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THE ENTREPRENEURS' SUPPORT PROGRAM "373". OPPORTUNITIES AND IMPACTS

PROGRAMUL PENTRU SUSȚINEREA ANTREPRENORILOR "373". OPORTUNITĂȚI ȘI EFECTE

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Rezumat Programul "373" pentru susținerea antreprenorilor este un proiect lansat de Guvernul Republicii Moldova cu scopul de a oferi întreprinderilor micro, mici și mijlocii acces la credite pe termen lung pentru investiții. Platforma cuprinde un spectru actual orientativ și e relativ nou pe piața Republicii Moldova, fiind o soluție eficientă a impedimentelor de tip economic. Metodele de cercetare constă din analiza surselor web a băncilor partenere cât și platforma proprie a programului, fiind derivativa paginii Guvernului. Scopul constă în stabilirea impactului acestui program prin definirea detaliată a structurii acestuia. Rezultatele identifică un mecanism de funcționare relativ simplu, bine organizat cu oportunități majore pentru IMM-uri prin parteneriatul avantajos cu băncile comerciale.

Cuvinte cheie Program "373", bancă comercială, Guvern, legislație, principiu, IMM, credit.

JEL Classification O10, O21, K2, H3

INTRODUCTION

In the dynamic landscape of economic development, fostering the growth of small and medium-sized enterprises (SMEs) emerges as a pivotal strategy for nations worldwide. These enterprises serve as the backbone of economies, driving innovation, creating employment opportunities, and contributing significantly to GDP growth. Recognizing their vital role, the Government of the Republic of Moldova has embarked on an ambitious initiative, the Entrepreneur Support Program "373", aimed at empowering SMEs and catalyzing sustainable economic expansion. The primary objective of this research is to delve into the significance and implications of this program within the context of Moldova's economic trajectory. By elucidating its objectives, mechanisms, and outcomes, this study seeks to provide a comprehensive understanding of how such initiatives can stimulate economic growth, nurture entrepreneurial spirit, and foster a conducive environment for business development.

THE ANALYSIS METHODOLOGY OF BIBLIOGRAPHICAL SOURCES

The research methodology consists of conducting a succinct analysis of bibliographical sources relevant to the researched problem, particularly focusing on SMEs development. This includes examining academic articles, government publications, reports, and official documents. Additionally, the research involves thorough scrutiny of partner banks' websites and the program's platform sourced from the Government's website.

THE ENTREPRENEUR SUPPORT PROGRAM “373” MECHANISM. RESULTS AND OPPORTUNITIES.

The Government of the Republic of Moldova has launched an ambitious program aimed at supporting Micro, Small, and Medium Enterprises (SMEs). Under it, businesses can now become beneficiaries, securing investment capital at favorable terms and costs. The advantages of this program include interest compensation on investment loans from the state, with low-interest rates of 7% in the local currency or 3% in foreign currency. Additionally, SMEs can access investment loans for up to 7 years, with a maximum loan amount of 15 million lei and a minimal own contribution of 10% of the investment project value. There are no early repayment fees, partial exemptions from bank charges, and a guarantee of up to 40% of the loan amount if collateral is insufficient. Moreover, the program does not require pre-approval from state institutions. The program's general objective is to stimulate economic growth and foster an entrepreneurial environment by providing financial support for investment projects and business expansion. Specific objectives include increasing access to finance for SMEs, investing in projects to enhance business efficiency and performance, and improving the competitiveness of SMEs through efficiency, productivity, and quality enhancements.

According to Figure 1, the program operates on basic principles of transparency, diversity, equality, free competition, and priority of registration.

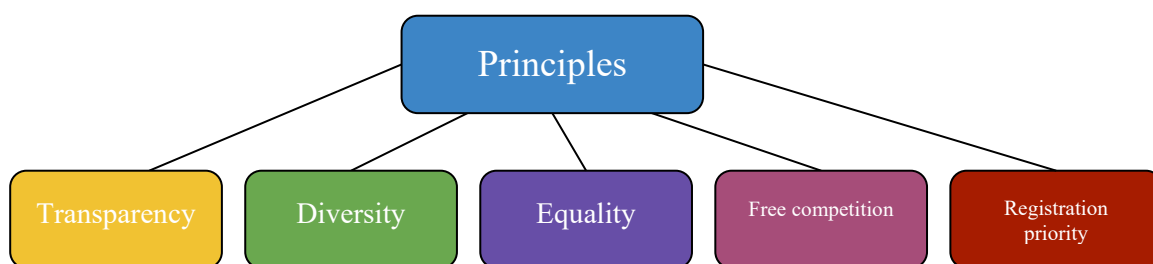


Figure 1. The principles of the Entrepreneur Support Program “373”,

Source: author's elaboration by use of data provided by Program Guvernamental pentru susținerea antreprenorilor, available [online], via link: <https://373.gov.md/>

Transparency is ensured through open publication of program information, eligibility criteria, and financial usage. The program promotes non-discriminatory treatment of applicants and equal opportunities for credit access. Eligible banks can participate as Partner Financial Institutions, and credit applications are processed based on consecutive registration, subject to funding availability. The legal framework governing the program includes laws on small and medium-sized enterprises, as well as government decisions approving the Entrepreneur Support Program “373” and related regulations on entrepreneurship, economic growth, and credit guarantee funds. Operational guidelines for implementing the program are also outlined to ensure its effective execution and impact.

The Moldavian Program 373 presents a compelling opportunity for businesses seeking access to **affordable**, long-term financing for investment projects. As a finance student, here's a breakdown of the key steps your company should consider if you're interested in applying:

1. Eligibility Assessment: The first step is to meticulously assess your company's eligibility. Program 373 targets Small and Medium-Sized Enterprises (SMEs) as defined by Moldavian law. Ensure your company falls within the designated size category. Additionally, the program prioritizes investments in specific sectors. Carefully review the program's official documentation to confirm your project aligns with these eligible domains (refer to Annex 3 of the Program's Operational Manual).

2. Financial Health Check-Up: Program 373 aims to support financially sound businesses with viable investment plans. Conduct a thorough internal financial analysis. Evaluate your company's creditworthiness, profitability, and debt-to-equity ratio. A strong financial standing will bolster your application's competitiveness. Remember, the program doesn't eliminate credit risk; it offers subsidized interest rates.

3. Project Preparation is Key: Program 373 prioritizes well-defined and commercially sound investment projects. Develop a comprehensive business plan that outlines the project's objectives, timeline, budget, and expected financial returns. Demonstrate a clear understanding of the market opportunity and your competitive advantage. Gather supporting documents like feasibility studies and market research to substantiate your projections.

4. Partner Selection: Program 373 is implemented through a network of participating financial institutions (EFIs). Research and compare the terms offered by different EFIs. Consider factors like interest rates, processing fees, and the EFI's reputation for supporting SMEs. Choose an EFI with experience in your industry and a track record of successful loan approvals under Program 373.

5. Application Meticulousness: Once you've chosen an EFI, meticulously prepare the application package. This typically includes your company's financial statements, business plan, project details, and any other documentation required by the EFP. Ensure all information is accurate, complete, and presented professionally. Remember, a well-prepared application demonstrates your company's seriousness and strengthens your case for approval.

By following these steps and conducting thorough research, your company can increase its chances of successfully securing financing through the Moldavian Program 373. Remember, this program offers a valuable opportunity to fuel your business growth with the support of government-backed incentives.

The Moldovan Program 373 presents both significant opportunities and challenges for small and medium-sized enterprises (SMEs). On the positive side, the program offers a lifeline for SMEs struggling to access affordable financing. By partnering with participating financial institutions (EFIs), Program 373 facilitates loan acquisition at government-subsidized interest rates. This translates to lower borrowing costs, allowing SMEs to invest in critical areas like equipment upgrades, infrastructure expansion, and research & development. This financial boost can propel growth, enhance competitiveness, and ultimately lead to job creation, contributing positively to the Moldovan economy.

However, Program 373 also presents hurdles that SMEs need to navigate. The application process itself can be complex, demanding meticulous preparation. Companies must meet strict eligibility criteria, ensuring they fall within the designated size category, maintain good financial standing, and propose projects aligned with Moldova's economic development goals. Gathering the necessary documentation, often outlined in voluminous annexes, can be a time-consuming and resource-intensive exercise. Additionally, reliance on EFIs introduces another layer of scrutiny. Each EFP has its own credit policies and may prioritize certain sectors or project types, potentially limiting access for some SMEs.

Furthermore, the program relies on efficient coordination between EFIs and the program administrator, the Organisation for Entrepreneurship Development (ODA). Delays in communication or disagreements on eligibility can hinder the application process. Finally, maintaining program compliance throughout the loan term requires ongoing monitoring from both the EFP and ODA. Should irregularities in project execution or loan utilization be identified, the program may exclude the loan, potentially leaving the SME with an unmanageable financial burden.

CONCLUSION

The Moldavian Program 373 stands as a significant initiative with the potential to reshape the landscape for Moldovan SMEs. By offering access to affordable, long-term financing, the program empowers businesses to invest in growth, innovation, and competitiveness. This translates to increased job creation, economic diversification, and a more vibrant Moldovan business environment.

However, for the program to achieve its full potential, addressing existing challenges is crucial. Streamlining the application process, providing clear and accessible information on eligibility requirements, and ensuring consistent application of criteria across participating financial institutions will be critical. Additionally, fostering stronger communication and collaboration between SMEs, EFIs, and the program administrator can enhance efficiency and minimize potential delays.

Ultimately, the success of Program 373 hinges on a multi-pronged approach. By combining readily available financing with readily available resources for application support and project development, the program can truly empower Moldovan SMEs to become engines of economic growth. As a finance student, I believe this program presents a compelling opportunity for SMEs to unlock their full potential and propel Moldova towards a brighter economic future.

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