreneurs and poor quality of contracts with partners (suppliers, distributors, etc.)
- low diversification of clients and limited/no access to domestic and external markets
- business owners do not use insurance instruments for their operations
Level of skills and knowledge in managing ICT tools

- **36%** - low level of skills and knowledge for using ICT tools
- **E-commerce** - lack of proper legal regulations, lack of possibility to refund VAT on exports conducted under e-commerce platforms, lack of currier/transportation services
The conducted needs assessment suggests that the support could be structured in two phases:

(i) **immediate support**, consisting of programs that are most needed by companies right now in order to adapt to and manage the COVID-19 consequences; and:

(ii) **support on the medium and long term** in order to facilitate the post-COVID-19 recovery and enhance resiliency against potential crises.
Immediate support for crisis resilience:

I. **Support the digitization of companies and LPAs** (incl. municipal enterprises)

II. **Support to crisis adaptation** through optimization of business operations

III. **Enhancing the crisis resiliency** through:

   - financial and juridical literacy among entrepreneurs
   - increasing their access to technologies & equipment, infrastructure and markets

I. **Financial support schemes**

II. **Scale-up efficient regional business support infrastructure**

III. **Support for LPA of tailored and evidence-based anti-crisis measures.**
Medium and Long-term interventions for crisis resilience:

I. **Strengthen the connection of populations and regions** to each other is one way to unlock the economic potential of inland regions.

II. **Focus on enhancing the resiliency of MSMEs to crises** by increasing their access to technologies & equipment, infrastructure and markets. Especially for farmers and agri-food sector;

III. **Scale-up efficient regional business support infrastructure** - “one-stop-shops” for small entrepreneurs’ consulting and advise.
Medium and Long-term interventions for crisis resilience:

III. Enhance local investment **attraction** through creating regional clusters;

IV. **Support models of regional social/participative economies** by facilitating local dialogue business platforms;

V. **Promote development of alternative financing instruments and payment tools for companies with less then 10 employees** – contribute to the modernization of the legal framework on microfinance institutions that could turn into a veritable leverage for financing small production structures and vulnerable populations.
All economic development projects have launched or will be launching by August 2020 competitions on the provision of business support to Star-ups and MSMEs in the activity regions;

Grants support programmes for LAGs in Cahul and Ungheni regions covering recovery needs has been launched.

We have enhanced work with sectorial associations and business support organizations like ODIMM, Chamber of Commerce, NGOs so that they could diversify services delivered to MSMEs and provide trainings on actual topics;

We are putting in place a management consulting mechanism in order to guide and assist the most affected and yet less bankable MSMSEs that form a vulnerable group in taking action to build better;

We are taking actions to build capacities of LPAs to elaborate tailored and evidence-based anti-crisis measures for their localities as respondents have expressed the need for more support at the local level;