

Common borders. Common solutions.

The Role of ODIMM in SME Sector Development



Organization for Small and Medium Sector Development from the Republic of Moldova (ODIMM)

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Problems of the SME Sector

- > Lack of entrepreneurial skills and poorly developed entrepreneurial culture;
- > Limited access to loans;
- > High interest rates;
- > Underdeveloped business support infrastructure;
- > Limited access to information;
- > Low level of implementation about new technologies;
- > Bureaucracy.

ODIMM is:

A non-profit and non-commercial organization with the status of public institution, created by Government Decision nr.538 dated on 17 May 2007, working in coordination with the Ministry of Economy and other central and local public administrations, business associations, business support providers and SMEs.

ODIMM specific objectives:

- > Create and sustain supportive business environment and infrastructure for SMEs;
- > Create opportunities to start and develop successful businesses;
- > Build and sustain entrepreneur culture and business skills;
- > Improve SMEs' access to finance;
- > Stimulate private-public dialogue;
- > Facilitate SMEs' access to related information.

ODIMM'S ACTIVITIES

| | | |
|---|-----------------------|--|
|  | FGC | ✓ Providing credit guarantees to SMEs; |
|  | PARE I+I | ✓ Developing entrepreneurial skills of SMEs; |
|  | PNAET | ✓ Providing information, consulting and training services; |
|  | GEA | ✓ Facilitating access to finance for SMEs; |
|  | LYWB | ✓ Developing the business support infrastructure for SME sector. |
|  | SES | |
|  | IAS/IAL/IAS... | |

National Youth Economic Empowerment Program

Objectives:

- Developing entrepreneurial skills of young people;
- Facilitate access for young people to financial resources necessary to launch a business;
- Launching and developing businesses in rural areas

Conditions:

- Young (18-30 years) potential and young entrepreneurs;
- Voluntary application;
- Entrepreneurial spirit;

Activities:

1. **Training component** (management, marketing, human resources etc.)
2. **Financing component** (Credit: up to 300.000 Lei; Maturity: maximum of 5 years; Grant: 40%)

Results of the PNAET:

| | |
|----------------------------|---|
| Training | <ul style="list-style-type: none"> • 3760 individuals • 45% women |
| Financed businesses | <ul style="list-style-type: none"> • 1260 enterprises |
| New jobs created | <ul style="list-style-type: none"> • over 1600 of new jobs |

Efficient Business Management

Aim: To improve the entrepreneurial abilities of the SMEs managers and start-up entrepreneurs.

Activities: ODIMM render entrepreneurial consultations and organizes training courses on following modules:

- Financial management;
- Book-keeping and simplified accounting;
- Marketing;
- Effective sales techniques;
- HR management and legal framework;
- VAT matters;
- Business planning;
- Legal export-import procedures;
- Public procurements.

Results of GEA:

- ▶ 12 training courses
- ▶ 2101 participants
- ▶ 62.5% women

Credit Guarantee Fund

Aim: To facilitate the access to bank loans by providing guarantees to viable micro and small enterprises that lack the necessary collateral.

Activities: Offering the guarantees for start-ups, active businesses and state program beneficiaries through 5 different products:

- For **active enterprises**: up to 1000.000 MDL, but not more than 50% from credit amount, guarantee period 5 years;
- For **start-ups**: up to 500.000 MDL, but not more than 70% from credit amount, guarantee period 5 years;
- For **PNAET beneficiaries**: up to 150.000 MDL, but not more than 50% from the credit amount, guarantee period 5 years;
- For **PARE 1+1 beneficiaries**: up to 200.000 MDL, but not more than 50% from the credit amount;
- For **exporters** - up to 2000.000 MDL, but not more than 50% from credit amount

Impact and results of the Credit Guarantee Fund:

- Increased number of jobs with 28% on average per company;
- Increased sales revenue with 45% on average per company;
- Every MDL given as guarantee allows investments of 3 Lei;

PILOT-PROGRAM FOR ATTRACTING THE REMITTANCES IN ECONOMY "PARE 1+1"

Objective: To stimulate the investment of human and financial resources of migrants in sustainable economic development of Moldova

Target Group: Migrant workers, citizens of the Republic of Moldova; Recipients of remittances - 1st degree relatives (parents, children, spouses).

Components:

- 1st COMPONENT - Information and Communication;
- 2nd COMPONENT - Training and Business support;
- 3rd COMPONENT - Business co-financing;
- 4th COMPONENT - Post-financing monitoring and reevaluation.

Results of "PARE 1+1"

Component I "Information and Communication"

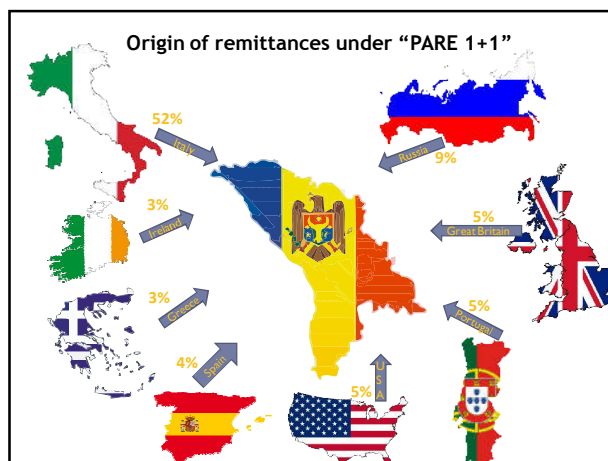
- ▶ Over 6500 consultations provided;
- ▶ 30000 site visits on <http://www.odimm.md/pare.htm>

Component II "Training and Entrepreneurial Support"

- ✓ 27 training courses
- ✓ 490 persons trained

Component III "Business Financing / 1+1 Rule"

- ▶ 233 non-reimbursable funding contracts concluded;
- ▶ MDL 134,4 million - total amount of investments planned by migrant workers or their relatives:
 - MDL 39,2 million - "PARE 1+1" grant.









SOROCA Business Incubator:

Potential for entrepreneurial development








Soroca business incubator is an institution offering the entrepreneurs with good business ideas and business plans the chance to activate in an appropriate environment



- ▶ PTA - Entranse 2 Your Business
- ▶ ODIMM - Organization for SME development
- ▶ LPA - Local Public Administration

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Objectives

- ▶ Generate new small sustainable businesses;
- ▶ Create new places of work;
- ▶ Initiate new enterprises - suppliers or sub suppliers of already existing enterprises and other units of well established local businesses;
- ▶ Train tenants aiming to improve entrepreneurial abilities.










Local authorities: what do they get?

- ▶ Practical implementation of local SMEs / entrepreneurial strategy
- ▶ Prosperity - local centre
- ▶ Stimulate entrepreneurial abilities
- ▶ Demonstrate practical activities
- ▶ National and local visibility
- ▶ Involvement of additional projects, attract attention from donors
- ▶ Possibility of direct investments
- ▶ Substitute imports / exports
- ▶ Possibility of continuous extension and regional development

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Local companies: what do they get?

- ▶ Visible local participation
- ▶ Regional and national publicity
- ▶ New business opportunities
- ▶ Development of local suppliers
- ▶ Improve the control of value chain
- ▶ Efficient production / production development
- ▶ Expand the commercial network
- ▶ Get attention internationally - business investments and cooperation
- ▶ Become more attractive
- ▶ Export opportunities



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Goals achieved

- ▶ Improve entrepreneurial abilities
- ▶ Use IT
- ▶ Reduced production costs
- ▶ High quality services offered to customers
- ▶ Beliefs on behalf of beneficiaries
- ▶ Increase of companies 'income
- ▶ Export oriented
- ▶ Establish partnership with LPA, ODIMM, Donor
- ▶ Close cooperation with ODIMM



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Lessons learned

- ▶ Establish partnership for cooperation and implementation, to achieve goals
- ▶ Training program - necessary

Component part

- ▶ Adequate education of entrepreneurs to pay the bills for utilities
- ▶ The success of an Incubator will depend on thoroughly selection of its Manager;
- ▶ The Manager shall be a professional and have a rich practical experience.



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Challenges

- ▶ Perform studies and analysis - what are the real needs for entrepreneurs and community?
- ▶ Transmit adequate knowledge in order to correctly understand what an incubator is, and which are the benefits?
- ▶ Persuade the entrepreneurs to use IT and advanced technologies;
- ▶ Lack of financial sources, insufficient business management and innovation knowledge;
- ▶ Lack of ability to assure sustainability.




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.simpals

















Company activities

Development of WEB portals (12 portals)

 999.md
  play.md
  point
  forum.md
  drive.md

 Online publicity
  Animation and graphics

 E-Commerce
  Venture Investment








Animation and graphic




The biggest animation studio from RM, that has a portfolio with more 100 advertising videos and 3 short animations.



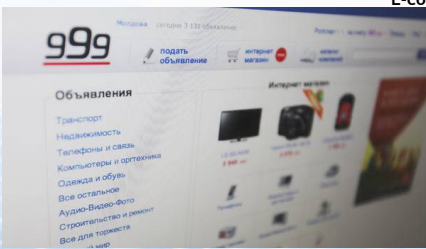
In 2010, Simpals opens the animation school „Școala monștrilor”

monsters



E-commerce



Simpals - the largest online shop with more than 15 000 visitors daily.

