

Report on capacities of BDS Providers, commodity associations and ACSA and current support practices with regards to large investments with proposals for process improvement

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1. Report on capacities of BDS Providers

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 BDS market on the right bank of 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. Over the last years, the number of companies providing BDS has registered a boost. They are mostly management consulting companies, but among them could be also listed public institutions, non-government and non-for profit organizations, commercial companies, academic related centres, and freelancers. It is very difficult to estimate the number of BDS providers on the right bank of Dniester, given the fact that there is no clear definition of Business Development Services Market.

Though the official data provided by the NBS accounts for more than 800 companies registered and engaged in BDS activities, a thorough analysis showed that many of them are inactive or have nothing in common with BDSP, therefore an estimated number of around 200 BDS Providers are currently operating on the market.

The industry of BDS remains fragmented and requires further diversification. In rural and small urban remote areas there is strong demand for consultancy services. The greatest concentration of BDSPs, more than 50%, is located in the capital city Chisinau.

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

Table 1. Database with 40 BDS Providers (including Agroinform and commodity associations)

#	Location	Company's name	Legal form	Year of foundation	Number of employees	Services provided
1	Chisinau	Agenția Națională de Dezvoltare Rurală (ACSA)	NGO	2001	6	Business Planning, Business Cycle, Strategic planning, Mentoring & Coaching

#	Location	Company's name	Legal form	Year of foundation	Number of employees	Services provided
2	Chisinau	Centrul de Instruire și Consultanță în Afaceri MACIP	subdiviziune ASEM	1993	4	Business Planning, Mentoring & Coaching
3	Dubăsari	Incubatorul de Afaceri Raionul Dubasari	Institutie publica	2013	4	Business Planning, Strategic planning, Mentoring & Coaching
4	Chisinau	Business Consulting Institute	NGO	2000	11	Business Planning, Strategic planning, Mentoring & Coaching
5	Rezina	Logistic Cont SRL	SRL	2012	4	
6	Rezina	AO ADR „Habitat”	NGO	2001	4	Business Planning, Business Cycle, Mentoring & Coaching
7	Nisporeni	Incubatorul de Afaceri Nisporeni	Organizație publică	2014	5	Business Planning, Mentoring & Coaching
8	Rezina	Incubatorul de Afaceri Rezina	Organizație publică	2012	7	Business Planning, Strategic planning, Mentoring & Coaching
9	Chisinau	„ProConsulting” SRL	LTD	2003	10	Business Planning, Strategic planning
10	Chisinau	Centrul de Formare Antreprenoriala (CFA), Camera de Comert si Industrie a republicii Moldova	NGO	1991	>300	Business Planning, Business Cycle, Strategic planning, Mentoring & Coaching
11	Chisinau	Business Intelligent Services	SRL	2000	12	Business Planning, Strategic planning, Mentoring & Coaching
12	Soroca	Incubatorul de Afaceri Soroca	Institutie publica		3	Business Planning, Strategic planning, Mentoring & Coaching

#	Location	Company's name	Legal form	Year of foundation	Number of employees	Services provided
13	Chisinau	Alternative Internationale de Dezvoltare	NGO	2005	5	Business Planning, Strategic planning, Mentoring & Coaching
14	Chisinau	Promo-Terra	NGO	2002	6	Business Planning, Strategic planning, Mentoring & Coaching
15	Chisinau	Mega	NGO	2001	4	Business Planning, Strategic planning, Mentoring & Coaching
16	Chisinau	Export Partners	NGO	2017	5	Business Planning, Strategic planning, Mentoring & Coaching
17	Chisinau	Monelcons	LTD	2006	3	Business Planning, Strategic planning, Mentoring & Coaching
18	Chisinau	OBD Group	LTD	2016	5	Business Planning, Strategic planning, Mentoring & Coaching
19	Chisinau	Eficient Consulting	LTD	2011	3	Business Planning, Strategic planning, Mentoring & Coaching
20	Chisinau	Inspiro Consulting	NGO	2013	6	Business Planning, Strategic planning, Mentoring & Coaching
21	Chisinau	Chamber of Commerce and Industry	Public Institution	1991	35	Business Planning, Strategic planning, Mentoring & Coaching
22	Chisinau	HART PLATFORM	LTD	2016	2	Business Planning, Strategic planning, Mentoring & Coaching

#	Location	Company's name	Legal form	Year of foundation	Number of employees	Services provided
23	Chisinau	BUSINESS DEVELOPMENT CAPITAL	LTD	2015	5	Business Planning, Strategic planning, Mentoring & Coaching
24	Nisporeni	Nis-Agroinform (Agroinform)	NGO	2000	4	Business Planning
25	Drochia	AGRO-CONS (Agroinform)	NGO	2002	5	Business Planning
26	Rîșcani	Association of Business Women from Rural Sector (AFASR) Rascani, (Agroinform)	NGO	2002	5	Business Planning, Strategic planning, Mentoring & Coaching
27	Cahul	Business Center from Cahul (Agroinform)	NGO	2005	5	Business Planning, Strategic planning, Mentoring & Coaching
28	Cantemir	FERMER – AGROINFORM (Agroinform)	NGO	1999	10	Business Planning, Strategic planning, Mentoring & Coaching
29	Edineț	Agroinform, Edinet (Agroinform)	NGO	2000	4	Business Planning
30	Fălești	AO Cutezătorul (Agroinform)	NGO	1999	6	Business Planning, Strategic planning, Mentoring & Coaching
31	Hîncești	Extension Center in agriculture Hancesti (Agroinform)	NGO	2006	5	Business Planning
32	Orhei	AO ORHCONSINFO (Agroinform)	NGO	2006	4	Business Planning
33	Ungheni	Center for Private Initiative (Agroinform)	NGO	1998	5	Business Planning
34	Chisinau	Magenta Consulting	LTD	2006	6	Business Planning, Strategic planning, Mentoring & Coaching
35	Chisinau	MOVCA	NGO	2016	3	Mentoring & Coaching

#	Location	Company's name	Legal form	Year of foundation	Number of employees	Services provided
36	Chisinau	AO Moldovafruct	NGO	2006	6	Business Planning, Strategic planning, Mentoring & Coaching
37	Chisinau	FNFM	NGO	1995	5	Business Planning, Strategic planning, Mentoring & Coaching
38	Chisinau	UNIAGROPROTECT	NGO	2001	4	Business Planning, Strategic planning, Mentoring & Coaching
39	Bălți	Asociatia femeilor de Afaceri din municipiul Balti	NGO	2002	6	Business Planning, Strategic planning, Mentoring & Coaching
40	Chisinau	ASOCIAȚIA NAȚIONALĂ A TINERILOR MANAGERI DIN MOLDOVA	NGO	1997	4	Business Planning, Strategic planning, Mentoring & Coaching

BDSP conclusion

1. The BDS market in Moldova has reached a development stage following the boost of MSME sector over the last 20 years.
2. Micro enterprise, vulnerable categories of population e.g. youth, women, etc. represent the core customers of the BDSP, followed by developing MSMEs from such sectors as: agriculture, industry, trade and services.
3. Implementation of various state and donor programs has come up with BDS platforms: e.g. business Incubators, rural extension services, business portals, a data base 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. Communication with customers partakes a sporadic character rather a systematic one.

Social media is almost not covered despite the great audience and potential to reach new customers.

4. MSMEs development programs have been primarily focused on provision of 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 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 few fields, raises questions on quality and sustainability of provided services.
6. No pricing policy is being set up on BDS market. There is a difference in price which is determined by the following prerequisites: project location, sector, donor support, etc. However, the willingness of MSMEs clients to pay for services provided by suppliers is the surest indicator that these services address the priority needs of small-scale entrepreneurs. Also, to be noticed, there is no clear certification mechanisms for consulting companies set up.
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 and tailored to the specific need of the entrepreneur, even though to a great extent they seek to address MSMEs constrains, the gratuity of such services will never meet customers’ real needs.
8. More complex investment and advisory programmes started to address specific needs of beneficiaries, 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 the co-financing element is applied. One should mention that these BDS are provided to existing businesses who seek development and access to markets.
9. No evaluation of BDS has been carried out so far. No cost benefit analysis of BDS market has been done, consequently there is no understanding to what extent the services provided impacted the business development. The dilemma in measuring the performance of the provision of business development services to MSMEs hinges on the trading of these services.

10. One important aspect found during the filed research is lack of standardization and certification of BDS. Also it is not clear what methodology is applied in rendering these services. One important aspect to be mentioned is that BDSP have good knowledge of local context.

Recommendation relevant for BDSP

- There is a need for consistent implementation of the state policy on improving the investment climate. The development of legal regulation of the market base of BDS in Moldova reduction of administrative barriers.
- In connection with the appearance of the information extension and businesses consulting on production and trade of the features in accordance with European norms, there is a need for donor support training, professional development and certification of BDS professionals to provide services related to the requirements of the new trade.
- Upfront subsidies, in the form of grants, vouchers, or other payment mechanisms, can be useful in lowering the initial costs to small business clients and 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 the full costs, and will thereby generate sufficient demand to permit the growth of local business service suppliers and support networks. There is the first attempt to promote partial subsidies for consulting services through the Agricultural Producers Subsidy Programme 2019.
- In practical terms, there is high interest for Mentoring & Coaching support voiced by microenterprises. This is understandable because these entities with a limited number of employees are most in need for specialized expertise.
- MSMEs need to develop in rapidly growing market finds perfect explanation why lack knowledge to apply DCFTA requirements should be addressed by BDSP in the most serious way: both theoretical and practical. At the moment, most of the Moldovan companies with export potential are facing obstacles in analysing external markets and finding clients.
- Rather than supporting technical assistance activities that end when project funds are exhausted, stakeholders have to analyse carefully the ways to stimulate the 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 BSD providers shall be constantly enhanced, only though qualified services provided, consulting companies on both banks of Dniester River will be able to become competitive on local and regional markets and raise the clientele base.
- Constant upgrade of services provided and new BDSP registry shall be ensured.
- Social media shall be actively used to promote BDS activities, services, achieved results, promotion of various trainings / events, offers for MSMEs.
- In addressing the lack of BDS practicality voiced by business representatives, BDSP shall 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.

2. Conclusions on ACSA capacities

As a result of the assessment of the capacities of the network of ACSA service providers, the following aspects were identified:

- Most of the regional offices are closed, as they do not have state funding for rural extension services
- Out of the 32 regional offices, only two continue to operate in existing locations, while others temporarily operate in other locations.
- Most regional consultants are active and involved in the projects implemented by ACSA
- Most regional consultants have knowledge and experience in developing business plans, less local consultations, which are specialized only in agricultural fields.
- Both regional and local consultations have good expertise in preparing subsidies applications, which is one of their core activities at the moment.