

# ASSESSING THE ENVIRONMENT FOR WOMEN'S ENTREPRENEURSHIP IN THE REPUBLIC OF MOLDOVA

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# LIST OF ABBREVIATIONS

|                          |   |
|--------------------------|---|
| <b>ANOFM</b>             | National Agency for Employment  |
| <b>BPW International</b> | International Federation of Business and Professional Women                 |
| <b>CCI</b>               | Chamber of Commerce and Industry of the Republic of Moldova                 |
| <b>CEDAW</b>             | Convention on the Elimination of All Forms of Discrimination Against Women  |
| <b>CIS</b>               | Commonwealth of Independent States  |
| <b>CNAS</b>              | National Social Insurance House   |
| <b>CNP</b>               | National Participatory Council  |
| <b>CNPM</b>              | The National Confederation of Employers of the Republic of Moldova          |
| <b>EBRD BAS</b>          | European Bank for Reconstruction and Development Business Advisory Services |
| <b>EU</b>                | European Union  |
| <b>FEZ</b>               | Free Economic Zone  |
| <b>GDP</b>               | Gross Domestic Product  |
| <b>GTZ</b>               | German Technical Cooperation Bureau   |
| <b>ICAWB</b>             | International Centre for Advancement of Women in Business                   |
| <b>IDA</b>               | International Development Association                                       |
| <b>ILO</b>               | International Labour Organisation   |
| <b>IOM</b>               | International Organization for Migration                                    |
| <b>JNPGA</b>             | Japanese Non-Project Grant Aid  |
| <b>MCC</b>               | Millennium Challenge Corporation  |
| <b>MEd</b>               | Ministry of Education   |
| <b>MEc</b>               | Ministry of Economy   |
| <b>MF</b>                | Ministry of Finance   |
| <b>MIEPO</b>             | Moldova Investment and Export Promotion Organization                        |
| <b>MJ</b>                | Ministry of Justice   |
| <b>MLSPF</b>             | Ministry of Labour, Social Protection and Family                            |
| <b>NSB</b>               | National Statistics Bureau  |
| <b>NGO</b>               | Non-governmental organisation   |
| <b>NPEGE</b>             | National Program for Ensuring Gender Equality                               |
| <b>ODIMM</b>             | Moldova Small and Medium Enterprise Development Organization                |
| <b>OECD</b>              | Organization for Economic Cooperation and Development                       |
| <b>PNAET</b>             | National Programme for Economic Empowerment of Young People                 |
| <b>SBA</b>               | Small Business Act for Europe   |
| <b>SMEs</b>              | Small and Medium Enterprises  |
| <b>SRC</b>               | State Registration Chamber  |
| <b>UNO</b>               | United Nations Organisation   |
| <b>UNWomen</b>           | United Nations Entity for Gender Equality and the Empowerment of Women      |
| <b>USAID</b>             | United States Agency for International Development                          |

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# EXECUTIVE SUMMARY

This report considers the peculiarities of women's entrepreneurship development in the small and medium enterprises sector, with particular attention paid to highlighting the barriers and challenges faced by women entrepreneurs, as well as to identifying new viable solutions and recommendations with the aim to increase the entrepreneurial potential of women and improve their development perspectives.

The study was carried out by the National Confederation of Employers of the Republic of Moldova with the technical support and assistance from the ILO SRO-Budapest Office.

The assessment focused on ten key elements of the enabling environment for women's entrepreneurship development:

## 1. Policy leadership and coordination

There is no distinctive institution in the Republic of Moldova empowered to develop and implement the normative and policy framework relating to equality between women and men. This task is attributed to line ministries (*Ministry of Labour, Social Protection and Family, Ministry of Economy and others*) by involving the main stakeholders for a wider participation in the development and consultation of draft normative acts and public policies, as well as in the implementation of these policies. Although the international provisions on equal opportunities and equal treatment of women and men have been transposed both, into some strategic policy documents and in the national legislation, there is no clear coherence between these policies, particularly with regard to women's entrepreneurship development.

## 2. Legal and regulatory framework

The current legal and regulatory framework on entrepreneurial activity in general, as well as on the activity of SMEs in particular, is subject to a review process for adjusting the latter to the needs of this sector. However, the effects of such reforms are not yet tangible, as the entrepreneurs continue being faced with a high degree of bureaucracy in public institutions, abuses on behalf of control bodies, incapacity to

keep up with the legislative amendments and understand the essence of legal provisions etc. The legislation pertaining to the given area ensures to an equal extent the right of women and men to carry out entrepreneurial activity, without making any reference to the gender equality principle, which is found in a number of other national normative acts (e.g. labour legislation, family legislation etc.)

## 3. Promotion of women's entrepreneurship

The SMEs sector promotion and support constitutes a Government priority. In this context, the Ministry of Economy implements a number of entrepreneurship support programs aimed at training the economic entities in business management and facilitating their access to funds, although these do not target specifically women. Along with this, women's entrepreneurship is also promoted with the technical assistance and financial support of foreign donors, development partners and non-governmental organizations dealing with gender equality. With regard to promoting the image of women entrepreneurs in mass media, we notice some drawbacks, as there are no TV programs dedicated particularly to successful women or women entrepreneurs, except for some entertainment magazines for women.

## 4. Access to enterprise education and training

The responsibility for drafting and coordination of policies on entrepreneurship education is attributed to several institutions: The Ministry of Education is responsible for developing entrepreneurship in education system; The Ministry of Economy is responsible for drafting and implementing programs for young entrepreneurs and employees; The National Employment Agency organizes training programmes which include some forms of entrepreneurship training. But the largest part of entrepreneurship training is provided by private commercial organizations, non-governmental organizations and development partners. However, the lack of a national accreditation system for private training providers in Moldova creates uncertainty with regard to training effectiveness. Moreover, the poor orientation of SMEs on the training

market and the lack of a unique information system on training offers and their costs, as well as poor advertising of services and added value of these still remain an impediment to the SMEs development.

## 5. Access to credits and financial services

Although the national legal framework does not represent an obstacle to accessing funds, the latter remain a key barrier faced by the SMEs in their activity. In general, the banks and a limited number of micro-finance organizations represent the main source of loans for SMEs. Savings and loan associations are not yet sufficiently well developed to represent an alternative source of financing for SMEs. Along with this, the SMEs sector development is supported by a number of support programs financed by the state and/or by the international development partners, which do not make reference particularly to women's entrepreneurship. Thus, despite the liberalization of financial services, there is a lack of services designed for developing and supporting women entrepreneurs. The main obstacles to accessing financing are the high interest rates on credits and their volatility, the lack of long term financial resources, the lack of collateral and low liquidity of the latter, time-consuming procedures for exercising the collateral right etc.

## 6. Access to business development services

Although estimations show that there are 175 service providers in business development, including government organizations, private companies, non-governmental organizations, projects funded by foreign partners, professional associations, chambers of commerce, the business support infrastructure is poorly developed and the demand for such services is low. Like in the case of enterprise education, the lack of a unique information system on services provided and their costs, as well as the insufficient promotion in conditions of a lack of awareness among entrepreneurs of the role and importance of such services are still an obstacle to the sustainable development of SMEs. Moreover, due to the lack of a high demand for such services and the inexistence of mandatory quality standards, the quality of business development services leaves much to be desired. The services available

are designed to an equal extent for men and women, without making major differences between the beneficiaries, with small exceptions (programs for young people, socially vulnerable categories, migrants and, to a smaller extent, for women entrepreneurs).

## 7. Affiliation to business associations and networks

About one thousand out of the total of 7,859 non-governmental organizations currently registered with the Ministry of Justice focus their activity on promoting gender equality. Half of these partially deal with gender specific issues. There are no estimations of the number of NGOs specialized in promoting and supporting the entrepreneurship among women. It is a certain fact, however, that their number is still small. In general, the main obstacles faced by the associations of women entrepreneurs are: the incapacity to efficiently manage the organization as a result of insufficient professional training, lack of funds, inefficient communication with the members, as well as incapacity to get organised in representative structures which would have a unique and coherent position in front of the public opinion and decision makers. Employers, in general, and women, in particular, know too little about the benefits resulting from the common actions, which fact is proved by the existence of many non-viable organizations.

## 8. Access to business premises and production areas

Moldovan legislation does not hinder in any form the right of women to business premises and access to production areas for their own business. But it is costly for both women and men entrepreneurs to rent spaces and cover the cost of utilities. Moreover, in urban localities, the poor quality of physical infrastructure is another major impediment in business development. A number of actions have been taken to stimulate and support entrepreneurial activities, which do not target specifically women, including the creation of business incubators, industrial parks, scientific and technological parks and free economic zones. Although the resident status provides a number of benefits, poor advertising diminishes their potential. In addition, these cover only partially the SMEs production areas needs and have no objectives to attract more women entrepreneurs by providing services or facilities in this sense.

## 9. Access to trade markets

There are no policies in the Republic of Moldova which would facilitate the access to or stimulate the participation of women to local, national, and international trade markets. No data is available on the number of women entrepreneurs carrying out export activity. The only study which was developed in this area in 2009, shows that women participate in export activity relatively more seldom than men and encounter the same difficulties as men, with a small difference in the commercialization of goods and provision of services. In general, the legal framework regulating domestic trade is adequate to current realities, although there are some provisions promoted by the Government with the aim to support the socially vulnerable categories of the society which are, in fact, to the detriment of economic entities. As a rule, the access to market depends on the quality of products and services provided, investments made in their promotion etc., although there are some market segments which are dominated by natural monopolies and state enterprises, which fact makes the access to these markets extremely difficult.

## 10. The state of research on women's entrepreneurship

Although women's entrepreneurship is a subject of special interest, the only statistical research in this area

was carried out in 2009 and reflected the characteristics of entrepreneurs, their distribution by gender, age groups, training level, development regions and other aspects relevant to business creation and development from the gender perspective. In addition, the number of studies carried out in the academic sector on this subject is still very modest. No study has been carried out so far that would elucidate the sensitive aspects related to obstacles and challenges faced by women entrepreneurs at the stages of business registration, launching and development. Moreover, there is no data available on disabled women entrepreneurs, women entrepreneurs with HIV/AIDS and women entrepreneurs from other ethnic groups. There is no consolidated data on the number of women benefiting from financial and non-financial support for their business, including within support programs of the government, foreign donors and financial institutions. At the same time the inexistence of regular research on this topic make it difficult to study the development of women's entrepreneurship in dynamics.

Based on the above mentioned findings, this study provides recommendations from the perspective of an employers' organization on how to improve the legal and policy framework, as well as specific ways to eliminate obstacles to the development of women's entrepreneurship in the SMEs sector. Below is a list of recommendations in this sense.

# LIST OF RECOMMENDATIONS

## Recommendations for enhancing policy leadership and coordination on women's entrepreneurship

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1. Integrate the women's entrepreneurship related specific needs in the current *Small and Medium Enterprises Development Strategy for 2012-2020* to ensure coherence with the *National Program for Ensuring Gender Equality for 2010-2015*;
2. Strengthen the capacities of gender units within the line ministries to influence effectively the process of drafting the normative acts and policies by promoting more actively women's interests in general and of women entrepreneurs in particular;
3. Establish by law a quota of women's representation and participation in political parties, public institutions and authorities, which is a practice broadly used in other states;
4. Implement the concept of gender sensitive budgeting by adjusting the legal framework and providing training to all the specialists responsible for the concept implementation.

## Recommendations for improving the legal and regulatory framework on women's entrepreneurship development

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5. Adjust the national legal framework to *Law No. 5-XVI of 09.02.2006 on equal opportunities between women and men*.
6. Align the current legal framework on SMEs with the EU standards and SBA principles;
7. Continue the process of improving the regulatory framework on SMEs activity and promote the e-services, which would stimulate entrepreneurship among women, particularly in rural areas due to the simplified business registration procedure;
8. Revise the Labor Code of the Republic of Moldova with the aim to bring its provisions in line with the market economy needs and amend those formal norms which increase the costs of staff employment and dismissal;
9. Study the opportunities for introducing provisions on paternal leave in the legislation with the aim to ensure equal responsibilities for raising and education of children;
10. Develop alternative child care services, in order to provide a possibility for women to get involved in

entrepreneurial activity more rapidly or get employed on the labor market in general.

## Recommendations for improving the promotion of women's entrepreneurship

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11. The Government to implement a number of entrepreneurship support programs designed for women and disabled women or include a specific component on women's entrepreneurship development in the current SMEs support programs;
12. Involve mass media more actively in promoting success stories of women entrepreneurs and raising public awareness about the obstacles faced by them;
13. Develop and disseminate brochures, guidelines and information booklets to promote the best practices about women entrepreneurs;
14. Include some separate gender based nominations in the contest for awarding the title "The Best Entrepreneur in Small and Medium Enterprises Sector" or "Trade Mark of the Year".

## Recommendations for improving the access of women to enterprise education and training

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15. Strengthen the capacities and increase the professionalism of business service providers which provide training by creating a national accreditation system and actively promoting such services;
16. Assess the training needs of women entrepreneurs and develop proper training programs;
17. Create a unique information system on entrepreneurship training service providers, training offers, content and costs of training courses.

## Recommendations for improving the access of women to credits and financial services

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18. Continue developing innovative and alternative SMEs financing schemes in general, with the focus on the needs of women entrepreneurs, in particular. Review the legal framework on microfinance institutions and on savings and loan associations;
19. Financial institutions to promote services for SMEs, focused on financed business potential rather than on guarantees, taking into account their share in the national economy;
20. Establish collaboration between the microfinance institutions and commercial banks to develop a referral system for women who previously benefited from micro-financing and require bigger loans from the banks;
21. Organize awareness campaigns for officials from financial institutions on gender issues with the aim to develop services for women entrepreneurs.

## Recommendations for improving the access of women to business development services

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22. Create a network of business service providers which will mandatorily include options oriented towards the needs of women entrepreneurs or those wishing to start a business in their range of services provided. The needs of disabled women should be also included in the list of priorities;
23. Strengthen the capacities of service providers in order to provide quality services adjusted to the needs of women entrepreneurs;
24. Carry out a national study to identify the needs of women entrepreneurs in business development services;
25. The branch and national level employers' organizations, as well as the chambers of commerce to focus on services adjusted to the needs of women entrepreneurs.
26. Organize awareness campaigns for women entrepreneurs about the need for business development services to increase the enterprise performance and development.

## Recommendations for improving the access of women to business networks and associations

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27. Strengthen the capacities of women's organizations to efficiently represent the rights and interests of women entrepreneurs;
28. Include business women's associations in the current consultation platforms between the business environment and the decision makers (e.g. *National Commission for Consultation and Collective Bargaining, Work Group of the State Commission for regulating entrepreneurial activity and others*);
29. Business women's organizations to focus on the needs of women entrepreneurs and provide adequate services by involving their own or external experts;
30. Create a network of women entrepreneurs' associations under the umbrella of a national women's association which could further join the National Confederation of Employers of the Republic of Moldova;
31. Create a database of all women entrepreneurs' organizations which will provide a general picture of such organizations, their members, services provided and projects implemented by them to support entrepreneurship development among women;
32. Organize annual forums of business women by involving the development partners, NGOs, decision makers who develop and implement gender policies to exchange information and develop good practices.

## Recommendations for improving the access of women to business premises and production areas

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33. Replicate the business incubators and create a network of business incubators; The business incubators to develop services aimed to attract more women as residents and facilitate the marketing of goods and services through the creation of commercial areas within the incubators;
34. The MEc to carry out in collaboration with municipal and local public authorities feasibility studies to identify the locations that could serve as areas for production activity, storage, etc. Such locations can be renovated through public-private partnerships;

35. Lease out spaces under advantageous conditions to women who carry out business activity, create new jobs and develop the community by paying taxes and fees on time. Such measure should be particularly targeting disabled women carrying out business activity.

### Recommendations for improving the access of women to trade markets

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36. Include in the SMEs support programs some specific components focused on developing women's skills to develop quality products and services and to efficiently promote these products and services on the domestic and external markets;
37. Provide broad information on the offers regarding the potential trade markets both through official web pages of relevant institutions and by disseminating leaflets, collaborating with mass media, establishing partnerships with local public authorities, organizing round table discussions and other measures that could facilitate the access of women to the market;
38. Ensure observance by the Public Procurement Agency of the legal provisions on public procurement of goods and services and comply with the obligation to divide the needs of contracting authorities by lots or positions in order to ensure the access of SMEs to public procurement procedures;
39. Local public authorities to participate more actively in facilitating the access of women entrepreneurs to markets by getting involved in cross-border cooperation projects;
40. Review the legal framework with the aim to rationalize customs costs and procedures.

### Recommendations for improving the state of research on women's entrepreneurship

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41. The Government to develop a number of actions designed to resolve the problem of statistical data incoherence regarding the number of SMEs provided by different sources with the aim to unify the SMEs registration and recording system;
42. The NSB to disaggregate statistical data on SMEs sector by gender criterion. At the same time, the structural enquiry of enterprises should mandatorily include the sex, age and education of the owner/manager. The same approach should be applied in the case of some studies carried out by or upon request of the Ministry of Economy, World Bank and other interested parties;

43. Carry out regular researches/surveys disaggregated by gender on SMEs sector and highlight the development of entrepreneurship among women in dynamics. Incorporate data on disabled women entrepreneurs, women entrepreneurs with HIV/AIDS, women entrepreneurs from other ethnic groups and other categories;
44. Develop some thorough and comprehensive studies by involving the academic sector on obstacles and challenges faced by women entrepreneurs at the stages of business registration and development, financing, relations with surveillance and control bodies etc.;
45. Incorporate in the annual reports of line ministries (MEC, MLSPF and others) on the implementation of national strategies and programs information by gender criterion to obtain consolidated data about the impact of these measures on women entrepreneurs, the number of women entrepreneurs benefiting from the government support programs, as well as from programs implemented with the support of development partners.
46. Establish legal obligations for central and local public administration authorities, political parties, and other social-political organizations to submit to official statistics bodies the information required disaggregated by gender criterion.



# 1. INTRODUCTION

*Gender equality is a fundamental value of modern society, while the initiation and promotion of an efficient women's empowerment process provides a favorable environment for social cohesion and economic prosperity.*

*Even if in the Republic of Moldova, like in other former Soviet Union countries currently in transition, the majority of legislative acts have been adjusted to international standards on ensuring equal opportunities to women and men, there are some areas of activity recording unequal distribution of the number of men and women.*

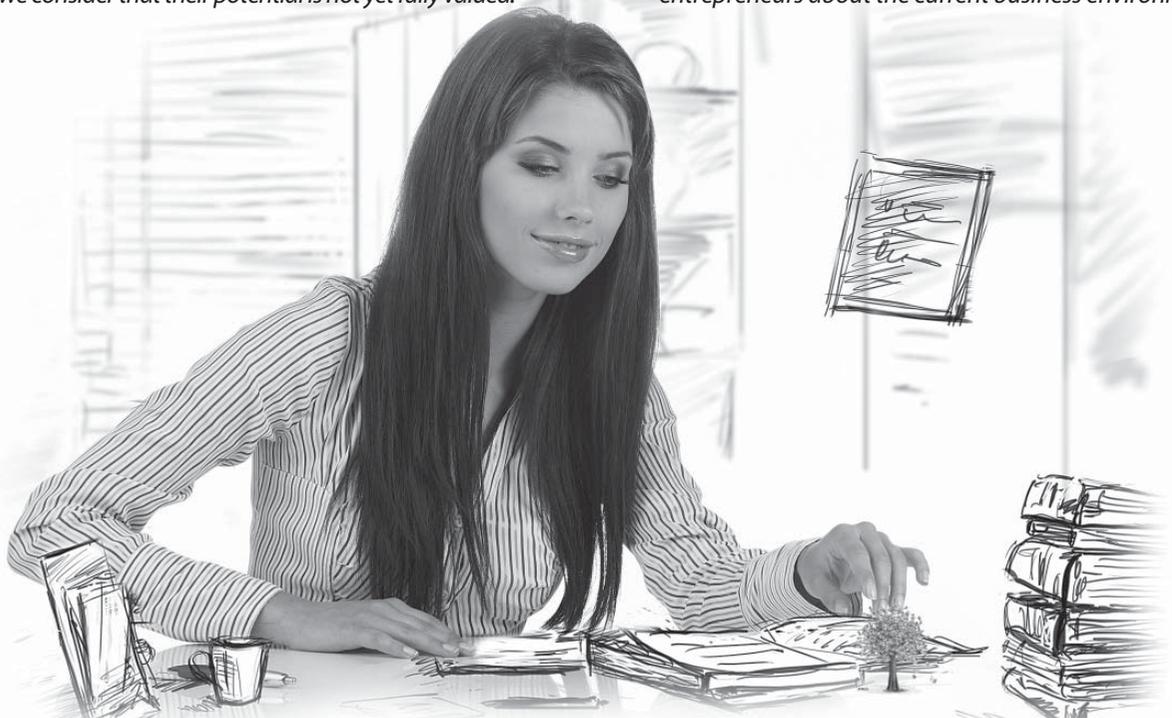
*Moreover, the share of women involved in entrepreneurial activities is an additional proof of the fact that establishing de facto gender equality is a long term process which implies both the existence of a proper legislative and policy framework, and changing the collective mentality, and eliminating the stereotypes which are to the disadvantage of women in the society.*

*Although women impose themselves more and more as entrepreneurs, especially in the small and medium enterprises sector, having, in fact, a dominant share in micro enterprises, we consider that their potential is not yet fully valued.*

*In this context, this study undertakes to address the issue of women's entrepreneurship, being designed to stakeholders from this sector and could serve as a reference point for public authorities in the development and implementation of public policies encouraging the involvement of women in business.*

*Thus, the study begins with the major findings and recommendations for improving and ensuring the efficiency of women's entrepreneurship, followed by two chapters, of which Chapter 2 provides an overview of the conditions influencing the development of entrepreneurship among women based on the legislative framework and official policy documents, reports, studies, statistical data on gender equality and women's empowerment.*

*Chapter 3 provides a detailed analysis based on ten key elements of the enabling business environment for women in compliance with the methodology for developing this study, while covering the view of public authorities pertaining to the given area, non-governmental organizations, business associations and the opinions of women entrepreneurs about the current business environment.*



## 1.1 Objectives of the research

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The goal of this study is to provide a comprehensive assessment of the business environment for women through the legislative, political, economic, social and cultural factors with the aim to identify the barriers to the development of women's entrepreneurship and provide viable solutions for promoting more efficiently the potential of women and using their contribution in the economic development.

In this sense, the study on the environment for women's entrepreneurship development will be focused on the following areas:

1. Policy leadership and coordination;
2. Legal and regulatory framework;
3. Promotion of women's entrepreneurship;
4. Access to enterprise education and training;
5. Access to credits and financial services;
6. Access to business development services;
7. Affiliation to business associations and networks;
8. Access to business premises and production areas;
9. Access to trade markets;
10. The state of research on women's entrepreneurship.

## 1.2 Methodology

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The methodology used in this study is based on the *Integrated Framework Assessment Guide (2007)* developed by the International Labor Organization in partnership with the African Development Bank with the aim to identify the priority areas of intervention in supporting and promoting the entrepreneurship among women. Initially, this Guide was implemented in Canada and subsequently in some African states, being adjusted to the specifics and needs of the latter. Currently, the given methodology is used internationally, including in the Republic of Moldova, due to the ILO support and technical assistance.

This study was developed in several stages, which consisted of the following:

- I. Analysis of Moldovan normative acts and policy documents on promotion of gender equality and empowerment of women; analysis of stud-

ies, analytical reports carried out by national and international experts in the given area, as well as other relevant studies. The statistical data have been taken from the publications of the National Statistics Bureau of the Republic of Moldova.

- II. Drafting the preliminary report on environment for women's entrepreneurship based on the carried out research and statistical data on this subject.
- III. In-depth interviews with representatives of government institutions, non-governmental organizations, international organizations, as well as with business environment representatives.
- IV. Development of the final report based on preliminary data combined with data collected from interviews and some opinions of women entrepreneurs, exemplified during the focus group for report validation.

## 1.3 Limitations of the research

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As the given subject is a relatively recent concern for Moldova, some information provided during the in-depth interviews are incomplete, while some aspects are practically missing, this gap being filled through comparative analysis of data from various available sources and studies in this area.

# 2. FRAMEWORK CONDITIONS FOR GENDER EQUALITY AND THE DEVELOPMENT OF WOMEN'S ENTREPRENEURSHIP



## 2.1 Legal, institutional and policy framework

Promoting the principle of equal opportunities between women and men constitutes a relatively recent concern for the Republic of Moldova which, following the Declaration of independence, recorded a significant progress in bringing the national legislation in line with the international and European standards on equal opportunities and equal treatment for women and men, transposed both into the strategic policy documents and into the national legislation.

The legal framework which sets the background for policies and actions on ensuring gender equality in Moldova is shaped on the basis of relevant international documents to which the Republic of Moldova is party, including: Universal Declaration on Human Rights (1948), Convention on Political Rights of Women (1952), International Pact on Economic, Social and Cultural Rights (1966), Convention on the Elimination of All Forms of Discrimination against Women (1979), Beijing Platform and Action Plan (1995), Millennium Declaration (2000), relevant Conventions of the International Labor Organization etc<sup>[1]</sup>.

At national level, first of all, the *Constitution of the Republic of Moldova (of 29.07.1994)*<sup>[2]</sup> guarantees the equality of citizens before law and public authorities, regardless of race, nationality, ethnic origin, language, religion, gender, political affiliation, property or social origin.

The gender equality subject was also reflected in other national legal acts, the most important of which is *Law No. 5-XVI of 09.02.2006 on Ensuring Equal Opportunities between Women and Men*<sup>[3]</sup>, the goal of which is to ensure the exercising of equal rights by women and men in the political, economic, social, cultural and other spheres of life, as guaranteed by the Constitution of the Republic of Moldova, to prevent and eliminate all forms of discrimination by gender.

<sup>1</sup> Government Resolution No. 933 of 31.12.2009 on the Approval of the National Programme on Ensuring Gender Equality for 2010-2015, Official Gazette of the Republic of Moldova, No. 5-7 of 19.01.2010.

<sup>2</sup> The Official Gazette of the Republic of Moldova, No. 1 of 12.08.1994.

<sup>3</sup> The Official Gazette of the Republic of Moldova, No. 47-50 of 24.03.2006.

The law defines such terms as: “*affirmative actions*”, “*equality of chances*”, “*sexual harassment*”, “*gender unit*”, and stipulates the main forms of discrimination – “*discrimination by gender*”, “*direct discrimination by gender criterion*”, and “*indirect discrimination by gender criterion*”.

In addition, the law states the need for including its principles in all the „public policies, strategies and programs, normative acts and financial investments”, i.e. ensures an integrating approach towards gender dimension.

The law also sets the institutional framework for ensuring equal opportunities between women and men by designating authorities empowered in this area – *the Parliament, Government, Government Commission for Equality between Women and Men, Ministry of Labor, Social Protection and Family, other ministries, central administrative authorities and local authorities through gender units*.

Before the adoption of the law under consideration, a *Subcommittee on Equal Opportunities* under the Commission on Human Rights which used to monitor the situation of women in society was acting in the Moldovan Parliament in the period 1998-2000. Also, in 1999-2001 the *Commission on Women’s and Family’s Problems* was acting under the President of the RM. In 2001 the *gender unit* was created within the Ministry of Labour, Social Protection and Family in the Department of Equal Opportunities and Family Policies, and *gender focal points* were set up within some line ministries.

To implement the legislative provisions on gender equality in practice the Government initially approved the *National Plan on “Promoting gender equality in society for 2003-2005”*<sup>[4]</sup> which provided for the elimination of gender discrimination in the labour market and increasing female employment.

Following the adoption of the *Law no. 5-XVI of 09.02.2006*, the Government developed the *Action Plan on „Promoting Gender Equality in the Society for 2006 – 2009”*<sup>[5]</sup> which was aimed at promoting gen-

<sup>4</sup> Government Resolution No. 218 of 28.02.2003, Official Gazette of the Republic of Moldova, No. 35-37 of 2003. (Abrogated through Government Resolution No. 796 of 25.10.2012, Official Gazette of the Republic of Moldova No. 858 of 31.10.2012.)

<sup>5</sup> Government Resolution No. 984 of 25.08.2006, Official Gazette of the Republic of Moldova, No.142-145 of 08.09.2006. (Abrogated through Government Resolution No. 796 of 25/10/2012, Official Gazette of the Republic of Moldova no. 858 of 31.10.2012.)

der equality through encouraging the participation of women in the decision making process and on the labor market to reduce discrimination by gender in the employment rate, unemployment rate and pay system. The plan also contained actions for the reconciliation of professional life with family life by supplying child care services and services for persons requiring constant care by other persons, encouraging the sharing of professional and family responsibilities.

The *Action Plan* implementation analysis highlighted that due to insufficient human and financial resources, it was impossible to accomplish the objectives stipulated in this document and observe the commitments assumed, although some modest progress was achieved anyway.

Later on, in December 2009, the Moldovan Government approved the *National Program on Ensuring Gender Equality for 2010-2015* and the *Action Plan for its implementation for the period 2010-2012*<sup>[6]</sup>.

The *NPEGE for 2010-2015* covers a detailed analysis of gender equality area, as well as the general and specific objectives for its improvement, by specifying activities, responsibilities and partners for their implementation in 8 priority areas:

1. Employment and labor migration area, for creating equal opportunities on the labor market and in the economic life;
2. Gender sensitive budgeting for all programs in all areas;
3. Participation of women in the decision making process and balanced participation of both men and women at all levels of the political and public life;
4. Social protection and family area, in which women and men have equal dignity and rights in all areas, including in personal and family life;
5. Health area, which means that women and men have equal opportunities to use their health potential, through equal access to quality health services;
6. Education area, which impacts the professional career of women and men and their personal welfare, as well as private life;
7. Violence and trafficking in human beings area,

<sup>6</sup> Government Resolution No. 933 of 31.12.2009, Official Gazette of the Republic of Moldova, No.5-7 of 19.01.2010.

to exclude these phenomena as being the most severe infringements of human rights and fundamental freedoms;

8. The area of increasing public awareness level with the aim to inform public opinion, including through mass media, which can prevent or speed up the structural changes in gender equality implementation.

Thus, although the *NPEGE for 2010-2015* provides a complex integration of the principle of equality between women and men in the economic, political and social life, the only reference to the subject of women's entrepreneurship is contained in the *specific objective No. 1.3 Promoting economic empowerment of women in rural areas* which is pursuing to promote and support entrepreneurship among women from rural and urban areas, this objective being integrated in a more comprehensive chapter on *employment and labor migration*.

Referring to SMEs policy, in 2012, the Government approved a new *Strategy for the Small and Medium Enterprises Sector Development for 2012-2020*<sup>[7]</sup>, as well as an *Action Plan for the SMEs Strategy implementation for 2012-2014*.

Previously, the SMEs sector development framework covered two instruments: the *Strategy for Supporting the Development of Small and Medium Enterprises for 2006-2008*<sup>[8]</sup> and the *State Program for Supporting the SMEs Development for 2009-2011*<sup>[9]</sup>.

The new *Strategy* provides a long term policy framework on micro, small and medium enterprises development in the Republic of Moldova in the context of shifting from consumption based economic development model towards a new paradigm for exports, investment, innovations, political will to pursue the European integration and world economic trends.

<sup>7</sup> Government Resolution No. 685 of 13.09.2012, Official Gazette of the Republic of Moldova, No. 198-204 of 21.09.2012.

<sup>8</sup> Government Resolution No. 521 of 15.05.2006, Official Gazette of the Republic of Moldova, No. 83-86 of 02.06.2006. (Abrogated through Government Resolution No. 796 of 25.10.12, Official Gazette of the Republic of Moldova, No.228 of 31.10.12.)

<sup>9</sup> Government Resolution No. 123 of 10.02.2009, Official Gazette of the Republic of Moldova, No. 37-40/170 of 20.02.2009.

The *Strategy* is based on the recommendations of the study on “*Encouraging the SMEs Sector Development in Moldova*” provided by the Organization for Economic Cooperation and Development (OECD) and related to the application of those ten principles of the “*Small Business Act*” for Europe.

The *Strategy* established the following priorities:

- ▶ Adjusting the legal and normative framework to the SMEs development needs;
- ▶ Improving the SMEs access to financing;
- ▶ Developing the human capital by promoting entrepreneurial competences and culture;
- ▶ Enhancing the SMEs competitiveness and encouraging innovational spirit;
- ▶ Facilitating the development of SMEs in the regions;
- ▶ Developing business partnerships.

The *Strategy* implementation is expected to contribute to:

- ▶ Increasing the average number of SMEs up to 25 SMEs per 1,000 inhabitants by 2020;
- ▶ Increasing the number of employees within the SMEs up to 65% by 2020;
- ▶ Reaching a 38% share of SMEs in the GDP until 2020;
- ▶ Ensuring an efficient competition by consolidating the competitiveness and facilitating the growth and innovations of sustainable SMEs.

The total cost of actions for the implementation of *SMEs Development Strategy for 2012-2014* was estimated at 363 million MDL, of which 47% is not covered.

Compared to the *SMEs Development Strategy for 2012-2020*, which leaves the gender dimension unnoticed, the *Government Action Plan for 2012-2015*<sup>[10]</sup> includes a chapter focused on social policy and a special point - gender policy, providing thus a conceptual framework on promoting long-term gender equality in order to increase the level of participation of women in politics, decision-making and economic life.

<sup>10</sup> Government Resolution No. 289 of 07.05.2012, Official Gazette of the Republic of Moldova, No. 93-98 of 18.05.2012.

At the same time, the *National Development Strategy “Moldova 2020”*<sup>[11]</sup> pays little attention to the gender dimension, in spite of the efforts made by Moldovan NGOs active in this area to include some gender sensitive aspects at the public consultations stage.

There is a very high probability that four of those seven priorities included in the *Strategy “Moldova 2020”* could have a different impact on men and women: “Relevant education for career”, “Accessible and cheap finances”, “Business with clear rules” and “Fair and sustainable pension system”.

Also, there is no coherence between the *SMEs Development Strategy for 2012-2020* and the *NPEGE for 2010-2015* either. The word *woman* shows up in the text of the *SMEs Development Strategy for 2012-2020* twice, with reference to two performance indicators for a state program and for the creation of the business support infrastructure. Thus, at present, encouraging entrepreneurship among women is not a priority of the SMEs sector.

## 2.2 Political participation

Despite international commitments undertaken by the Republic of Moldova, the role of women in political life is not yet very prominent.

In 2013, only 20 of the 101 members of the Parliament are women. This is the direct outcome of the electoral system and lack of imperative regulations regarding inclusion of women on political parties lists competing for the Parliament.

A woman holds the position of the deputy-speaker of the Parliament, three women are sitting in the Permanent Bureau of the Parliament (composed of 14 members), only one woman holds the chair of a Parliamentary fraction (there are four political fractions at present) and three women chair the Parliamentary Standing Committees (Standing Committee on Environment and Climate Changes, Standing Committee on Legal Issues, Appointments and Immunities and Standing Committee on Foreign Policy and European integration; currently there are 10 Standing Committees in the Moldovan Parliament)<sup>[12]</sup>.

<sup>11</sup> Approved through Law No. 166 of 11.07.2012, Official Gazette of the Republic of Moldova, No. 245-247 of 30.11.2012.

<sup>12</sup> <http://www.parlament.md/>

In this context, it is useful to mention that the highest ever number of women elected as MPs was 26 and that was only for the period of a short-living Parliament between July 2009 and September 2010.

In conformity with the world classification of women's representation in national parliaments made by the Inter-parliamentary Union, Moldova ranks 64 of 143, Rwanda ranking first with 56.3% women in the national parliament and a group of four states where women's representation in decision making bodies is zero ranking 143. In comparison to Romania and Ukraine, the representation of women in Moldova is much higher, Romania ranking 97 with 13.3% of women in the legislature and Ukraine ranking 116 with representation of 9.4% of women in the legislature. At the same time, the representation of women in the Parliament of Moldova is quite low compared to the average representation of a number of regions, including the global average<sup>[13]</sup>.

In the executive branch, the situation is not much better. Currently, five of the 21 members of the Cabinet of Ministers are women (Minister of Education, Minister of Labour, Social Protection and Family, Minister of External Affairs and Minister of Culture).<sup>[14]</sup> Also, two women hold the position of deputy prime minister after the recent resetting of the ruling coalition. The positions of directors of institutions subordinated to ministries are dominated by 104 men against 18 women<sup>[15]</sup>.

Among the 38 heads of diplomatic missions, there is only one position held by a woman. Back in 2009 the situation was slightly better, in the 33 diplomatic missions, seven women held the positions of heads of the missions<sup>[16]</sup>.

The situation is not much brighter at the local and regional level. According to the results of the 2011 local elections, women represent only 18.5% of

mayors, 28.6% of the members of local councils and 17.4% of the district-level and municipal councils<sup>[17]</sup>.

In the Autonomous Territorial Unit Gagauzia, the Governor is a man and the People's Assembly of Gagauzia comprises 35 members, of which only one is a woman<sup>[18]</sup>.

## 2.3 Economic environment

In early 1990s, the Republic of Moldova experienced one of the deepest transformational recessions among all the transition countries: in 1994, the GDP contracted considerably 30%. Between 1995 and 1999, the recession got somewhat milder, with the GDP declining 3.3% on average. Since 2000, the economic growth is back again, but the rate of growth (averaging 5.1% per year) was not high enough for the country to recover the pre-transition level of production. After a severe economic contraction in 2009, in 2010-2011 the cumulative economic growth was 14%, driven by external inflows and domestic credit, booming exports and domestic investments. However, following the European economic contraction and the severe drought in the summer of 2012, the economic growth was nil in 2012.

Thus, over the transition period, Moldovan economy suffered significant structural shifts. While back in 1994 the agriculture was responsible for one third of the country's GDP, it currently represents only 9-10%. Despite the country having excellent natural conditions for being a competitive agricultural producer, the sector remains highly vulnerable to extreme climate and trade shocks. The manufacturing sector, which is dominated by the food and beverages industry, has reflected, to some extent, the downturn in the agriculture; its share has declined from 20% in mid 1990s to only 13% in 2012. At the same time, the services sector has expanded its role in the GDP structure, currently producing more than 70% of the country's GDP. A significant proportion of the services sector is actually represented by non-market public services – public administration, education, health protection and social services – accounting for about 20% of the GDP.

<sup>13</sup> Women in national parliaments. Situation as of 1 July 2013// <http://www.ipu.org/wmn-e/arc/classif010713.htm>

<sup>14</sup> <http://www.gov.md/>

<sup>15</sup> Daniela Terzi-Barbarosie, Promote Gender Equality and Empower Women: Civil Society and Private Sector Contribution to Achieving the National Targets of the MDG 3 in the Republic of Moldova, Chişinău, 2012, p. 24., [http://ipp.md/public/files/Publicatii/2012/IPP\\_Report\\_3.pdf](http://ipp.md/public/files/Publicatii/2012/IPP_Report_3.pdf)

<sup>16</sup> <http://www.mfa.gov.md/misiuni-ale-rm/>

<sup>17</sup> Daniela Terzi-Barbarosie, *op. cit.*, p. 24.

<sup>18</sup> <http://gagauzia.md/pageview.php?l=ru&idc=93&id=3941>

With a shallow domestic market and impoverished population, the Moldovan economy can only grow through a more exports-oriented strategy, as acknowledged in the *“Moldova 2020” National Development Strategy*. After the Russian financial crisis and start of en-mass labour migration, the development of the Moldovan foreign trade has been quite unbalanced. According to some estimates<sup>[19]</sup>, in 2012 the total volume of exports of goods and services exceeded USD 3 billion, while imports reached USD 6 billion.

Migrants’ remittances have been one of the key factors of economic growth in the recent decade. In 2008, the remittances reached the all-time maximum of 1.9 billion USD, equivalent of 31% of the country’s GDP the same year (however, in 2006 the remittances, while smaller as absolute volume, represented 34% of the country’s GDP). After the global financial crisis, the remittances receded but remained the most important and most stable source of currency flowing into Moldovan economy. For the sake of comparison, in 2011 the migrants’ remittances equalled 1.6 billion USD, whereas the Official Development Assistance was roughly 220 million USD and the Foreign Direct Investment was slightly above 280 million USD<sup>[20]</sup>.

The dynamics on the labour market in Republic of Moldova have also been modelled in large part by the migration phenomenon. Mass-migration started in yearly 2000, in response to the profoundly negative social and economic fallout from the 1998-1999 Russian financial crisis. The general trend of migration has been upward in the recent decade: according to the Labour Force Survey developed by the National Bureau of Statistics, the number of migrants has grown from 138 thousand in the year 2000 (6% of the working age population) to almost 317 thousand in 2011 (13.3%)<sup>[21]</sup>. The share of women in total migrants has displayed a steady growth over the recent decade: from 30% on average in 2000-2003 up to 35% in 2009-

2011. As share of migrants coming from villages has expanded from 59% in 2000 up to 71% in 2011, the migration of the labour force associates with a large-scale depopulation of the rural communities and with a huge number of children growing up without parental care and elderly left without support.

Remittances have also raised people’s income and reduced the motivations of remaining economically active. The economic activity rate has gone from 60% in 2000 down to 42% in 2011. While the unemployment rate has slightly declined over that period (from 8.5% in 2000 to 4.0% in 2008 and then growing again to 6.5% in 2011), the employment rate has shown a drastic worsening, falling from 55% in 2000 to 39% in 2011. While unemployment rate among women is lower than in case of men (5.6% against 7.7% in 2011), the employment rate is also significantly lower (37.1% compared to 42.1%). While declining, the share of informal jobs still remains high: 33.5% for men and 27.8% for women.

Another worrying trend is the decline in the share of young and economically active population and rise in the share of elderly persons in total population. In the period 2000-2012 the ratio between the working age persons and those aged 60 years and above has declined from 13.6 down to 4.6, reflecting growing demographic pressures on the state pensions fund<sup>[22]</sup>.

<sup>19</sup> EXPERT-GRUP, “MEGA – Moldova Economic Growth Analysis”, issues no.8, February 2012, <http://expert-grup.org/en/biblioteca/item/761-mega-analiza-cre%C8%99terii-economice-%C3%AEn-moldova-nr8-2012&category=7>

<sup>20</sup> Calculations based on the national balance of payments data published by National Bank of Moldova, [http://bnm.md/md/balance\\_of\\_payments](http://bnm.md/md/balance_of_payments)

<sup>21</sup> <http://statbank.statistica.md/pxweb/Database/RO/03%20MUN/MUN07/MUN07.asp>

<sup>22</sup> Adrian Lupusor, The price of inter-generation solidarity and optimal model of reform for the Moldovan pensions system, Expert-Grup, Chişinău, 2012, p.11.

## 2.4 SMEs indicators

The national statistical data show that SMEs represent an extraordinarily large share in the total number of economic entities (97.9%)<sup>[23]</sup> and this indicator remained more or less stable since 2008. The same conclusion goes for the share of SMEs in the total number of employees, with the indicator standing at 57-58% in the period 2008-2011. The share of SMEs in total sales falls far from their contributions in total number of enterprises active and in people employed, accounting for 34.5% of the total economy in 2012.

The micro-enterprises are dominant in the SMEs sector, with more than 77% of total entities registered by the NSB. Due to their vulnerability, such a big share of micro-enterprises represents “the Achilles’ heel” of the economy. At the same time, the small enterprises are in relative dominance when it comes to people employed (39.5% of total) and are absolutely dominant for the turnover of the SMEs sector (52.9%).

Due to their number and contribution in employment the SMEs form the backbone of the Moldovan economy, though they have a modest and declining role as contributors to the GDP. The share of SMEs sector in the GDP went from 35% in 2006-2007 down to 28-29% in 2009-2012.

For the sake of comparison, in EU the SMEs contribute on average 55-60% to the GDP<sup>[24]</sup>. This shows that Moldovan SMEs were less able to harness the strong economic growth that took place up to 2008 and suffered more than large enterprises of the impact of global financial crisis in 2009.

Most of the SMEs in the trade and real estate sectors bring stable flow of revenues to owners, but relatively limited opportunities for innovation-based growth. There was little change in the distribution of SMEs across main economic sectors in the recent eight years. Still some trends are remarkable, particularly the declining share of agriculture and manufacturing industry and growing role of the real estate and services provided to companies.

<sup>23</sup> <http://www.statistica.md/newsview.php?l=ro&idc=168&id=4120&parent=0>

<sup>24</sup> „EU SMEs in 2012: at the crossroads“, ECORYS, 2012 [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/supporting-documents/2012/annual-report\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/supporting-documents/2012/annual-report_en.pdf)

The territorial distribution of SMEs varies significantly. Thus, most SMEs are concentrated in Chişinău, while the regions are marginalized. Even the growing trend of SMEs since 2005 (an increase of 45%) was not proportional across the country: in the south the number of SMEs decreased by 5.1% and in some districts in the north their number was drastically reduced by 15-30%.<sup>[25]</sup>

## 2.5 Women’s entrepreneurship

The most up-to-date information regarding women entrepreneurship in Moldova refers to the year 2009<sup>[26]</sup>, when a special statistical research was conducted to obtain gender-disaggregated data on entrepreneurship activity.

A number of interesting facts can be derived from that research. While most of the findings remain relevant, it is necessary to update the findings of the research, considering that the financial crisis and associated economic downturn in late 2008-2009 had a disproportionately high impact on the Moldovan SMEs.

According to the study mentioned, women represent only 27.5% of the total number of entrepreneurs in Moldova. This is obviously far behind the share of women in the total population (51.9%) and in economically active population (49.4%). Nonetheless, it should be stated that women entrepreneurship indicator exceeds similar indicators in many European countries.

The absolute majority of the women entrepreneurs are in the urban area (85.1% of total women entrepreneurs, with almost 60% actually being in the capital city), which reflects the relatively larger costs of starting and developing a company in the rural area, as well as weaker market potential in villages.

Women entrepreneurs in Moldova have a very high educational background: according to data available, 64.3% of women entrepreneurs graduated from higher education institutions (64.3% against 69.3%

<sup>25</sup> Governance and democracy, Journal of analysis and synthesis, No. 2 (10), 2012, <http://www.e-democracy.md/files/guvernare-democratie-10-ro.pdf>

<sup>26</sup> culai Elena, Conditions for enterprises creation and development: Gender analysis, Chişinău, 2009, p. 9-90, [http://www.statistica.md/public/files/publicatii\\_electronice/conditii\\_intreprinderi/Conditii\\_creare\\_intreprinderi\\_ro.pdf](http://www.statistica.md/public/files/publicatii_electronice/conditii_intreprinderi/Conditii_creare_intreprinderi_ro.pdf)

for men). This indicator speaks in favour of the large potential that women-led businesses have, especially in terms of innovation-generating and innovation-absorption capacities. At the same time, this may be also an indicator of some latent barriers in Moldova limiting the entrepreneurial initiatives of the women with less advanced educational background. Indeed, overcoming the administrative barriers SMEs meet in Moldova requires not only an extraordinary self-confidence, but also clear understanding of laws, regulations and economic rights.

The relative majority of the women entrepreneurs (31.6%) are aged 45-54, with other 29.9% aged 35-44. In general, the average age of a women entrepreneur is 43, two years below the men average (45). Another feature worth mentioning is the fact that in urban areas women entrepreneurs are much younger than in rural ones, on average by 10 years. Sadly, this is just another indicator of the existential risks that many villages in Moldova run because of the fact that a big part of the Moldovan youth abandons the villages and prefers to live either in towns or to migrate for good.

Most of the women entrepreneurs (62.8%) did not have any entrepreneurship experience before starting their businesses, as they were employed in other companies. This fact correlates with the fact that 87.6% of businesses women run are new companies, rather than spin offs from other private and public entities. An interesting finding is that 5% of the women entrepreneurs were occupied only in household activities before launching their own business. Only less than 2% of the women entrepreneurs represent former labour migrants that decided to return home and start business.

Population of the women entrepreneurs is heavily concentrated in the micro and small enterprises. Women entrepreneurs more often than men own or manage micro-enterprises. The share of women entrepreneurs falling in this group is 79.4% of total cohort of women entrepreneurs (compared with 67.8% in case of men). The share of women declines in case of bigger enterprises: 17.2% of women own / manage small enterprises (24.5% the share for men), 2.9% own or manage medium-sized enterprises (6.6% for

men) and only 0.4% of women entrepreneurs run a large company (1.2% of men).

In terms of preferred economic sectors for business activity, most of the SMEs, including those owned by women, deal with trade and non-innovative services. Around 56% of women operate in the wholesale and retail trade, restaurants and hotels (43.4% of men entrepreneurs choose the same sector). The second most preferred sector by women is real estate and services to businesses (16.8%, against 14.1% for men). Only 10% of women prefer to develop a business in manufacture (against 16% of men). However, there are significant regional differences, explained by the region's endowment with production factors. For instance, in the Autonomous Territorial Unit of Găgăuzia, wholesale and retail trade, restaurants and hotels attract almost three quarters of the total women-led enterprises.

For setting up the enterprise, own savings apparently play the most important role, with little differences between those created by women and men: 74% of enterprises set up used owners' savings as source of first capital, about 12% relied mainly on loans received from friends and relatives, 5% used bank loans as main capital source and 5.3% relied on foreign partners providing the necessary capital. This is a reflection of the shallow financial markets in Republic of Moldova and of tight conditions financial institutions (especially, banks) impose on potential debtors.

# 3. ASSESSMENT OF THE ENABLING ENVIRONMENT FOR WOMEN'S ENTREPRENEURSHIP DEVELOPMENT





*I think that women need a special state program to promote the entrepreneurship. Even if we have laws and policies on entrepreneurship, these are not targeting women. Some people say it is not necessary to make difference between women and men, but life shows a totally different reality. Most of the women cannot start up a business without permission from their husbands. In addition, women have more family responsibilities than men. If a woman has a business, this doesn't mean she is exempted from household work, and we actually have no conditions to ensure a balance between family life and business activity.*

*Anastasia – entrepreneur in the trade sector*

This chapter provides a thorough analysis of ten key elements of the enabling environment for women's entrepreneurship development:

1. Policy leadership and coordination;
2. Legal and regulatory framework;
3. Promotion of women's entrepreneurship;
4. Access to enterprise education and training;
5. Access to credits and financial services;
6. Access to business development services;
7. Affiliation to business associations and networks;
8. Access to business premises and production areas;
9. Access to trade markets;
10. The state of research on women's entrepreneurship

### 3.1. Policy leadership and coordination

Political leadership and coordination between the key stakeholders empowered to develop the legal and policy framework on entrepreneurial activity is an essential condition in order to ensure an enabling environment for developing entrepreneurship among women.

Public policies which, at first sight, seem to be neutral from the gender perspective, have a different impact on women and men, because there are substantial differences in the life of women and men in the majority of fields – differences that can make the seemingly neutral policies to increase the existing inequalities even more.

There is no distinctive institution in the Republic of Moldova empowered to develop and implement the regulatory and policy framework on equal opportunities for men and women. This task is attributed to the line ministries by involving the main stakeholders for a wider participation in the development and consultation of draft normative acts and public policies, as well as in the implementation of these policies.

Although the international provisions on equal opportunities and equal treatment of women and men have been transposed both, into some strategic policy documents and in the national legislation, there is no clear coherence between these policies, particularly with regard to women's entrepreneurship.

*The Ministry of Labor, Social Protection and Family* through its *Department for ensuring gender equality and preventing violence* is responsible for the monitoring and evaluation of the National Program for Ensuring Gender Equality for 2010-2015 – the only document including measures for promoting women's entrepreneurship through a complex approach to gender dimension integration. The Department also drafts legislative and normative acts, monitors the observance of provisions set forth in the current legislation and the implementation of programs and actions for organizing activities related to ensuring equal opportunities for women and men, preventing and fighting domestic violence and trafficking in human beings<sup>[27]</sup>.

SMEs sector development related policy drafting and implementation is a task given to two key institutions: the Ministry of Economy of the Republic of Moldova (MEc) and the Moldova Small and Medium Enterprises Development Organization (the Romanian acronym ODIMM).

*The Ministry of Economy of the Republic of Moldova*, through its *Department for Small and Medium Enterprises Development and Liberal Occupations* is the main central public authority responsible for drafting and coordinating policies on small and medium enterprises support and development, as well as for drafting and amending the relevant legislative and normative framework. Along with this, the Department develops proposals on distribution of financial resources for carrying out strategies/programs, maintains an on-going dialogue with the entrepreneurs, collects and summarizes proposals on creation of enabling conditions for entrepreneurship development, contributes to the creation and efficient operation of technological and industrial parks networks, business incubators and business centers, coordinates the organization of exhibitions-forums of small and medium enterprises, seminars, round table discussions, workshops etc.<sup>[28]</sup>

*Moldova Small and Medium Enterprise Development Organization* is the main agency implementing programs for SMEs, which coordinates its activity with the MEc

<sup>27</sup> <http://mpsfc.gov.md/md/doepv/>

<sup>28</sup> <http://www.mec.gov.md/directia-politici-de-dezvoltare-a-intreprinderilor-mici-si-mijlocii-si-profesii-liberale/>

and is responsible for drafting and implementing state programs and SMEs sector development related projects, its activity being focused on promoting the entrepreneurial spirit, providing services to SMEs, facilitating SMEs access to funding and stimulating public-private dialogue. The ODIMM implemented programs include loan securing for SMEs, provision of grants to match the remittances invested in the national economy, organization of training courses on entrepreneurship, organization of the annual SMEs Forum and International SMEs Conference, as well as other thematic workshops, seminars and round table discussions<sup>[29]</sup>.

We would like to reiterate that the Strategy for Small and Medium Enterprises Development for 2012-2020 (SMEs Development Strategy for 2012-2020) the implementation of which is the responsibility of MEc does not provide actions for stimulating entrepreneurship among women.

It is worth mentioning that a number of line ministries are involved in the implementation of NPEGE for 2010-2015 and SMEs Development Strategy for 2012-2020 (Ministry of Economy (MEc), Ministry of Education (MEd), Ministry of Finance (MF) etc.), along with other central and local authorities (Chamber of Commerce and Industry (CCI), Moldova Investment and Export Promotion Organization (MIEPO), National Employment Agency (ANOFM), Agency for Innovations and Technological Transfer (AITT), National Social Insurance House (CNAS)), employers' and trade unions organizations, development partners, business support providers, business associations and NGOs.

Also, the *Government Commission for Equality between Men and Women* was established through Government Resolution No. 350 of 07.04.2006, in compliance with Law No. 5-XVI of 9 February 2006 on Ensuring Equality between Men and Women as a consultative and coordinating body, for the purpose of ensuring a strategic and organizational basis, tools and mechanisms to influence and carry out the state policy on ensuring equal rights and opportunities for men and women<sup>[30]</sup>.

<sup>29</sup> [http://www.odimm.md/index.php?option=com\\_content&view=article&id=48&Itemid=60&lang=ro](http://www.odimm.md/index.php?option=com_content&view=article&id=48&Itemid=60&lang=ro)

<sup>30</sup> Government Resolution No. 350 of 07.04.2006 on Establishing of Government Commission for Equality Between Men and Women, Official Gazette of the Republic of Moldova, No.59-62 of 14.04.200.

The nominal membership of the Commission is approved through Government Resolution. The Commission includes representatives from ministries and other central administrative authorities (at Deputy Minister/Director level), National Trade Unions Confederation, National Confederation of Employers, non-governmental organizations specialized in the given area, academic sector and mass media. The representatives from civil society, academic sector and mass-media are included in the Commission through a decision of the latter for a period of one year term.

Along with this, the current normative framework has created the necessary prerequisites for developing *gender units* within the line ministries (Ministry of Labor, Social Protection and Family, Ministry of Economy, Ministry of Finance, Ministry of Justice, Ministry of Internal Affairs, Ministry of Defense etc.). The institution of gender units is an important condition for the integration of gender dimension in the activity of institutions responsible for the development and implementation of gender legislation.

The civil society also participates in the public policy development, monitoring and evaluation process through the *National Participatory Council (CNP)* created through *Government Resolution No.11 of 19.01.2010*<sup>[31]</sup>, upon initiative of the Prime Minister of the Republic of Moldova, as a consultative body and link between the government, civil society and private sector. The Council includes 30 members representing civil society organizations specialized in various areas, the main task of which is to participate in the policy drafting by providing expertise on draft policies and strategic documents, as well as by carrying out and presenting independent policy impact assessments

We note that the current legal framework ensures the coordination between the key stakeholders in the policy development and implementation process with regard to gender equality.

Nevertheless, the implementation of both the NPEGE for 2010-2015 and the SMEs Development Strategy for 2012-2020 becomes difficult due to the lack of a

<sup>31</sup> Government Resolution No.11 of 19.01.2010 on Establishing the National Participatory Council, Official Gazette of the Republic of Moldova, No. 8-10 of 22.01.2010.

clear link between the policy priorities and allocation of resources from the state budget. Financial resources do not fully cover the implementation costs. There is no evidence of using gender sensitive budgeting in the public finance management systematically. However, it is important to mention that the UN Women, with the support of the academic sector and Ministry of Finance developed the concept on gender sensitive budgeting, which will be implemented in seven stages until 2020. In this regard, it is necessary to ensure the implementation of all activities for adjusting the legal framework and training all the specialists responsible for the implementation of this concept.

### 3.2 Legal and regulatory framework

The current legal framework pertaining to entrepreneurial activity does not hinder in any way the right of women to carry out entrepreneurial activity. References to the principle of non-discrimination by gender criterion are found in a number of national normative acts, which guarantee the right of women and men to equally participate in the economic, political, and social life. Below, we will highlight some aspects of the legislation on family and labor relations which are closely correlated and implicitly determine the degree of women's participation in entrepreneurial activities.

#### Legislation on family

Family relations, as well as other social relations similar to family related ones are regulated by the *Family Code of the Republic of the Republic of Moldova*<sup>[32]</sup>, *Civil Code of the Republic of Moldova*<sup>[33]</sup> and other normative acts in force pertaining to this field.

Pursuant to the Family Code of the Republic of Moldova, all the married persons shall have equal rights and obligations in family relations, regardless of gender, race, nationality, ethnic origin, language, religion, opinion, political affiliation, property and social origin (article 5, paragraph (1)).

The equality of spouses in family relations means that all the family life related issues shall be settled joint-

<sup>32</sup> Approved through Law No. 1316-XIV of 26.10.2000, Official Gazette of the Republic of Moldova, No. 47-48 of 26.04.2001.

<sup>33</sup> Approved through Law No.1107 of 06.06.2002, Official Gazette of the Republic of Moldova, No. 82-86 of 22.06.2002.

ly by the spouses, in compliance with the principle of their equality in family relations; each of the spouses has the right to continue or independently choose the occupation and profession; the spouses determine their domicile freely and independently; the relations between the spouses shall be based on mutual respect and support, common obligations for supporting the family, taking care of and educating their children (article 16 of the Family Code of the Republic of Moldova)

The aspects related to ownership rights of spouses are elucidated in several articles of the Family Code of the Republic of Moldova. Pursuant to article 20, paragraph (1), goods acquired by the spouses during their marriage shall belong to both of them under condominium property right, in compliance with the legislation. At the same time, article 21, paragraph (1) stipulates the right of spouses to possess, use and dispose of common goods, while article 22 regulates cases related to personal property of the spouses.

To carry out the UNO Committee Recommendations<sup>[34]</sup>, the Moldovan Government modified the legal minimum matrimonial age from 16 to 18 for women, while for men it constitutes 18 years, as previously. Thus, based on article 14, paragraph (1) of the Family Code of the Republic of Moldova, as amended through *Law No. 120-XVI of 29.05.08*<sup>[35]</sup>, the minimal matrimonial age is 18 years. For grounded reasons, the registration of marriage may be accepted by reducing the matrimonial age, but not more than by two years.

## Labor legislation

Labor relations area comprises the most complex regulations on prevention, combating and sanctioning gender discrimination.

The principle of equal rights applies in labor relations to all employees. Any direct or indirect discrimination of employees by gender, age, race, ethnicity, religion, political affiliation, social origin, domicile, handicap, trade union affiliation or activity, as well as by other

criteria not related to professional skills shall be prohibited. (article 8 of Labor Code of the Republic of Moldova - hereafter referred to as LC of RM)<sup>[36]</sup>.

Along with this, the LC of RM contains a number of preferential norms which can be applied only to certain categories of employees such as: minors, disabled persons, women, persons with family obligations etc. The legislator accepts the establishment of some differences, exceptions, preferences or rights to employees which are determined by the specific requirements for a job or which require a high social or legal protection as not constituting a discrimination.

With reference to labor remuneration, article 10 paragraph (2) letter g) of the LC of RM sets as a basic obligation of the employer to ensure an equal pay for an equal work value. At the same time, article 128 paragraph (2) of the LC of RM stipulates that no discrimination by gender, age, handicap, social origin, family situation, ethnicity, race or nationality, political affiliation or religious conviction, or trade union affiliation shall be allowed upon setting and paying the salary.

Nevertheless, according to statistics, discrepancies are still recorded in setting salaries by gender criterion, women's average salary constituting 87.8% of the men's average salary in 2011<sup>[37]</sup>. This disproportion is due to the fact that men usually hold higher and better paid positions and prevail in those sectors of economy where salaries are higher, while women constitute a majority in the social sector, where the salary level is lower.

To review the legislation from the perspective of eliminating discrimination against women, on 9 July 2010 the Government approved *Law No. 168 on Amending and Supplementing the Labor Code of the RM*<sup>[38]</sup>. Thus, article 1 of the LC of RM, „General provisions” was added the terms „sexual harassment” and „dignity at work”.

Additional obligations for employees and employers were added to articles 9 and 10. Thus, the employees are now obligated to show a non-discriminatory be-

<sup>34</sup> Combined Report No. 4-5 on the implementation of the Convention on Elimination of All forms of Discrimination Against Women in the Republic of Moldova, Chişinău 2011, <http://mpsfc.gov.md/md/rapoarte/>

<sup>35</sup> Law No. 120 of 29.05.2008 on amending and supplementing the Family Code No.1316-XIV of 26.10.2000, Official Gazette of the Republic of Moldova, No. 125-126 of 15.07.2008.

<sup>36</sup> Labor Code of the Republic of Moldova, Approved through Law No.154-XV of 28.03.2003, Official Gazette of the Republic of Moldova, No. 159-162 of 29.07.2003.

<sup>37</sup> <http://www.statistica.md/category.php?l=ro&idc=264>

<sup>38</sup> Law No. 168 of 09.07.2010 on amending and supplementing the Labor Code of the Republic of Moldova, Official Gazette of the Republic of Moldova, No.160-162 of 07.09.2010.

havior in relation with the other employees and with the employer. The following new obligations were established for employers:

- ▶ to ensure equal chances to and treatment of all persons upon employment, according to profession, upon orientation and professional training, promotion at work, without any discrimination;
- ▶ to apply the same criteria for work quality assessment, sanctioning and dismissal;
- ▶ to take actions for preventing sexual harassment at work, as well as measures for preventing persecution for filing complaints on discrimination with the competent authority;
- ▶ to ensure equal conditions for men and women for combining work obligations with family obligations;
- ▶ to introduce provisions on prohibiting discrimination by any criterion and sexual harassment in the internal regulations of the entity;
- ▶ to ensure observance of dignity at work to employees;

Articles 103, 105, 110, 111 and 318 of the LC of RM, which used to prohibit the involvement of women with children up to three years of age in night work, overtime work, work in days off or holidays, as well as in continuous shifts have been amended, and now women with children up to three years of age are included in the category of persons who can carry out such work upon their consent in writing.

The interdiction from article 249 of the LC of RM for sending pregnant women, women on post-natal leave, as well as women with children up to three years of age on work trips was removed. Starting from the enactment date of the given law, the respective persons can also be sent on work trips upon their consent in writing.

Article 251 of the LC of RM, which prohibits the dismissal of pregnant women, women with children up to six years of age, and persons using their leaves for child care, except for cases of entity liquidation, was amended, and now it provides additional grounds for the dismissal of the respective persons.

The word “women” was substituted with the syntagm “one of the parents (guardian, trustee)” in article 108

of the LC of RM, which sets the provision of breaks for child feeding, and thus, child feeding is no longer a woman’s prerogative. Currently, one of the parents (guardian, trustee) of children up to three years of age benefits from such breaks.

Also, the normative acts regulating relations associated with labor relations<sup>[39]</sup> are developed and/or brought in line with the principle of non-discrimination and gender equality between men and women.

### Legislation on entrepreneurship

Business activity is regulated by a number of normative acts subject to a broad review and improvement process in order to create favorable conditions for business environment development.

Adjusting the regulatory framework to the SMEs development needs is one of the key priorities of the *SMEs Development Strategy for 2012-2020* which is to be implemented through: (1) improving the regulatory framework on SMEs activity, (2) reducing the administrative barriers and regulatory costs for SMEs and (3) improving the regulations on commercial activities carried out by SMEs.

The basic law currently regulating the SMEs activity in the Republic of Moldova is *Law No. 206 of 7 July 2006 on Supporting the Small and Medium Enterprises Sector*<sup>[40]</sup>.

The law identifies three types of enterprises: micro, small, and medium sized enterprises. There are three criteria that must be cumulatively met for an economic entity to be included in one of these categories: average annual cryptic number of employees, annual sales income and annual total value of balance of assets. For comparison, according to EU standards, a company may be qualified as a SME if it meets at least one of the three criteria.

To improve the regulatory framework on SMEs activity, a *draft Law on Small and Medium Enterprises* was developed in line with the opinions and objections provid-

<sup>39</sup> Law No.102 of 13.03.2003 on Employment and Social Protection of Persons in Search of a Job, Official Gazette of the Republic of Moldova, No. 70-72 of 15.04.2003, Law No. 180 of 10.07.2008 on Labor Migration, Official Gazette of the Republic of Moldova, No. 162-164 of 01.01.2009 and others.

<sup>40</sup> The Official Gazette of the Republic of Moldova, No.126-130 of 11.08.2006.

ed by the *Work Group of the State Commission for Regulating the Business Activity*, organizations subordinated to the ministry, representatives of CNPM and CCI.

At the same time, a broad process for reviewing and improving the regulatory framework on business activity started back in 2004 and covered three phases so far. The „Guillotine I” phase, conducted in 2005-2006, revised 818 normative acts of the Government and other central public administration authorities, of which 184 acts were abrogated. The “Guillotine II” phase, conducted in 2006-2008, ended with the abrogation of 93 legislative acts. The „Guillotine 2+” phase, conducted in 2010-2011, revised over 400 permissive acts issued by over 45 authorities and reduced the number of permissive acts to 273 and issuing authorities to 34, respectively.

Thus, the Republic of Moldova recorded progress in business registration procedures. Services provided by several authorities were integrated due to the implementation of the „one stop shop” mechanism, including services provided by: Main State Tax Inspectorate, National Center of Terminology, National Social Insurance House, National Statistics Bureau, National Medical Insurance Company, etc. Along with this, the „e-licensing” was launched, which envisions the issuance, extension, and repeated issuance of licenses on-line.

Currently, legal entities, their branch offices and representatives are registered by the territorial offices of the State Registration Chamber within up to 5 working days from the date of submitting all the documents required for registration. Urgent registration (in 24 or 4 hours) of legal entities, as well as registration in days off or holidays is also provided.

Along with this, through the approval of *Law No.131 of 08.06.2012 on State Control over Business Activity*,<sup>[41]</sup> a number of essential reforms were initiated in this area to limit the degree and procedures for government intervention in the business activity.

However, the majority of entrepreneurs, both men and women, consider the actions of surveillance and control bodies as abusive and groundless most often-times. These abuses are very often the result of lack of knowledge of employers of the legislation in force.

<sup>41</sup> The Official Gazette of the Republic of Moldova, No. 181-184 of 31.08.2012.



*There is a lot of discussion over the last period about creating favorable conditions for business development. In reality, for us it is nothing but fighting for existence every day. Instead of making plans to extend our business, we think, in fact, how to subsist and if it is worth doing business in our country.*

*Elena-entrepreneur in the production sector*



*We need to fully change the statute of tax inspectors. The entrepreneurs are sanctioned for the smallest deviations even when they detect themselves some errors and go to the tax office to correct them. Most oftentimes, the inspectors behave improperly, speaking rudely, and if an entrepreneur files a petition with the hierarchically superior body, they are not punished anyway and keep carrying out their activity unhindered. We are very disappointed for the fact that our governors remain indifferent to such cases of abuse on behalf of control bodies. We want to do business based on clear rules.*

*Adela – entrepreneur in the trade sector*



*It is impossible to receive a consultation from the tax authority. The consultant either doesn't know or doesn't want to answer questions. I cannot afford hiring an economist, which is why I have many questions on the application of tax legislation. Methodical offices practically do not perform their duties, while the skills of many tax inspectors leave much to be desired. It is necessary for the consultative councils to provide consultations to us at least once in a quarter.*

*Valentina – entrepreneur in the agricultural sector*



*I cannot hold outrage when it comes to tax inspectorate. In one of the reports I had submitted, I detected a mistake which I made inadvertently. I indicated a figure in a different line. I went to the tax inspectorate and informed them about the mistake I had made. I was fined and, as grounds for that they wrote down that they had detected a mistake as a result of an audit. I didn't manage to prove I was innocent, so I paid the fine in proportion of 50% because I did it in 24 hours. This is incorrect!*

*Ludmila – entrepreneur in the trade sector*

Also a number of inconsistencies in the legislative and regulatory norms regulating entrepreneurial activity creates impediments and establish additional burdens for entrepreneurs. The *burdensome administrative barriers, the large number of internal regulations within ministries and other public authorities* (which are not brought to notice to entrepreneurs, but which they must know, or they get acquainted with them when pay fines for non-compliance with these regulations) *an absolutely ineffective and even illogical procedure of issuance of fiscal invoices, difficult reporting system, involving considerable financial and human resources, complicated and expensive accounting reporting procedure, imperfect tax legislation* (e.g. double taxation of dividends) *and labor legislation* (which does not correspond to labor relations in a market economy) are just a few of the most common obstacles encountered by entrepreneurs.

With regard to insolvency related procedure, a new *Law on Insolvency No.149 of 29.06.2012*<sup>[42]</sup> was enacted on 14.03.2013. The goal of this law is to insure smooth and consequent application of the legislation on insolvency, to simplify the procedure, protect the creditors and proper performance of insolvency activity by the administrators and liquidators. The law builds upon two fundamental objectives of insolvency procedures and namely: i) maximizing the total value distributed to creditors, shareholders, employees and other interested parties; ii) rehabilitating viable businesses and liquidating the non-viable ones.

According to the World Bank "Doing Business 2013" Report<sup>[43]</sup>, the Republic of Moldova has climbed up 4 positions in this regard, compared to "Doing Business 2012" classification, being placed on position 91 compared to 95 in the previous year.

In general, the findings showed that the procedure lasts approximately 2.8 years, while the creditors get compensation in average proportion of 32% of the accounts receivable of the insolvent debtor, compared to the average among member states of the Organization for Economic Cooperation and Development, where the

<sup>42</sup> The Official Gazette of the Republic of Moldova, No. 193-197 of 14.09.2012.

<sup>43</sup> <http://www.doingbusiness.org/data/exploreconomies/moldova/>

procedure lasts approximately 1.7 years, and the creditors recover 70.6% of their accounts receivable. Even in relation to East European and Central Asian countries, Moldova ranks lower in this regard.

Overall, the Republic of Moldova had a modest evolution in the report "Doing Business 2013", climbing up 3 positions and being placed on position 83, between Kuwait and Croatia, out of the total of 185 states. Compared to the same period of last year, Moldova had made a significant jump in the classification of states by the criterion of easiness of doing business, being placed on position 81. The amendment of classification methodology transformed position 81 held by Moldova in the "Doing Business 2012" into position 86, from which the growth up to position 83 was calculated.

This is particularly due to the fact that, although several draft laws had been developed to improve the situation in these areas, the latter were not reflected in the assessment, as their implementation was launched after the publication of "Doing Business" Report for 2013.

Thus, the current legal and regulatory framework on business activity in general and on the activity of SMEs, in particular, is going through a revision process and adjustment to the real needs of this sector. However, the effects of these reforms are not yet tangible as entrepreneurs are still faced with a high degree of bureaucracy in public institutions, abuses on behalf of control bodies, incapacity to keep up with and understand the essence of legal provisions etc. The legislation pertaining to this area ensures the right of women and men to carry out business activity, but without making reference to gender equality principle.

### 3.3 Promotion of women's entrepreneurship

The persistence of stereotypes and division of roles by gender have a strong influence on social models, which present women as being responsible for the family life and housework to a larger extent than men, this being one of the main reasons for reducing the use of women's potential on the labor market and their participation in the economic, social and political life.

There is no specific policy framework for promoting women entrepreneurs and neither any coherence



*Fiscal invoices can be received only at the Statistical Department in Chişinău, where the whole town is thronging. The term of issuing such invoices surpasses any normal limit, which fact affects the enterprise activity. I had to travel a lot before getting these invoices, and for that, I submitted a number of accompanying documents on hard copy, among which the sales and purchases registries. The biggest nonsense is that the invoices issued suffice one or two weeks, after which the ordeal starts again.*

*Elena – entrepreneur in the production sector*



*The activity of young women should be encouraged through several support programs. From my experience in the PNAET program, I wanted to take a loan, but the bank refused to give it to me due to the lack of collateral. The Fund for Loan Securing could not help me. So I took no loan. It turned out impossible for an enterprise that operated for two years to obtain a loan. How can we develop further on?*

*Natalia- entrepreneur in the production sector*

between the strategies and programs underway to insure the accomplishment of such objective.

For the purpose of creating favorable conditions for starting up and/or developing businesses, the Ministry of Economy, through ODIMM, is implementing 5 entrepreneurship support programs, which are aimed at training economic entities in business management and facilitating access to funding<sup>[44]</sup>. However, neither of these programs is focused on supporting entrepreneurship among women.

▶ *The objective of the „Efficient business management“ Program* is to train economic entities and develop entrepreneurial skills by providing free of charge consultancy and training courses based on selective modules on financial management, human resource management, labor legislation, accounting by areas of application, marketing and others. In 2011, there were organized 65 training courses in 15 localities, as a result of which 2060 persons were trained, including 739 entrepreneurs and 1456 SMEs employees. It is important to note that 1456 (70%) out of the total number of trained persons were women. In 2012 there were organized 62 seminars and trained 1908 persons, of which 62% were women.

▶ *The pilot Program for attracting remittances in the economy „PARE 1+1“* is carried out based on 1+1 rule, and provides 1 MDL for each MDL invested within the Program. The maximum funding amount constitutes 200,000 MDL. The PARE 1+1 Program funds are provided as non-reimbursable grant. The pilot Program has 4 components focused on information and communication; training and entrepreneurial support; business funding and post-funding monitoring and evaluation. During 2010-2012, there were signed 142 non-reimbursable funding contracts with enterprises created and developed with the funds of migrant workers. As a result, 37% of the „PARE 1+1“ Program beneficiaries decided to create enterprises following the Program kickoff (53 enterprises). 15 out of the total number of companies approved

for funding in 2012 were created by women. Estimations show that each MDL provided in grants attracted an investment of 2.5 MDL in the national economy<sup>[45]</sup>.

▶ *National Program for Economic Empowerment of Young People* (the Romanian acronym PNAET) is targeting young people between 18-30 years of age who wish to develop entrepreneurial skills, launch or extend their own business in rural areas, in agriculture or production, thus creating new jobs. The Program includes three components for implementation: training and consulting; financing rural investment projects through provision of reimbursable commercial loans with a grant portion and post-finance monitoring. 1100 young people were trained during 2012. There were also organized 20 training courses in which 577 young people were trained. 46% out of the total number of PNAET training courses participants were women and 13% - economic entities. During 2012, there were approved 291 sub-loans in total amount of 83.43 million MDL, including the grant part of 33.37 million MDL.

▶ *The Loan Securing Fund* is a mechanism facilitating access of the economic entities to funds provided by commercial banks, designed for the start-up or extension of entrepreneurial activity. The ODIMM has 7 agreements with local commercial banks on securing loans for micro and small enterprises (CB Moldova Agroindbank; CB FinComBank; CB Banca de Economii; CB Victoriabank; CB Unibank; Banca Comercial Română Chişinău and ProCredit Bank). During 2012, the Fund issued 37 financial guarantees, which constitutes 41% of the total LSF. Along with this, 76 financial guarantees in total value of 14.9 million MDL were active during 2012, which fact allowed the disbursement of loans in value of 39 million MDL. 28 financial guarantees (36%) of the total number of active financial guarantees were provided to women entrepreneurs. There were created 123 new jobs, including 53 new jobs for women.

<sup>44</sup> Report on the implementation of the development strategy for small and medium enterprises sector for 2012, <http://www.mec.gov.md/rapoarte-intreprinderi-mici-si-mijlocii/>

<sup>45</sup> It is important to specify that the amount of real investments made by entrepreneurs is much larger, the difference resulting from the fact that the beneficiaries are not obligated to submit confirmation documents for the rest of the investment, the Program observing the 1+1 rule, the VAT being an exception.

- ▶ *Small and Medium Enterprises Sector Support and Development Program funded by the Japanese Government* is designed to facilitate the procurement by economic entities of a vast mix of new production equipment. The equipment purchased and imported within the Program is exempted from customs fee, customs procedures fee and benefits from 0% VAT. The equipment is provided to the beneficiary on leasing for one year period and is obligated to pay 60% of the equipment price in this interval, while 40% of the price constitutes a grant component. In 2012, 16 economic entities were provided financing in total amount of 15 million MDL from the JNPGA partner funds. Entrepreneurship among women is also promoted with the technical assistance and financial support of foreign donors, development partners and non-governmental organizations from Moldova dealing with gender equality issues.
  - ▶ *UN Women* under the Program „Economic empowerment of women through increasing the employment opportunities in the Republic of Moldova”, implemented jointly with the Ministry of Labor, Social Protection and Family, with the financial support from the Swedish Government aims to improve the access to information and quality services, strengthen the capacities of key partners responsible for the implementation of policies, promote and protect women’s rights upon employment and social protection and improve the legal framework. To accomplish this objective, Common Information and Service Bureaus were created in several districts, which gather over 9 service providers under a common space. It is expected that the project will cover 28 districts by the end of 2013.
  - ▶ *The International Organization for Migration* is implementing several EU funded projects in the Republic of Moldova in partnership with the ODIMM, the objective of which is to organize and provide training on entrepreneurship to potential migrants returned to Moldova, particularly young people from the socially vulnerable category, as well as to provide non-reimbursable grants in value of up to 2000 Euro for launching a business.
  - ▶ *The EBRD Business Advisory Service (BAS) Moldova* under the „Women in business” Program launched in May 2012 with the financial support from Swedish Government is aimed at promoting and encouraging women from the Republic of Moldova to develop a career in business or a business of their own. Assistance is provided under this initiative through co-financing consultancy projects and other activities aimed to support enterprises managed or owned by women or enterprises where the majority of employees are women. The Program also supports the diversification of consulting services provided by women-consultants.
  - ▶ *The International Center for Advancing Women in Business* in partnership with the ODIMM is implementing the project “Women’s entrepreneurship as an engine for creating jobs in South Eastern Europe”, implemented simultaneously in 9 countries from South Eastern Europe, including in the Republic of Moldova, for a 3-year period (2012-2015). The goal of the project is to promote entrepreneurship among women in the beneficiary countries (Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Moldova, Serbia and Turkey) through best practices, combined with the efforts of public-private sector to create networks and associations of women-entrepreneurs at national and international level.
  - ▶ *Winrock Moldova* supports the development of women’s entrepreneurship through the implementation of several projects that provide training on entrepreneurship and employment, as well as financial support programs for young entrepreneurs who wish to launch a business or extend the already existing businesses.
- Along with this, to support small and medium enterprises, the Ministry of Economy organizes annual *International Conferences of Small and Medium Enterprises* gathering a large number of entrepreneurs from the entire country. The ministry also organizes annual national contests to award the title “*The best entrepreneur from the small and medium enterprises sector*”.
- In the same context, the *Chamber of Commerce and Industry of the Republic of Moldova* organizes every year, jointly with the *State Agency for Intellectual Prop-*



*I think success stories of business women should be disseminated through mass media. Unfortunately, we do not hear much about such stories. All mass media is concerned with politics, revenge between politicians, acts of corruption etc. It is time for the journalists to change their options; there are valuable events and things that should be brought to the public attention.*

*Emilia – entrepreneur in the production sector*

erty of the Republic of Moldova a contest “Trade mark of the year” culminating with the awarding of annual prizes for the most successful projects on creation and promotion of trademarks on the domestic and foreign markets.

Thus, although actions are taken to support the SMEs sector, they are not related particularly to women, this objective being accomplished in Moldova mostly in partnership with foreign donors and NGOs.

With regard to promoting the image of women-entrepreneurs in mass media, we notice some drawbacks, as there are no TV programs designed particularly for successful women or women entrepreneurs.

Keeping in mind the impact of mass media on the society, involving the latter more actively in promoting women entrepreneurs would bring considerable benefits in raising public awareness about the difficulties and obstacles faced by women entrepreneurs, on the one hand, and their contribution, the benefits of managing their own business, their success stories, on the other hand, which would determine a higher participation of women in entrepreneurial activity.

### 3.4 Access to enterprise education and training

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*Law on Education No.547 of 21.07.1995*<sup>[46]</sup> stipulates that the right to education shall be guaranteed regardless of nationality, gender, social origin and status, political affiliation, religion and criminal record. (article 6, paragraph 1)

In the national education system, girls and women represent over half of the total number of school children/students (50.6%), holding a share of 57% in lyceum segment of education, 55.3% in the college segment and 56.3% of the total number of students<sup>[47]</sup>. The vocational secondary education is the segment with the highest share of boys, achieving 68.7%, like in the previous year<sup>[48]</sup>.

<sup>46</sup> The Official Gazette of the Republic of Moldova, No. 62-63 of 09.11.1995.

<sup>47</sup> <http://www.statistica.md/category.php?l=ro&idc=264&>

<sup>48</sup> [http://edu.md/file/Raportul%20ME%20\\_2012.pdf](http://edu.md/file/Raportul%20ME%20_2012.pdf)

Regarding entrepreneurial training and education aspect, the responsibility for policy development and coordination in this area is shared between several institutions: the Ministry of Education is responsible for developing entrepreneurship in the education system; the Ministry of Economy has developed and is implementing programs for young entrepreneurs and employees; the National Employment Agency organizes training courses which include some forms of entrepreneurial studies.

In this context, starting with 2004-2005, the Ministry of Education introduced the "Gender Policy" course in the curricula for master's degree at the universities. Currently, this topic is taught within several courses, depending on the specialization specifics.

At the same time, all the gender policy related aspects are being promoted within professional development courses. The topic is mandatorily included in the courses organized for the managerial staff from central and local public authorities, particularly for mayors, local council secretaries etc.

In general, *entrepreneurship* is a component part of the national Curriculum recommended as optional course by the Ministry of Education. It is implemented in the pre-university education sector through the non-governmental organization *Junior Achievement Moldova* in coordination with the Ministry of Education<sup>[49]</sup>.

*JA Moldova* provides 18 separate programs for schoolchildren, including 6 programs for primary education, 6 programs for gymnasium education and 6 programs for lyceum education. In 2012-2013, 8,314 schoolchildren and 163 teachers from 82 educational institutions (22 territorial entities) were enlisted for the *JA Moldova* programs.

Also, the Ministry of Education developed a *Revised Modular Curriculum on „Entrepreneurship Basics“* for secondary vocational and secondary specialized (college) educational institutions, approved for piloting in 15 secondary vocational institutions and 8 colleges starting from 1 September 2012.

<sup>49</sup> <http://www.mec.gov.md/rapoarte-intreprinderi-mici-si-mijlocii/>

In addition, the development and promotion of entrepreneurial education and culture is a priority of the National SMEs Development Strategy for 2012-2020, which provides actions aimed at promoting a positive attitude towards entrepreneurship by developing activities for improvement, supporting the human capital, managerial and entrepreneurial competences, creating a system for information and consulting services for SMEs.

The Ministry of Economy implements through the ODIMM programs for supporting and promoting entrepreneurial education and culture. These actions are carried out within the *National Program for continuous training of entrepreneurs – „Efficient Business Management“*, *National Program for Economic Empowerment of Young People (PNAET)* and the *pilot Program for Attracting Remittances in the Economy „PARE 1+1“*.

Although these programs do not target specifically the development of women's entrepreneurial skills, some data<sup>[50]</sup> show that the participation rate of women in such training courses is approximately 35%.

At the same time, business incubators provide to entrepreneurs, among other advantages, entrepreneurial training and business consulting, most ofentimes for free.

Also, the *Center for Continuous Training under the Chamber of Commerce and Industry of the Republic of Moldova* offers a broad range of training services on management, marketing, finances, human resources and others, according to the European standards.

The course "*Training Leadership – Successful Woman*" provided by the CCI is focused on women and aims to provide a possibility to the participating women to get acquainted with the leadership principles in a modern world, specific characteristics of women's leadership, to develop methods for reaching leadership, to possess the techniques for influencing and to ensure women's participation in the decision making process.

<sup>50</sup> SME Policy Index: Eastern Partner Countries 2012, Progress in the Implementation of the Small Business Act for Europe, [http://www.oecd-ilibrary.org/finance-and-investment/sme-policy-index-eastern-partner-countries-2012/sba-country-profile-the-republic-of-moldova\\_9789264178847-22-en](http://www.oecd-ilibrary.org/finance-and-investment/sme-policy-index-eastern-partner-countries-2012/sba-country-profile-the-republic-of-moldova_9789264178847-22-en)



*Indeed, there are several companies providing training on entrepreneurship, but most of them are located in Chişinău, while in rural localities, women can hardly find good quality training courses or other services (for example, consulting services). A state training program for Moldovan entrepreneurs would be welcome and particularly a separate one for women entrepreneurs. I think more attention should be paid to life-long education. Everything changes so fast in this world. New technologies emerge, which means that we need to keep learning permanently.*

*Alina – entrepreneur in the production sector*



*I think that the training on entrepreneurship should be oriented towards market requirements. The training courses should be practical otherwise they will not help women to efficiently manage their business. Many people start up a business by fully changing their profession. For example, I was a teacher and after the reorganization of our school in the village I was dismissed. It is not so easy to find a job at the age of 40. I had to start a business, but it is not simple. This is why we need training and it should be of good quality.*

*Marina-entrepreneur in the service sector*

However, the biggest part of entrepreneurial training is provided by private commercial organizations, non-government organizations (ICAWB, Winrock Moldova etc.) and development partners (EBRD BAS Moldova, UN Women, ILO, IOM etc.). The lack of a national system for accrediting private training providers in the Republic of Moldova creates uncertainty with regard to training effectiveness.

We can also positively appreciate the efforts of social partners to ensure continuity of the educational system reform through active participation in the drafting of some normative acts, such as the National Framework of Qualifications, the Regulation on Internships in university education, participation in commissions for finalizing license and master's studies etc.

The development of public-private partnerships in universities constitutes a special element. Thus, through such partnerships, the higher education institutions consolidate their technical-material base. Examples of these include the opening of a *Business Training and Consulting Center*, *Center for Economic Development and Public Affairs*, *Business Incubator* at the Academy of Economic Studies of Moldova (ASEM), *CENIOP Center* at the Technical University of Moldova (UTM), *Center for Guidance in Career and Labor Market Relations* at the State University of Moldova (USM). As an example, the ASEM business incubator hosts six enterprises (of which two are specialized in information technologies, two - in advertising and publicity, one - in consulting for enterprises and small businesses, one - in Power Point applications with the participation of 18 second and third year students). All the activities in these centers support the academic performance of students, a better and more reliable employment, guidance in career for future candidates, organization of jobs and occupations forums for young people etc.<sup>[51]</sup>

For all that, the weak orientation of SMEs on the market of training services and the lack of a unique information system on training offers and their costs, as well as the poor media coverage of services and their added value remain an impediment in the development of SMEs.

<sup>51</sup> [http://edu.md/file/Raportul%20ME%20\\_2012.pdf](http://edu.md/file/Raportul%20ME%20_2012.pdf)

### 3.5 Access to credits and financial services

Improving the access of SMEs to financing is a priority of the *SMEs Development Strategy for 2012-2020*.

Although the legal framework does not represent an obstacle to accessing finances, the latter is still a key barrier faced by the SMEs in their activity.

According to some data<sup>[52]</sup>, 39% of companies consider the access to financing as being the key constraint in business development.

Overall, the banks and a limited number of microfinance institutions represent the main source of loans for SMEs. The savings and loan associations and leasing companies are not yet sufficiently well developed to represent a reliable alternative source of financing for SMEs. The capital market is not currently an important financing source for SMEs either.

Thus, bank loans represent the main borrowing source for SMEs, but their penetration in the Republic of Moldova is very modest. The loans provided to private sector in 2011 constituted only 36% of the GDP, 31% of the total being provided to SMEs, which represents a very small part, taking into account the share of SMEs in the total number of operating enterprises. This rate is much below the average of 52% recorded in the South-East European countries.

According to the OECD „Investment Reform Index” 2020, only 27% of small companies apply to banks to finance their investments, compared to large companies which record 40.3% in this aspect<sup>[53]</sup>.

Loans penetration in the Republic of Moldova is limited by the difficulties faced by the companies in obtaining bank loans. Since 2003, the interest rate on loans has been constantly high, while the nominal interest rates on new loans in Moldovan MDL remained at 18% to 21% and reached 20.3% by the end of 2009. However, according to statistics of the National Bank of Moldova, the average interest rate gradually reduced in 2012, constituting 12.73%<sup>[54]</sup>.

<sup>52</sup> Government Decision No. 685 of 13.09.2012 on approval of the SMEs development strategy for 2012-2020, Official Gazette of the Republic of Moldova, No. 198-204 of 21.09.2012.

<sup>53</sup> *Ibidem*.

<sup>54</sup> *Ibidem*.



*Before starting my business, I worked in a bank and I can confirm that many people do not know the subtleties and consequences of obtaining a loan. I think there should be developed alternative services, such as leasing and factoring within banks and not within leasing and factoring companies, which take money from the banks and add a high percent when offering financing to entrepreneurs.*

*Angela – entrepreneur in the service sector*



*Banks are very selective when it comes to collateral. They accept only what's very profitable. But where can we get what they want? I understand this is the specifics of their business, but how can we make it? Isn't there a solution?... We certainly should learn how to take a bank loan. Banks do not inform us on all details upon signing the contract and we find out about all these afterwards. This is very advantageous for the bank, but not for the entrepreneurs.*

*Arina – entrepreneur in the agricultural sector*

At present, at the stage of business financing deficit, the Republic of Moldova receives financial support from international financial institutions, development partners and ensures the access of SMEs to financial resources through crediting/funding projects or programs, using three financing schemes, including (1) direct financing of local financial institutions, which, in their turn provide loans to SMEs sector under general bank conditions, (2) „apex” financing which is based on „first come, first served” principle, under which the funds are provided to financial institutions for strictly delimited purposes and (3) financing through leasing, which uses a quasi-leasing financing scheme.

The main sector support programs funded by government and/or international development partners include:

The National Program for Economic Empowerment of Young People (PNAET), the Pilot Program for Attracting Remittances in the Economy (PARE 1+1), JNPGA Program for SMEs Sector Supporting and Development funded by the Japanese Government, Competitiveness Enhancement Project, the Fund for Securing Loans managed by the ODIMM, as well as credit lines of international financial institutions and/or provided under some international programs: EBRD, MCC, WB (IDA) etc.

Despite of the liberalization of financial services, there is a lack of services designed for developing and supporting entrepreneurship among women.

According to some data<sup>[55]</sup>, the structure of funding sources at enterprises managed by men and those managed by women differs insignificantly. The share of own savings in the initial capital structure at enterprises managed by women is smaller than at enterprises managed by men, constituting 72.8% (versus 74.8%), foreign investment – 5.0% (versus 5.5%), government subsidies – 0,4% (versus 1.0%). At the same time, women’s enterprises recorded a higher share of funds borrowed from relatives or friends than men – 13.8% (versus 11.4%) and a higher share of bank loans – 5.5% (versus 5.1%).

<sup>55</sup> Aculai Elena, op.cit., p.45-51.

Among problems identified by both men and women in accessing funding are: high interest rates on loans and their volatility, lack of long term financial resources, lack of and reduced collateral liquidity, long procedures for exercising the collateral right, lack of adequate banking technology for SMEs crediting, quality of projects forwarded for funding, poorly developed business infrastructure and lack of companies with venture capital on the financial market.

### 3.6 Access to business development services

Business development services can contribute essentially to increasing the business performance provided that such services are of good quality and adjusted to the needs of business environment.

Creating an information and consulting service for SMEs is a priority direction for the Moldovan Government, set in the *SMEs Development Strategy for 2012-2020*. This action is to be carried out through establishing a network of accredited service providers, increasing the demand for services among SMEs. A similar action was provided for in the *Government Program of SMEs Development for 2009-11*, but was not fully implemented.

There are about 175 business service providers<sup>[56]</sup> operating in the Republic of Moldova, including government organizations, private companies, non-governmental organizations, projects funded by foreign partners, professional associations, chambers of commerce, which also provide entrepreneurial consultancy against payment or free of charge<sup>[57]</sup>. Despite of this fact, the business support infrastructure is poorly developed and the demand for such services is low.

Only 33.1% of the companies provide training to their staff. The employers invest too little in education and continuous professional training, having no support from government and a reliable stability of the trained staff. Companies consider professional

<sup>56</sup> The list of business service providers can be accessed on the official webpage of the ODIMM, [http://www.odimm.md/index.php?option=com\\_content&view=article&id=77&Itemid=215&lang=ro](http://www.odimm.md/index.php?option=com_content&view=article&id=77&Itemid=215&lang=ro)

<sup>57</sup> Government Resolution No. 685 of 13.09.2012 on Approval of the Small and Medium Enterprises Sector for 2012-2020, Official Gazette of the Republic of Moldova, No.198-204/740 of 21.09.2012, <http://www.mec.gov.md/intreprinderi-mici-si-mijlocii/>

training a cost rather than an investment in their own human resources.<sup>[58]</sup>

To gain credibility regarding the quality of provided services, some service providers apply for TAM/BAS certification, supported by EBRD, which uses an internal system for accreditation of business service providers for those SMEs participating in the program. However, there are no mandatory quality standards for business development services at national level.

*The Ministry of Economy* implements entrepreneurship support programs (analyzed in the previous chapters), which are aimed at training economic entities in business management and facilitating the access to funds.

*The National Employment Agency* organizes information seminars for entrepreneurs on labour legislation, selects from the database persons holding professions/crafts that meet the employers' requirements and distributes them for employment, organizes vocational training courses for person in search of a job, upon request of employers etc.

*The Chamber of Commerce and Industry of the Republic of Moldova* provides a wide range of services, among which are training and extension courses, information and documentation, evaluation and expertise, resolution of commercial disputes and others.

*The non-governmental organisations specialized in gender equality* are also involved in various activities designed to improve the situation in the given area. Thus, some NGOs streamline their activities towards advocacy and dialogue in the reference area; while others (particularly those operating at local level) unfold successful support activities and provide assistance to different categories of women. There are a few NGOs (usually those operating at national level) which undertook to combine these two types of approaches to empowerment of women, managing to provide assistance and carry out training activities for beneficiaries, as well as to get engaged in activities with an impact on making policies and improving the legal framework.<sup>[59]</sup>

<sup>58</sup> *Ibidem*.

<sup>59</sup> Daniela Terzi-Barbarosie, *op.cit.*, p.31.

Various *international donor supported projects* also play an important role in the development of SMEs. The official ODIMM webpage relates about approximately 36 such projects, with different target groups, objectives and funding sources. Five of these programs are focused particularly on women as beneficiaries. Other more recent projects are presented on the centralized website for SMEs [www.businessportal.md](http://www.businessportal.md). The rest of the information about availability of business development services is fragmented.

Like in the case of entrepreneurial training, the lack of a unique information system on services provided and their costs, as well as the insufficient promotion in conditions when the entrepreneurs are not aware about the role and importance of such services constitute an impediment to sustainable development of SMEs. Moreover, due to the lack of a high demand for such services and some mandatory quality standards, the quality of business development services leaves much to be desired. Available services are designed to an equal extent for women and men, without making any major difference between the beneficiaries, with some small exceptions (programs designed for young people, some socially vulnerable categories, migrants, and, to a smaller extent, women entrepreneurs).

### 3.7 Affiliation to business associations and networks

The State Registry of Non-Commercial Organizations of the Ministry of Justice of the Republic of Moldova is the main information source, which contains data about non-commercial organizations, which listed 7,859 organizations as of 01.06.2013<sup>[60]</sup>, recording a constant growth compared to the previous years.

Although the number of NGOs is large, not all the registered organizations are active. The majority of registered NGOs (approximately 65%) are located in Chişinău municipality, while Chişinău represents only approximately 25% of the total population of the country<sup>[61]</sup>.

Approximately one thousand out of the total active NGOs carry out activities oriented towards promot-

<sup>60</sup> <http://rson.justice.md/organizations>

<sup>61</sup> Daniela Terzi-Barbarosie, *op.cit.*, p.31.

ing gender equality, protecting women's rights, improving women's life, or are connected to such area of activity. Over half of these partially deal with gender specific issues.

The information portal [www.civic.md](http://www.civic.md) reflects the activity of NGOs sector and contains records of 317 NGOs only in its database, of which only 20 organizations are listed under the Gender/Women's rights Section. Another portal of non-profit sector – [www.ong.md](http://www.ong.md) contains 386 NGOs, 13 of which are under „Women” Section. Such a poor visibility of the associative sector on specialized websites reveals a low interest of the civil society sector in promoting and/or advertising the given websites. In addition, it seems that the NGOs have a distorted understanding of promotion through web portals, wishing to get immediate profitability and benefits<sup>[62]</sup>. There is no estimation available which would show the proportion of women entrepreneurs associations within these non-governmental organizations.

Among the most active NGOs oriented towards promoting and representing women entrepreneurs in the Republic of Moldova are:

*The International Center for Advancement of Women in Business (ICAWB)* created by women from Romania, Ukraine and Republic of Moldova with the aim to support and assist women in increasing their welfare and consolidating their social status, monitor the effective observance of women's rights, promote and develop entrepreneurship among women. ICAWB is a unique organization, as compared to other NGOs. It focuses exclusively on provision of services and assistance to women entrepreneurs or women preparing to become entrepreneurs.

Today, ICAWB means:<sup>[63]</sup>

- ▶ 14 years of experience on the NGOs market of RM;
- ▶ 29 regional representative offices throughout the territory of Moldova;
- ▶ Over 7000 women trained on subjects of entrepreneurial interest;
- ▶ 53 round table discussions with women entrepreneurs;

<sup>62</sup> *Ibidem*, p.32.

<sup>63</sup> Interview with Ms. Tatiana Batușchina, chair person of ICAWB.

neurs;

- ▶ Over 20 types of services provided to their members;
- ▶ Regular participation starting with 2002 in the annual exhibition-forum „Small Business”;
- ▶ Numerous collaborations with national and international partners and organizations (USAID, SOROS Foundation, GIZ, ILO, Winrock International, ODIMM etc.).

A network of Business Women's Associations and NGOs was created in 2009 and includes 15 organizations located throughout the entire territory of the country, including in Chișinău and Bălți Municipalities, and in the Gagauzian TAU:

- ▶ International Center for Advancement of Women in Business (ICAWB)- Chișinău
- ▶ Women's Club „Woman and Society” – Edineț
- ▶ Association of Women Entrepreneurs from Găgăuzia – Comrat
- ▶ Association of Business Women from Vulcănești – Vulcănești
- ▶ Association of Business Women from Rural Sector – Rîșcani
- ▶ PA CERINDE – Chișinău
- ▶ Association of Women from Găgăuzia – Comrat
- ▶ PA Dignity and Rights of Contemporary Women – Bălți
- ▶ Association of Business Women „Femida” – Cahul
- ▶ Association of Business Women form Dondușeni „Cernoleuca” – Dondușeni
- ▶ Association of Business Women from Drochia – Drochia
- ▶ Association of Business Women from Bălți – Bălți
- ▶ PA „Concordia” – Telenești
- ▶ PA from Mereni „Mereneanca” – Mereni, Anenii Noi
- ▶ PA „The Woman-an Equal Partner” – Hîncești

*The Representative office of Winrock International Moldova (Winrock Moldova)*<sup>[64]</sup> is an active actor in preventing the human trafficking phenomenon through economic empowerment of socially vulnerable

<sup>64</sup> [http://www.winrock.org.md/?page\\_id=2](http://www.winrock.org.md/?page_id=2)

young people, both men and women, particularly from rural areas. By providing access to information, training, conciliation and financial support, Winrock Moldova helps young people to actively participate in finding solutions that would diminish the migration phenomenon and would eliminate trafficking in human beings. Winrock Moldova created its own regional support centers in the towns of Comrat, Cahul, Bălți, Soroca, and Hîncești.

*Association of Professional Women of Moldova*, affiliated to BPW International, and later on to BWP Europe, undertakes to support the development of management potential in future business women, promote women in management positions, contribute to improving the business environment in Moldova, as well as establish partnership relations with other business associations and organizations.<sup>[65]</sup>

*Public Association Center for Women's Rights* was constituted to contribute to protecting and promoting women's rights through implementing the provisions of the UNO Convention on Elimination of All Forms of Discrimination Against Women and the recommendations of the UNO Committee for Women's Rights, ensuring the inclusion of gender perspective upon developing and implementing the legislation, raising awareness among women about their rights through publications and legal assistance for women affected by discrimination and violence etc.<sup>[66]</sup>

It is worth mentioning that there are other NGOs in Moldova which promote gender equality, while focusing on other areas. Among these we can mention the following: "Gender-Center", "Partnership for Development", International Center for Protecting and Promoting Women's Rights "La Strada", Women's Association of Moldova, Women's Political Club 50/50 and others.

In general, the key obstacles faced by the associations of women entrepreneurs are: incapacity to efficiently manage the organization as a result of insufficient professional training, lack of funds, inefficient communication with the members, as well as incapacity to associate in representative structures that would

have a unique and coherent position in front of the public opinion and decision makers.

Although the associations of women entrepreneurs provide a broad range of services to their members, the quality of the latter is to be improved considerably. However, it is obvious that the organizations cannot provide quality services under a lack of funds that would allow them to develop the services and involve well prepared and skilled staff to promote the members' rights and interests. Employers, in general, and women in particular, know too little about the benefits resulting from the common actions, which fact is proved by the existence of many non-viable organizations.

### 3.8 Access to business premises and production areas

To register a business, it is necessary for the entrepreneurs to prove the existence of business premises where the latter will carry out their activity.

Moldovan legislation does not hinder in any way the women's right to premises and production areas for their own business. However, it is costly for both women and men entrepreneurs to rent spaces and pay for the utility services. Moreover, in urban localities the poor quality of physical infrastructure constitutes another major impediment in business development.

There are no data available which would prove that women entrepreneurs are disadvantaged in getting business premises or production and storage areas for their businesses.

For the purpose of stimulating and supporting entrepreneurial activity, a number of actions were taken, which do not target specifically women, among which we can list the following:

#### ► Creation of business incubators

Creation of business incubators represent an efficient tool for promoting entrepreneurship and private-public partnership, at the same time being an important means for reusing the buildings of public sector enterprises which are no longer operational.

Currently, there are 10 operating business incubators on the territory of Moldova, three of which were created in 2012. No data are available on the number of

<sup>65</sup> [http://www.bpw.md/index.php?option=com\\_content&view=article&id=23&Itemid=16](http://www.bpw.md/index.php?option=com_content&view=article&id=23&Itemid=16)

<sup>66</sup> <http://www.civic.md/lista/ong/asociatia-obsteasca-%22centrul-de-drept-al-femeilor%22.html>

residents in the business incubators. But we would like to mention that disaggregated data by gender were provided for the first time in the *report of the Ministry of Economy on the implementation of the SMEs Development Strategy for 2012*,<sup>[67]</sup> which included data on the number of residents in the recently created business incubators (2012). Thus, based on data from this report we can observe the following:

- ▶ *Business incubator from Ștefan Vodă* hosts 14 companies (7 start-ups, while the rest have a short activity carried out), 5 of which are constituted and/or managed by women. As a result, 60 new jobs were created, including 27 jobs for women.
- ▶ *Business incubator from Leova* hosts 19 companies, which created 60 jobs, including 28 jobs for women.
- ▶ *Business incubator from Rezina* hosts 16 resident companies (newly created or with a short activity), 6 of which are managed by women. It should be mentioned that the resident enterprises created 44 jobs (19 for women).

Thus, business incubators constitute an efficient mechanism for creating SMEs and new jobs. The incubators facilitate the development of start-ups, providing the necessary logistic support, entrepreneurial training, specialized assistance, an environment for cooperation between investors etc.

We consider that the incubators provide a favorable framework for stimulating entrepreneurship among women. However, we should state that they do not provide the women entrepreneurs with child care specialized services or special conditions for disabled women practicing entrepreneurial activity. Another disadvantage would be the fact that the business incubator network is still limited and poorly advertised.

- ▶ Creation of scientific and technological parks

*Law No. 138 of 21.07.2007 on Scientific and Technological Parks and Innovation Incubators*<sup>[68]</sup> was approved in 2007 to stimulate the innovational activities and technological transfer, designed to transform the scientific research results and innovations into products, services

<sup>67</sup> <http://www.mec.gov.md/rapoarte-intreprinderi-mici-si-mijlocii/>

<sup>68</sup> The Official Gazette of the Republic of Moldova, No.107-111 of 27.07.2007.

and new or improved processes.

*Currently, there are three scientific and technological parks and one innovation incubator in the Republic of Moldova.* Each of these represent a complex of scientific research centers, technological and innovation centers which provide continuous training, forecasts, ensure all the facilities necessary to organize fairs, exhibitions and market development. Along with this, scientific and technological parks collaborate with higher education structures, business and government organizations. There is no data available about the number of women entrepreneurs who are residents of such scientific and technological parks.

- ▶ Creation of free economic zones

Free economic zones (FEZ) were created under Law No. 440 of 27.07.2001 on *Free Economic Zones*<sup>[69]</sup>. They benefit from a special legal statute, as they are parts of the customs territory of the Republic of Moldova, economically separated, strictly delimited throughout their whole perimeter, where local and foreign investors are allowed to carry out types of business activity in a preferential regime, under law conditions.

As of 1 January 2013, there were registered 157 residents in 7 free economic zones. According to the statistical data as of the end of 2012, the number of employees of the free zone residents constituted 6512 persons, recording an increase by 10.8% as compared to the end of 2011<sup>[70]</sup>. No data is available about the number of women entrepreneurs or employed in the FEZs.

- ▶ Creation of industrial parks

The objectives pursued through creation of industrial parks are: to attract local and foreign investments; to create a competitive sector in industry based on modern and innovative technologies; to carry out economic activities in correlation with development opportunities specific to the respective zone; to develop small and medium enterprises, as well as to create jobs<sup>[71]</sup>.

<sup>69</sup> The Official Gazette of the Republic of Moldova, No. 108-109 of 06.09.2001.

<sup>70</sup> Report of the Ministry of Economy on FEZ activity for 2012, <http://www.mec.gov.md/zonele-economice-libere/>

<sup>71</sup> Law No. 182 of 15.07.2010 on Industrial Parks, Official Gazette of the Republic of Moldova, No. 155-158 of 03.09.2010.

Currently, there are three industrial parks in Moldova: (1) *Tracom Industrial Park (Chişinău)* specialized in manufacturing of electric and electronic machines and equipment, metal items and IT technologies; (2) *Cimişlia Industrial Park*, specialized in agricultural production; and (3) *Bioenergagro Industrial Park from Drochia*, specialized in production of gas from biomass.

Thus, the business support infrastructure is improving, although neither of these initiatives is particularly addressing women. Although the resident status of such areas provides a number of benefits, the poor advertising diminishes their potential. In addition, this ensures only partial coverage of the SMEs' production areas needs and have no objectives set for attracting more women entrepreneurs by providing some services or facilities in this sense.

### 3.9 Access of women to trade markets

There are no policies in the Republic of Moldova which would facilitate the access to or stimulate the participation of women to local, national or international trade markets.

*A Strategy for Attracting Investments and Promoting Exports for 2006-2015* was approved with the aim to create favorable conditions for attracting investments in Moldova economy and ensure efficient promotion of the exports of local goods and services<sup>[72]</sup>. The Ministry of Economy is responsible for the monitoring and coordination of the Strategy implementation process. We would like to reiterate that the Strategy makes no gender based differences.

*The Moldova Investment and Exports Promotion Organization (MIEPO)* is a state institution operating in coordination with the Ministry of Economy and is empowered to apply state policies with the aim to attract investments in the economy and promote the exports of Moldovan products, creating a powerful prerequisite for insuring constant economic growth. MIEPO collaborates directly with foreign investors to promote investments and with Moldovan companies to increase exports.

<sup>72</sup> Government Resolution No. 1288 of 09.11.2006, Official Gazette of the Republic of Moldova, No. 181-183 of 24.11.2006.



*I have been in business for over 10 years and I had to overcome many obstacles until currently. Small enterprises need adequate laws, access to financing, knowledge and trade markets. I know very many women who didn't manage to find a market and gave up doing business. Unfortunately, nothing is done to help the entrepreneurs find trade markets and promote their products in the country and abroad.*

*Anastasia – entrepreneur in the trade sector*

It is important to mention that starting 2006, the European Union used to be constantly the main trade market for the Moldovan exporters<sup>[73]</sup>. However, in 2010 and further on, the EU share in total Moldovan exports started diminishing gradually, while the exports volume to CIS countries started growing<sup>[74]</sup>.

Today, the bilateral trade regime between the Republic of Moldova and the European Union is regulated by a system of trade preferences provided to our country by the EU over the past years under the General Preferential System (GPS and GPS+) and since March 2008 the Republic of Moldova has been benefiting from a "generous" system of Autonomous Trade Preferences, which provide the possibility to Moldovan producers to export any type of products on the EU market, without any restrictions for quantity and customs fees, except for some agricultural products (for e.g. fresh meat, dairy products, eggs, wheat, barley, corn, sugar, wine etc.), which can be exported in limited quantities. In this context, certain annual tariff quotas are allocated to each exporting firm, proceeding from the production volume of the latter and/or from the capacity of using such quota.

Such trade liberalization was to a large extent unilateral, as the Republic of Moldova has preserved its right to maintain tariff barriers on the import of many products from the EU, which fact allowed to protect local producers from competition. However, this situation will change with the advancement of European integration process, and particularly with the ratification of the Deep and Comprehensive Free Trade Agreement. Our country will have to gradually eliminate customs fees on the import of all the EU products. This will respectively expose local producers to a tough competition on behalf of the European producers.

There is no data available on the number of women entrepreneurs unfolding export activities. The only study in this sense was carried out within the period May-June 2009 on a sample of 15,537 enterprises<sup>[75]</sup>. According

<sup>73</sup> On 19 December 2006, Moldova signed the Central European Free Trade Agreement (CEFTA), enacted on 1 May 2007.

<sup>74</sup> <http://infoeuropa.md/files/poate-oare-reducerea-exporturilor-moldovei-spre-ue-din-2012-sa-afecteze-procesul-de-negocieri-pentru-crearea-zonei-de-liber-schimb-afundat-si-cuprinzator.pdf>

<sup>75</sup> Aculai Elena, op. cit., p.77-80.

to the data from this survey, only 12.7% of the entrepreneurs participating in the survey carried out export activities. The share of exporting enterprises in the total number of enterprises managed by women constituted 9.1%, while the analogical share of exporting enterprises managed by men constituted 14.1%.

Referring to domestic trade, in general, the existing legal framework is adequate to the current situation, as the latter was consulted with the business environment at the moment of promotion. The main normative act pertaining to this area is *Law No. 231 of 23.09.2010 on Domestic Trade*<sup>[76]</sup> with further amendments and additions. At the same time, Government Resolution No. 547 of 04.08.1995 on *State Coordination and Regulation of Prices (Tariffs)*<sup>[77]</sup> sets specific requirements for the domestic trade, such as the list of socially important products, mark-up limitation on socially important products in the entire value chain, setting ceiling amounts paid in cash for goods and services, etc. Availability of such regulations is due to the state policy for supporting socially vulnerable categories, while representing, at the same time, an obstacle in entrepreneurship development. For example, the introduction of construction materials in the lists along with some food products does nothing but reduces the revenues of such entrepreneurs and investments in their own businesses, respectively, as well as the classification of such goods (construction materials) to the category of socially important goods is a doubtful one.

In fact, accessing the majority of market segments depends on the quality of products and services offered, investments made in their promotion etc., although there are some market segments which are dominated by natural monopolies, state enterprises, which make the access extremely difficult.

The above mentioned study data<sup>[78]</sup> show that the majority of interviewed enterprises (72.7%) mentioned that they encounter difficulties in trade marketing of goods and services. There are practically no differences by gender: the share of women entrepre-

<sup>76</sup> The Official Gazette of the Republic of Moldova, No.206-209 of 22.10.2010.

<sup>77</sup> The Official Gazette of the Republic of Moldova, No. 53-54 of 28.09.1995.

<sup>78</sup> Aculai Elena, op.cit., p.66-77.

neers who indicated such kind of difficulties in the activity of their enterprises is only by 0.7% higher than the share of men. The analysis of difficulties encountered upon commercialization of products/services in different areas showed a relatively higher share of enterprises faced with such difficulties in rural area (79.0%), while the share of such enterprises in urban area constituted 71.5%.

Thus, although there are no legal impediments, due to the lack of some support measures from the state, the tough competition on the economic market determines many women to choose a role of employee rather than that of entrepreneur.

### 3.10 The state of research on women's entrepreneurship

The National Statistics Bureau of the Republic of Moldova is the key institution empowered to organize and coordinate the official statistics of Moldova.

The first extended statistics on gender were developed and published in the booklet „*Women and Men of Moldova*” in 1999. Since 2004, similar publications have been issued regularly. The 2008 edition of this publication was developed by the National Statistics Bureau jointly with the UN Women. The publication contains statistical data disaggregated by gender for the period 2006-2007 on participation in the public and political life, population, health, international migration, labor market, education, social protection, crimes and living standard.

The most recent statistical research on women's entrepreneurship, entitled „*Conditions for enterprise creation and development: gender analysis*”<sup>[79]</sup> was carried out in 2009 and reflected the characteristics of entrepreneurs, their distribution by sex, age groups, education level, location, development regions and other aspects relevant for business start up and development from gender perspective.

To facilitate access to the NSB publications, the latter are posted on the institution's official website [www.statistica.md](http://www.statistica.md). At the same time, the NSB is facing several difficulties in its activity, among which are the lack of

skilled staff specialized in IT, staff instability, high work load on the background of insufficient staff, non-observance of reporting deadlines by some institutions, diminished financing for the NSB activity etc.

It is worth mentioning that there are some problems related to consistency of the Moldovan statistical data on the number of active enterprises in general and on the SMEs in particular.

The first source is the State Register of the State Registration Chamber (SRC), which includes the data on all legal entities registered in Moldova, be they active or not and disregarding the property type, accounting scheme etc. According to latest information available, as of June 1, 2013, the State Register included as many as 162 859 legal entities and individual entrepreneurs, including: 82 355 limited liability companies, 65 553 sole ownership entities, 4 682 joint stock companies, 3 994 cooperatives, 1504 state and municipal enterprises, 1 626 non-commercial organizations, 3145 other forms' entities.<sup>[80]</sup> This source does not provide any gender-disaggregated information. An important remark is that because of the burdensome administrative procedures related to business closure, a significant proportion of the entities registered by the SRC are apparently not active. According to some sources, about 40% of the micro, 10% of the small and 10% of the medium enterprises report no activities<sup>[81]</sup>.

Another database is kept by the State Tax Office, which is based on the State Registration Chamber but only includes those entities which are active and present fiscal reports and also includes the holders of entrepreneurship patents. Entrepreneurship patent holders have to pay fixed monthly payments which include social mandatory contributions and are not subject to any other taxes. There are no publicly available data on the current number of entrepreneurship patents. Since 2009, the permanent tightening of the Governmental policy regarding the entrepreneurship patent holders resulted in a significant reduction of the number of patent holders. An authoritative source estimates their number to have declined

<sup>79</sup> *Ibidem*, 93 p.

<sup>80</sup> <http://cis.gov.md/content/6>.

<sup>81</sup> Alexander Knuth, SME Regulation in Moldova: Recommendations from an Economic Perspective, German Economic Team Moldova, Policy Paper Series PP/02/2010, November 2010.

from 45 thousand in 2006 to about 12-15 thousand in 2011<sup>[82]</sup>.

The third source of data on the number of economic entities is the National Statistics Bureau, which uses its own administrative register, based on the mandatory reporting forms filled in by reporting entities. However, only companies subject to the obligation to maintain double entry accounting and that have recorded business transactions in the year covered by the survey have the obligation to report to the NSB. According to the NSB data, the number of enterprises monitored has grown from 33141 end-2005 to 48541 end-2011. Of enterprises registered by NSB, in 2011 only 1024 are classified as large (2.1% of total); all the others are SMEs<sup>[83]</sup>. One of the key instruments used by NSB to research the SMEs sector is the Enterprises Structural Survey,<sup>[84]</sup> however it only includes economic, financial and employment indicators of the firm itself, but does not include any information regarding the sex, age and education of the owner / manager (this task is to be accomplished during 2013).

However, in Moldova there are also many agricultural entities not reporting to any state authority, including many of those opting for single entry accounting system. These entities are registered only with the local authorities and their exact number is not known as there is no centralized evidence ensured, but apparently there are a lot of them. For instance, only in the mid-sized Căușeni district there are 25000 peasant households registered.<sup>[85]</sup> To put this figure in context, on the right-bank Moldova there are 32 districts and one autonomous territorial unit (Gagauzia).

In other words, we should mention that entrepreneurship among women has been of special interest to several researchers over the past period, but the number of studies dedicated to this topic is still

very modest. Thus, a few scientific articles on entrepreneurship among women have been published in the Academy of Economic Sciences scientific and didactic magazine "Economica"<sup>[86]</sup>, in the scientific-consultative magazine "Fin-Consultant"<sup>[87]</sup> and in other publications issued with the support of foreign donor organizations: UNIFEM Moldova "GENDER" Newsletter supported by the Swedish International Development Agency (SIDA)<sup>[88]</sup> and others.

Thus, we found out that although women's entrepreneurship is an up-to-date subject, no regular researches/surveys are conducted to elucidate the development of entrepreneurship among women in dynamics.

In the same context, we would like to mention that there are no studies which would highlight sensitive aspects related to obstacles and challenges faced by women entrepreneurs at the stages of business registration, launching, and development. Moreover, there is no data about disabled women entrepreneurs, women entrepreneurs with HIV/AIDS, women entrepreneurs from different ethnic groups and other categories. Also, there is no consolidated data on the number of women who benefited from financial and non-financial support in their business, including support programs from government, foreign donors and financial institutions.

<sup>82</sup> Vlad Vasilcov, Entrepreneurship patent – solution for the small business or for widening the economic 'black hole'? includes interview with Eugen Roscovanu, chairman of the Small Business Association, "Economist" magazine, December 26 2011.

<sup>83</sup> <http://statbank.statistica.md/pxweb/Database/EN/24%20ANT/24%20ANT.asp>.

<sup>84</sup> <http://www.statistica.md/pageview.php?l=ro&idc=263&id=2207>.

<sup>85</sup> "Agro-industrial complex of Causeni district", official page of the Causeni District Council, <http://causeni.md/ro/static/33/>.

<sup>86</sup> Micolishina Ana, Gender approach: social roles of men and women and their behavioral models in business – organizations, p.63// [http://reviste.asm.md/files/ec\\_2011\\_3.pdf](http://reviste.asm.md/files/ec_2011_3.pdf) Along with this, the author addresses the given subject in her PhD paper entitled: Women in Business: problems and solutions for the Republic of Moldova// [http://www.cnaa.md/files/theses/2012/22086/anna\\_micolisina\\_abstract.pdf](http://www.cnaa.md/files/theses/2012/22086/anna_micolisina_abstract.pdf)

<sup>87</sup> Postolachi Valentina, Chelari Angela, Increasing the role of women in economic development, Fin-Cosultant No.1, 2012, p.65.

<sup>88</sup> [http://www.un.md/UNIFEM/news/Gender5\\_rom.pdf](http://www.un.md/UNIFEM/news/Gender5_rom.pdf)

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