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# CHALLENGES AND PERSPECTIVES OF SOCIAL ENTREPRENEURSHIP IN MOLDOVA (baseline report)

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## List of Abbreviations:

**ODA** - Organization for the Development of Entrepreneurship

**DANIDA** - Ministry of Foreign Affairs of Denmark

**LLC (SRL)** - Limited Liability Company

**LPA** - Local Public Administrations

**UNDP** - United Nations Development Programme

**ENI** - European Neighbourhood Instrument

**SE** - Social Enterprise

**WISE** - Work Integration Social Enterprise

**EU** - European Union



## Metodology

The study on social entrepreneurship in the Republic of Moldova was conducted using a mixed methodological approach that combined desk research with both quantitative and qualitative methods. This approach provided a comprehensive overview of the current state of the sector and public perceptions.

### 1. Desk research

In the first phase of the study, an extensive desk research was conducted, focusing on the following elements:

- **Analysis of Legislative Acts:** The main legislative acts regulating social entrepreneurship in the Republic of Moldova were analyzed, including Law No. 845/1992 on entrepreneurship and enterprise, with a focus on Chapter VI1, which introduces specific regulations for social enterprises and insertion enterprises. Relevant legislative improvement proposals for this sector were also examined.
- **Studies and Specialized Literature:** Studies dedicated to social entrepreneurship were analyzed, both at the national and international levels. Among them, the "Report on the analysis of the current situation and challenges regarding the development of social entrepreneurship in Moldova" by GIZ Moldova and "A map of social enterprises and their eco-systems in Europe" by ICF Consulting Services were utilized.
- **Analysis of Online Platforms and Websites:** Websites and online platforms that support social entrepreneurship in Moldova were studied, such as those managed by NGOs Ecovisio and EcoRazeni, the Organization for the Development of Entrepreneurship (ODA), and other organizations involved in promoting this sector. Additionally, the websites and Facebook pages of relevant social enterprises were analyzed to understand how they promote their activities and interact with the community.

### 2. Data collection

The quantitative data in the study are based on the results of three distinct surveys, each targeting a specific segment of the public:

#### Survey 1: "Entrepreneurs' Attitudes Toward Social Entrepreneurship"

**Interview Period:** June – August 2024.

**Number of Respondents:** 71 founders and top managers of traditional businesses in Moldova.

**Questionnaire Design Principles:** The questionnaire was designed to assess entrepreneurs' knowledge and attitudes toward social entrepreneurship, their involvement in social initiatives, and their perceptions of collaboration with social enterprises.

#### Survey 2: "What Young People Think About Social Entrepreneurship"

**Interview Period:** June – August 2024.

**Number of Respondents:** 305 young people from various regions of the Republic of Moldova.

**Questionnaire Design Principles:** The questionnaire was designed to explore young people's interest in entrepreneurship in general and in social entrepreneurship specifically, their knowledge of this field, and their willingness to engage in social initiatives.

#### Survey 3: "The Quality of the Social Entrepreneurship Ecosystem: Social Entrepreneurs' Perspectives"

**Interview Period:** July – August 2024.



**Number of Respondents:** 12 active social entrepreneurs in the Republic of Moldova.

**Questionnaire Design Principles:** This questionnaire focused on evaluating social entrepreneurs' perceptions of the legal framework, support policies, civil society involvement, and access to resources. Additionally, information was collected on their personal motivations and the challenges they face in their activities.

### 3. Data Processing and Analysis

The collected data were processed and analyzed using descriptive statistical methods to identify relevant trends and correlations. The survey results were interpreted in the context of information gathered through desk research, providing a holistic view of the current state and prospects of social entrepreneurship in the Republic of Moldova.

The methodology of this study ensures a solid foundation for the conclusions and recommendations presented, offering a deep understanding of the existing challenges and opportunities within the social entrepreneurship sector in Moldova.



## Introduction

Social entrepreneurship has become an essential component of contemporary economic and social realities, playing a crucial role in addressing social challenges through innovative and sustainable means. In the Republic of Moldova, this field is gaining increased relevance, being recognized not only as an alternative to the traditional business model but also as a powerful tool for socio-economic development.

The relevance of social entrepreneurship in Moldova is underscored by the need to find sustainable solutions to the social and economic problems faced by society, such as social exclusion, unemployment, and economic inequalities. By focusing on social impact, social enterprises not only contribute to the well-being of the community but also create jobs and support long-term economic development. The importance of this sector is also reflected in the financial and political support provided by the European Union and other international organizations, which recognize the potential of social entrepreneurship to generate positive changes in society.

This study, conducted as part of the project "Better Development through Social Entrepreneurship," supported by the European Union, the Ministry of Foreign Affairs of Lithuania, and the Central Project Management Agency, and managed by Junior Achievement Europe, aims to explore the public's perceptions of social entrepreneurship in Moldova, analyze the existing legal framework, and assess the role of stakeholders in the development of this sector. The study also includes a mapping of the main entities involved in the social economy, thus providing a comprehensive overview of the social entrepreneurship ecosystem in Moldova.

Through this research, the study aims not only to evaluate the current state of social entrepreneurship but also to identify development directions and opportunities for strengthening this vital sector for the socio-economic progress of the Republic of Moldova.



# Chapter 1: Social Entrepreneurship: Public Perception in Moldova

Social entrepreneurship plays a crucial role in societal development by addressing social and economic challenges in a sustainable and innovative manner. One of the key factors for the growth of this sector is public awareness of its importance and the openness to developing such initiatives. In this chapter, we will explore the concept of social entrepreneurship, its role in society, and the perceptions of entrepreneurs and young people in Moldova regarding this field.

## Social Entrepreneurship – A Component of the Social Economy

Social entrepreneurship has emerged as a phenomenon in recent decades, becoming an integral part of a distinct economic model known as the "social economy," also referred to as the "solidarity economy." This economy encompasses not only social enterprises but also other types of entities that, while different in essence and functioning, share the same goal: improving social and economic well-being through sustainable activities (see Figure 1.1).



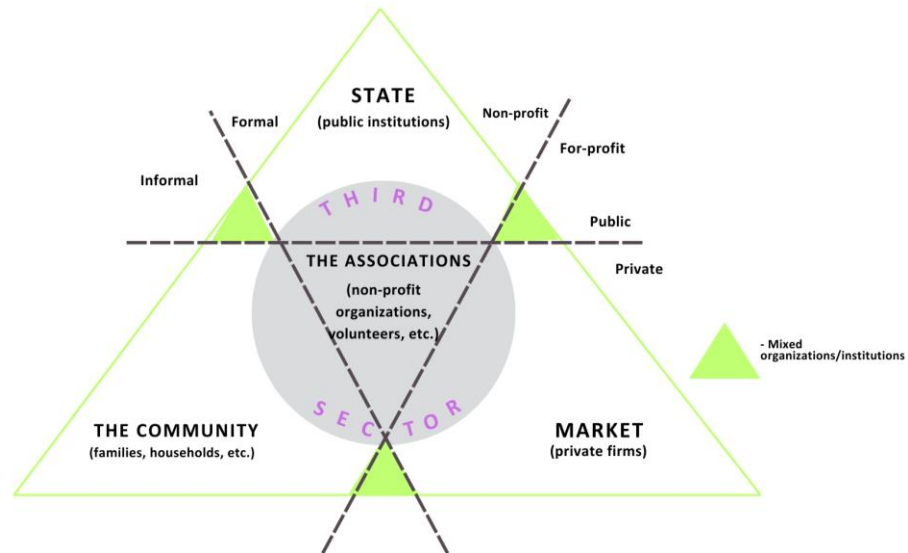
Figure 1.1. Components of the Social Economy

Entities that form the social economy—such as cooperatives, social enterprises, mutual aid societies, and non-governmental organizations (NGOs)—share a common mission of addressing social and economic needs, prioritizing community and member benefits over profit. They all operate on



principles of solidarity and democratic governance, reinvesting their resources into social purposes. However, they differ in structure and function: cooperatives are member-owned for common needs, social enterprises use commercial methods to solve social problems, mutual aid societies provide financial support to members, and NGOs focus on advocacy, charity, and community services.

In specialized literature, the social economy is often regarded as the third sector of the economy, situated at the intersection of the private, public, and community sectors (see Figure 1.2).



**Figure 1.2. Pestoff's Triangle Illustrating the Logic of the Social Economy (Third Sector)**

Source: Thompson, Matthew. (2020). *Social Economy and Social Enterprise. International Encyclopedia of Human Geography (Second Edition)*. 10.1016/B978-0-08-102295-5.10702-4.

The placement of the social economy at the intersection of the state, market, and community is due to its characteristics, which are derived from all three sectors.

**Characteristics Derived from the Private Sector:**

- **Efficiency and Productivity:** The social economy aims to be efficient and productive, using available resources optimally to achieve social objectives.
- **Innovation and Flexibility:** Social economy organizations adopt innovative practices and are flexible, quickly adapting to environmental changes and community needs.

**Characteristics Derived from the Public Sector:**

- **Focus on Public Services and the Common Good:** The social economy concentrates on providing public services and ensuring the well-being of the community.
- **Regulation and Social Responsibility:** Social economy organizations comply with regulations and standards to protect public interest, ensuring transparency and accountability.

**Characteristics Derived from the Community Sector:**

- **Participation and Democracy:** Decisions within social economy organizations are made democratically, actively involving members and the community in decision-making processes.
- **Solidarity and Mutual Support:** The social economy promotes values of solidarity and mutual support, helping those in need and strengthening social cohesion.

This combination of characteristics makes the social economy a unique and valuable economic model that significantly contributes to sustainable development and social cohesion within communities. At the same time, the social economy plays an important role in the economy, both through job creation and its contribution to GDP. According to a study by the European Economic and

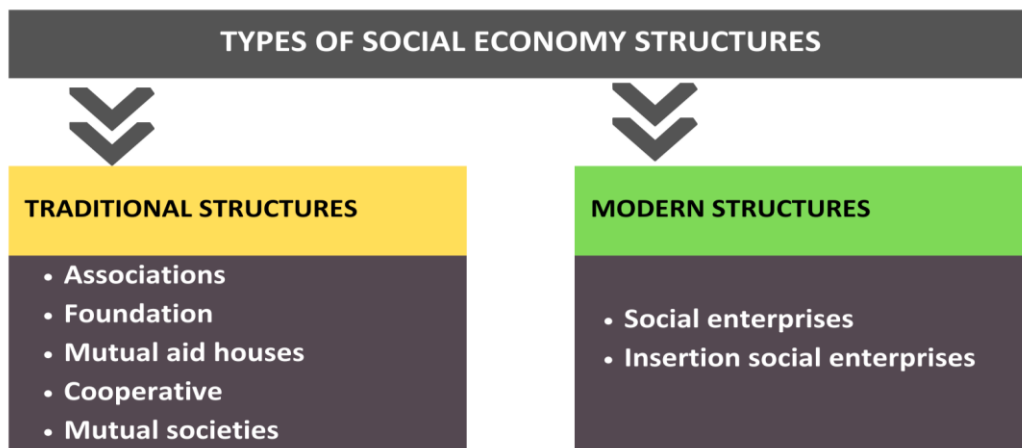




Social Committee, the European Union has 2.8 million social economy enterprises and organizations, employing 13.6 million people (6.3% of total employment) and producing 8% of the EU's GDP<sup>1</sup>.

## The Attractiveness of Social Enterprises Compared to Other Structures of the Social Economy

Although they contribute to achieving the same objectives (eliminating social and economic exclusion), the structures of the social economy differ in terms of organization and operation. Some authors even propose dividing them into two distinct categories (see Figure 1.3).



**Figure 1.3. Types of Social Economy Structures**

*Source: Developed based on the "Report on the Analysis of the Current Situation and Challenges Regarding the Development of Social Entrepreneurship in Moldova," GIZ Moldova.*

Grouping the structures of the social economy into traditional and modern categories reflects both the historical evolution of this sector and its adaptation to contemporary needs.

- **Traditional Structures:** These structures primarily developed from the need to provide community support, solidarity, and collective management of resources. They are based on values such as altruism, volunteerism, and cooperation, playing a crucial role in creating a stable social framework within the communities they serve.
- **Modern Structures:** These emerged in response to contemporary challenges such as unemployment, social exclusion, and economic inequalities. They combine social objectives with entrepreneurial methods and innovation, offering sustainable and effective solutions to societal problems.

Traditional and modern structures are not opposites but rather complementary, each playing a specific role in social and economic development. This categorization allows for a more nuanced analysis and a more effective approach to public policies, tailored to the needs and potential of each type of structure.

Given the crucial role of social enterprises in addressing contemporary challenges such as social integration and sustainable economic development, the following analysis focuses on these structures. Analyzing social enterprises is essential to understanding how the social economy adapts and innovates to meet the current needs of society.

The practice of countries developing social entrepreneurship allows for the distinction of two characteristic structures of social entrepreneurship:

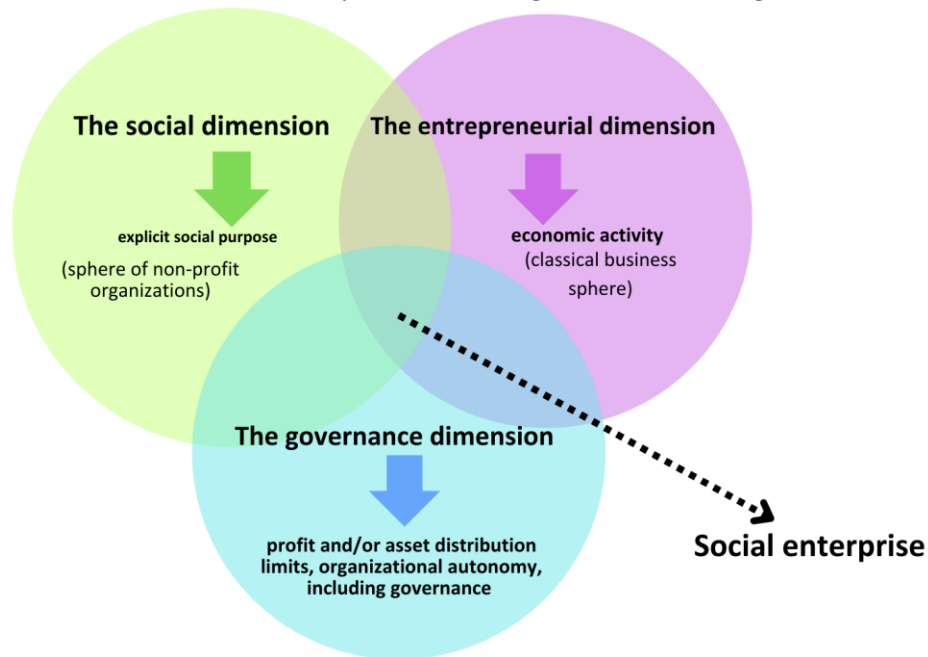
<sup>1</sup> The 2023 Activity Report of Social Economy Europe, <https://www.socialeconomy.eu.org/wp-content/uploads/2024/07/4.-Activity-report-2023.pdf>



- **Social Enterprise:** An organization that aims to solve social or environmental problems through sustainable economic activities, reinvesting profits to maximize social impact.
- **Work Integration Social Enterprise (WISE):** A type of social enterprise that focuses on integrating people in difficulty or at risk of social exclusion into the labor market.

A work integration social enterprise retains all the characteristics of a social enterprise, with the additional mission of facilitating labor market access for vulnerable individuals.

The study "ICF Consulting Services, A map of social enterprises and their eco-systems in Europe," conducted on a sample of 29 European countries, concluded that a social enterprise encompasses three dimensions: social, entrepreneurial, and governance (see Figure 1.4).



**Figure 1.4. The Three-Dimensional Nature of Social Enterprises**

Source: ICF Consulting Services, *A map of social enterprises and their eco-systems in Europe*, European Commission

The three characteristic dimensions of social enterprises make them distinct from both traditional enterprises and non-profit organizations:

- **Entrepreneurial Dimension:** This involves continuous economic activity, distinguishing social enterprises from traditional non-profit organizations or social economy entities (which pursue a social goal and generate some form of self-financing, but not necessarily through regular commercial activities).
- **Social Dimension:** The pursuit of a primary and explicit social goal, setting social enterprises apart from conventional profit-oriented businesses.
- **Governance Dimension:** The presence of mechanisms ensuring the organization’s social objectives are maintained. This dimension highlights the difference between social enterprises and both conventional businesses and traditional non-profit organizations or social economy entities, as social enterprises have governance structures that consistently prioritize their social mission.

Each of these dimensions has led to the development of a set of core criteria that represent the minimum conditions an organization must meet to be classified as a social enterprise:

- The organization must engage in continuous economic activity, meaning it must produce and/or sell goods and/or services.



- It must pursue a primary and explicit social goal that benefits society.
- It must have limitations on profit and/or asset distribution, prioritizing the social goal over profit generation.
- It must be independent, having organizational autonomy from the state and other traditional profit-oriented organizations.
- It must have inclusive governance, characterized by participatory and/or democratic decision-making processes.

The entrepreneurial dimension at the core of social enterprises allows them to offer effective solutions for addressing social issues. Social enterprises demonstrate a significantly higher level of performance and sustainability compared to other social economy entities, thanks to the commercial principles they follow:

- **Market Orientation:** Social enterprises operate in competitive markets like any other business. They must be responsive to consumer demands and preferences, adapt their products and services to meet market needs, and identify opportunities for growth and development.
- **Operational Efficiency:** To remain sustainable and competitive, social enterprises must be operationally efficient. They implement management practices and cost-reduction strategies similar to those in the private sector, ensuring optimal use of resources.
- **Flexibility and Adaptability:** Social enterprises are flexible and able to quickly adapt to changes in the economic and social environment. Their ability to innovate and respond promptly to new trends and challenges allows them to maintain relevance and competitiveness in the market.
- **Financial Sustainability:** By generating revenue from commercial activities, social enterprises can fund their social activities and become less dependent on donations and grants. This financial sustainability allows them to plan and expand their impact in the long term.
- **Continuous Innovation:** To remain competitive, social enterprises invest in innovation and development. They explore new ideas, technologies, and business models to improve the products and services they offer.

These characteristics make social enterprises a significant component of the social economy. According to recent studies, there are approximately 425,000 social enterprises in the European Union, constituting about 15% of the total social economy entities. The number and share of social enterprises within the social economy structure are continuously growing.

## Traditional Businesses with Corporate Social Responsibility (CSR) Programs vs. Social Enterprises

For the general public, there is often confusion between the concept of social entrepreneurship and traditional businesses that implement Corporate Social Responsibility (CSR) projects. Although both types of entities aim to generate a positive impact on society, there are fundamental differences in how they operate and their primary objectives. Misclassifying businesses with CSR as social enterprises can lead to misunderstandings about the true purpose and operational mechanisms of social entrepreneurship.

### 1. Purpose:

- **Social Enterprises:** The primary goal of a social enterprise is to address social or environmental issues through its core activities. Profits are reinvested in the enterprise or in social projects, rather than distributed to shareholders.



- **Businesses with CSR:** The main goal of a traditional business is to generate profit for shareholders. CSR programs are added as secondary initiatives, intended to improve the company's image and contribute to the community.
2. **Business Model:**
- **Social Enterprises:** Social enterprises shape all their operations and business strategies around their social mission. They operate sustainably, focusing on generating positive social impact.
  - **Businesses with CSR:** Traditional companies implement CSR programs as part of their business strategy, but their main activities remain profit-oriented. CSR is often managed as a separate department or through occasional initiatives.
3. **Profit Utilization:**
- **Social Enterprises:** Profits are largely reinvested in the social enterprise or in projects that support its social mission.
  - **Businesses with CSR:** Profits are distributed to shareholders, with only a portion allocated to CSR programs.
4. **Measuring Success:**
- **Social Enterprises:** Success is measured by the social impact created, alongside financial performance. Key indicators include the number of beneficiaries, improvements in quality of life, and progress in addressing targeted social issues.
  - **Businesses with CSR:** Success is primarily measured by financial performance and secondarily by the impact of CSR programs. Key indicators include profitability, shareholder satisfaction, and CSR outcomes.

In conclusion, while businesses that implement CSR projects are not social enterprises and are not part of the social economy, they play a crucial role in educating the public and raising awareness about the importance of involvement in solving social issues. These companies contribute to promoting the concept of social businesses through their example and positive community impact. However, it is essential not to confuse these two types of entities. Social enterprises shape their entire activity around their social mission and reinvest profits to support this mission, while businesses with CSR add social initiatives as secondary activities, maintaining their primary objective of generating profit for shareholders.

Businesses with CSR dedicate relatively small efforts to social causes, and their contribution to solving social problems is limited and occasional. In contrast, social enterprises address social issues as the central mission of their business, continuously engaging in activities that generate positive impact. They need support from the government and the community to reach their full potential. Legislative support, tax incentives, and access to financing are essential for their development and sustainability. Community involvement helps strengthen the social foundation and promote values of solidarity and cooperation.

## Case Study 1: The Attitude of Entrepreneurs and Young People in the Republic of Moldova Towards Social Entrepreneurship

In the context of social economy development, the attitude of various groups towards social entrepreneurship is crucial. This case study analyzes the perceptions of entrepreneurs and young people in Moldova regarding social entrepreneurship, based on two distinct surveys conducted between June and August 2024.



The first survey, titled "Entrepreneurs' Attitudes Toward Social Entrepreneurship," involved 71 respondents, including founders and top managers of traditional businesses. In addition to questions related to social entrepreneurship, the survey also included inquiries about the corporate social responsibility (CSR) initiatives of their companies, considering the involvement of these leaders in the traditional business sector.

The second survey, "What Young People Think About Social Entrepreneurship," involved 305 young participants. The aim of this survey was to determine the willingness of young people to engage in entrepreneurship in general, and social entrepreneurship in particular. This approach sought to gain a clear understanding of the motivations, expectations, and perceived challenges young people face when considering involvement in social and business initiatives.

Both surveys were conducted online, allowing for efficient data collection and ensuring a diverse participant pool. The results provide valuable insights into the perception of social entrepreneurship in Moldova, highlighting both the challenges and opportunities for the development of this important sector.

## **SURVEY: Entrepreneurs' Attitudes Toward Social Entrepreneurship in Moldova**

### **Demographic Characteristics of Survey Participants:**

The survey included 71 respondents, 45% of whom were in the age group of 31-40 years. The age groups with the least representation were those over 50 years old (14%) and under 20 years old (6%). The majority of respondents had higher education, with 37% holding a Bachelor's degree and 47% a Master's degree. More than half of the participants had over 6 years of business experience (58%), and 71% were business founders.

In terms of the business profiles of the respondents: 45% were involved in services, 24% in production, 12% in trade, and 10% in information technology. Regarding the size of the businesses, micro-enterprises were predominant, with 61% of respondents indicating they work in businesses with up to 9 employees; 22% in businesses with 10 to 49 employees; 8% in businesses with 50 to 250 employees; and 10% in businesses with over 250 employees.

### **Analysis of Responses in the "Experiences of Involvement in Social/Community/Environmental Causes" Section**

When asked about their opinion on the involvement of businesses in solving social issues, the majority responded affirmatively, but the reasons for this involvement varied. Specifically, 47.7% of respondents stated that it is one of the missions of their business, while 15.9% mentioned that the business should engage in such activities if it brings benefits to the company. Additionally, 22.7% would support such initiatives only if the business has available financial resources, and another 9.1% believe that businesses already support social causes through the payment of taxes, which the state then uses to address social problems (see Figure 1.5).

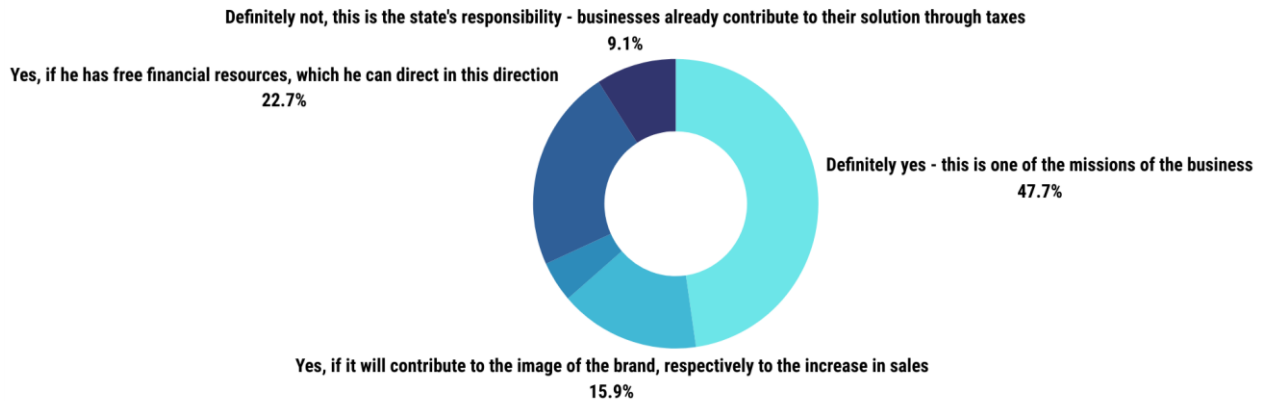


Figure 1.5. Response to the Question: "Do You Believe Businesses Should Contribute to Solving Social, Environmental, and Community Issues?"

At the same time, of the 47 respondents who answered the question "Have you implemented/are you implementing social, environmental, or community initiatives?", 33 indicated that their businesses are involved in social initiatives: 21% of entrepreneurs reported implementing environmental initiatives; 17% initiated community projects, including sponsorships and volunteer activities; 15% conducted programs supporting vulnerable groups; 11% stated that their products or services are aimed at addressing social and/or environmental issues; and 6% claimed their business is a social enterprise, with the majority of profits directed toward solving social or environmental problems (see Figure 1.6).

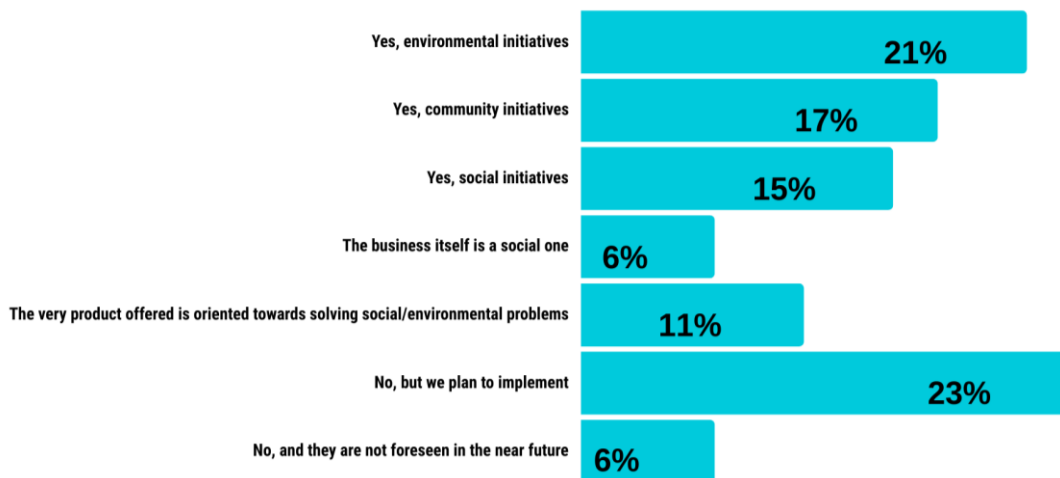


Figure 1.6. Response to the Question: "Have You Implemented/Are You Implementing Social, Environmental, Community Initiatives, etc.?"

According to Figure 1.6, 23% of respondents plan to implement social initiatives in the future, while 6% have not implemented and do not plan to implement such initiatives in the near future.

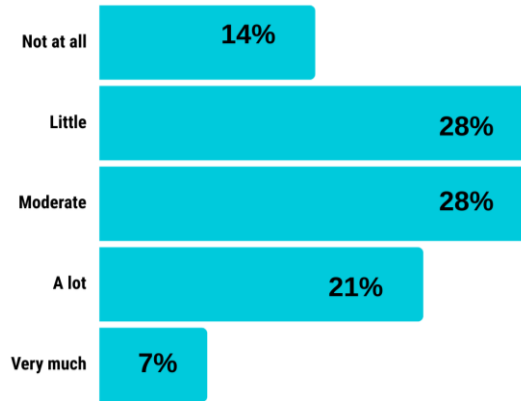
The survey indicates that the types of initiatives supported by entrepreneurs are diverse. Environmental initiatives include projects related to recycling, reducing carbon footprints, using renewable energy, and participating in greening activities. In the realm of community initiatives, sponsorships and volunteer activities were mentioned, while social initiatives most frequently involved creating jobs for vulnerable people, conducting economic support programs for vulnerable groups, sponsorships, and partnerships with non-profit organizations.

When asked, "To what extent have environmental, community, and social initiatives had a positive impact on your business?" 70% of respondents noted a low impact of these initiatives on their





business: 14% mentioned that the business was not affected "At all," 28% indicated that the initiatives had "Little" influence on the business, and another 28% observed a "Moderate" impact. Only 28% reported that their businesses were significantly impacted by the implementation of environmental, community, and social initiatives: 21% selected "Much," and 7% chose "Very much" (see Figure 1.7).



**Figure 1.7. Response to the Question: "To What Extent Have Environmental, Community, and Social Initiatives Had a Positive Impact on Your Business?"**

According to Figure 1.7, the majority of respondents believe that environmental, community, and social initiatives have had a moderate or low positive impact on their businesses, which may indicate a limited perception of the direct benefits these initiatives can bring.

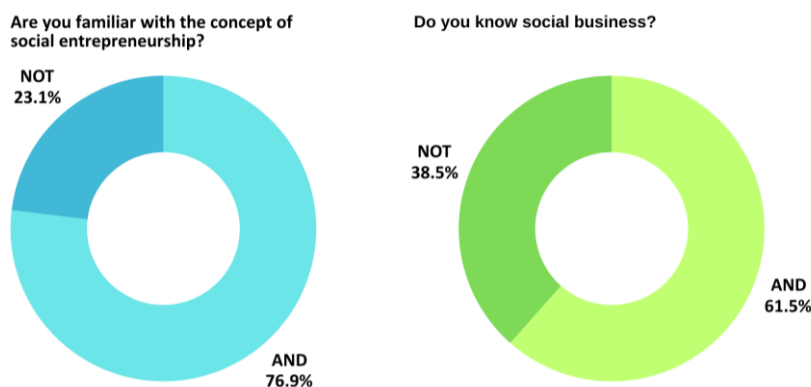
Even though they consider the impact of social, community, and environmental initiatives on their business to be relatively low, most entrepreneurs implement them because they reflect the values and principles of their businesses (64%).

Additionally, 15% of respondents mentioned that they pursue these initiatives to gain customer and employee loyalty, while 7% indicated that they do so because the state does not adequately fulfill its functions.

### Analysis of Responses in the "Attitude Toward Social Entrepreneurship" Section

In this section, questions were posed to determine the extent to which traditional businesses are open to collaborating with social enterprises and to gauge the willingness of these entrepreneurs to develop social businesses themselves.

When asked if they were familiar with the concept of social entrepreneurship, 76.9% of respondents answered "YES," while 23.1% responded "NO." However, not all those who are familiar with the concept of social entrepreneurship are also aware of specific social enterprises (see Figure 1.8).



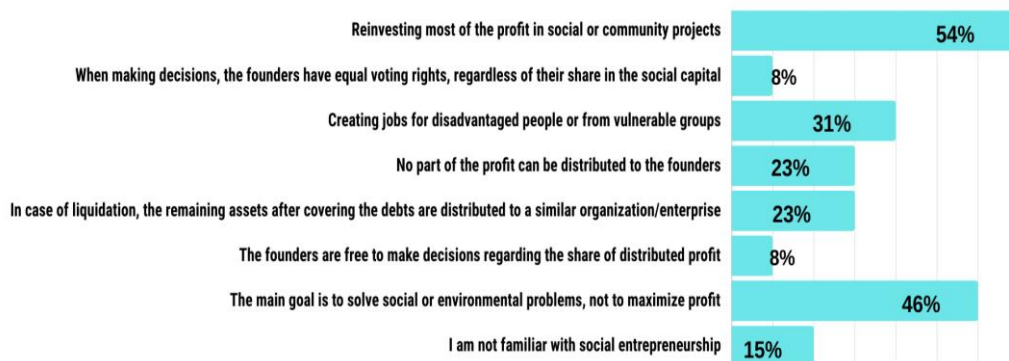
**Figure 1.8. Response to the Questions: "Are You Familiar with the Concept of Social Entrepreneurship?" and "Do You Know of Any Social Enterprises?"**

The number of entrepreneurs who are familiar with specific social enterprises is lower than those who know the concept of social entrepreneurship (61.5% compared to 76.9%). Furthermore, only 45% of respondents who claimed to know social enterprises were able to provide examples. Among the more frequently mentioned social enterprises were Floare de Cireş Catering and EduJoc, both of which are quite active online and offline. Ecovisio, although not a social enterprise but an NGO, was also cited as an example due to its active role in promoting social entrepreneurship.

Even though a significant portion of respondents claim to be familiar with the concept of social entrepreneurship, the survey revealed that their understanding of this type of activity is incomplete. When asked, "Which of the following characteristics apply to social enterprises?", 46% mentioned that "The primary goal is solving social or environmental problems, not maximizing profit," while the rest believed that, like traditional businesses, social enterprises are profit-focused.

Respondents also gave contradictory answers regarding the distribution of profits in social enterprises: 54% of respondents identified "Reinvesting the majority of profits into social or community projects" as a characteristic of social enterprises, 23% believed that "No part of the profit can be distributed to the founders," and 8% thought that social entrepreneurs are free to decide the portion of profit that can be distributed, with the entire profit being potentially distributable.

Additionally, only 15% of respondents were aware that "In case of liquidation, the remaining assets after covering debts are distributed to a similar organization/enterprise," and only 8% mentioned that when making decisions, the founders' share in the capital is not considered (see Figure 1.9).



**Figure 1.9. Response to the Question: "In Your Opinion, Which of the Following Are Characteristics of Social Enterprises?"**

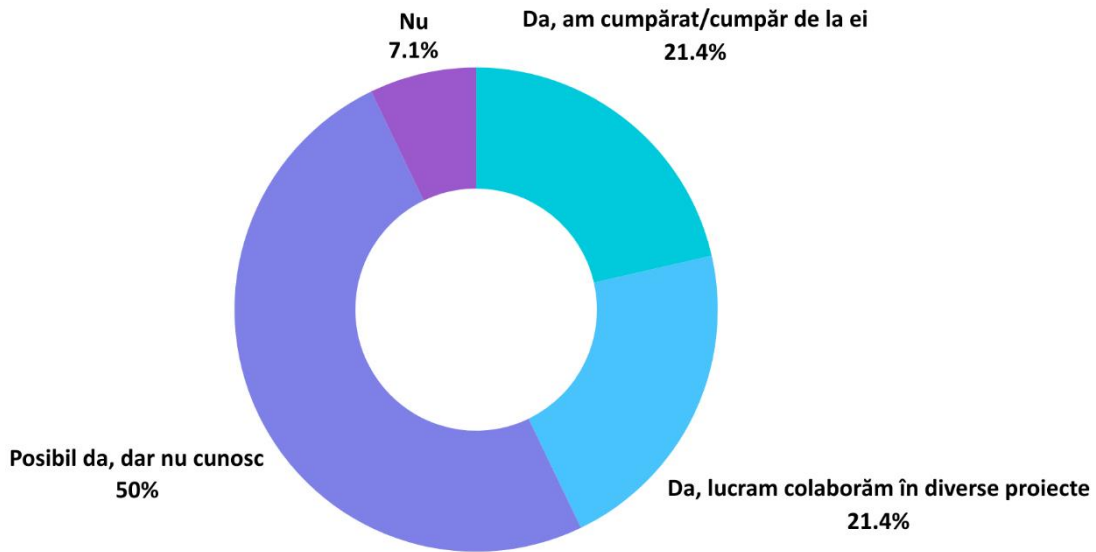
Based on the responses to the open-ended question, "In your opinion, what motivates some entrepreneurs to start social enterprises?", it can be observed that traditional entrepreneurs believe that the motivation of social entrepreneurs primarily stems from personal values and principles. They think that these entrepreneurs are driven by a desire to positively contribute to society and address problems that affect them personally or impact members of their community. Empathy, social involvement, and environmental concern are seen as key factors motivating them to take action. Additionally, the personality of the founders plays a significant role, with these individuals having a genuine interest in promoting causes and a desire to make the world around them a better place. Thus, social entrepreneurs are perceived as being motivated by a strong sense of social responsibility and a desire to be useful to society.

When asked, "Have you or your business interacted with social enterprises?", 50% of respondents answered, "Possibly yes, but I'm not sure," 21.4% responded, "Yes, I've bought from them," 21.4% said, "Yes, we work/collaborate on various projects," and 7.1% replied, "No" (see Figure 1.10). The responses indicate that interaction with social enterprises is varied, but there is significant



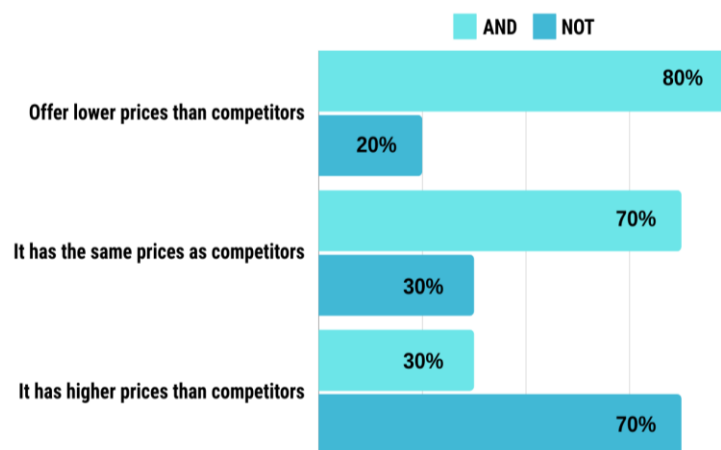


uncertainty, as reflected by the fact that half of the respondents are unsure whether they have interacted with such businesses.



**Figure 1.10. Response to the Question: "Have You or Your Business Interacted with Social Enterprises?"**

Even if they are unsure about their interaction with social enterprises, the responses given by entrepreneurs to the question "In making business decisions, would you prioritize a social enterprise supplier that offers the same delivery and quality conditions as competitors, BUT:" show that 80% of respondents would prioritize a social supplier offering lower prices, 70% would prioritize a social supplier with the same prices, and 30% would prioritize a social supplier even if the prices are higher (see Figure 1.11).

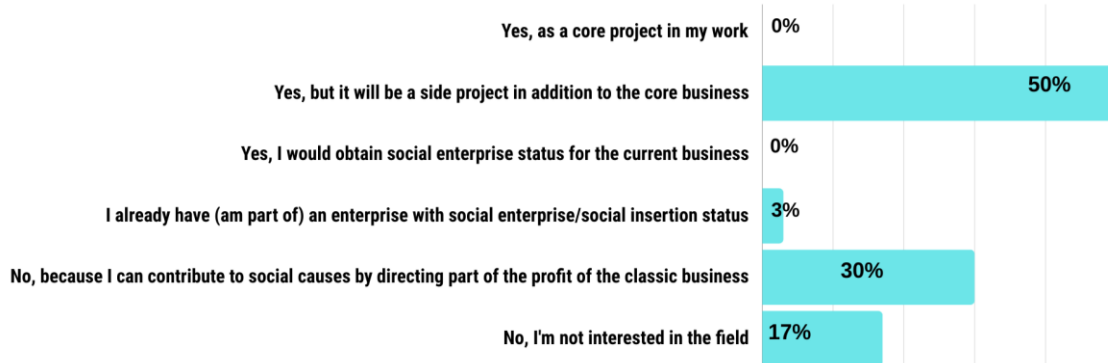


**Figure 1.11. Response to the Question: "In Making Business Decisions, Would You Prioritize a Social Enterprise Supplier That Offers the Same Delivery and Quality Conditions as Competitors, BUT:"**

Based on the data from Figure 1.11, it can be observed that respondents are willing to support social enterprises, especially if they offer competitive prices. Additionally, a considerable portion would choose a social supplier even if the prices are higher, indicating a commitment to social values.



When asked, "Would you personally start a social enterprise or a work integration social enterprise?", 50% responded "Yes, as a secondary project in my activities," 3% mentioned they already have a social enterprise, 30% of respondents answered "No, because I can contribute to social causes by directing part of the profit from my traditional business," and 17% said "No, I'm not interested in the field." Even though 50% of respondents indicated they would start such a business, none chose the option of developing a social enterprise as their primary business activity.



**Figure 1.12. Response to the Question: "Would You Personally Start a Social Enterprise or a Work Integration Social Enterprise?"**

Entrepreneurs who responded "YES" to the question about starting a social enterprise are motivated by a set of personal values and principles. They are driven by a desire to positively contribute to society and to help people or the environment. This decision provides them with moral satisfaction and a sense of usefulness, reflecting strong civic engagement and a commitment to the prosperity of their community.

On the other hand, those who answered "NO" cited reasons such as a lack of interest in the field of social enterprises or a lack of understanding of how these businesses operate. Some mentioned that they do not wish to get involved or do not consider it the right time to start such a business. These responses indicate a lack of interest or clarity regarding the benefits and functioning of social enterprises.

#### Some Conclusions Based on the Survey Results

- 1. Business Involvement in Social Causes:** The majority of entrepreneurs believe that involvement in solving social issues is important, but their motivations vary. Some see it as an essential mission of the business, while others are willing to engage only if there are free financial resources or direct benefits.
- 2. Diversity of Social Initiatives:** The social initiatives implemented by entrepreneurs are diverse, ranging from environmental projects like recycling and reducing carbon footprints to community and social initiatives such as creating jobs for vulnerable people.
- 3. Perceived Impact on Business:** Although most entrepreneurs believe that social, community, and environmental initiatives have a positive impact, it is often seen as moderate or low. Only a minority consider these initiatives to have had a significant impact on their business.
- 4. Knowledge of Social Entrepreneurship:** While many entrepreneurs are familiar with the concept of social entrepreneurship, their perception of this type of activity is incomplete. There is confusion regarding profit distribution and other essential characteristics of social enterprises.
- 5. Willingness to Collaborate:** Entrepreneurs are willing to support social enterprises, especially if they offer competitive prices. A considerable percentage would prioritize a social supplier even at higher prices, indicating a commitment to social values.



- 6. **Interest in Developing Social Enterprises:** Although 50% of respondents would start a social enterprise, they would do so as a secondary project rather than a primary one. This suggests that while there is interest, traditional entrepreneurs do not see social entrepreneurship as a main priority.
- 7. **Lack of Interest and Clarity:** Those who would not start a social enterprise cite a lack of interest in the field or a lack of understanding of how it operates, reflecting a need for more education and information in this area.

## SURVEY: What Moldovan Youth Think About Social Entrepreneurship

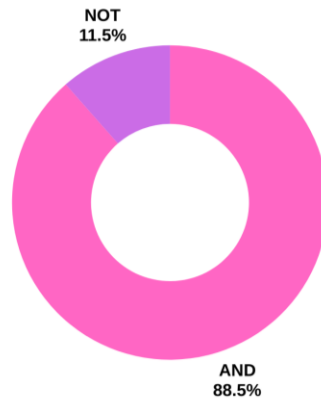
### Demographic Characteristics of Survey Participants:

The survey included 305 young participants with the following profile: The majority of respondents were young, with 44% under 18 years old and 39% between 18 and 25 years old. The other age groups were less represented, with only 6% between 26 and 35 years old, and 11% over 35 years old. Regarding education, 14% of respondents had completed secondary school, and 23% had high school education. A significant 29% were pursuing higher education but had not yet completed it, while 22% had obtained a Bachelor's degree. Additionally, 8% had completed a Master's degree, and 3% had a Doctorate.

In terms of current activities, the majority of respondents were students (34%) or university students (38%), while 22% were employed. A small number of participants, 2%, were entrepreneurs, and 4% did not have a specific activity.

### Analysis of Responses in the "Youth Willingness for Entrepreneurial Activity" Section

Of the 305 young people who answered the question "Would you like to be an entrepreneur?", 88.5% responded "Yes," while only 11.5% responded "No" (see Figure 1.13).



**Figure 1.13. Response to the Question: "Would You Like to Be an Entrepreneur?"**

The majority of young people expressed a desire to become entrepreneurs, indicating a high level of interest in this field and suggesting significant potential for the development of entrepreneurship among youth.

The factors motivating young people to pursue entrepreneurship include: the freedom to follow their own ideas and dreams (65%); the possibility of earning more money than at a regular job (62%); and being their own boss with the ability to set their own schedule (57%). Less frequently cited motivations were: making a difference in the world and in their community (24%) and solving real problems with innovative solutions (46%).

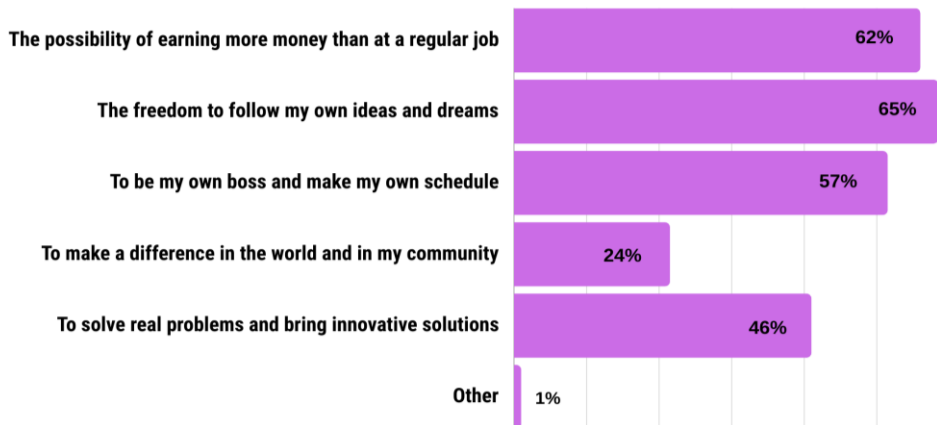


Figure 1.14. Response to the Question: "What Inspires You the Most to Become an Entrepreneur?"

When asked, "What makes you believe you could be an entrepreneur?", the most frequent responses highlighted young people's confidence in their creativity, with 64% of respondents stating that they are capable of coming up with innovative ideas. Additionally, 62% believe they can achieve the goals they set, reflecting a strong focus on concrete accomplishments. Leadership and team coordination skills were also seen as strengths by 48% of young people, while 44% mentioned their ability to identify and solve people's problems.

These data indicate a positive perception of the personal competencies required to become entrepreneurs, suggesting that young people have an optimistic view of their entrepreneurial potential, grounded in creativity, determination, and leadership skills (see Figure 1.15).

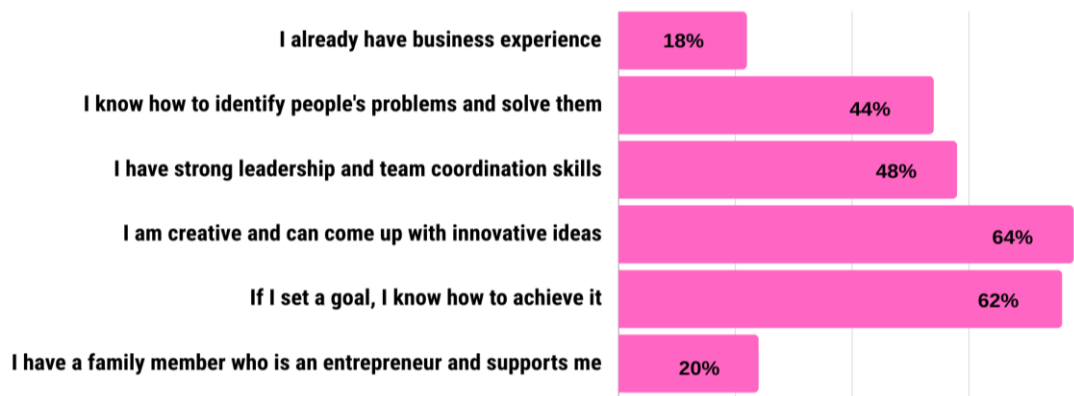


Figure 1.15. Response to the Question: "What Makes You Believe You Could Be an Entrepreneur?"

Analyzing the responses of young people to the open-ended question about business examples and entrepreneurs who inspire them, it is evident that they mention personalities and businesses from various fields, both local and international.

**Types of Personalities and Businesses Mentioned by Young People:**

- **Leaders in Innovation and Technology:** Elon Musk (Tesla, SpaceX), Steve Jobs (Apple), Jeff Bezos (Amazon). These entrepreneurs are admired for their ability to revolutionize industries and bring significant innovations to the market, reflecting the young respondents' interest in creativity and innovation, as previously noted by 64% who mentioned creativity as an essential factor for becoming entrepreneurs.
- **Successful Local Entrepreneurs:** Ion Sturza (Fribourg Capital), Anatol Stati (Ascom Group), Alexandru Comerzan. These leaders are recognized for their ability to develop successful

businesses in Moldova, highlighting the importance of determination and the ability to overcome obstacles—qualities that 62% of respondents considered crucial for entrepreneurial success.

- **Family Businesses and Local Ventures:** The Fortuna sisters (fashion house), Maria Angheluș (Covoare Ungheni), Dan Mesina (bakery). These examples demonstrate young people's appreciation for businesses that offer stability, tradition, and a personal connection, aligning with the desire to have strong control over the business and its growth.
- **Inspirational Figures with Strong Values:** Lilu Ojovan (ECO advocate), Oprah Winfrey, Sara Blakely (Spanx). These personalities are admired for their authenticity, commitment to social causes, or their ability to turn personal challenges into entrepreneurial successes.
- **Well-Known Businesses and Brands:** Tucano Coffee, Moldcell, Maib. These brands are appreciated for their positive image and business success, with young people being inspired by how these companies maintain their relevance in the market.

Young people are inspired by personalities and businesses that demonstrate creativity, innovation, determination, and the ability to overcome challenges. These characteristics align with the skills that young respondents previously identified as essential for becoming entrepreneurs, indicating a clear vision of the type of leaders and businesses that motivate them.

Those who **are not considering entrepreneurship** explain their position through various reasons: a preference for a stable and secure job (27%); lack of knowledge about the initial steps to take (31%); the risks and uncertainty involved (18%). Additionally, respondents mentioned the lack of support or sufficient resources (47%), uncertainty about the success of their ideas (24%), and the desire to avoid stress and a preference for a job with a fixed schedule (5%).

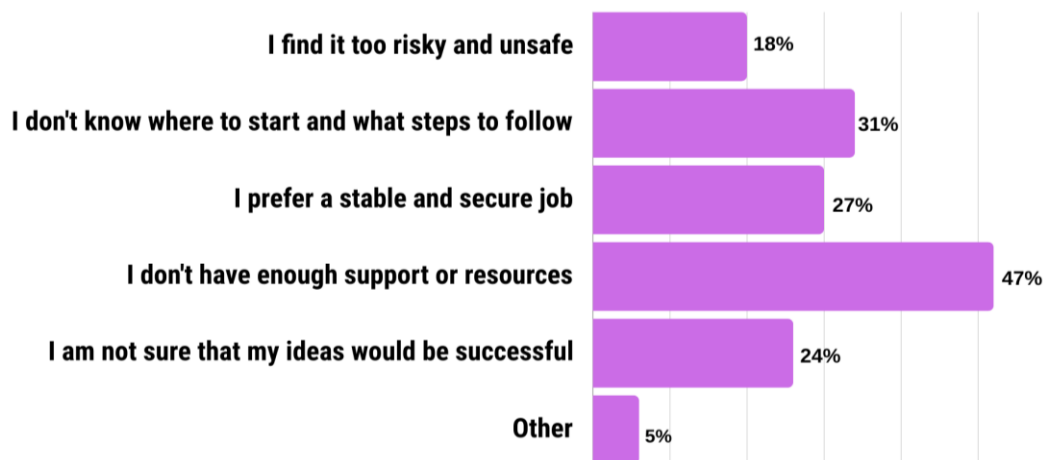
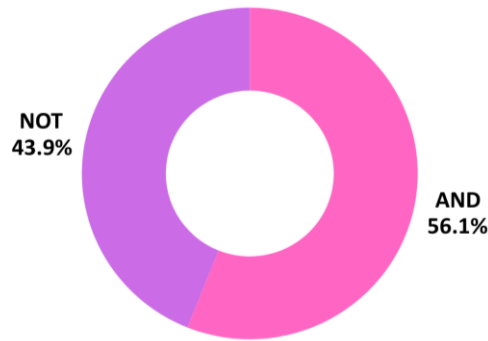


Figure 1.16. Response to the Question: "What Stops You from Considering Entrepreneurship?"

### Analysis of Responses in the "Knowledge of Social Entrepreneurship and Personal Attitudes" Section

The responses to the question "Are you familiar with the term 'social enterprises'?" show that the majority of young people (56.1%) are familiar with the concept of social enterprises (see Figure 1.16), reflecting a growing awareness of this field. However, there is still a significant portion (43.9%) who are not familiar with the term, indicating a potential need for further education and information on the subject.

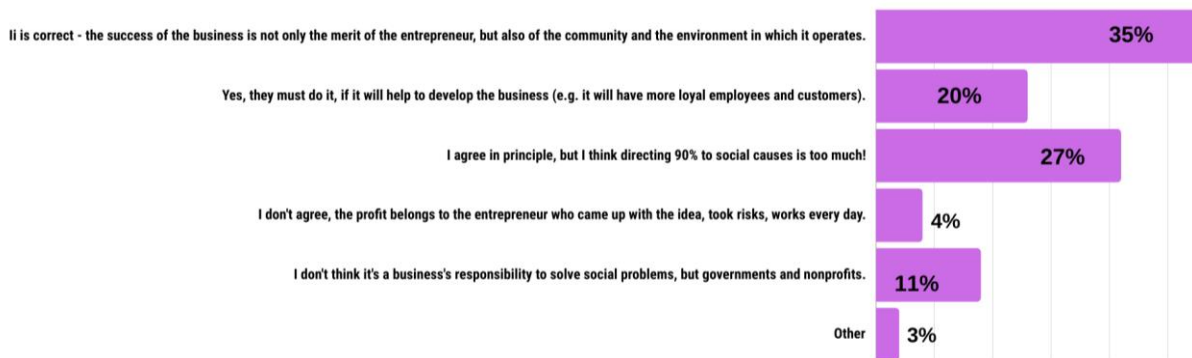


**Figure 1.17. Response to the Question: "Are You Familiar with the Term 'Social Enterprises'?"**

The responses from young people to the question regarding the legislative provision that requires 90% of a social enterprise's profit to be reinvested toward achieving its social objectives indicate that while the majority recognize the importance of businesses' social involvement, they have differing views on how profit should be managed (see Figure 1.18).

According to the survey, 35% of respondents support the idea that the profit of social enterprises should be used to solve social and environmental issues, acknowledging the community's role in the business's success; 27% agree in principle with this approach but believe that entrepreneurs should also benefit from the profit; 20% support the use of profit for social purposes only if it contributes to the business's development; 15% disagree with directing profit toward social causes, either believing that the entrepreneur should be the main beneficiary or that addressing social issues is the responsibility of governments and NGOs.

This diversity of opinions reflects a balance between the traditional view of profit as a reward for the entrepreneur and a new approach that recognizes the social responsibility of businesses.



**Figure 1.18. Response to the Question: "How Do You View the Idea of Profit Not Being Directed to the Entrepreneur but Used for Solving Social/Environmental Problems?"**

When asked if they knew of businesses that address social or environmental issues, 53 respondents answered "Yes," but only 4 provided examples of social enterprises. The businesses mentioned were Edujoc, Vibe Academy, Edukasa, EcoVisio, and Floare de Cireş Catering. These businesses are indeed social enterprises, with the exception of EcoVisio, which is a non-governmental organization actively involved in promoting social entrepreneurship.

Analyzing the responses to the question "What motivates some entrepreneurs to found social enterprises?" reveals that the predominant motivations are altruistic and focused on social impact (see Figure 1.19). The majority of respondents believe that entrepreneurs are primarily motivated by the desire to make a positive impact on society, with 68% mentioning the resolution of social or





environmental problems as the main motivation. However, financial aspects, such as access to specific funding (44%) and the desire for community recognition (42%), also play an important role. Personal experiences and the mission to make a difference in the world complete the list of motivations, suggesting that social entrepreneurship is perceived not only as a means to address social issues but also as an opportunity to access resources and gain community respect.

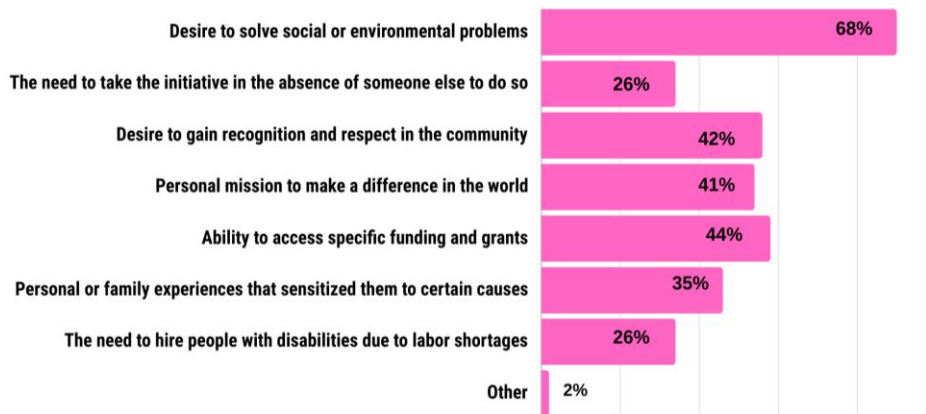


Figure 1.19. Response to the Question: "What Motivates Some Entrepreneurs to Found Social Enterprises?"

To identify young people's attitudes toward social enterprises, they were asked: "As a consumer, if you had to choose between the products of a social enterprise and those of a traditional business (with access and quality being identical), would you prioritize the product of the social enterprise if...?" The responses showed that young people are willing to support social enterprises through purchasing their products (see Figure 1.20): 80% of young people would choose the product of a social enterprise if it had lower prices than competitors; 73% would prefer the social product if the prices were identical; 43% would opt for a social product even if it had higher prices.

These data suggest that while young people are willing to support social enterprises, price remains a decisive factor in their purchasing decisions. This indicates that social enterprises need to offer competitively priced products to attract and maintain the interest of young consumers.

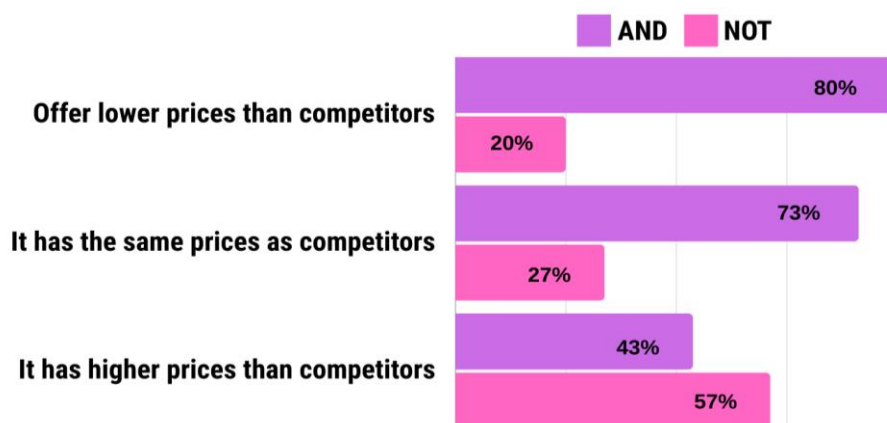
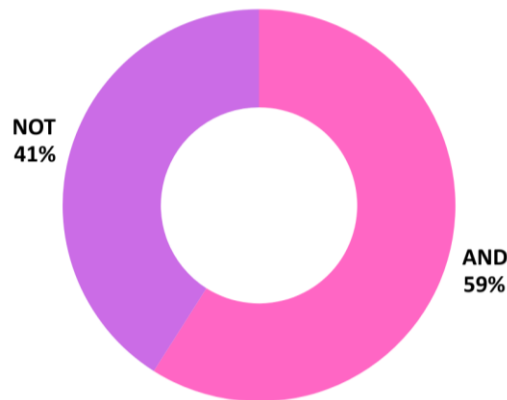


Figure 1.20. Response to the Question: "As a Consumer, If You Had to Choose Between the Products of a Social Enterprise and a Traditional Business (with Access and Quality Being Identical), Would You Prioritize the Social Enterprise Product if:"



## Analysis of Responses in the "Willingness to Launch Social Enterprises" Section

The responses to the survey question "If you had the opportunity, would you start a social enterprise?" reveal that 59% of young people would be willing to launch a social enterprise, while 41% would not take this step (see Figure 1.21).



**Figure 1.21. Response to the Question: "If You Had the Opportunity, Would You Start a Social Enterprise?"**

According to the survey, the majority of young people express a positive interest in social entrepreneurship, indicating an openness to the idea of combining economic success with social impact. This attitude reflects an increased awareness of social issues and a desire to contribute to their resolution through business ventures. However, a significant 41% remain hesitant, which may indicate concerns about the risks and challenges associated with launching a social enterprise, such as lower profitability or the complexity of managing such a business.

When asked to explain their response to the question "If you had the opportunity, would you start a social enterprise?", young people provided various reasons that can be divided into two main categories.

On one hand, those who would opt to start a social enterprise emphasized the significant positive impact on the community and the contribution to improving the lives of children from vulnerable families. These young people, often with experience in volunteering, see social entrepreneurship as a way to continue helping those in need, addressing a real need for support in the community. Some also mentioned that, given the scarcity of such businesses, there are opportunities to make a meaningful difference.

On the other hand, the young people who stated that they would not start a social enterprise expressed reservations related to the lack of strong personal motivation or the associated risks. These respondents feel that, at present, there is nothing that motivates them sufficiently to engage in this type of entrepreneurship, or they perceive the risks as being too high.

Young people were also asked if they had noticed any problems in their community that could be addressed by social enterprises. Approximately half of the respondents said they had not observed any issues in their community, while the other half identified various social and environmental problems.

### The most frequently mentioned problems were:

1. **Limited Access to Education:** Young people identified that many children from disadvantaged families lack access to educational resources or extracurricular activities. This includes the absence of necessary equipment and technology to participate in quality education.
2. **Environmental Issues:** Inefficient waste management, pollution, and inadequate recycling were frequently mentioned as major problems that could be addressed through social enterprises.

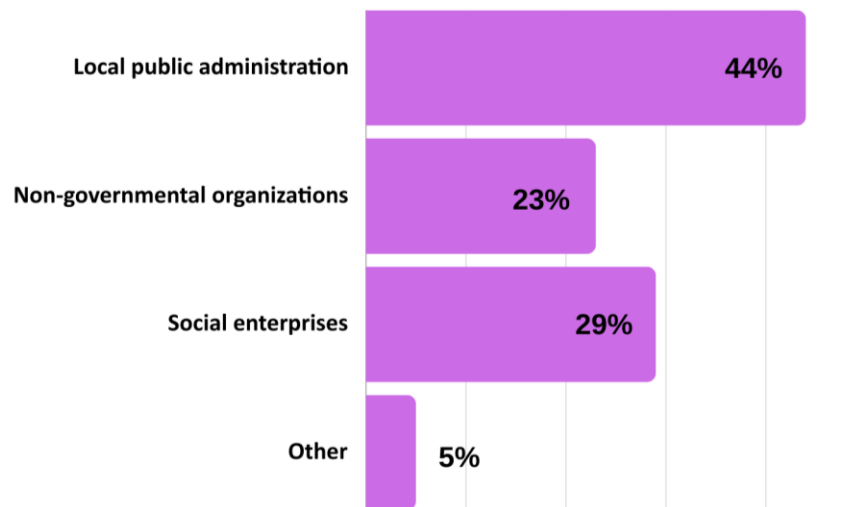




3. **Social and Health Issues:** Bullying in schools, psychological trauma, and the need for access to psychological counseling were common concerns, along with alcohol abuse and the neglect of vulnerable individuals, such as those from disadvantaged families.
4. **Support for Vulnerable Groups:** The need to support individuals with mental disabilities, the elderly, orphans, and other vulnerable groups was highlighted. Social initiatives aimed at improving their living conditions and social integration were seen as necessary.

Those who identified such issues highlighted the need for solutions in key areas such as education, environmental protection, and support for vulnerable individuals. These observations reflect a clear understanding of the community's needs by young people.

After identifying the community's problems, the young people were asked which community actors might best address the issues they observed (see Figure 1.22). According to the results, 44% of respondents believe that the local public administration would be the most suitable to solve these problems, underscoring the majority's confidence in the capacity and responsibility of public institutions to manage community challenges. Social enterprises are seen as the appropriate solution by 29% of the youth, indicating significant interest in involving the socially-oriented private sector in addressing local problems. Non-governmental organizations (NGOs) are selected by 23% of young people, suggesting a limited perception of their role compared to public administration and social enterprises. Additionally, 5% of respondents indicated other entities or did not specify a clear preference, which may reflect uncertainty or a diversity of opinions regarding the most suitable actors to intervene.



**Figure 1.22. Response to the question, "If you identified a particular problem, who do you think would best solve the problem you observed?"**

These data show that young people tend to trust traditional institutional solutions, such as local public administration, to resolve community issues. However, over a quarter of respondents acknowledge the significant role that social enterprises can play, indicating an openness to innovative and socially impactful solutions. The lower perception of NGOs suggests either a lack of visibility of these organizations in the community or a perception that they lack the necessary resources to address problems on a larger scale. These results may indicate important directions for local policies, which should include both support for social enterprises and a clearer, more visible role for NGOs in addressing community issues.

## Some Conclusions Based on the Survey Results

The following conclusions can be drawn from the survey results regarding young people's attitudes towards social entrepreneurship:

1. **High interest in entrepreneurship in general:** 88.5% of young people want to become entrepreneurs, indicating a strong potential for developing entrepreneurship among youth. The main motivations include the desire for freedom and the possibility of earning more than in a regular job.
2. **Confidence in personal abilities:** 64% of young people consider themselves creative and capable of coming up with innovative ideas, and 62% believe they can achieve the goals they set. This confidence in their own competencies highlights an optimistic view of their entrepreneurial potential.
3. **Willingness for social entrepreneurship:** 59% of young people would be willing to launch a social enterprise, demonstrating significant interest in integrating social objectives into entrepreneurial activity. However, 41% remain hesitant, indicating concerns about risks and difficulties.
4. **Awareness of social entrepreneurship:** 56.1% of young people are familiar with the term "social business," reflecting an increase in awareness of this field. However, nearly half of the youth are unaware of the concept, underscoring the need for broader information dissemination.
5. **Motivations for social entrepreneurship:** The desire to make a positive impact on society is the strongest motivation for social entrepreneurship, with 68% of young people considering solving social or environmental problems essential. Financial aspects and recognition within the community are also important motivational factors.
6. **Consumption preferences oriented towards social businesses:** 80% of young people would choose products from social businesses if prices were lower, and 73% if prices were equal to those of competitors. These data suggest that price remains a decisive factor in supporting social businesses.
7. **The role of social enterprises in solving community problems:** 23% of young people believe that social enterprises are suitable for solving community problems, showing openness to innovative and socially impactful solutions. This reflects trust in the ability of these businesses to contribute to the common good.

## Case Study 2: The Quality of the Social Entrepreneurship Ecosystem: The Vision of Social Entrepreneurs

As the economic environment continues to evolve, the quality of the entrepreneurial ecosystem becomes a crucial factor for the success and sustainability of social enterprises. This case study focuses on the perceptions of social entrepreneurs in the Republic of Moldova regarding the social entrepreneurship ecosystem, using the results of a detailed survey conducted from July to August 2024.

The survey involved 12 social entrepreneurs operating in various regions of the country, representing entities with diverse social purposes. Data were collected through an online survey, and



social businesses were contacted by phone, email, or messenger to ensure as diverse and relevant participation as possible.

The primary aim of this survey was to assess how these entrepreneurs perceive the legal framework, support policies, civil society involvement, and access to necessary resources for the development of social enterprises. Additionally, the survey emphasized the personal motivations of social business founders and some aspects related to the activity of social enterprises in Moldova.

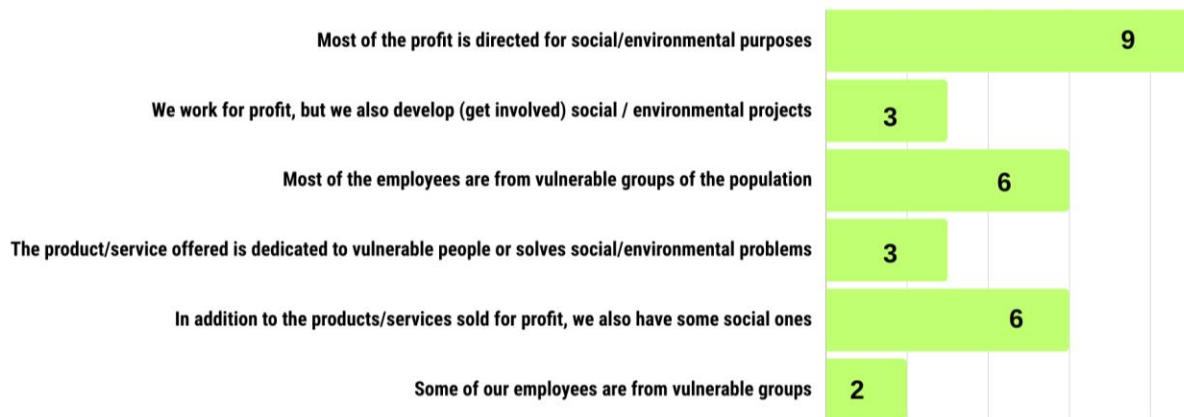
These data are essential for gaining a deep understanding of not only the challenges but also the potential opportunities presented by the current ecosystem for the development of social entrepreneurship in Moldova. The results provide a solid basis for further discussions on improving the ecosystem and creating more favorable conditions for entrepreneurs who aim to generate positive social impact.

### Demographic Characteristics of the Survey Participants

The social enterprises participating in the survey represent a diverse group in terms of age, geographical location, and legal status. These enterprises have been in operation for periods ranging from 2.5 to 12 years. Geographically, 3 of these enterprises are located in the municipality of Chişinău, 2 in the municipality of Bălţi, and the others are distributed across the districts of Ialoveni, Căuşeni, Criuleni, Rîşcani, Rezina, and Şoldăneşti, each hosting one enterprise.

In terms of legal status, 8 of these enterprises operate as Limited Liability Companies (LLC), 2 as Individual Enterprises, and another 2 as Civil Society Organizations (CSOs). The founders of these entities are evenly split between civil society organizations (5 enterprises) and individuals (5 enterprises), with 2 enterprises having a combination of founders from both categories.

The social profile of the businesses is primarily defined by the fact that the majority of their profits are directed toward social purposes (9 respondents). Additionally, these businesses emphasize employing vulnerable individuals (6 respondents) and providing free products or services to target groups (6 respondents).



**Figure 1.23. Response to the question, "Which aspects of your entity's activities lead you to conclude that you are engaged in social entrepreneurship?"**

In terms of official recognition, 8 of the enterprises that completed the questionnaire hold the status of Social Enterprise or Work Integration Social Enterprise, while 4 have not obtained this status, either due to not meeting the requirements set by the National Commission for Social Entrepreneurship (CNAS) or due to the lack of clear benefits associated with this recognition.



## Analysis of Responses in the "Role and Motivations of Social Entrepreneurs" Section

The questionnaire was completed by 12 representatives of social businesses, 7 of whom are founders, 4 administrators, and 3 project managers within the enterprises.

Based on the answers to the open-ended question, "How did you enter the field of social entrepreneurship, and what motivates you to work in it?" a clear picture emerges of the motivations behind social entrepreneurs' involvement in projects with community impact.

Among the respondents' answers were: "Social entrepreneurship solves some community problems, such as providing shelter for homeless people and helping victims of domestic violence"; "I volunteered for many years, and social entrepreneurship came as the next step towards development, allowing me to carry out my social initiatives independently and sustainably"; "The work done within the NGO and involvement in various projects, the desire to support and leverage community resources, and to mobilize the entrepreneurial segment in the locality."

In conclusion, the motivations for engaging in social entrepreneurship are closely tied to the desire to generate a positive impact on the community, support vulnerable groups, and use entrepreneurship as a tool for sustainable development. Whether it is previous experience in volunteering, the desire to solve specific community issues, or contribute to local development, all interviewed entrepreneurs share a common vision: to turn their initiatives into agents of social change.

In analyzing the responses from 9 respondents to the question, "To what extent do you consider the following aspects of the success of traditional businesses to be applicable to social businesses?" a diversity of opinions is observed regarding the applicability of these aspects to social businesses (see Figure 1.24).

1. **The possibility for founders to become wealthy if the business succeeds:** From the responses provided, 5 entrepreneurs strongly disagreed with the idea that social business founders could become wealthy in the same way as in traditional businesses. This indicates that most social entrepreneurs perceive these businesses as having a predominantly social purpose rather than being profit-driven.
2. **If a good business model is identified, the business can grow rapidly:** 6 respondents agreed with this statement, suggesting that social entrepreneurs recognize the importance of an efficient business model and believe that, once identified, it can lead to rapid growth, similar to traditional businesses.
3. **The founder can withdraw from operational activity once the business is established:** 5 respondents were neutral, while 3 agreed with this idea. This reflects uncertainty or diversity of opinion regarding the possibility of social business founders to withdraw after the business is established, suggesting that it may be more difficult in the social sector to afford such a withdrawal.
4. **If the business is profitable and grows, it is easy to convince investors to invest:** 7 respondents agreed with this statement, indicating that, similar to traditional businesses, financial success is perceived as a crucial factor in attracting investors to social businesses.
5. **The ability to attract and retain top talent:** 6 respondents agreed with this statement, suggesting that social entrepreneurs believe that social businesses can attract and retain top talent, similar to traditional businesses, perhaps due to the social values and positive impact they have.
6. **The ability to change the lives of those involved in the business:** 8 respondents agreed, reflecting the strong belief of social entrepreneurs that their businesses can have a significant impact on the lives of employees and beneficiaries, which is one of the main goals of these businesses.



7. **The possibility of having a positive impact on the community/world:** All 8 respondents agreed that social businesses have a positive impact on the community and, by extension, the world. This underscores the essential role of social businesses in generating benefits not only for individuals but also for the broader community.

In conclusion, while certain aspects of traditional business success are considered applicable to social businesses, such as rapid growth in the case of a good business model and the ability to attract investors and top talent, there are also significant differences, particularly concerning the ultimate goal of these businesses. Social entrepreneurs appear to place greater emphasis on social impact and long-term sustainability rather than personal profitability.

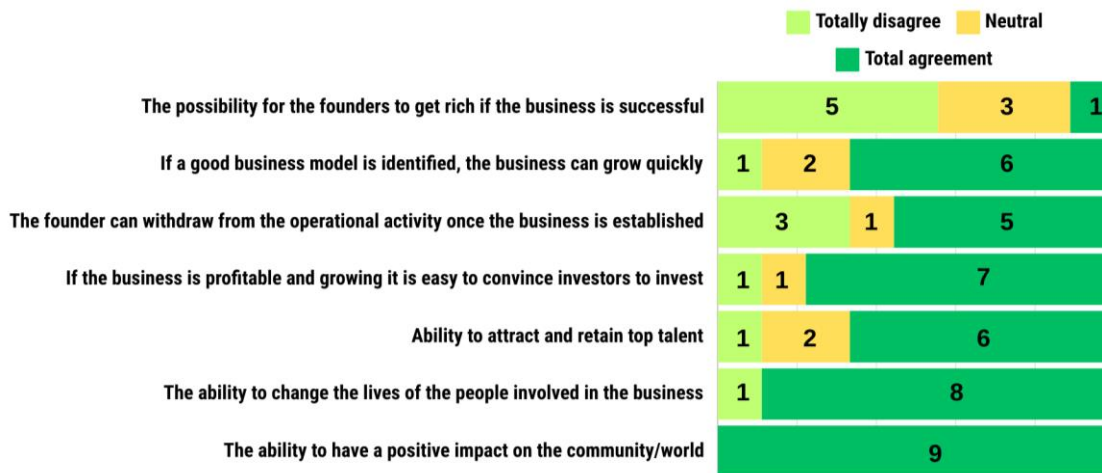


Figure 1.24. Response to the question, "To what extent do you consider the following aspects of traditional business success to be applicable to social businesses?"

### Analysis of Responses in the "Entity Activity Details" Section

Based on 5 responses to the open-ended question, "List the commercial products/services offered by the entity you represent (from which you generate revenue/profit)," a significant diversity emerges in the commercial activities of the participating social enterprises:

- Social services for placement and care for the elderly and adults with disabilities, swimming services for children and adults.
- Manufacturing of traditional clothing decorated with embroidery, school uniforms, HoReCa uniforms, customization of various products through embroidery, and repair and alteration services for clothing items.
- Visit services within the EduJoc workshop and the production and sale of educational toys and games.
- Beekeeping products.
- Catering services, festive meals (baptisms, weddings, anniversaries, memorials), and sales of bakery products (pies, pastries, cookies, etc.) at various events and fairs.

The social enterprises participating in the survey offer a wide range of commercial products and services, from social and care services, clothing manufacturing, and customized products to educational services, beekeeping products, and catering services. This diversity not only reflects the adaptability and creativity of these enterprises in responding to various community needs but also their potential to generate sustainable income while contributing to the economic and social development of the communities in which they operate.





In response to the open-ended question, "List the social products/services/projects your entity implements," which was answered by 7 respondents, various initiatives and social services implemented by the participating social enterprises were highlighted:

#### **Care and Support Services for People with Disabilities and the Elderly**

- The social service "Day Center for Children with Disabilities 'Phoenix'" and the Social Inclusion Program for Young People with Disabilities, focused on integrating these individuals into the community and providing specialized support.
- The service "Early Intervention and Rehabilitation for Children" and the social service "Placement Center for the Elderly and People with Disabilities 'Casa Phoenix,'" which provide care and rehabilitation for beneficiaries.
- The hydrotherapy pool, which offers therapies for people with special needs.
- The social aid canteen in Răzeni and other catering services, which provide meals for vulnerable individuals and contribute to combating food poverty.

#### **Shelters and Services for Vulnerable People**

- A night shelter for homeless people, including two hot meals a day.
- A shelter for victims of domestic violence, offering safe and comfortable conditions for affected individuals.
- A free garment alteration service provided by the social wardrobe for disadvantaged groups.

#### **Educational and Creative Activities**

- Play workshops and creative workshops for children and families, supporting the development of creativity and social skills.
- Events for families with children, equipping toy libraries, and creating board games, promoting learning through play.
- Recycling and reuse projects, such as those involving cardboard and wood, and upcycling workshops.
- Production of visors for doctors and puzzles for refugee children from Ukraine.

#### **Training and Labor Market Integration Projects**

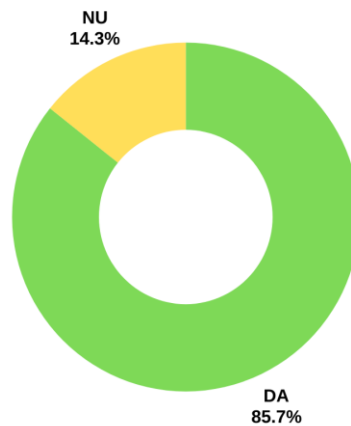
- On-the-job training service for young people with disabilities and other disadvantaged groups, facilitating their integration into society.
- Creation and maintenance of jobs for people from disadvantaged categories, providing them with a stable source of income and a more independent life.

#### **Environmental and Sustainability Projects**

- Projects such as MEGA Game, MEGA Impact Championship, the Codru Quest, ClimateLaunchpad Moldova, and GreenTech Rangers, which promote environmental protection and sustainable development through education and community involvement.

The responses indicate that the social enterprises participating in the survey implement a variety of social projects and services, covering a wide range of community needs. These initiatives range from caring for and supporting vulnerable people to education and creative development, labor market integration, and sustainability and environmental protection projects. This diversity reflects these organizations' commitment to bringing about positive change and supporting communities through innovative and sustainable solutions.

In addition to the social and environmental impact projects implemented, social enterprises, in most cases, focus on creating jobs for disadvantaged population groups (see Figure 1.25). Of the 7 enterprises that responded to the question "Does your entity employ people from vulnerable groups?" 6 answered "Yes."

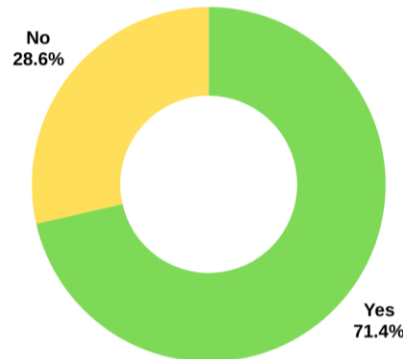


**Figure 1.25. Response to the question, " Do you employ people from vulnerable groups within the entity?"**

The question regarding the challenges faced by social enterprises that create jobs for disadvantaged people revealed various difficulties. These include workplace accommodation and providing daily transportation, as well as the lack of education and practical skills among employees. Additionally, one respondent mentioned that 60% of their employees are retirees who need to adapt to new technologies.

However, some respondents did not encounter significant difficulties or viewed these challenges as opportunities, hiring specialized staff to manage them.

When asked about the financial results of the social enterprises' activities, 5 out of 7 enterprises that responded to this question mentioned having fiscal periods that ended with a profit (see Figure 1.26).



**Figure 1.26. Response to the question, "During the entity's operation, have there been fiscal periods where the entity ended with a profit?"**

The responses regarding the use of profits generated from commercial activities show that social enterprises reinvest most or even all of their profits into the development and support of their social and economic activities. Specifically, profits were used to purchase specific materials and equipment intended to facilitate workshop operations and generate future profits; a significant portion of these funds was also allocated to cover utility expenses of social centers and to purchase food packages and household goods necessary for the beneficiaries of these centers; 100% of the profit was reinvested for business and social initiatives development or in services for people with disabilities. Additionally, some enterprises used their profits to experiment with the development of new products, highlighting an approach focused on innovation and sustainable growth.

When asked to indicate the sources of funding for social projects, all respondents who answered this question mentioned the profit generated from commercial activities. At the same time,



6 respondents mentioned grants offered by non-governmental organizations and donations/sponsorships from private entities. Social enterprises also use funding from government structures (4 social enterprises) and donations from individuals (3 respondents). In conclusion, the social enterprises in the survey demonstrate a diversification of funding sources, with a particular emphasis on their own revenues and non-governmental grants, reflecting their adaptability and resilience in securing the necessary resources to continue their social mission (see Figure 1.27).

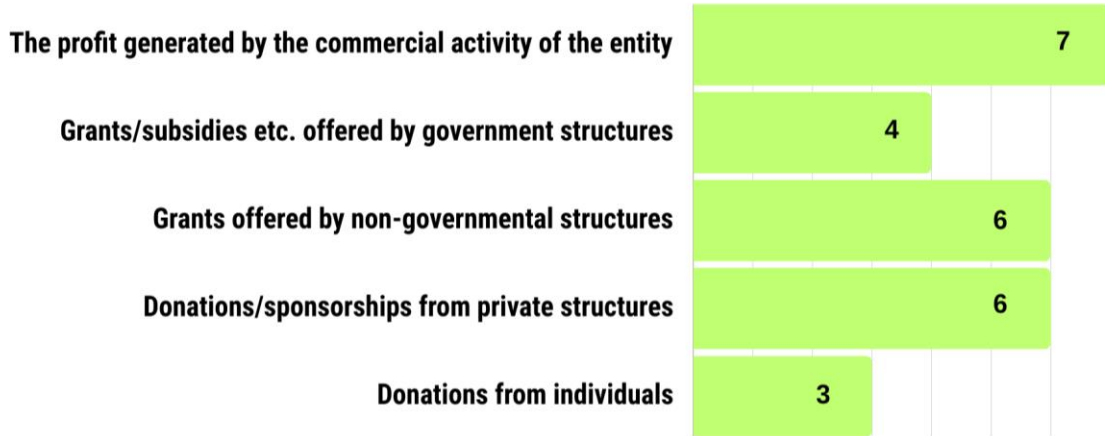


Figure 1.27. Response to the question, "Select the funding sources you use to finance the social projects implemented and/or ongoing"

In the survey, participants were asked to indicate the percentage of profits generated by the commercial activities of social enterprises that are allocated to funding social projects. Among the 7 respondents, the answers varied considerably, reflecting different approaches to managing financial resources (see Figure 1.28).

The responses from the 7 respondents who answered this question were distributed as follows: 2 enterprises indicated that 10% of expenses are covered by profits; 2 enterprises - 50%; 1 enterprise - 70%, and 2 enterprises - 100%.

The varied responses of social enterprises regarding the percentage of expenses related to social projects covered by profits generated from commercial activities reflect the diversity of financial strategies adopted by these organizations. While some enterprises manage to cover only 10% of these expenses through profits, others cover up to 50%, 70%, or even 100%.

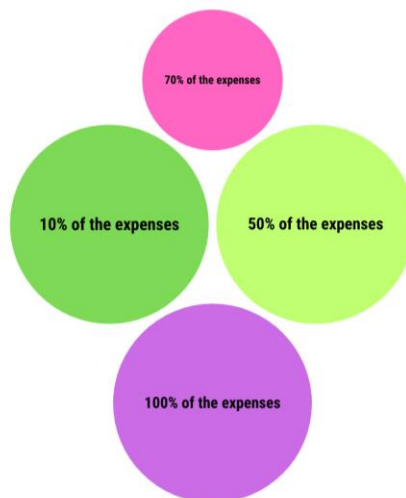


Figure 1.28. Response to the question, "Select the funding sources you use to finance the social projects implemented and/or ongoing"



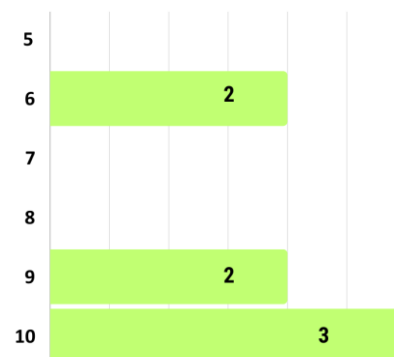


Continuing the analysis of the resources used for the operation of social enterprises, respondents were asked, "Have you received (or are you receiving) support from the local public administration and/or local businesses?" Out of the 7 enterprises that responded to this question, 5 gave an affirmative answer. In response to the open-ended question, "If you indicated that you received support, please specify what kind of support you received," respondents mentioned various forms of assistance from different institutions and organizations. ANOFM provided job subsidies for people with mobility disabilities, a clear example of specific support for integrating individuals with special needs into the labor market. The Cobîlea LPA contributed financial support for the Social Canteen and the Food Bank with products, thus providing essential resources to support social activities.

Support from the private sector was mentioned through sponsorships from local companies, highlighting the collaboration between social enterprises and the business community. Additionally, the Răzeni City Hall offered discounts on local taxes and reduced rent for leased spaces, while the Ialoveni District Council and APC purchased catering services, demonstrating concrete support in facilitating the economic and social activities of the enterprises.

Based on the responses provided by respondents, it can be concluded that social enterprises have benefited from various forms of support, ranging from subsidies and financial aid to sponsorships and facilities offered by local authorities. These forms of support are essential for sustaining and developing social enterprises, enabling them to continue their social mission and contribute effectively to the community.

When asked to rate how well the entity achieves its social objective, respondents gave scores ranging from 7 to 10 on a scale of 1 to 10 (see Figure 1.29). From the data presented in the figure, it is noted that 2 social enterprises rated their results with a score of 6, 2 enterprises rated their results with a score of 9, and 3 rated their activity results with a score of 10.



**Figure 1.29. Response to the question, "On a scale from 1 to 10, how would you rate the extent to which the entity you represent successfully achieves its social objective?"**

### Analysis of Responses in the "Visions on the Development Possibilities of Social Entrepreneurship" Section

A special focus in the questionnaire was dedicated to assessing the ecosystem in which social businesses develop. Respondents were asked to rate, on a scale from 1 to 5, the extent to which various aspects of the entrepreneurial ecosystem are beneficial to the development of social entrepreneurship in Moldova. Analyzing the responses to this question reveals the varied perceptions of respondents regarding the impact of different elements of the entrepreneurial ecosystem on the development of social entrepreneurship in Moldova (see Figure 1.30).

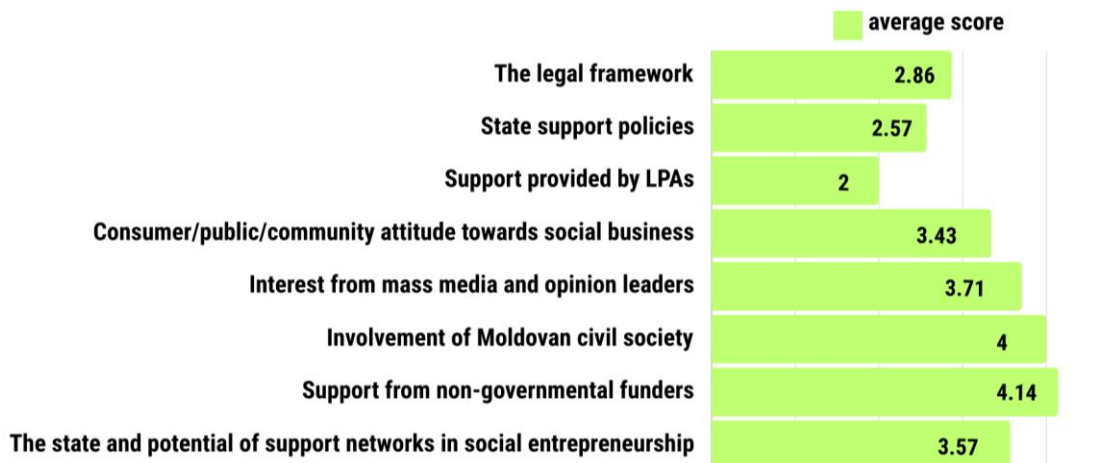
The most highly rated aspect by respondents was the support from non-governmental funders, with an average score of 4.14 out of 5, indicating considerable backing from these entities.



The involvement of civil society in Moldova also received a positive evaluation, with an average score of 4, highlighting the active role of civil society in supporting social entrepreneurship initiatives. Media interest and the involvement of opinion leaders were rated at 3.71, suggesting a reasonable level of visibility for social entrepreneurship in the public space.

On the other hand, the support provided by local public authorities (LPA) and state support policies received lower ratings, with average scores of 2 and 2.57, respectively, reflecting dissatisfaction with the insufficient or ineffective support from public authorities. The legal framework was rated with an average score of 2.86, indicating that the current legislation is not perceived as fully favorable to the development of social entrepreneurship.

In conclusion, the results suggest that while support from non-governmental funders and the involvement of civil society are considered strong positive aspects for the development of social entrepreneurship in Moldova, there are significant concerns regarding the effectiveness of government support and the existing legal framework. These results indicate the need for reforms and improvements in public policies and the legislative framework to create a more favorable environment for social entrepreneurship.



**Figure 1.30. Response to the question, "Rate on a scale from 1 to 5 how beneficial the following aspects of the entrepreneurial ecosystem are to the development of social entrepreneurship"**

Respondents were asked to comment on the ratings below 3 that they gave when evaluating the entrepreneurial ecosystem for the development of social entrepreneurship in Moldova. The criticisms raised by social entrepreneurs focused on several key aspects:

1. **Insufficiently Favorable Legal Framework:** One respondent emphasized that the current legal framework does not allow for the development of all the social services needed by the community, which limits the ability of social enterprises to expand and meet societal needs.
2. **Lack of Continuous Support from Local Public Authorities (LPA):** Several respondents highlighted that LPAs not only fail to provide support for the development of social projects but in some cases, even hinder the initiatives of social enterprises.
3. **Treating Social Enterprises as Traditional Businesses:** Despite some enterprises having the status of work integration social enterprises (WISEs), the state continues to treat them like traditional businesses, without granting them priority in tenders, tax exemptions, or other benefits specific to the social sector. This underscores a significant issue in recognizing and supporting social enterprises.



4. **Need for Improving Institutional Capacities:** Another criticized aspect is the capacity of institutions to effectively support the development of social entrepreneurship. There is a clear need for reforms and institutional improvements to create a more favorable environment for these enterprises.

The criticisms brought by social entrepreneurs highlight significant gaps in the legal framework, the support offered by local authorities, and the recognition of the specificities of social enterprises. These aspects need to be addressed to improve Moldova's entrepreneurial ecosystem and to enable the sustainable development of social entrepreneurship.

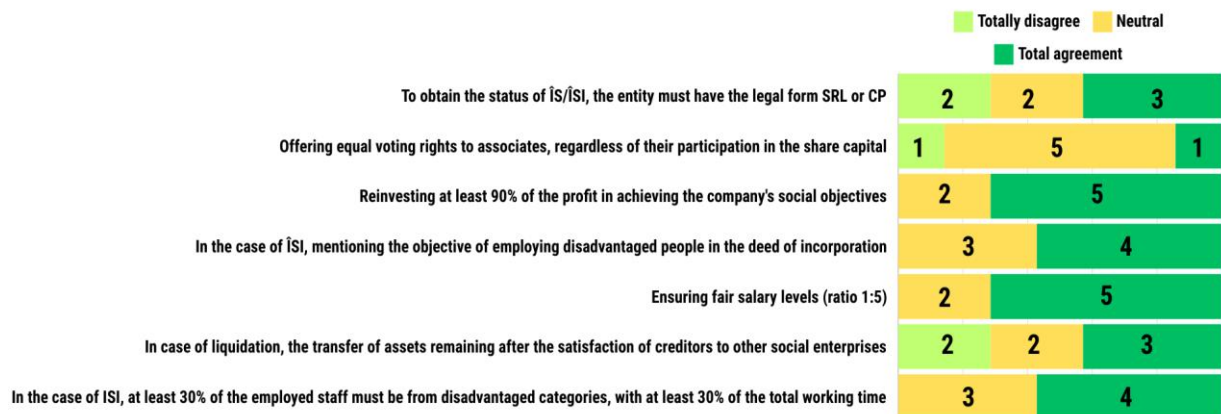
Respondents were also asked to answer the question, "To what extent do you agree with the following legislative provisions regarding social enterprises/work integration social enterprises (WISEs)?" Analyzing the results, significant variations in social entrepreneurs' perceptions of these legislative provisions can be observed:

1. **To obtain SE/WISE status, the entity must have the legal form of LLC or CP:** Opinions were divided, with 2 respondents totally disagreeing, 2 neutral, and 3 in total agreement. This diversity of opinions suggests that not all entrepreneurs agree with restricting the legal form for obtaining social enterprise status.
2. **Granting equal voting rights to associates, regardless of their share in the capital:** The majority of respondents (5) were neutral, with 1 in total disagreement and 1 in total agreement. This shows uncertainty or a lack of consensus regarding the fairness of this legislative provision.
3. **Reinvesting at least 90% of profits in achieving the enterprise's social objectives:** Responses were again divided, with 2 respondents in total disagreement, 2 neutral, and 3 in total agreement, indicating variability in how entrepreneurs perceive this reinvestment requirement.
4. **In the case of WISEs, mentioning the objective of employing disadvantaged people in the articles of incorporation:** This provision received broader support, with 5 respondents in total agreement and 2 neutral, suggesting that most social entrepreneurs consider this requirement necessary and appropriate.
5. **Ensuring equitable wage levels (1:5 ratio):** 3 respondents were in total disagreement, 1 neutral, and 4 in total agreement, reflecting mixed perceptions of this provision related to wage equity within social enterprises.
6. **In the event of liquidation, transferring the remaining assets after satisfying creditors to other social enterprises or non-commercial organizations:** This provision was well received, with 2 neutral respondents and 5 in total agreement, indicating broad consensus on the utility of this measure for protecting social assets.
7. **In the case of WISEs, at least 30% of the employed staff should come from disadvantaged categories, with at least 30% of the total working time:** 4 respondents were in total agreement, and 3 were neutral.

Social entrepreneurs' perceptions of the legislative provisions vary considerably. While some provisions, such as mentioning the objective of employing disadvantaged people and transferring assets in the event of liquidation, received broad support, others, such as the required legal form for obtaining SE/WISE status and reinvestment requirements, generated mixed opinions. These results



suggest the need for an analysis and potential revision of the legislation to better reflect the needs and realities of social enterprises in Moldova.



**Figure 1.31. Response to the question, "To what extent do you agree with the following legislative provisions regarding social enterprises/work integration social enterprises (WISEs)?"**

At the end of the survey, respondents were asked to express their opinions on why the number of officially registered social enterprises and work integration social enterprises with the National Commission for Social Entrepreneurship is so low. As of May 4, 2024, only 12 such enterprises were registered.

The responses provided by the respondents indicate several barriers and challenges that contribute to the low number of registered enterprises:

- Bureaucratic Impediments and Operating Conditions:** Social entrepreneurs consider the process of obtaining the status to be complex and bureaucratic, which discourages them from initiating or completing the registration procedure.
- Lack of Clear Advantages:** Many entrepreneurs do not perceive tangible benefits or tax exemptions that would justify the effort of obtaining this status. They emphasize that state support is insufficient, and the difficulty of working with disadvantaged groups, due to a lack of knowledge and skills, adds an additional layer of difficulty.
- Minimal Changes in Operations After Obtaining Status:** Another reason mentioned is that obtaining SE/WISE status does not bring significant changes in the way the business operates, causing entrepreneurs to question whether the effort is worthwhile.
- Lack of Reliable and Clear Information:** Some entrepreneurs point out that there is not enough accurate and accessible information about the procedure for obtaining status and the opportunities it offers, contributing to their reluctance.
- Lengthy Registration Process:** The registration process is perceived as lengthy, which discourages entrepreneurs, especially those just starting out or with limited resources.

According to respondents, the demotivation of social entrepreneurs to apply for SE/WISE status is driven by a combination of bureaucratic obstacles, the lack of clear advantages, and insufficient information about the benefits of this status. To encourage more social businesses to obtain this status, it would be necessary to simplify procedures, increase transparency and adequate information, as well as provide concrete advantages and active support from the state.

### Some Conclusions Based on the Survey Results

Following the survey of social entrepreneurs, the following conclusions can be drawn:



1. **Diversity of Motives for Engaging in Social Entrepreneurship:** Social entrepreneurs are motivated by the desire to generate a positive impact on the community, support vulnerable groups, and leverage local resources. Previous volunteer experiences and the desire to solve specific community problems are essential factors driving their involvement in this sector.
2. **Differences Between Social Entrepreneurship and Traditional Businesses:** Social entrepreneurs perceive social businesses as having a predominantly social purpose rather than a profit-driven one, with an emphasis on social impact and long-term sustainability. While aspects such as rapid growth and attracting investors are common to both types of businesses, the ultimate goal of social entrepreneurship remains focused on community benefits.
3. **Quality of the Entrepreneurial Ecosystem:** Support from non-governmental funders and the involvement of civil society are the most highly valued aspects by social entrepreneurs, indicating considerable backing from these areas. However, government support and the current legal framework are perceived as insufficient and require reforms to create a more favorable environment for social entrepreneurship.
4. **Criticism of the Legal Framework and Support from Local Authorities:** Social entrepreneurs criticized the current legal framework for not allowing the development of all necessary social services and for treating social enterprises similarly to traditional businesses, without offering specific benefits. Additionally, support from local public authorities (LPA) is considered insufficient, with some cases where LPAs even hinder social initiatives.
5. **Challenges in Creating Jobs for Vulnerable Groups:** Social enterprises face difficulties in accommodating workplaces, providing daily transportation, and integrating people from disadvantaged groups who often lack the necessary knowledge or skills.
6. **Use of Profits in Social Enterprises:** The majority of social enterprises reinvest their profits into their social and economic activities. This reflects a strong commitment to their social mission and a focus on innovation and sustainable growth.
7. **Diversification of Funding Sources:** Social enterprises demonstrate adaptability by using a wide range of funding sources, including profits from commercial activities, non-governmental grants, and private donations. This diversification allows them to continue their social mission and contribute effectively to the community.
8. **Demotivation for Obtaining SE/WISE Status:** Bureaucratic obstacles, the lack of clear advantages, and insufficient information about the benefits of this status are the main reasons discouraging social entrepreneurs from applying for SE/WISE status. Simplifying procedures and increasing transparency could encourage more enterprises to obtain this status.

## Chapter 1 Conclusions

Social entrepreneurship demonstrates remarkable potential for addressing social and environmental issues in a sustainable and innovative manner. The analyses conducted throughout Chapter 1 allow for the formulation of the following conclusions:

1. **The Crucial Role of Social Entrepreneurship:** Social entrepreneurship is presented as an essential pillar for societal development, addressing social and economic challenges in a sustainable and innovative way.
2. **Differentiation from Other Economic Structures:** Social enterprises differ from traditional businesses through their primary social objectives and the way they reinvest profits for social purposes, in contrast to traditional companies that prioritize profit.





3. **Impact and Sustainability of Social Enterprises:** Social enterprises are recognized for their ability to generate lasting social impact by combining innovation and flexibility with efficient economic practices.
4. **Perception of Traditional Entrepreneurs Towards Social Entrepreneurship:** In Moldova, although many traditional entrepreneurs are familiar with the concept of social entrepreneurship, their understanding is often incomplete, with confusion surrounding how these enterprises operate and how profits are distributed.
5. **Willingness to Collaborate:** Traditional entrepreneurs are open to collaborating with social businesses, particularly when they offer competitive prices, indicating a commitment to social values.
6. **Youth Interest in Entrepreneurship:** The majority of young people in Moldova show a high interest in entrepreneurship, motivated by the desire for freedom, higher earnings, and pursuing their own ideas.
7. **Awareness and Openness to Social Entrepreneurship:** Although there is growing awareness of the concept of social entrepreneurship among young people, there is still a significant need for additional information.
8. **Motivations for Founding Social Businesses:** The motivations of social entrepreneurs are often altruistic, driven by the desire to have a positive impact on society and to solve social or environmental problems, but they are also influenced by financial aspects and community recognition.
9. **The Social Entrepreneurship Ecosystem in Moldova is Considered Limiting by Social Entrepreneurs:** Social entrepreneurs in Moldova perceive the legal framework and support policies as insufficient to facilitate the development and sustainability of social businesses. They feel an acute need for improved access to resources, funding, and support from authorities, indicating an ecosystem that is still developing and the necessity for better-defined policies to support this sector.
10. **Community and Civil Society Involvement is Essential for the Success of Social Businesses:** The survey results show that community involvement and support from civil society organizations are critical factors for the development of social entrepreneurship in Moldova. Although social entrepreneurs are strongly motivated to generate social impact, the lack of a robust ecosystem, including effective partnerships and formal recognition, limits the growth and expansion potential of these businesses.



## Chapter 2. The Legal Framework for Social Entrepreneurship in the Republic of Moldova

Through its functions and the way it operates, social entrepreneurship plays an essential role in society. By its very nature, social entrepreneurship takes on some of the functions and responsibilities that typically belong to the state and civil society, and it addresses these much more efficiently by applying commercial principles to process organization.

Given the importance of social entrepreneurship in addressing the challenges faced by society, as well as its specific characteristics that distinguish it from traditional business, there is a need for a regulatory and support framework through which the state would both support and regulate and monitor its activities. The existence of a dedicated regulatory framework for social entrepreneurship can be justified by multiple arguments:

- **Recognition and Support:** A clear legal framework provides official recognition to social entrepreneurs, facilitating their access to financial resources and other forms of support necessary for developing and scaling their projects.
- **Transparency and Credibility:** Specific regulations ensure the transparency of social entrepreneurs' activities and contribute to increasing their credibility with investors, donors, and the general public.
- **Fiscal Measures:** State policies can include advantageous fiscal measures for social entrepreneurs, such as tax exemptions or fiscal incentives, thus stimulating the development of this sector.
- **Access to Funding:** An adequate legal framework can facilitate social entrepreneurs' access to public and private funds, subsidies, grants, and other forms of financing.
- **Collaboration and Partnerships:** State policies can encourage collaboration between the public sector, private sector, and social entrepreneurs, creating partnerships that maximize the social and economic impact of projects.

For this purpose, many countries are adjusting their legal frameworks by adopting legislation dedicated to social entrepreneurship (such as Law No. 219 on the social economy, adopted in 2015 in Romania, or the Law on Social Entrepreneurship, adopted in 2022 in the Republic of Serbia) or by making modifications to the legal framework dedicated to entrepreneurial activities and/or non-profit organizations (for example, in Estonia, the activity of social enterprises is regulated by the Non-Profit Associations Act).

### Analysis of the Legal Framework in the Republic of Moldova

In the Republic of Moldova, social entrepreneurship is regulated by three legislative acts (see Table 2.1).

**Table 2.1. Legislative Acts in the Field of Social Entrepreneurship in the Republic of Moldova**

Legislative Act	Regulated Aspects	Date of Adoption
<b>Law No. 845/1992 on Entrepreneurship and Enterprises</b>	Defines the concept of social entrepreneurship and establishes the general framework for the operation of social enterprises/work integration social enterprises	Law No. 223 of 02-11-2017 on the Amendment and Completion of Certain Legislative Acts
<b>Regulation on the Organization and Operation of the National</b>	Establishes the procedure for granting and withdrawing the status of social	Government Decision No. 1165 of 28.11.2018



<b>Commission for Social Entrepreneurship</b>	enterprise/work integration social enterprise	
<b>List of Activities Constituting Social Entrepreneurship</b>	Establishes the permissible and prohibited activity areas for social enterprises/work integration social enterprises	Government Decision No. 1165 of 28.11.2018

Source: Developed based on <https://www.legis.md>

The analysis of the legislative framework shows that in the Republic of Moldova, a separate law was not issued to regulate activities related to social entrepreneurship. Instead, adjustments were made to the existing legislative framework by amending and supplementing the Law on Entrepreneurship and through the adoption of government decisions that detail specific aspects of this field.

Thus, the general framework regarding social entrepreneurship is established by the Law on Entrepreneurship and Enterprises, following the amendments made by Law No. 223 of 02-11-2017 on the Amendment and Completion of Certain Legislative Acts. As a result of this amendment, a separate chapter dedicated to social entrepreneurship was added: Chapter VI<sup>1</sup> SOCIAL ENTREPRENEURSHIP AND SOCIAL ENTERPRISE. Specific aspects related to social entrepreneurship, such as the procedure for granting social enterprise status and the list of permissible activities for social enterprises and work integration social enterprises, are regulated by two other documents approved by Government Decision.

### Provisions of Chapter VI<sup>1</sup> of Law No. 845/1992 on Entrepreneurship and Enterprises

Chapter VI<sup>1</sup> of the Law on Entrepreneurship and Enterprises regulates the operation of social enterprises through the following measures: defining social entrepreneurship, determining the types of entities eligible to engage in this activity, establishing the necessary conditions for obtaining the status of social enterprise and work integration social enterprise, specifying the procedures for acquiring and withdrawing this status, as well as outlining the facilities and support provided by the state.

Thus, according to the Law on Entrepreneurship and Enterprises, "social entrepreneurship is an entrepreneurial activity whose primary purpose is to solve social problems in the interest of the community" and may be conducted by social enterprises and work integration social enterprises created in accordance with legal provisions. The specifics of the activities of social enterprises are presented in Table 2.2.

**Table 2.2. Purpose, Subjects, and Characteristic Activities of Social Entrepreneurship**

<b>Purpose of Social Entrepreneurship</b>	The entrepreneurial activity is aimed at improving living conditions and providing opportunities for disadvantaged population groups by strengthening economic and social cohesion, including at the level of local communities, through employment, the development of social services in the interest of the community, and increasing social inclusion.
<b>Domains of Activities Assigned to Social Entrepreneurship</b>	<p><b>Job creation, inclusion of disadvantaged people, and protection of the rights of people with disabilities</b></p> <ul style="list-style-type: none"> <li>• Job creation and prioritizing the employment of disadvantaged population groups</li> <li>• Promoting employment opportunities for disadvantaged population groups through job placement services, information and career counseling, vocational guidance and training, and consultancy and assistance in starting a business</li> <li>• Protection and promotion of the rights of people with disabilities and their families for their social inclusion</li> </ul> <p><b>Regional development and support for local public administration</b></p> <ul style="list-style-type: none"> <li>• Conducting activities that contribute to the implementation of regional development public policies, including reducing disparities between the levels of socio-economic development within and across regions, strengthening financial, institutional, and human opportunities for socio-economic development, supporting the activities of local public administration authorities and local communities aimed at socio-economic development, and coordinating their interaction with national,</li> </ul>





	<p>sectoral, and regional development strategies and programs.</p> <p><b>Provision and development of social services</b></p> <ul style="list-style-type: none"> <li>• Provision and development of social services, as well as ensuring financial sustainability for the development and expansion of social services</li> </ul> <p><b>Environmental protection and waste management</b></p> <ul style="list-style-type: none"> <li>• Promoting environmental protection activities</li> <li>• Waste management aimed at reducing waste and maximizing its reintroduction into the economic cycle, as well as preventing environmental pollution</li> </ul> <p><b>Protection of national heritage and recreational activities</b></p> <ul style="list-style-type: none"> <li>• Promoting activities for the protection of national heritage</li> <li>• Conducting tourism and sports activities for recreation and socialization</li> </ul> <p><b>Educational and cultural activities</b></p> <ul style="list-style-type: none"> <li>• Conducting extracurricular activities</li> <li>• Conducting activities in the fields of education, culture, health care, social protection and assistance, those aimed at increasing welfare and community development, if these activities are exclusively aimed at strengthening economic and social cohesion and increasing social inclusion.</li> </ul>
<b>Entities Engaged in Social Entrepreneurship</b>	<ul style="list-style-type: none"> <li>• <b>Social Enterprises</b> – engage in social entrepreneurship activities to address community-relevant social issues</li> <li>• <b>Work Integration Social Enterprises</b> – social enterprises that aim to create jobs and prioritize the employment of disadvantaged population groups.</li> </ul>

Source: Developed based on the Law of the Republic of Moldova No. 845/1992 on Entrepreneurship and Enterprises [https://www.legis.md/cautare/getResults?doc\\_id=17094&lang=ro](https://www.legis.md/cautare/getResults?doc_id=17094&lang=ro)

The law introduces the status of social enterprise and work integration social enterprise, which can be granted to entities with the organizational-legal form of a Limited Liability Company or a Production Cooperative. These entities operate on commercial principles, yet they have characteristics that distinguish them from traditional enterprises (see Table 2.3).

**Table 2.3. Characteristics of Social Enterprises and Work Integration Social Enterprises Compared to Traditional Enterprises**

Characteristic	Social Enterprise	Work Integration Social Enterprise	Traditional Enterprise
<b>Legal Form</b>	Limited Liability Company or Production Cooperative	Limited Liability Company or Production Cooperative	Various legal forms: LLC, JSC, IE, etc.
<b>Fields of Activity</b>	Operates in at least one of the areas specified in Art. 361 of the Law on Entrepreneurship and Enterprises	Operates in at least one of the areas specified in Art. 361 of the Law on Entrepreneurship and Enterprises	Any economic field provided by law
<b>Voting Rights</b>	Grants equal voting rights to associates, regardless of their share in the capital	Grants equal voting rights to associates, regardless of their share in the capital	Voting rights proportional to the share in the capital
<b>Profit Reinvestment</b>	Reinvests at least 90% of profits in achieving objectives in the areas specified by law	Reinvests at least 90% of profits in achieving objectives in the areas specified by law	Profit can be fully distributed to shareholders or reinvested, without specific legislative restrictions
<b>Social Equity Principle</b>	Applies the principle of social equity for employees, ensuring equitable wage levels, 1:5 ratio	Applies the principle of social equity for employees, ensuring equitable wage levels, 1:5 ratio	No specific obligations regarding wage ratios; wages are regulated by individual employment contracts or collective agreements, in accordance with labor law



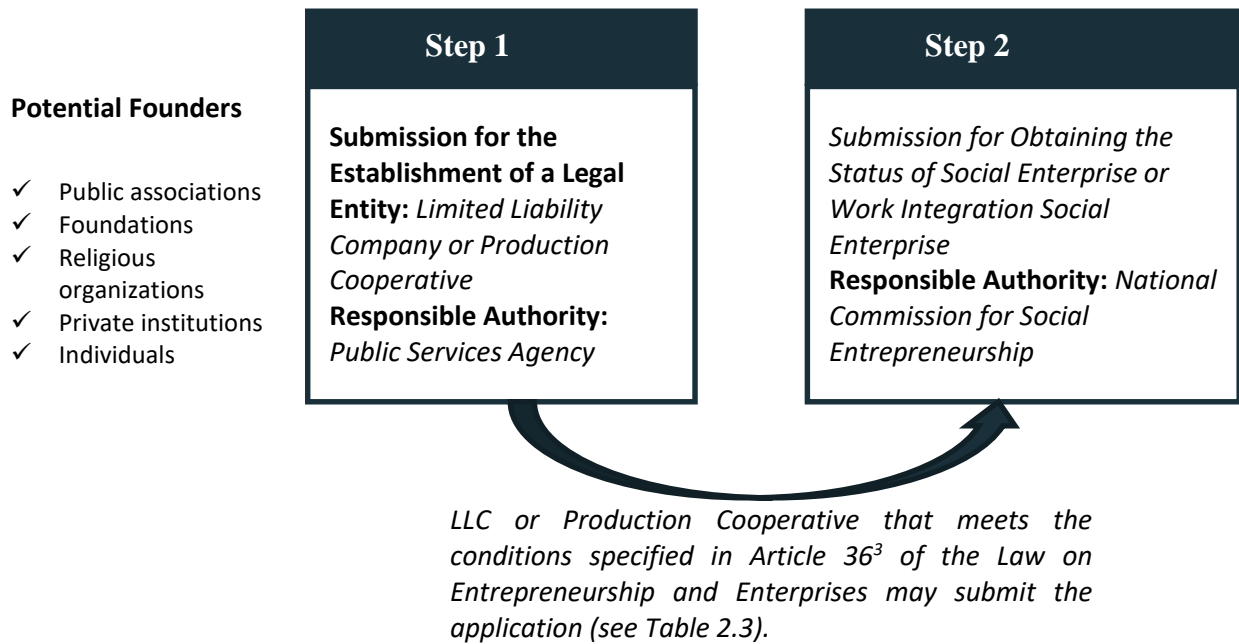
<b>Distribution of Property and Profit</b>	Does not distribute property obtained from social entrepreneurship and no more than 10% of profit among members	Does not distribute property obtained from social entrepreneurship and no more than 10% of profit among members	Distribution of profit and property is determined by the company's statutes and shareholder agreements, without specific legislative restrictions beyond general law
<b>Asset Transfer in Case of Liquidation</b>	Transfers remaining assets after satisfying creditors to other social enterprises or non-commercial organizations	Transfers remaining assets after satisfying creditors to other social enterprises or non-commercial organizations	Remaining assets after liquidation are distributed according to the law, depending on the type of entity, to creditors and shareholders
<b>Employment of Disadvantaged People</b>	Not applicable	Employs at least 30% of staff from disadvantaged categories, with at least 30% of total working hours	No specific obligations regarding the employment of disadvantaged people
<b>Objective in the Articles of Incorporation</b>	Not applicable	Creation of jobs and prioritizing the employment of disadvantaged people	Objectives are set by the founders and may include various economic purposes, without specific obligations regarding the employment of disadvantaged people

Source: Developed based on the Law of the Republic of Moldova No. 845/1992 on Entrepreneurship and Enterprises [https://www.legis.md/cautare/getResults?doc\\_id=17094&lang=ro](https://www.legis.md/cautare/getResults?doc_id=17094&lang=ro)

To achieve the purpose set for entities engaged in social entrepreneurship, their mode of operation differs from that of traditional enterprises. Social enterprises and work integration social enterprises are required to reinvest at least 90% of their profits towards achieving social objectives and to apply strict wage equity principles. Additionally, work integration social enterprises must employ at least 30% of their staff from disadvantaged categories, a criterion that does not exist for traditional businesses.

### Procedure for Granting the Status of Social Enterprise/Work Integration Social Enterprise

The status of social enterprise or work integration social enterprise is granted to applicants by the National Commission for Social Entrepreneurship for a period of 3 years, with the possibility of extension, as well as cancellation or suspension (see Figure 2.1).



**Figure 2.1. Procedure for Granting the Status of Social Enterprise/Work Integration Social Enterprise**

Source: Developed based on the Law of the Republic of Moldova No. 845/1992 on Entrepreneurship and Enterprises [https://www.legis.md/cautare/getResults?doc\\_id=17094&lang=ro](https://www.legis.md/cautare/getResults?doc_id=17094&lang=ro)

In addition to describing the specific operations of enterprises engaged in social entrepreneurship and the process of obtaining the status of social enterprise/work integration social enterprise, the law provides a series of measures that the state can undertake to support social entrepreneurship initiatives. According to Article 365, the state supports social enterprises by granting tax incentives, offering free counseling from public authorities, and allowing participation in public procurement procedures. Work integration social enterprises can benefit from state aid through approved programs and various facilities offered by local public administrations, such as the allocation of spaces or land and support in promoting products and services. Additionally, tax exemptions and support measures for leveraging local heritage for tourism purposes are available.

### **Provisions of the Regulation on the Organization and Operation of the National Commission for Social Entrepreneurship**

The regulation aims to define the operational framework of the Commission. Since no law has been specifically dedicated to social entrepreneurship, such a regulation became necessary to ensure the functionality of Chapter VI<sup>1</sup> of the Law on Entrepreneurship and Enterprises, which mentions the establishment of a National Commission for Social Entrepreneurship.

The regulation governs essential aspects of the Commission's operation, such as the duties and responsibilities of the Commission, its composition and structure, the roles of its members, the procedure for reviewing applications and appeals, the organization and conduct of meetings, the evaluation of compliance with the social enterprise status, the procedure for issuing warnings and withdrawing the status, the publication of annual reports, and the updating of the list of social enterprises, as well as the role of the secretariat in ensuring the Commission's operation.

In essence, the regulation provides the necessary legal and operational framework for the efficient and responsible functioning of the National Commission for Social Entrepreneurship, thereby supporting the development of a favorable environment for social entrepreneurship.



## List of Activities Constituting Social Entrepreneurship

This document, approved by government decision, highlights the types of activities permitted for social enterprises and work integration social enterprises. According to the list approved by the Government, social enterprises and work integration social enterprises can engage in any economic activity provided by the Classifier of Economic Activities of Moldova, with the exception of activities that contradict the objectives of social entrepreneurship (such as the cultivation of tobacco, the production and sale of tobacco products, or hunting, trapping, and related service activities).

## Some Conclusions Regarding the Legislative Framework for Social Entrepreneurship in the Republic of Moldova

### Strong Aspects of the Legislative Framework:

1. **Official Recognition and Support:** The legal framework provides official recognition of social entrepreneurship, which is essential for attracting investments and partnerships, thereby increasing credibility and transparency.
2. **Clear Procedures for Obtaining Status:** The procedure for granting the status of social enterprise or work integration social enterprise is clearly regulated, offering a transparent and predictable framework for entities seeking to obtain this status.
3. **Provision of Fiscal and Non-Fiscal Facilities:** The legislation provides for the application of favorable fiscal measures for social enterprises, such as tax exemptions, which can stimulate the growth of this sector and motivate social enterprises to reinvest more in their social objectives.

### Weaknesses of the Legislative Framework:

1. **Lack of a Dedicated Law:** Instead of a separate law for social entrepreneurship, Moldova opted to amend and supplement existing legislation. This can lead to confusion and inconsistencies in the application of specific rules for social entrepreneurship. Moreover, regulating social entrepreneurship through the general law on entrepreneurship and enterprises only targets the activities of enterprises that have obtained social enterprise status. This approach excludes impactful startups that contribute to solving social or environmental issues without having social enterprise status, as well as social initiatives and projects implemented by traditional enterprises.
2. **Complexity of Procedures:** The procedures for obtaining the status of social enterprise or work integration social enterprise are complex and may discourage potential social entrepreneurs. Simplifying these procedures could encourage more entities to apply for this status.
3. **Inconsistent Implementation:** There is a risk that regulations may be unevenly implemented at the local level, which could create disparities and inequities between different regions. An effective monitoring mechanism is needed to ensure the uniform application of the law.

### Improvement Proposals:

1. **Development of a Dedicated Law:** Creating a separate and comprehensive law for social entrepreneurship would clarify regulations and provide a robust and specific legal framework for this sector. This should also include the regulation of impactful startups and social initiatives by traditional enterprises that contribute to solving social or environmental issues.
2. **Simplification of Procedures:** Simplifying the procedures for obtaining status and the associated administrative processes would encourage more entities to become social enterprises and contribute to solving social problems.

3. **Monitoring and Evaluation Mechanisms:** Establishing clear monitoring and evaluation mechanisms for the application of legislation at the local level would ensure the uniform and effective implementation of the legal framework.

## Policies for Supporting Social Entrepreneurship

Even though the development of a legal framework is crucial for the growth of social entrepreneurship, it is not sufficient on its own to motivate entrepreneurs to develop projects dedicated to solving social, environmental, and other issues. Thus, the development of social entrepreneurship is supported by various policies and programs implemented by states to stimulate the social initiatives of businesses, including:

- **Financial Support and Access to Capital:** States often provide loans, grants, and other forms of financial support to facilitate access to capital for social entrepreneurs. This support can also include tax incentives and regulatory facilities to encourage investment in social enterprises.
- **Education and Training:** Education in social entrepreneurship is supported by programs at the post-secondary and university levels, as well as through courses and workshops organized by governments and NGOs. These programs aim to develop entrepreneurial skills and promote social innovation.
- **Infrastructure and Support Networks:** Creating a support infrastructure for social entrepreneurs, which can include business incubators, innovation hubs, and mentor networks, is crucial for the sustainable development of social enterprises. These structures provide logistical support, counseling, and networking opportunities.
- **Support for Innovation and Ecosystem Development:** Establishing innovation ecosystems through institutional support and policies that generate demand for the products and services of social enterprises is another mechanism of support. These ecosystems can be formed through collaboration between the public, private, and academic sectors.

To ensure a comprehensive approach to social entrepreneurship, governments develop strategies, and plans to support and develop social entrepreneurship. For example, Spain has been implementing strategies to support the social economy since 2017, and the second strategy (Social Economy Strategy 2023-2027) includes 146 concrete actions focused on achieving four strategic objectives: Visibility of the social economy and institutional participation; Improving competitiveness; Entrepreneurship and emerging sectors; Social and territorial sustainability.

### Analysis of Social Entrepreneurship Support Policies in the Republic of Moldova

In 2020, the National Program for the Development of Social Entrepreneurship 2021-2025 was drafted and proposed for public discussion, but it was not approved, remaining a project to this day. The draft document outlines four general objectives aimed at ensuring the necessary framework for creating a favorable ecosystem for the development of social entrepreneurship in the Republic of Moldova:

1. Developing and promoting a culture of social entrepreneurship among the population of the Republic of Moldova;
2. Creating a favorable regulatory framework for social entrepreneurship and leveraging the potential of this sector in the economic and social development of the Republic of Moldova;
3. Facilitating access to markets and financial instruments specific to the social entrepreneurship sector in the Republic of Moldova;
4. Improving professional skills and competencies in the field of social entrepreneurship.





From these points, it is evident that the program only partially addresses the challenges faced by social enterprises: the draft program does not provide for tax incentives or financial support programs for social businesses (support measures provided by the Law on Entrepreneurship and Enterprises).

In the absence of a comprehensive program to support social businesses, we will analyze various state economic policy measures that may target social businesses.

### **Fiscal Policy**

Although Law No. 845/1992 on Entrepreneurship and Enterprises mentions that the state grants tax incentives for the development of social entrepreneurship, the Tax Code of the Republic of Moldova does not provide dedicated tax incentives for social enterprises or work integration social enterprises. At the same time, the Tax Code does not establish a preferential tax regime for social enterprises, similar to that for information technology companies, or reduced VAT rates, similar to those for HoReCa companies.

Moreover, even though the law expressly mandates that 90% of profits must be directed towards the social objectives pursued by the enterprise, this profit is not tax-exempt. Currently, social enterprises, like traditional businesses, can benefit from a 0% tax on undistributed profits, following the changes in fiscal policy for the period 2023-2025. However, this provision is temporary and only applies to VAT-paying enterprises that pay profit tax; therefore, enterprises that pay income tax cannot benefit from the 0% tax.

### **Public Procurement Policy**

Public procurement can serve as an opportunity to expand demand for the services/products offered by social enterprises and work integration social enterprises (market size being a crucial element for the development of social businesses). Thus, through the public procurement process, the state can directly support social enterprises and work integration social enterprises by granting them priority opportunities for providing products and services. For example, at the European Union level, public procurement is recognized as an essential policy tool capable of supporting the development of social enterprises.

The current regulatory framework for public procurement offers some preferential conditions to social enterprises. According to Article 59, paragraph (6) of the Public Procurement Law 131/2015, "The contracting authority has the right to establish that participation in the procedures for awarding public procurement contracts exclusively for health, social, and cultural services... be reserved for certain economic operators, such as non-profit legal entities, social enterprises, and protected units accredited as social service providers, public social service providers." Even though these preferential conditions are provided, they are insufficient—considering that the law allows social enterprises to engage in all types of permitted activities in the Republic of Moldova (with some exceptions), the limitation provided by the cited norm should be excluded.

Another limiting factor that restricts the potential participation of social enterprises in the public procurement process is the selection criteria for suppliers. According to Article 59, paragraph (5) of Law 131/2015, "The award criteria used for awarding public procurement contracts/framework agreements concerning social services and other specific services, provided in Annex no. 2, are the best price-quality ratio or the best cost-quality ratio, taking into account the quality and sustainability criteria of social services," without considering the social benefits, mission, and objectives of the social enterprise or work integration social enterprise that provides the product or service. This situation contradicts EU public procurement rules, which promote the practice of using public procurement to achieve various objectives, including those related to environmental protection or solving social issues.



## Employment Policies

According to the Law on Entrepreneurship and Enterprises, in work integration social enterprises, at least 30% of the employed personnel must belong to disadvantaged categories. Social enterprises frequently employ labor from disadvantaged categories as well. Utilizing this category of employees significantly impacts productivity and, consequently, the financial results of the business. To encourage businesses to employ this category of workers, the state can offer various forms of support, including subsidizing personnel costs.

Government Decision No. 49 of 29.04.2021 approved the Regulation on Job Subsidies. The regulation establishes the procedure for granting subsidies related to wage payments for legal entities and individuals engaged in entrepreneurial activities, non-commercial organizations, individuals engaged in professional activities, and those who employ persons from the following categories:

- Persons who, for a period of at least 12 consecutive months preceding the month of employment, have not had any wage income;
- Persons with disabilities, in accordance with the provisions of Law No. 60/2012 on the Social Inclusion of Persons with Disabilities.

The method of subsidizing and the amount of the subsidy for employers are determined based on the categories of employees. For individuals who have not had wage income in the last 12 consecutive months, the subsidy is 50% of the declared and paid wage taxes, but not more than 1000 lei per month per employee.

In the case of persons with disabilities, the subsidy varies depending on the degree of disability and the type of enterprise in which the person is employed. In specialized enterprises, the company receives 100% of the taxes for employees with severe disabilities, but not more than 2000 lei per month per employee, and 50% of the taxes for employees with significant disabilities, but not more than 1000 lei per month per employee. In specialized enterprises, the subsidy is higher: 300% of taxes for employees with severe disabilities (maximum 6000 lei per month), 260% for those with significant disabilities (maximum 5200 lei per month), and 230% for those with moderate disabilities (maximum 4600 lei per month).

## Financial Support Programs

Currently, there are no government financial support programs specifically dedicated to social entrepreneurship in the Republic of Moldova. However, alongside traditional businesses, social enterprises can benefit from financial support programs available to enterprises in Moldova, provided their projects align with the priority areas of these programs.

The Organization for Entrepreneurship Development (ODA) operates various funding programs from which social enterprises could also benefit (see Table 2.4).

**Table 2.4. Financial Support Programs Offered by ODA That Could Benefit Social Enterprises**

Program	Funding Opportunities	Program Purpose
<b>Start for Youth</b>	- Non-reimbursable funding up to 200,000 MDL - Loan with a grant portion up to 1,760,000 MDL	Promoting entrepreneurship among youth (primarily in rural areas)
<b>Women Entrepreneurship Support Program</b>	- For creating and developing start-ups: Non-reimbursable funding up to 200,000 MDL - For improving the competitiveness of	Stimulating and promoting women-led businesses



	existing businesses: Non-reimbursable funding up to 600,000 MDL	
<b>PARE 1+1</b>	- Non-reimbursable funding based on the 1+1 Rule, up to 250,000 MDL - Non-reimbursable funding for developing businesses based on the 1+2 Rule, up to 500,000 MDL	Channeling remittances into business initiation and development
<b>SME Development in Tourism</b>	- Non-reimbursable funding up to 500,000 MDL	Promoting and facilitating tourism and entrepreneurship activities, promoting and exporting specific Moldovan tourism products and services
<b>SME Greening Program</b>	- Non-reimbursable funding up to 500,000 MDL	Implementing business models based on greening principles and integrating "green" economy measures into production processes
<b>Digital Transformation Program for SMEs</b>	- Non-reimbursable funding up to 500,000 MDL	Implementing digital transformation plans in SMEs
<b>Support Program for Digital Innovations and Tech Startups</b>	- Non-reimbursable funding up to 500,000 MDL	Providing non-reimbursable funding to innovative SMEs and startups for products and services in the field of information and communication technologies, new technologies
<b>SME Retooling and Energy Efficiency Program</b>	- For technological and retooling actions: Non-reimbursable funding up to 2,000,000 MDL - For machinery, equipment, and installations for alternative energy sources: Non-reimbursable funding up to 1,500,000 MDL	Providing businesses with a competitive market advantage, resilience, and access to investments that can yield economic effects through changing the basic production model, adapting to new technologies, and opting for alternative energy sources
<b>Program for Increasing Export Competitiveness and Internationalization of SMEs</b>	- Non-reimbursable funding up to 600,000 MDL	Stimulating investments to increase business competitiveness and productivity for export or expansion into foreign markets, as well as business internationalization

Source: Developed based on the presentation of programs on the official ODA website <https://www.oda.md>

Although ODA does not implement funding programs exclusively dedicated to social enterprises, these enterprises can attract funds through existing programs that have objectives similar to those of social entrepreneurship. For example, the Start for Youth and Women Entrepreneurship Support Program promote entrepreneurship among youth and women, categories that often fall into vulnerable population groups and are more frequently promoters of social businesses. Greening, digital transformation, and digital innovation programs provide funding for initiatives that promote sustainability and innovation, essential elements in social entrepreneurship. Additionally, the Retooling and Energy Efficiency Program can support social enterprises looking to modernize their processes. The SME Development in Tourism program is also relevant, as tourism is an important direction for social entrepreneurship according to Moldovan legislation, supporting tourism activities with social impact.

Although there are currently no government programs specifically dedicated to social entrepreneurship, in 2022, a draft Government Decision regarding the approval of the Funding and Mentoring Program for Social Enterprises and its Implementation Plan was put up for public discussion. The implementation of this document would be carried out by ODA, which would develop



an operational manual for the implementation of this program. The financial component of the program provides for the offering of non-reimbursable funding of up to 200,000 MDL for enterprises that hold or intend to obtain social enterprise or work integration social enterprise status, and non-reimbursable funding of up to 500,000 MDL for legal entities that hold this status at the time of applying for the program. However, the document is still in draft status and has not been approved by the Government.

In the context of the absence of state programs dedicated to the financial support of social entrepreneurship, various projects dedicated to social entrepreneurship, funded by external partners, are implemented in the Republic of Moldova, some of which provide non-reimbursable funding to social enterprises. Some of these projects are presented in Table 2.5.

**Table 2.5. Examples of Projects Providing Financial Support to Social Enterprises in Moldova**

Project Name	Implementing Organization, Period	Project Funding, Implementation Period	Budget for Funding Social Enterprises	Maximum Grant Amount Offered to a SE
<b>Harnessing the Potential of Civil Society for Promoting and Developing Social Entrepreneurship in the Republic of Moldova</b>	East Europe Foundation in partnership with Keystone Moldova and Contact Center Implementation Period: 01.01.2022 - 31.12.2024	Funded by the European Union, co-funded by Sweden	375,000 EUR	37,500 EUR
<b>Civil Society Contributes to Inclusive and Sustainable Economic Development of the Country</b>	East Europe Foundation in partnership with the European Business Association and Contact Center Implementation Period: 01.02.2021 – 31.05.2024	Funded by the European Union, co-funded by Sweden	175,000 EUR	35,000 EUR

Source: Developed based on announcements from the platform [www.antrenoriatsocial.md](http://www.antrenoriatsocial.md)

An analysis of the opportunities for social enterprises in Moldova to attract non-reimbursable funding shows that while they can access such funding, it does not come from the state and is not offered on a permanent basis like the funding provided by state programs (in most cases, ODA programs do not have an application deadline, allowing companies to continuously submit applications for funding). At the same time, social enterprises, alongside traditional businesses, can apply for funding through ODA programs that support businesses in Moldova.

## Some Conclusions Regarding the Social Entrepreneurship Support Policy in the Republic of Moldova

### Strengths:

- **Existence of a Legislative Framework:** The Republic of Moldova has laws that mention support for social entrepreneurship, such as the Law on Entrepreneurship and Enterprises and some provisions in the Public Procurement Law.



- **Indirect Support through Existing Programs:** Social enterprises can benefit from general financial support programs offered by ODA, such as the "Start for Youth" and "Women Entrepreneurship Support Program."
- **Employment Subsidies:** There are subsidies for hiring people from disadvantaged categories, regulated by Government Decision No. 49 of 29.04.2021.
- **International Support:** There are projects funded by development partners, such as those implemented by the East Europe Foundation, which offer non-reimbursable funding.
- **Intentions to Develop Dedicated Financing Instruments for Social Entrepreneurship:** In 2022, a draft Government Decision was put up for public discussion to approve a dedicated funding and mentoring program for social enterprises, representing an important step towards establishing direct financial support for this sector.

#### Weaknesses:

- **Lack of an Approved National Program Dedicated to Social Entrepreneurship:** The National Program for the Development of Social Entrepreneurship 2021-2025 was not approved, remaining only a draft.
- **Lack of Tax Incentives:** The Tax Code does not provide specific tax incentives for social enterprises. The current fiscal regime does not offer similar advantages to those in other sectors, such as IT or HoReCa.
- **Limited Public Procurement:** The current regulatory framework for public procurement offers limited preferential conditions for social enterprises, without considering the social benefits they provide.
- **Lack of Dedicated Financial Support Programs:** There are no specific government programs for financing social entrepreneurship, and social enterprises must compete for funding within programs aimed at traditional businesses.

#### Improvement Proposals:

- **Development of a New National Program to Support Social Entrepreneurship:** It is necessary to develop an updated national program that reflects the new realities and needs of the social entrepreneurship sector, integrating international best practices and adapting them to the local context.
- **Dedicated Tax Incentives:** Amend the Tax Code to include specific tax incentives for social enterprises, similar to those granted to other priority sectors. This could include tax exemptions for profits reinvested in social objectives and reduced VAT for products and services offered by social enterprises.
- **Expansion of Preferential Public Procurement:** Amend the Public Procurement Law to extend preferential conditions to all types of social enterprise activities, not just health, social, and cultural services. This would encourage more social enterprises to participate in public tenders and expand their market.
- **Promotion and Approval of the Financing Project:** Approving and implementing the draft Government Decision regarding the Funding and Mentoring Program for Social Enterprises would provide crucial financial support, ensuring the necessary resources for their development and sustainability.

## Chapter 3. Stakeholders of Social Entrepreneurship in the Republic of Moldova

Social entrepreneurship is a dynamic sector that addresses social, environmental, and economic challenges through sustainable initiatives. The results achieved by some social enterprises demonstrate their ability to solve these problems more efficiently than governments or non-governmental organizations, due to their use of commercial principles in process organization.

However, despite the significant advantages of social businesses, few entrepreneurs are willing to develop such initiatives. According to data provided by the National Commission for Social Entrepreneurship, as of May 2, 2024, there were only 12 registered social enterprises in the Republic of Moldova, of which 6 held the status of social enterprise and 6 held the status of work integration social enterprise. Of these, 9 were founded by public associations and only 3 by individuals.

Although there is a legislative framework favorable to the development of social enterprises and non-governmental support programs, entrepreneur interest in this sector remains low. Research in the field emphasizes that, in addition to government support, stakeholder engagement plays a crucial role in the development of social entrepreneurship (Hidzir, 2021). Thus, to understand how social entrepreneurship functions, the factors that drive its performance, and to stimulate active community participation in such projects, it is essential to have a clear picture of all parties impacting social entrepreneurship. In this context, the following research will focus on two main objectives:

1. Analyzing the role and influence of stakeholders in the development of social entrepreneurship.
2. Mapping the stakeholders characteristic of social entrepreneurship in Moldova.

The analysis will provide a detailed perspective on the role of stakeholders in the development of social entrepreneurship and will propose recommendations for leveraging their potential in developing the social entrepreneurship sector in the Republic of Moldova.

### The Impact of Stakeholders on Social Entrepreneurship

Given the large number of actors that can influence the development of social entrepreneurship, the study focuses only on stakeholders with a major impact (see Table 1):

**Table 3.1. Stakeholders with Major Impact on Social Entrepreneurship**

Stakeholder	Examples of Stakeholders	Importance of Analyzing This Stakeholder
<b>Social Entrepreneurs and Their Organizations</b>	- Startups and SMEs involved in social entrepreneurship. - NGOs and non-profit organizations.	Identifying specific challenges and needs to create appropriate support strategies and understand their social impact.
<b>Direct Beneficiaries</b>	- Individuals and groups who directly benefit from social initiatives. - Customers and end users of products or services.	Assessing the impact of social initiatives and adjusting them to better meet community needs.
<b>Business Partners and Support Networks</b>	- Chambers of commerce and business associations. - Incubators, accelerators, and innovation hubs. - Consultants and business support firms.	Support in developing and scaling social initiatives through resources, expertise, and contact networks.



	- Organizations that promote social entrepreneurship.	
<b>Government and Public Administration</b>	- Government agencies and local authorities. - Politicians and public officials involved in social and economic policies.	Ensuring a favorable legislative framework and implementing public policies that support social entrepreneurship.
<b>Investors and Funders</b>	- Impact investors. - Venture capital funds. - Financial institutions and banks. - Foundations and grants.	Providing essential financial resources for initiating and developing social entrepreneurship projects.
<b>Media and Influencers</b>	- Journalists and publications specializing in social entrepreneurship. - Bloggers and influencers promoting social initiatives.	Increasing visibility and raising public awareness of social entrepreneurship initiatives, influencing public opinion.

Table 1 highlights the diversity and complexity of stakeholders impacting social entrepreneurship. Each category of stakeholders plays a distinct role in supporting and developing social initiatives. From social entrepreneurs who initiate projects to investors who provide the necessary financial resources, and the media that helps increase visibility, each group makes unique and essential contributions.

It is necessary to analyze all these stakeholders because each has different interests, resources, and influences that can affect the success of social initiatives. Understanding these aspects allows us to develop effective collaboration strategies, anticipate challenges, and maximize social impact. This holistic analysis helps identify potential synergies and ensures coordinated and sustainable support for social entrepreneurship.

To present the impact each stakeholder can have on social entrepreneurship, the analysis focuses on three key aspects:

1. **Role and Influence:** The ability of each stakeholder to influence decisions and the direction of social initiatives, thus identifying actors with significant decision-making power.
2. **Resources and Contributions:** The financial, human, material, and network resources essential for the implementation and sustainability of social projects that each stakeholder can bring.
3. **Interests and Expectations:** The gains and expectations each stakeholder has from being involved in social entrepreneurship.

Each of the seven stakeholders selected for analysis possesses resources of different kinds, but all can considerably influence the state of affairs in the field of social entrepreneurship. At the same time, their level of involvement in the development of social entrepreneurship largely depends on their specific interests and expectations (see Table 3.2).

**Table 3.2. The Impact of Stakeholders on Social Entrepreneurship**

Stakeholder	Role and Influence	Resources and Contributions	Interests and Expectations
<b>Social Entrepreneurs and Their Organizations</b>	Ability to initiate and implement innovative social projects.	Dedicated human resources and specific expertise, innovative ideas.	Success and sustainability of social initiatives.
<b>Direct Beneficiaries: Target Groups of Social Projects</b>	Essential feedback for adjusting social projects.	Personal experiences and specific needs.	Improved quality of life and access to resources.





<b>Direct Beneficiaries: Clients/Consumers</b>	Supporting social enterprises by purchasing products/services.	Demand and feedback for products and services.	Quality and value of products/services. Satisfaction from contributing to projects with a positive social impact.
<b>Business Partners and Support Networks</b>	Strategic and operational support for social initiatives.	Financial resources, logistics, and contact networks.	Development of business relationships and social responsibility.
<b>Government and Public Administration</b>	Significant decision-making power through policies and regulations.	Public funding, tax incentives, and legislative support.	Economic and social development of the community.
<b>Investors and Funders</b>	High influence through the allocation of funds and resources.	Financial capital and access to financial markets.	Social return on investment and financial sustainability.
<b>Media and Influencers</b>	Ability to shape public opinion and increase the visibility of initiatives.	Communication platforms and social networks.	Growing audience and influence by promoting social initiatives.

The analysis of the table content allows the formulation of important conclusions regarding the impact of stakeholders on social entrepreneurship. Each category of stakeholders brings specific resources and has distinct expectations, thus influencing the direction and success of social initiatives.

In terms of role and influence, social entrepreneurs have the capacity to initiate and implement innovative projects, serving as the driving force for social change. The government and public administration hold significant decision-making power through policies and regulations that can either support or hinder the development of social entrepreneurship. Investors and funders exert considerable influence due to the financial resources they allocate, which determine the viability of social projects.

The resources and contributions of each stakeholder vary significantly. Social entrepreneurs contribute dedicated human resources and specific expertise, which are essential for the implementation of initiatives. Direct beneficiaries provide feedback and demand for products and services, influencing their adjustment and development. Business partners and support networks offer financial resources, logistics, and contact networks, facilitating the development and scaling of initiatives.

The interests and expectations of each stakeholder category are diverse. Social entrepreneurs aim for the success and sustainability of their initiatives. Direct beneficiaries, whether target groups or clients, have expectations related to improving the quality of life and the value of products/services. The government and public administration focus on the economic and social development of the community. Investors and funders are interested in the social return on investments and financial sustainability.

These conclusions highlight the need for a detailed analysis of each stakeholder to develop effective collaboration strategies that maximize the positive impact of social entrepreneurship and ensure the long-term sustainability of initiatives. The diversity of resources and perspectives brought by each stakeholder category contributes to creating a robust and resilient ecosystem for social entrepreneurship.

## Mapping Stakeholders in Moldova

Mapping stakeholders represents an essential process for understanding and efficiently managing the relationships and interactions among the various parties involved in social



entrepreneurship. The importance of stakeholder mapping in social entrepreneurship can be argued from several key perspectives:

1. **Identifying Resources and Available Support:** Mapping allows organizations to identify the financial, human, and material resources available from stakeholders. This enables strategic planning and efficient allocation of resources to maximize social impact.
2. **Facilitating Collaboration and Partnerships:** Understanding relevant stakeholders allows for the development of solid and sustainable partnerships. Effective collaborations among different stakeholders, such as governments, NGOs, social investors, and local communities, can amplify joint efforts and contribute to achieving social goals in a more coherent and integrated manner.
3. **Managing Risks and Conflicts:** Identifying and analyzing stakeholders helps anticipate potential risks and conflicts that may arise in implementing social initiatives. With a clear understanding of each stakeholder's interests and concerns, organizations can develop proactive strategies to manage and mitigate these risks.
4. **Increasing Transparency and Accountability:** Stakeholder mapping contributes to greater transparency in decision-making processes and strengthens accountability to all involved parties. This is essential for maintaining trust and continued support from the community and other stakeholders.
5. **Maximizing Social Impact:** A deep understanding of stakeholder networks and their dynamics allows organizations to develop better-informed strategies and implement projects that address the real needs of the community. This contributes to maximizing social impact and creating positive and sustainable change in society.

Stakeholder mapping is a crucial tool in efficiently managing relationships in social entrepreneurship, enabling the identification of available resources, facilitating partnerships, managing risks, and increasing transparency. A deep understanding of these networks not only optimizes resource allocation and collaborations but significantly contributes to maximizing social impact. In this context, it is essential to analyze the stakeholders involved in social entrepreneurship in Moldova to evaluate their specific roles and contributions in detail.

### Social Entrepreneurs and Their Organizations:

The most important stakeholders in social entrepreneurship are the social enterprises themselves, engaged in conducting social entrepreneurship activities. According to the legislation of the Republic of Moldova, the status of a social enterprise and a work integration social enterprise is granted to Limited Liability Companies and Production Cooperatives by the National Commission for Social Entrepreneurship.

According to the National Commission for Social Entrepreneurship, as of May 2, 2024, there were 12 registered social and work integration social enterprises in the Republic of Moldova. In most cases, the founders of these enterprises are Civic Associations (see Table 3.3).

**Table 3.3. Registered Social and Work Integration Social Enterprises in the Republic of Moldova (as of May 2, 2024)**

Enterprise Name	Year of Establishment	Founders
WISE "Taina Codrului" S.R.L.	2019	Civic Association Ciorești BAȘTINA MEA
WISE "Floare de cireș" S.R.L.	2012	Civic Association ECO-RĂZENI
SE "Edujoc" S.R.L.	2012	Individual



SE "VIBE ACADEMY" S.R.L.	2022	Civic Association for the Development of Professional Competencies
SE "SOCIAL TEXTIL" S.R.L.	2022	Individual
SE "ILINCA SERVICE" S.R.L.	2017	Civic Association Christian Philanthropy Humanitarian Association
SE "ANGELUS AGRO" S.R.L.	2019	Hospice Angelus Moldova Foundation
WISE "CREDEM-ECO" S.R.L.	2019	Civic Association Women Entrepreneurs of Bălți Municipality
WISE "POPASUL VOEVODULUI" S.R.L.	2022	Civic Association "BELLA GETICA"
SE "ECOGENERIC" S.R.L.	N/A	N/A
SE "PRIETENI DRAGI" S.R.L.	2022	Individuals
WISE "STUPINA CU POVEȘTI" S.R.L.	2023	Civic Association for Deaf Children of Moldova

Source: Elaborated based on <https://mded.gov.md/domenii/mediul-de-afaceri/antreprenoriat-social/> and <https://www.data2b.md>

Contrary to the data provided by the National Commission for Social Entrepreneurship, the Catalog of Social Enterprises in the Republic of Moldova, available on the official page of the Social Entrepreneurship Initiative in Moldova, lists 23 social enterprises (see Table 3.4).

**Table 3.4. Social Enterprises, Field of Activity, Social Impact**

Company Name	Field of Activity	Social Aspect of the Business
Tinerii pentru ECO plastic	Commercialization of products made from recycled plastic (jewelry, household items, art objects).	Collection and recycling of non-hazardous waste (plastic, metal, paper, glass).
Soul Market	Handmade items: baskets, cards, souvenirs, invitations, textile bags.	Job creation for disadvantaged individuals. Sale of products made by disadvantaged people. Promotion of reuse and recycling of products.
Proiectul Casa Mare	Accommodation services in rural areas. Eco-cultural tours. Organization of historical-cultural festivals, interactive educational camps.	Implementation of educational projects in the social domain.
Centrul de Reabilitare Vocațională (VRC) Moldova	Manufacturing and sale of clothing, decor items, eco handmade souvenirs, and gastronomic products.	Rehabilitation of deinstitutionalized people, those with disabilities, and mental disorders, for their integration into society.
Stupina "Darul Albinelor"	Production and sale of honey, wax, pollen, and propolis.	Job creation opportunities for hearing-impaired youth; training and licensing in beekeeping for youth with disabilities.
Spălătoria LAVANDERIA	Professional laundry, ironing, and textile drying services.	
Atelierele AREAP Edineț	Services (laundry, printing, and tailoring). Manufacturing and sale of personalized textile products, canvas bags, creative sensory books.	Socio-professional integration of people with disabilities and at-risk youth. Changing the community's attitude towards people with disabilities and at-risk youth.
Prisaca Albinuța Maia	Production and sale of honey, honey products, and natural wax candles.	Job creation for youth with autism.
Grădinița Micul Prinț și Amicii	Kindergarten/nursery	Support programs for children with autism, aiming for inclusion in preschool education.



Casa Phoenix	Massage and physical therapy for youth and adults. Rehabilitation and recovery services.	Directing profits to cover the operational costs of the Day Center for children and youth with disabilities "Phoenix". Placement services for the elderly.
MEGA (Academia de Guvernare a Mediului din Moldova)	Development with social and eco themes. Educational services – organizing training sessions.	Implementation of ecological projects and educational programs in Moldova and abroad (e.g., GreenTech Rangers, ClimateLaunchpad Moldova, GREEN School, The Codru Quest, Eco-hackathons). MEGA Game - a platform for managing ecological projects with gamification elements.
Floare de cireș Catering	Catering services: buffet, coffee break, fourchette, business lunch. Growing organic vegetables in greenhouses.	Training and employment of disadvantaged youth, especially those with disabilities, from rural areas. Social canteen – delivering free lunches to poor and elderly people in the locality.
EcoVox	Manufacturing and sale of handmade bags, purses, baskets, wallets.	Providing jobs for youth with intellectual disabilities. Using profits to support community living for people with disabilities.
Centrul de instruire Keystone Moldova	Training hall equipped with modern tools and furniture, with multiple space arrangement options and simultaneous translation equipment.	
Nou din Nou	Sale of second-hand household products.	Employment and self-employment opportunities for visually impaired individuals.
EDUJOC	Manufacturing and sale of educational wooden toys, teaching materials, creative and DIY articles.	Production of toys from eco and recycled materials. Organizing events for children from vulnerable families and providing free toys. Implementing crisis support projects, e.g., producing face shields for doctors during COVID-19 or support projects for Ukrainian refugees.
ABURAȘ	Food production, catering services.	Providing jobs for disadvantaged individuals. Promoting healthy eating by educating children from socially vulnerable families.
Centrul de Terapie Manuală San Tao	Massage services.	Training and employment programs for visually impaired individuals in Bălți municipality.
Academia Nicolae Dumitrescu	Educational services – training sessions.	Free training for young people. Sponsoring various cultural activities in the communities where they operate.
Dorița	Event hall rental services. Gym and massage room.	Providing services for children with severe disabilities (requiring special care) and integrating them into kindergartens and general culture schools.
FABRIS	Production of wooden items. Production of textiles and stationery. Rabbit breeding.	Providing jobs for people with disabilities.
EtnoGastronomica / Piața EcoLocal	Workshops: healthy nutrition, organic agriculture, lifestyle. Event organization: BOSTANIADA Festival, VEGAN SHOW Fair, Gastronomic Theater, Picnic at the Farm.	Promoting healthy nutrition; ethnogastronomic education of the younger generation; supporting local agro-food producers; preserving the local ethnogastronomic heritage.
Dulce Plai	Production and sale of organic bee products.	Implementation of social projects for beekeepers and consumers.



Compiled based on the Catalog of Social Enterprises in the Republic of Moldova  
<https://antreprenoriatsocial.md/index.php?page=news&id=1178&l=ro>

Of the 23 social enterprises listed in the Catalog, only 2 are also found in the List of Social Enterprises and Insertion Social Enterprises presented by the National Commission for Social Entrepreneurship (Floare de cireș SRL and Edujoc SRL). Thus, by integrating the two lists, we can conclude that there are currently at least 33 social enterprises in the Republic of Moldova.

At the same time, there are well-known business projects in the Republic of Moldova that, in essence, operate as social enterprises but are not included in either of the above-mentioned lists. Among the projects that fit the concept of social business is the Food Bank (<https://bancadealimente.md>), which contributes to solving two pressing issues through its activities: reducing food waste and supporting disadvantaged population groups.

The discrepancies in the lists of social enterprises found in these two databases can be explained by some ambiguities in the legal framework regarding social entrepreneurship activities. Currently, there are two legislative acts in Moldova that reference the organization of social entrepreneurship activities: Law No. 845/1992 on Entrepreneurship and Enterprise, and Law No. 837/1996 on Public Associations. According to Law No. 845/1992 on Entrepreneurship and Enterprise, it is stated that social entrepreneurship can be carried out by social enterprises and insertion social enterprises, emphasizing that "non-commercial organizations (public associations, foundations, religious denominations, and private institutions) conduct social entrepreneurship activities after obtaining the status of a social enterprise or insertion social enterprise." Meanwhile, Law No. 837/1996 on Public Associations states that "a public association may conduct social entrepreneurship activities in accordance with the provisions of Law No. 845/1992 on Entrepreneurship and Enterprise, independently or through the social enterprises it establishes." As a result, some public associations declare themselves as social enterprises without officially obtaining this status, while some traditional businesses implement business models characteristic of social entrepreneurship without applying for the status of a social enterprise. This is because such a status imposes a series of restrictions regarding profit distribution, assets, salary setting, etc., without offering corresponding fiscal, financial, or other advantages in return.

The analysis of the activity domains and social causes targeted by social entrepreneurship in Moldova shows that the target population categories for which social businesses operate are predominantly disadvantaged groups, typically individuals with vision, hearing, autism, or other impairments. Often, enterprises address the issues faced by these target groups by creating dedicated jobs for them and by directing profits toward various products/services that can help solve their problems (e.g., maintaining centers for children with certain disabilities or providing free shelter and food for the elderly).

Besides the social enterprises themselves, civil society organizations play an important role in developing social projects. These organizations, through their social missions, contribute to protecting the rights of vulnerable individuals and integrating them into society through various active measures. Moreover, as mentioned earlier, it is often these civil society organizations that establish social enterprises.

According to the State Register of Legal Units regarding non-commercial organizations, as of July 1, 2024, there were 16,946 non-commercial organizations registered in Moldova, of which 77% are public associations. The number of non-commercial organizations is continuously growing, with around 400 new non-commercial organizations registered annually.

The sociological study "Knowledge, Attitudes, and Behaviors in the Field of Social Entrepreneurship in the Republic of Moldova," conducted from June to September 2022 as part of the





project "Harnessing the Potential of Civil Society Organizations to Promote and Develop Social Entrepreneurship in Moldova," analyzed the attitude of civil society organizations (CSOs) towards social entrepreneurship among organizations engaged in social entrepreneurship activities. This was done through a focus group that included various types of organizations: 1. Those already operating businesses with the status of a social enterprise/insertion social enterprise; 2. Those intending to obtain this status; and 3. Those not intending to do so.

The focus group results show that CSOs with registered social enterprises did so to obtain additional sources of income to fund the organization's activities, even though most reported not making a profit from their activities. Some responses regarding the motivation to start social enterprises include: 1. The need to support the core activities of the CSO they manage; 2. To ensure the continuity of projects initiated with the help of external donors; 3. To access external funding sources that cannot be accessed as a simple CSO, regardless of whether they engage in social entrepreneurship activities. CSOs that engage in social entrepreneurship activities but have not registered social enterprises state that they do not do so because this type of enterprise does not receive state support, and the work that should be done by CSO members is duplicated.

At the same time, in the same study, 106 CSOs without social entrepreneurship activities were surveyed. The survey showed that 70% of respondents are aware of what social entrepreneurship entails, with 78% of them even willing to start a social business (see Figure 3.1).



**Figure 3.1. Willingness of CSO Representatives to Start Social Businesses**

Source: Sociological Study "Knowledge, Attitudes, and Behaviors in the Field of Social Entrepreneurship in the Republic of Moldova" <https://www.keystonemoldova.md/wp-content/uploads/sites/4/2022/12/Final-report.pdf>

The aforementioned study also included another target group with the potential to develop social businesses—SME founders. Unlike CSO representatives, business representatives are less inclined to develop social enterprises. Among the 109 founders who participated in the focus group, less than 50% expressed willingness to engage in social entrepreneurship.

In conclusion, social enterprises and civil society organizations (CSOs) in the Republic of Moldova play a crucial role in promoting social entrepreneurship. They significantly contribute to the integration of vulnerable individuals into society and address social issues through job creation and direct investment in social causes. Despite limited resources and legislative challenges, CSOs have demonstrated a strong capacity for mobilization and innovation in initiating and supporting social enterprises. In contrast, SMEs, although having the potential to contribute to this sector, show less interest and involvement in social entrepreneurship activities. Therefore, the main potential for the development of social enterprises in Moldova lies with civil society organizations, which remain the primary driving force of this emerging sector.





## Beneficiaries of Social Enterprises

The beneficiaries of social enterprises are often two distinct categories of the population: the target groups that social entrepreneurship serves and the consumers of the products or services offered by these enterprises. The first category includes vulnerable or disadvantaged individuals who directly benefit from the activities of social enterprises, either through job creation or access to essential services and support programs. The second category consists of consumers who choose to purchase products and services from social enterprises, thereby contributing to the achievement of these enterprises' social objectives.

In developing a business model, a social enterprise must consider both categories of beneficiaries, even though their interests in the social enterprise may differ. For the target groups, the social enterprise must ensure sustainability and a positive social impact by providing support and opportunities that improve their quality of life and facilitate social and economic integration. These beneficiaries are interested in access to resources, continuous support, and personal and professional development.

On the other hand, consumers are motivated by the desire to purchase quality products and services that meet their needs and preferences, as well as by the satisfaction of contributing to a social cause. They are interested in the transparency and authenticity of the enterprise's social mission, as well as the concrete impact their purchases have.

Therefore, a successful social enterprise must balance these two sets of interests, ensuring both the fulfillment of its social mission and the satisfaction of consumer demands to create a sustainable and impactful business model.

## Direct Beneficiaries of Social Enterprises in the Republic of Moldova

An analysis of the activities of social enterprises listed in the *Catalog of Social Enterprises in the Republic of Moldova* shows that, in most cases, these enterprises aim to support disadvantaged groups by providing services specific to these groups (e.g., rehabilitation and therapy programs, food and shelter, etc.), as well as through actions designed to improve their living standards by offering employment opportunities, professional training, and more. The disadvantaged groups targeted by social entrepreneurship in Moldova are diverse, with a particular focus on addressing the issues faced by people with disabilities.

According to data from the National Social Insurance House (CNAS), as of January 1, 2023, the number of people recognized as having disabilities in the Republic of Moldova was 162.3 thousand, including 10.9 thousand children aged 0-17 years. People with disabilities represented 6.5% of the total population with usual residence in the country, while children with disabilities accounted for 2.0% of the total number of children with usual residence in the Republic of Moldova. The distribution of people with disabilities by degree shows a predominance of those with significant disabilities—56.0%, with 28.0% having moderate disabilities, and 16.0% having severe disabilities.

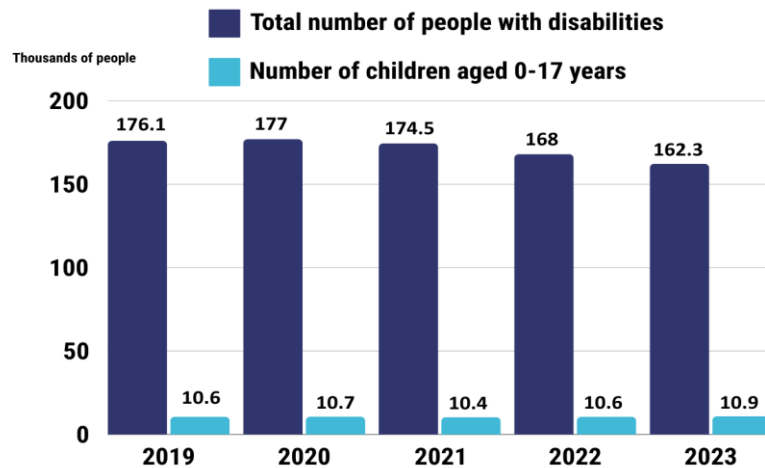


Figure 3.2. The Number of People Recognized with Disabilities in the Republic of Moldova as of January 1  
Source: [https://statistica.gov.md/ro/persoanele-cu-dizabilitati-in-republica-moldova-in-anul-2022-9460\\_60822.html](https://statistica.gov.md/ro/persoanele-cu-dizabilitati-in-republica-moldova-in-anul-2022-9460_60822.html)

### High Proportion of People with Disabilities in the Population

The high proportion of people with disabilities within the general population and the inability of the social protection system to adequately provide for their needs have led to a strong commitment from both civil society organizations (CSOs) and social enterprises to address these challenges.

### Youth NEET as a Focus of Social Entrepreneurship

Another group that frequently comes into focus for social entrepreneurship is NEET youth (Not in Education, Employment, or Training). NEET youth often become a target audience for social enterprises due to their vulnerability and heightened need for socio-economic integration. Social enterprises assist these young people by providing tailored employment opportunities, vocational training programs, and personalized support. These enterprises create an inclusive work environment that allows NEET youth to develop essential skills, gain professional experience, and improve their self-esteem, thereby facilitating their transition to an active and independent life.

### Statistics on NEET Youth

The National Bureau of Statistics provides alarming figures regarding NEET youth. In the fourth quarter of 2024, the proportion of NEET youth within the total number of young people aged 15-34 years was 28% (see Figure 3.3).

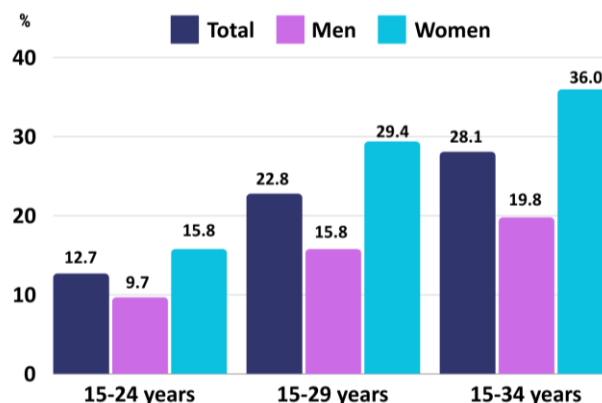


Figura 3.3. Rata tinerilor NEET pe grupe de vârstă și sexe, Republica Moldova, trimestrul IV 2023  
Sursă: [https://statistica.gov.md/index.php/ro/tinerii-neet-in-trimestrul-iv-2023-9430\\_61056.html](https://statistica.gov.md/index.php/ro/tinerii-neet-in-trimestrul-iv-2023-9430_61056.html)

According to statistical data, the NEET (Not in Education, Employment, or Training) rate among young people in the Republic of Moldova is extremely high, with a higher incidence among



women compared to men. This high rate poses significant risks for society, including increased unemployment, social and economic exclusion, and the loss of the productive potential of a considerable portion of the young population. Without adequate interventions, NEET youth may become dependent on social assistance, leading to a financial burden on the public system and perpetuating the cycle of poverty and inequality.

Social entrepreneurs play a crucial role in addressing these issues. By providing tailored employment opportunities and vocational training programs, social enterprises can help NEET youth acquire valuable skills and gain work experience. Additionally, these businesses create a supportive and inclusive work environment that fosters the social and economic integration of young people. The involvement of social entrepreneurs is essential for reducing the NEET rate, as it contributes to the development of a skilled workforce and promotes social cohesion, thereby helping to build a more prosperous and equitable society.

### **Clients/Consumers of Social Enterprises in Moldova**

The consumers of products/services offered by social enterprises include both the direct beneficiaries of these businesses as well as the general public. Surveys conducted as part of this study have shown the willingness of both consumers and enterprises to purchase products from social enterprises, even when these apply higher prices than their competitors (30% among entrepreneurs and 43% among young consumers—see Figures 1.11 and 1.20).

The willingness of consumers to prioritize products offered by social enterprises is, in fact, an important resource for the development of these businesses. In this context, social enterprises need to be more cautious in how they promote their products and communicate to the public the social goals their businesses pursue.

### **Business Partners and Support Networks**

Business partners and support networks play a crucial role in promoting social entrepreneurship by facilitating access to resources, knowledge, and opportunities that can accelerate the development and impact of social initiatives. Business partners can provide funding, technical expertise, and market access, allowing social enterprises to expand their activities and improve operational efficiency. At the same time, support networks such as incubators, accelerators, NGOs, and networking platforms offer mentorship, training, and consultancy, helping social entrepreneurs navigate the challenges of startup and scaling. Through these partnerships and networks, social enterprises can create valuable synergies, thereby achieving greater social impact and contributing to solving community problems in a sustainable and innovative manner.

### **Support Centers Dedicated to Social Entrepreneurs**

Currently, Moldova has a network of business support centers dedicated to social entrepreneurship, including:

- Social Business Hub Moldova North, managed by the "Center for Socio-Economic Policies CONSENS" NGO.
- Regional Social Business Hub Cahul, managed by the Cahul Chamber of Commerce and Industry.
- Social Business Accelerator, Central Region, managed by the Chamber of Commerce and Industry of Chişinău Municipality.
- Social Business Hub, managed by the Association of Social Entrepreneurs in Tiraspol.
- Social Entrepreneurs Hub, Chişinău, managed by EcoVisio NGO.

These support centers focus on public education by organizing training sessions, developing online educational materials, providing information and promoting social entrepreneurship through



the creation of social enterprise catalogs, newsletters, advertisements, event organization, content development for web pages, social media pages, and implementing educational projects with grant elements for the development of social businesses.

### Online Solutions Dedicated to Social Entrepreneurship

NGOs promoting social entrepreneurship have developed several online resources accessible to people who are developing or intend to develop social businesses:

- **Social Entrepreneurship Platform** (<https://antrenoriatsocial.md>), managed by Eco-Răzeni NGO. The platform offers useful resources for social entrepreneurs: useful resources (publications, legislation, recommendations, etc.), a social business catalog, success stories, news, and advocacy initiatives.
- **IarmarEco** (<https://iarmareco.md>), developed and managed by EcoVisio NGO. IarmarEco is the online version of the annual physical event organized by EcoVisio. It is a multi-vendor marketplace where social and eco-entrepreneurs can sell their products online.
- **ONLINE COURSE: Social Entrepreneurship for Beginners**, developed by EcoVisio NGO, contains video resources available 24/7, covering various stages and aspects related to launching and developing social businesses.

### Studies/Publications Dedicated to Social Entrepreneurship

At the initiative of civil society and with the support of donors, various studies and educational materials dedicated to supporting initiatives in the field of social entrepreneurship have been conducted and developed in Moldova (see Table 3.5).

**Table 3.5. Publications on Social Entrepreneurship in Moldova**

Title of Publication, Year of Publication	Purpose	Authors, Beneficiary Organizations, Funders
<b>Antrenoriatul social în Republica Moldova: Realități și perspective, 2013 / Social Entrepreneurship in the Republic of Moldova: Realities and Perspectives, 2013</b>	The study aims to facilitate the work of the intergovernmental working group of the Ministry of Economy of the Republic of Moldova in drafting the Social Entrepreneurship Law and guide the social entrepreneurship support program implemented by the East-European Foundation.	Prepared by Axa Management Consulting at the request of the East-European Foundation, under the program "Support for Social Entrepreneurship in the Republic of Moldova," funded by the Government of Sweden through the Swedish International Development Cooperation Agency (Sida) and the Danish Ministry of Foreign Affairs/DANIDA.
<b>Raport de analiză a situației actuale și a provocărilor în ceea ce privește dezvoltarea antreprenoriatului social în R. Moldova, 2019 / Report on the Analysis of the Current Situation and Challenges Regarding the Development of Social Entrepreneurship in Moldova, 2019</b>	Analysis of the context and the design of an action framework for the 2020-2025 period for the development of social entrepreneurship, aiming to maximize the potential of this sector in community development, job creation especially for disadvantaged groups, increasing local producers' association, and promoting sustainable rural development.	Author: Angela Achitei. Prepared for the Ministry of Economy and Infrastructure, supported by the project "Advising the Government of the Republic of Moldova on Economic Policies," implemented by GIZ Moldova, with financial support from the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Swiss Agency for Development and Cooperation (SDC).
<b>Revista transfrontalieră „Economie Socială” (5 ediții trimestriale, începând cu anul</b>	Promoting the social economy/social entrepreneurship and the	Founded under the project "Cross-Border Partnership for Social Entrepreneurship Development,"



<p><b>2021) / Cross-Border Social Economy Journal (5 Quarterly Editions, Starting in 2021)</b></p>	<p>impact of this sector on increasing economic competitiveness, including the employment rate of vulnerable groups, in the cross-border region Romania – Republic of Moldova.</p>	<p>implemented by the "Alături de Voi" Foundation Romania in partnership with the Academy of Public Administration and the "Chernobyl Echo" Foundation from the Republic of Moldova, and funded by the European Union under the Romania – Moldova 2014-2020 Joint Operational Program through the European Neighborhood Instrument (ENI).</p>
<p><b>Social Entrepreneurship in the Republic of Moldova: Findings and Recommendations (Regulatory Analysis), 2021</b></p>	<p>Analysis of key areas related to social entrepreneurship in Moldova: granting social enterprise status, the activities of the National Commission for Social Entrepreneurship, access to public and private financial resources, access to active labor market measures, the specifics of public procurement and the participation of social enterprises in these procedures, the applicable tax regime, and educational programs on social entrepreneurship.</p>	<p>Report prepared for the "EU4Youth - Unlocking the Potential of Young Social Entrepreneurs in Moldova and Ukraine" project. The project is co-financed by the European Union under the EU4Youth Program and implemented by a consortium including the following organizations: Gustav Stresemann Institute e.V. (GSI) (Germany) – consortium leader, Egalite International (Ukraine), AXA Management Consulting (Moldova), ECO-RAZENI Association (Moldova), the National Center for Assistance and Information for NGOs in Moldova "CONTACT" (Moldova), and "Pro NGO! e.V." (Germany).</p>
<p><b>Studiul „Cunoștințe, atitudini și comportamente în domeniul antreprenoriatului social din Republica Moldova”, 2022 / Study "Knowledge, Attitudes, and Behaviors in the Field of Social Entrepreneurship in the Republic of Moldova," 2022</b></p>	<p>Analysis of the perceptions, attitudes, and practices of the working-age population of the Republic of Moldova, public authorities, civil society organizations, small and medium-sized enterprises, and other actors regarding social entrepreneurship.</p>	<p>The study was conducted by the Intelligent Data Company SRL for Keystone Moldova Association as part of the project "Harnessing the Potential of CSOs to Promote and Develop Social Entrepreneurship in Moldova," funded by the European Union, co-financed by Sweden, in partnership with the East-European Foundation, the Contact Center, and Keystone Moldova.</p>
<p><b>Cartea alba pentru Antreprenoriatul social, 2022 / White Paper on Social Entrepreneurship, 2022</b></p>	<p>It is a recommendation document that defines proposals for improving the field of social entrepreneurship in the Republic of Moldova.</p>	<p>Prepared by the Public Association EcoVisio under the project "Platform for Social Entrepreneurship in the Republic of Moldova," funded by the European Union and co-financed by Sweden.</p>
<p><b>Ghid despre antreprenoriat social, 2023 / Guide on Social Entrepreneurship, 2023</b></p>	<p>The Guide aims to provide guidance and resources necessary for understanding and implementing social entrepreneurship, thus facilitating the development of capacities and positive social impact through social enterprises.</p>	<p>Prepared by the Public Association EcoVisio in partnership with the Innovation and Development Agency, Social Entrepreneurship Association, with financial assistance from Sweden and the United Kingdom under the project "Capacity Development for Export on the Nistru Banks" (AdTrade) implemented by the United Nations Development Program (UNDP). The content of the guide is the sole responsibility of the author and does not necessarily reflect the views of Sweden, the United Kingdom, and UNDP.</p>





<b>Antrepreniriat social: ghid pentru începători, 2024 / Social Entrepreneurship: Guide for Beginners, 2024</b>	It is dedicated to those who wish to start their own social business, providing them with a detailed and step-by-step roadmap for launching a social enterprise.	Authors: Tatiana Bucos, Natalia Iacob, prepared for JA Moldova. It was developed under the project "Better Development through Social Entrepreneurship," financially supported by the European Union, the Ministry of Foreign Affairs of Lithuania, and the Central Project Management Agency.
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The analysis of the activities of support centers and public associations demonstrates that they play a vital role in the development of social entrepreneurship in the Republic of Moldova. These hubs and support networks, such as the Social Business Hub North Moldova, the Regional Social Business Hub Cahul, and the Social Business Hub, not only provide funding and access to resources but also offer training, mentoring, and consultancy. Through their initiatives, they educate the public, promote the products and services of social enterprises, and develop online solutions dedicated to social entrepreneurship, such as the social entrepreneurship platform and IarmarEco. The studies and publications produced, along with educational and grant projects, contribute to strengthening the capacities of social enterprises and creating a positive social impact. The importance of these support centers is crucial for supporting and scaling social entrepreneurship initiatives, facilitating the integration of disadvantaged groups, and promoting sustainable development within local communities.

### Government and Public Administration

The government and public administration play a crucial role in the development of social entrepreneurship through:

- 1. Policies, Favorable Legislation, and Funding:** The government can establish policies and legislative frameworks that support social entrepreneurship by offering tax incentives and subsidies. Additionally, it can provide funding through grants and low-interest loans, which are essential for the initiation and development of social enterprises. These measures create a legislative and financial environment that encourages and supports social enterprises, enabling them to fulfill their social mission and become sustainable in the long term.
- 2. Partnerships and Public Procurement:** The government can facilitate public-private partnerships, encouraging collaboration between the public sector and social enterprises to address community issues. Furthermore, the government can provide vital resources for social enterprises, such as spaces for activities, access to equipment and infrastructure, and the possibility of using other state-managed resources, such as public buildings, land, or transport facilities. Awarding preferential public procurement contracts for the products and services offered by social enterprises ensures a steady revenue stream for these businesses, supporting them financially and granting them legitimacy and visibility.
- 3. Education and Awareness:** The government can support education and professional training programs aimed at social entrepreneurs, offering courses, workshops, and mentoring sessions to develop the skills needed for the effective management of social enterprises. Additionally, government-initiated awareness and promotion campaigns can contribute to increasing the visibility of social entrepreneurship and informing the public about its benefits and positive impact. Active promotion of these initiatives can stimulate demand for the products and services of social enterprises and attract more investors and partners.





Various state institutions can influence the development of social entrepreneurship, including ministries (such as those of Economy, Finance, and Education), agencies/structures dedicated to regional development and business, structures dedicated to social entrepreneurship, and local public administrations.

In the Republic of Moldova, to support and monitor social entrepreneurship at the government level, the National Commission for Social Entrepreneurship (CNAS) was established. This is a collegial body without legal personality and is subordinated to the Ministry of Economic Development and Digitalization. The Commission consists of 11 members, including representatives from the Ministry of Economic Development and Digitalization, the Ministry of Labor and Social Protection, the Ministry of Environment, the Ministry of Finance, and the Ministry of Justice, at the level of state secretary, as well as a representative of the Congress of Local Authorities of Moldova, and representatives of non-commercial organizations that conduct social entrepreneurship activities and social enterprises.

The responsibilities of CNAS include developing studies and reports on social entrepreneurship, contributing to public policy formulation, examining and deciding on the status of social enterprises, monitoring compliance with this status, issuing warnings in case of violations, reviewing appeals, promoting social entrepreneurship, offering recommendations, and publishing an annual activity report and list of social enterprises.

The annual reports of CNAS mention activities related to granting the status of social enterprise, social integration enterprise, participation of members in various events and discussions dedicated to social entrepreneurship, and the initiation of policy documents in this field. To date, CNAS has developed, with the support of external partners, two policy documents aimed at supporting social entrepreneurship by the state: 1. The National Development Program for Social Entrepreneurship 2021-2025 (2021), which is a strategic vision document for social entrepreneurship; 2. The Social Enterprise Financing and Mentoring Program (2022). Both documents remain at the draft stage and have not been approved by the government.

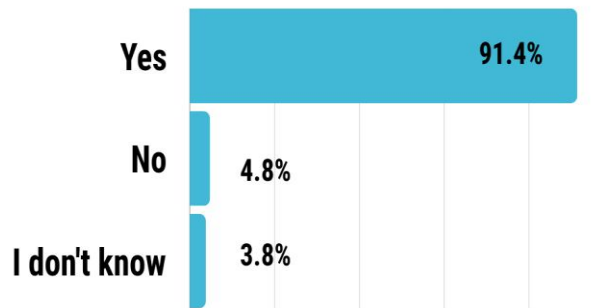
The Organization for Entrepreneurship Development currently does not have support programs dedicated to social entrepreneurship. On the organization's website (old version), informational resources related to social entrepreneurship and an interactive map of social enterprises can be found.

A key player in the social entrepreneurship ecosystem is represented by local public administrations (LPAs). They are responsible for developing social entrepreneurship at the local level, where integrating disadvantaged groups into the community and developing social and inclusion services are necessary. The national regulatory framework has delegated various tools to LPAs for supporting social entrepreneurship, such as allocating spaces and land owned by administrative-territorial units, according to Law No. 436/2006 on local public administration, for carrying out specific activities of social integration enterprises; supporting the promotion of products and services produced within the community and identifying markets; promoting tourism and related activities by leveraging local historical and cultural heritage; and providing other tax exemptions and benefits permitted by law.

According to the sociological study "Knowledge, Attitudes, and Behaviors in the Field of Social Entrepreneurship in the Republic of Moldova," representatives of LPAs have heard about social entrepreneurship (71.4% of the 109 LPA representatives surveyed), but they have limited knowledge in the field—less than half (48.6%) of the survey participants stated that they could define it. The limited knowledge of LPA representatives in social entrepreneurship was also demonstrated during



focus group discussions, where most LPA representatives could not provide a concrete example of a social enterprise.



**Figure 3.4. The Willingness of LPA Representatives to Support Social Enterprises**

Source: Sociological Study "Knowledge, Attitudes, and Behaviors in the Field of Social Entrepreneurship in the Republic of Moldova" <https://www.keystonemoldova.md/wp-content/uploads/sites/4/2022/12/Final-report.pdf>

Even though they are not well-acquainted with the concept of social entrepreneurship, LPA representatives are willing to support such businesses (91.4%). Additionally, of the total LPA representatives who would encourage the development of a social enterprise in their area, the majority (82.3%) are motivated by the desire to help disadvantaged individuals find employment. Furthermore, 38.5% of LPA representatives would support a social enterprise to contribute positively to the community's and country's well-being.

The analysis of public institutions' activities in relation to social enterprises and the results of the sociological study show that the state is minimally involved in promoting and developing social entrepreneurship in Moldova. Currently, central state institutions are mainly engaged in adjusting the legislative framework and granting the status of social enterprise/insertion social enterprise. There is a lack of specific measures and policies aimed at supporting social entrepreneurship.

At the same time, at the LPA level, where institutions would directly benefit from the solutions that social enterprises offer to communities, the concept of social entrepreneurship is not well-known. Despite this, the Law on Entrepreneurship and Enterprises assigns LPAs the responsibility of supporting social enterprises by providing free consulting services, promoting their products, and offering operational spaces under preferential conditions.

Investors and financiers play a crucial role in the development of social enterprises, with the three most important arguments being:

1. **Providing Initial and Expansion Capital:** Investors and financiers supply the financial resources necessary to launch projects and support their expansion. Without this capital, many social enterprises would be unable to start or grow to maximize their impact.
2. **Expertise and Mentorship:** Beyond financial support, investors and financiers bring valuable expertise in management and business strategies. Through mentorship, they help social entrepreneurs overcome challenges and develop sustainable business models, contributing to long-term success.
3. **Encouraging Innovation and Measurable Social Impact:** Investors stimulate innovation by supporting new and creative projects while ensuring the measurement and monitoring of social impact. This guarantees the efficient use of resources and contributes to lasting positive changes in the communities served.

Potential investors and financiers in social entrepreneurship include social investment funds, non-governmental organizations, governments and public agencies, and private investors. However,



in Moldova, social enterprise financing is predominantly carried out by non-governmental organizations using financial resources from the European Union, Sweden, and other donors.

Currently, Moldova lacks a social investment fund, and obtaining financial resources from organizations like ODA or AIPA is only possible through participation in grant/subsidy competitions on equal terms with traditional businesses. Additionally, the practice of private financing, which comes from individuals or companies, is not sufficiently developed in Moldova. Some initiatives to support start-ups from the private sector exist, such as the Business Angels Moldova community (<https://www.businessangels.md>), comprised of entrepreneurs and top managers willing to invest in start-ups ranging from 5,000 to 25,000 euros, or the Business Campus project funded by Orange Moldova, which annually offers 10 grants of 50,000 lei each for new businesses initiated by young people. While these practices are still emerging, these competitions are not specifically dedicated to social enterprises, although social entrepreneurship projects can still compete for funding.

Ultimately, the reality in Moldova is such that the main, and practically the only, financier of social enterprises is the non-governmental sector. In recent years, various grant competitions dedicated to both launching and developing social enterprises have been organized through non-governmental organizations (see Table 3.6).

**Table 3.6. Some Projects with Financial Support Dedicated to Social Enterprises in Moldova**

Project Name	Implementing Organization, Period	Project Funding, Implementation Period	Funding Beneficiaries	Maximum Grant Value Offered to a Beneficiary
<b>Valorificam potențialul societății civile pentru promovarea și dezvoltarea antreprenoriatului social în Republica Moldova</b>	Fundația Est-Europeană in partnership with Keystone Moldova and Centrul Contact Implementation period: 01.01.2022 - 31.12.2024	Funded by the European Union, co-funded by Sweden	Social enterprises	37,500 EUR
<b>Societatea civilă contribuie la dezvoltarea economică incluzivă și durabilă a țării</b>	Fundația Est-Europeană in partnership with Asociația Businessului European and Centrul Contact Implementation period: 01.02.2021 – 31.05.2024	Funded by the European Union, co-funded by Sweden	Social enterprises	35,000 EUR
<b>Promovarea antreprenoriatului social al tinerilor și a abilităților practice de management în Ucraina, Moldova, Georgia și Armenia prin intermediul Întreprinderilor Sociale Studentești inovatoare</b>	Implemented in Moldova by Asociația Obștească EcoVisio July 2023-June 2024	Co-funded by the European Union	Educational institutions for the creation of social enterprises	Up to 20,000 MDL



<b>SKYE Net – Rețeaua de Cluburi pentru Împuternicirea Tinerilor prin Abilități și Cunoștințe</b>	Institutul de Instruire în Dezvoltare „MilleniuM”, 01.07.2023 - 30.06.2025	Co-funded by the European Union	Start-up launch by young social entrepreneurs, focusing on green economies and digitalization	Between 20,000 and 95,000 MDL
<b>Ajutor pentru copiii cu tulburare de spectru autist (TSA) și alte tulburări genetice din Moldova</b>	ADRA (Czech Republic), SOS Autism (Moldova)	Czech Development Cooperation Program	Establishment of social enterprises by families with members with autism	Up to 6,000 EUR
<b>EU4Moldova: Regiuni-cheie</b>	UNDP and UNICEF	European Union	Launch/development of social enterprises	Up to 1,700 EUR
			Workplace adaptations for individuals with special needs	Up to 500 EUR per workplace (3 workplaces)

Source: Compiled based on announcements from the platform [www.antrenoriatsocial.md](http://www.antrenoriatsocial.md)

Given that social enterprises aim to address social and environmental issues rather than generate financial profits, their success largely depends on their ability to attract external funding. This is especially critical for social enterprises in Moldova, most of which, as revealed in the sociological study "Knowledge, Attitudes, and Behaviors in the Field of Social Entrepreneurship in the Republic of Moldova," have not yet achieved profitability. In Moldova, the sole financier of social enterprises is the non-governmental sector, which, in turn, funds these enterprises based on financial resources obtained from donors such as the European Union and Sweden. The risks of this situation include a high dependency on external funding, which could lead to financial instability for social enterprises in Moldova if there is a reduction or withdrawal of these funds, and the limitation of these enterprises' ability to become self-sustainable in the absence of internally generated profits.

## Some Conclusions Regarding Stakeholders in the Republic of Moldova

### Strengths

- **Diversity of Stakeholders:** There is a wide range of stakeholders involved in the development of social entrepreneurship in the Republic of Moldova, from social entrepreneurs and non-governmental organizations to investors and financiers, business partners and support networks, and government and public administration.
- **Clear Roles and Distinct Influences:** Each category of stakeholders brings unique contributions, from initiating and implementing social projects (social entrepreneurs) to ensuring a favorable legislative framework (government and public administration).
- **Governmental and Legislative Support:** The existence of a favorable legislative framework for the development of social enterprises, along with government initiatives to support this sector.
- **Support Networks and Partnerships:** The presence of hubs, incubators, and accelerators dedicated to social entrepreneurship that offer mentorship, training, and consultancy.

### Weaknesses

- **Low Interest from Traditional Entrepreneurs:** Despite the legislative framework and support programs, the interest of traditional entrepreneurs in developing social businesses remains low.
- **Limited Funding:** The primary financier of social businesses is the non-governmental sector, with resources obtained from external donors. The lack of a dedicated social investment fund and underdeveloped private financial practices pose a significant challenge.



- **Legislative Inconsistencies:** There are ambiguities in the legal framework regulating social entrepreneurship, leading to inconsistencies in the registration and official recognition of social enterprises.
- **Limited Local Knowledge:** Local public administration representatives have modest knowledge of social entrepreneurship, which limits effective support for the development of this sector at the community level.

### Recommendations for Improvement

- **Increasing Visibility and Promoting Social Entrepreneurship:** A national awareness and information campaign is needed to attract more traditional entrepreneurs and investors to the social sector.
- **Strengthening Funding:** Establishing a dedicated social investment fund and encouraging private financing through tax incentives and other stimuli.
- **Clarifying the Legislative Framework:** Reviewing and harmonizing existing legislation to eliminate ambiguities and facilitate the official recognition and support of social enterprises.
- **Training and Education for Local Public Administrations:** Organizing training sessions and workshops for LPA representatives to increase their knowledge and capacity to support social entrepreneurship at the local level.
- **Developing Public-Private Partnerships:** Encouraging collaboration between the public sector and social enterprises to develop sustainable solutions to community problems and ensure the sustainability of social initiatives.



## Chapter 4. Strategy for the Development of Social Entrepreneurship in Moldova

The research conducted on the legal framework, stakeholders, and the surveys carried out as part of the current study have shown that the level of development of social entrepreneurship in Moldova is low, but there is potential for expanding this sector. In this chapter, we present a strategy for the development of social entrepreneurship in Moldova.

### SWOT Analysis of the Social Entrepreneurship Ecosystem in the Republic of Moldova

#### Strengths:

1. **Existence of a Basic Legal Framework:** The integration of legal provisions regarding social entrepreneurship in Law No. 845/1992 on Entrepreneurship and Enterprises provides a basic legal framework that recognizes and supports the activities of social enterprises.
2. **Projects and Hubs Focused on Supporting Social Entrepreneurship:** Moldova has dedicated projects and specialized hubs that offer logistical support, consultancy, and training for social enterprises, facilitating their growth and development.
3. **Increased Interest Among Youth:** Surveys show that young people in Moldova display significant interest in social entrepreneurship, indicating potential for innovation and growth in this sector.

#### Weaknesses:

1. **Lack of a Specific Law for Social Entrepreneurship:** The absence of a separate law dedicated to social entrepreneurship or the social economy limits a comprehensive and coherent approach to this sector, creating confusion and ambiguity.
2. **Lack of Government Support Instruments:** There is a significant absence of government support instruments for social entrepreneurship, such as dedicated funds, specific tax incentives, or mentoring programs, which limits the development of social enterprises.
3. **Low Visibility of Social Entrepreneurship:** Surveys indicate that while a significant percentage of respondents claim to be familiar with the concept of social entrepreneurship, they have difficulty identifying concrete examples of social businesses. This suggests low visibility of social enterprises in the local economic landscape.
4. **Limited Knowledge About the Essence of Social Businesses:** Perceptions and knowledge about social entrepreneurship are often incomplete or incorrect, which can create confusion and hinder the development of this sector.

#### Opportunities:

1. **Development and Clarification of the Legal Framework:** The creation of a dedicated law and clarification of existing provisions can facilitate the recognition of social enterprises and provide them with access to fiscal and financial benefits, thus supporting the development of this sector.
2. **Promotion of Social Enterprises' Image:** There are significant opportunities to improve the image and visibility of social enterprises through information and awareness campaigns, which could attract more support from the public and investors.





3. **Expansion of Partnerships with Stakeholders:** Increasing the role of stakeholders through expanded partnerships can enhance the innovation capacity and impact of social enterprises, stimulating collaboration between the public and private sectors.
4. **Increased Access to Funding:** Developing dedicated financing mechanisms for social enterprises can support their growth and long-term sustainability, attracting investors interested in social impact.

### Threats:

1. **Economic Instability:** The uncertain economic environment in the Republic of Moldova can pose a major threat to the social entrepreneurship ecosystem, discouraging investment and growth in this sector.
2. **Lack of Recognition of Social Impact:** In a business environment primarily focused on profit, the social impact of enterprises may be undervalued or ignored, which could limit their access to partnerships and essential resources for development.
3. **Limited Market for Social Products and Services:** The market in the Republic of Moldova for products and services offered by social enterprises may be limited, affecting the economic viability and long-term sustainability of these enterprises.
4. **Termination of the Social Business Support Network:** The social entrepreneurship support network is created based on funding provided by external partners. There is a risk that its activities may cease once the implementation period of these projects ends.

This SWOT analysis provides a comprehensive perspective on the strengths and challenges faced by the social entrepreneurship ecosystem in the Republic of Moldova, highlighting the need to develop an adequate legal framework, improve visibility, and implement support tools for social enterprises.

## Strategic Directions for the Development of Social Entrepreneurship in the Republic of Moldova

### Strategic Objective 1: Development of the Legal Framework and Programs Dedicated to Social Entrepreneurship

*Justification:* The lack of specific legislation for the social economy and inconsistencies in the application of the current legal framework limit the coherent development of this sector. A clear and dedicated legal framework that recognizes and supports social enterprises is necessary.

#### Actions to Achieve the Strategic Objective:

1. **Drafting and Adoption of a Social Economy Law:** Initiate a legislative process to create a dedicated law for social entrepreneurship and the social economy, providing clear definitions, classification criteria, and specific facilities for social enterprises, including simplifying procedures for obtaining social enterprise or social insertion enterprise status.
2. **Development of a National Program for Social Entrepreneurship:** Develop and implement a national plan that includes a favorable fiscal framework, financial support measures, tax facilities, and education and mentoring programs for social entrepreneurs to stimulate the development and sustainability of this sector.
3. **Establishment of a Monitoring and Evaluation System:** Implement a system to monitor and evaluate the social impact generated by social enterprises, ensuring compliance with social objectives and improving the legal framework and national program as needed.



## Strategic Objective 2: Improving the Visibility and Recognition of Social Enterprises

*Justification: The reduced visibility and limited public knowledge of social entrepreneurship represent a barrier to the development of this sector. It is essential to promote the image of social enterprises and improve public perception.*

### Actions to Achieve the Strategic Objective:

1. **Collaboration with Influencers and Opinion Leaders:** Launch promotional campaigns for social enterprises with the help of influencers and opinion leaders to increase visibility and draw public attention to the benefits and impact of these businesses.
2. **Development of Special Educational Programs:** Create educational programs and special workshops dedicated to social entrepreneurship, aimed at young people and emerging entrepreneurs, to encourage involvement and the development of knowledge in this sector.
3. **Organizing Networking Events:** Organize networking events and fairs dedicated to social entrepreneurship, bringing together entrepreneurs, investors, and the interested public to facilitate the exchange of ideas and collaborations.
4. **Promotion in the Educational System:** Integrate the concept of social entrepreneurship into school and university curricula to increase awareness and interest among young people in this sector.

## Strategic Objective 3: Strengthening Support and Access to Funding for Social Enterprises

*Justification: The lack of support tools and limited access to funding are major barriers to the development of social enterprises. It is necessary to create support mechanisms and improve access to financial resources.*

### Actions to Achieve the Strategic Objective:

1. **Creation of a National Fund for Social Entrepreneurship:** Establish a fund dedicated to financing social enterprises, providing grants, low-interest loans, and other forms of financial support for the development and expansion of these businesses.
2. **Development of Mentoring Programs and Incubators:** Implement mentoring programs and business incubators that offer logistical support, consultancy, and training for social entrepreneurs, helping them develop their skills and expand their businesses.
3. **Facilitation of Access to European Funding:** Create partnerships with international and European organizations to facilitate access for social enterprises in Moldova to funding and support from dedicated European funds.
4. **Encouraging Private Investment:** Introduce fiscal measures that stimulate private investment in social enterprises, such as tax reductions for investors who support businesses with a social impact.

## Strategic Objective 4: Strengthening and Developing the Capacity of Regional Social Innovation Hubs

*Justification: Regional hubs for social entrepreneurship, created with the support of external partners, play a crucial role in supporting innovation and the development of social enterprises. However, there is a risk that these hubs will cease their activities once projects end. It is essential to strengthen and develop the capacity of these hubs to ensure their long-term sustainability.*

### Actions to Achieve the Strategic Objective:

1. **Creation of a Sustainability Mechanism for Hubs:** Develop a national plan that includes government funding and partnerships with the private sector to ensure the continuity of regional hub activities after the completion of projects funded by external partners.



2. **Expanding the Capabilities of Hubs:** Invest in expanding the capacities of existing hubs by improving infrastructure, access to technology, and offering additional services, such as legal consultancy, market access, and digitalization support.
3. **Development of Local and International Partnerships:** Encourage regional hubs to develop partnerships with international and local organizations to attract additional resources, access know-how, and facilitate the exchange of best practices in social entrepreneurship.
4. **Promoting Hubs as Centers of Social Innovation:** Position regional hubs as centers of excellence in social innovation, attracting entrepreneurs, investors, and organizations interested in developing innovative solutions to social problems.



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