

Research, Network and Support Facility (RNSF)

“Support to enhance livelihoods per people dependent on informal economy
and improve social inclusion of marginalised and vulnerable persons”

Good Practices and Lessons Learned

RESEARCH QUESTION	3-Direct actions in communities
SUB-TOPICS (Research matrix)	<u>Identification of profitable informal economy activities for start-ups (3.2; 3.5)</u>
REGION - COUNTRY OF IMPLEMENTATION	Eastern Europe - Moldova
RESUME OF GOOD PRACTICES	<ul style="list-style-type: none"> • The corner stone for successful implementation of the project and capacity building was trainings on entrepreneurship, management, business start-up and elaboration of business ideas. • An important good practice was the provision of post-creation assistance for newly established entrepreneurs (labour contracts, legal aspects, business management, marketing development, training fields of business development, contracts). Once new businesses were established in the framework and with the assistance of the project, provision of post-creation assistance was commenced.
PROJECT NAME	<i>Support the use of remittances for new businesses and jobs creation</i>
YEAR	2011 - 2014
FUNDING AGENCY	European Commission
IMPLEMENTING AGENCY	Caritas CeskaRepublikaSdruzeni
KEY TARGET GROUPS	Migrants, returned migrants and recipients of remittances (400 family members that receive remittances; 300 returned migrants; and 200 senders of remittances to Moldova). Beneficiaries include also Local Public Administration (involved through Cooperation Agreements) and those who benefit from goods and services provided as the result of business start-ups.
SUMMARY OF THE ACTION	The Project is aimed at fortifying the development of Moldova by stimulating the creation of opportunities for income generating activities in the country through the creation of new businesses. The overall objective is to contribute to the promotion of the sustainable use of remittances for income generating activities in Moldova. The project aims to foster entrepreneurship among 900 Moldovan Returnees and recipients of remittances and the use of remittances for the creation of privately owned business.
GOOD PRACTICES	The work of the project team has been focused on supporting the beneficiaries of the project in registering their enterprises, developing their business plans, applying for loans, and on the provision of post-creation assistance to newly established entrepreneurs.

	<p>The corner stone for successful implementation of the project and capacity building was trainings on entrepreneurship, management, business start-up and elaboration of business ideas. The returnees/recipients of remittances could send their application forms either to local public authorities, to the project coordinator in the respective regions. The received applications were assessed by the project team and the eligible candidates selected, according to the eligibility criteria that had been set up previously. During the implementation period 16 training sessions were provided to 275 participants.</p> <p>An important good practice was the provision of post-creation assistance for newly established entrepreneurs (labour contracts, legal aspects, business management, marketing development, training fields of business development, contracts). Once new businesses were established in the framework and with the assistance of the project, provision of post-creation assistance was commenced. Along with the support provided for businesses start-up in registration procedure, business plan elaboration, the establishment of relationship with financial institutions and investment implementation, the newly established entrepreneurs received the required assistance to sustainable business development. In this regard, the 59 newly established entrepreneurs that commenced the operational activity benefitted from post-creation assistance, including: Legal aspects and taxation; Business management; Accounting and financial reports preparation; Marketing development; Preparation of supply or sales contracts.</p> <p>A brochure “The Guide on business opportunities” was developed with complete and detailed business plans for 30 business ideas actual for Moldova that could be considered by the prospective entrepreneurs, project beneficiaries. The content is based on the findings of the market analysis to identify business opportunities, carried out in initial project period.</p> <p>Dissemination of information among potential beneficiaries was among the project strengths. During the implementation period, 10 articles on good practices represented by success stories of the project beneficiaries were published in newspapers, reaching 54 932 readers. Through these articles, the project team encourage as many migrants/recipients’ of remittances to consider investing their savings rather than “consuming” them. Although in the project did not initially plan the promotion of best practices involving television, in the course of the project implementation three TV programs presenting the successful experience of four of the project beneficiaries during a famous TV program called “Bastina”.</p>
<p>CONCLUSIONS AND RECOMMENDATIONS</p>	<p>The main focus of the project was on support to legal enterprises. Although the project does not explicitly mention informal economy, the implicit focus is obvious, as many of returning migrants and remittances recipients must have been in the IE either in the host country or in Moldova.</p> <p>One of the good practices that were particularly relevant for the informal economy concept was the organisation of outreach through media that are accessible also to</p>

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the individual and companies in the informal economy, notably dozens of radio and TV broadcasts. At the same time, the evaluation team pointed out that there was poor dissemination of the project at the national level as the activities targeted local communities. The project was little advertised on the internet and there was no dedicated website created for the project.

Another important aspect of reaching out to all the regions including rural areas was the establishment of partnership agreements with Local Public Authorities. The representatives of Local Public Authorities are acquainted with the Project, value it and encourage the implementation of similar projects in future. They mentioned that business start-ups contribute to the improvement of the quality of live in the community by providing the necessary services, employing some inhabitants and accumulating money to the local budget. Services provided at the local level are diverse and help work the land but also improve people's health condition by increasing the consumption of rabbit meat, quail eggs etc. However, the lesson learned was that the level of intervention with the Local Public Authorities was still too high. The project cooperated mainly with Rayonal (district) Council and less with the mayors from the first level (localities). There were examples when mayors were interested in identifying the participants of the training session, after being supported in starting a business, but a part of them were indifferent and not interested in local business development.

The evaluation team recommended to establish collaboration between entrepreneurs and rayonal (district) control bodies as the entrepreneurs were not acquainted with all the rules and were afraid of representatives of these institutions. Another recommendation was to provide support in the local collaboration with representatives of various institutions (State Fiscal Inspectorate, Preventive Medicine Centres, etc.).

Another important good practice was the support to the creation of various business associations. "Becoming member of relevant Associations will also increase the sustainability of the business. Only few are members of some rayonal or national Associations of Producer. The example of M. Bugai, the businessman (quail breeding) that together with other quail breeders from Drochia rayon set up the Association of quail breeders "Agrocom" deserves to be followed. Most often, these associations help accelerate start-up activities and consolidate their members' efforts in attracting investments. The businessman pointed out the following benefits of setting up or becoming member of such kind of associations: "at the moment we do not have the possibility to export meat, eggs; we do not have enough knowledge to process it (to make flour of eggs)... The association could consolidate efforts reducing the risks". Therefore, the benefits of joining an association shall be explained during training."

However, the evaluation team stated that the lack of cooperation between businessmen and relevant associations existing in the country and the lack of

	<p>knowledge about these associations was one of the project weaknesses. The large majority of people worked individually.</p> <p>Most importantly, the informality of migrants businesses and irregularity of their conditions caused serious problems in terms of reaching out to the target groups abroad. The evaluation team pointed out that there were certain circumstances that hindered the participation of few migrants and remittance recipients in the project, although these ones were not caused by the implementing agency ProRuralInvest. Circumstances and factors that prevented the participation relate to the irregular character of migration and the impossibility to present any documents proving the migration experience. Some representatives of LPA did not issue certificates although their number is not so big – 3-4 cases in the rayon and 84-110 cases all over the country. The lack of any strategy on the involvement of migrants working abroad in project activities even that they represented one of the target group. There was lack of activities targeting the senders of remittances to Moldova. Similarly, the lack of connection with Moldovan Diaspora organizations and the dissemination of the project within these organizations was mentioned among the negative lessons learned. Such an attempt was made within the first stage of project implementation but no further possibilities have been sought for collaboration with these organizations to promote the project.</p> <p>An unexpected benefit of the project was the positive effect on the return of youth to villages. This happened frequently where there were successful examples of young people who started a business. Another aspect that should not be neglected refers to the creation of a socio-emotional climate in the family by the presence of parents near their children thus reducing the negative consequences that result from these situations.</p>
<p>FURTHER TAGS</p>	<ul style="list-style-type: none"> ▪ Informal Economy enterprise start-up guidance - training and technical support (3.2) ▪ Finance management, basic accounting training for informal economy entrepreneurs (3.2; 3.6) ▪ Advocacy with government to improve legal and policy frameworks to support informal economy enterprises (1.2) ▪ Addressing issues surrounding formalising informal economy enterprises (1.5; 2.2) ▪ Capacity strengthening of government and civil society organisations, including on micro-finance (1.9)
<p>SOURCE(S)</p>	<p>RNSF Research Volume 4.3: https://europa.eu/capacity4dev/iesf/documents/rnsf-research-volume-43-gp-ll-15-ec-funded-projects</p>
<p>REFERENCE(S)</p>	<p>IESF Blog post: https://europa.eu/capacity4dev/iesf/discussions/good-practice-employment-migration-informal-economy-remittances-businesses-and-job</p>