

REQUEST FOR EXPRESSIONS OF INTEREST

MARKET SURVEY TO IDENTIFY EXPORTERS NEEDS, REQUIREMENTS, EVENTUAL BOTTLENECKS TO START EXPORTING TO NEW MARKETS AND EXPANDING PRESENCE IN EXISTING ONES

REPUBLIC OF MOLDOVA

MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES COMPETITIVENESS PROJECT

Sector: General industry and trade sector

IDA Credit No. 71740

IBRD Loan No. 94230

Project ID No. P177895

Reference MD-CEP-419510-CS-CQS

The Republic of Moldova has received financing from the World Bank toward the cost of the Micro, Small and Medium-Sized Enterprise Competitiveness Project (MSME) and intends to apply part of the proceeds for consulting services.

The consulting services (“the Services”) include providing support to Moldovan Government and its Invest Moldova Agency to conduct a market survey aimed at identifying the needs, requirements and possible obstacles in initiating Moldovan exports to new markets and penetrating existing markets to improve the country's export potential.

The assignment will be performed in the period November 2024 – February 2025 and will require a level of effort of approximately 150 man-days.

The detailed Terms of Reference (TOR) for the assignment are attached to this REoI.

The Project Implementation Unit of the MSME Competitiveness Project now invites eligible local consulting firms (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services (required qualifications and experience of the firm, but not individual experts’ bio data).

The following selection criteria will be applied:

#	Criteria	Points
1.	Company first-hand experience in conducting field research, enterprise surveys, including carrying out sample-based enterprise surveys.	40
2.	Company relevant experience in conducting market research and export analysis, demonstrated through successfully completed similar projects	25
3.	Company first-hand experience in preparation of analytical reports and understanding of the policy issues underlying the survey	25
4.	Staff with relevant competence in conducting different type of surveys and research	10

The attention of interested Consultants is drawn to Section III, paragraphs, 3.14, 3.16, and 3.17 of the World Bank’s “Procurement Regulations for IPF Borrowers” November 2020 (“Procurement Regulations”),

setting forth the World Bank's policy on conflict of interest. A Consultant will be selected in accordance with the „Consultant's Qualification-based Selection” method set out in the Procurement Regulations.

Consultants may associate with other firms to enhance their qualifications; but should indicate clearly whether the association is in the form of a joint venture and/or a sub-consultancy. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected.

The Expression of Interest shall clearly state the name of the Consultant (individual Firm, Joint Venture or sub-consultancy). The Consultant shall provide relevant references (assignment name, Client, time frame, the role of the firm (main Consultant/Partner in JV/sub-consultant, contract amount, tasks performed etc.) to confirm its experience and qualifications.

Further information can be obtained at the address below during office hours.

Expressions of interest must be submitted in a written form to the address below (in person, or by mail, or by e-mail) by November 14, 2024, COB.

Project Implementation Unit of the MSME Competitiveness Project
Attn. Mr. Aureliu Casian, Executive Director
180, Stefan cel Mare Ave., office 815, MD-2004, Chisinau, Republic of Moldova
Tel: + 373 22 296-723;
e-mail: piu@mded.gov.md
web: www.uipac.md

TERMS OF REFERENCE

Market survey to identify exporters needs, requirements, eventual bottlenecks to start exporting to new markets and expanding presence in existing ones

A. Background

The Government of the Republic of Moldova (GoM) is pursuing a policy agenda to support export-led economic growth. The MSME Competitiveness Project's aims to increase the competitiveness of Moldovan enterprises by reducing the regulatory burden they face, supporting their access to finance, and supporting MSMEs development and their export competitiveness. The Project will digitize G2B services, which in turn will reduce compliance costs and the regulatory burden for enterprises. In addition, improvements in quality infrastructure will increase the number of accredited laboratory services and reduce costs for enterprises, which also enables more exports. These activities will enhance MSME competitiveness in the domestic and international markets. The Project will provide funds to issue partial credit guarantees to support MSMEs access to finance and funds to support MSMEs in improving their products and services. As a result, access to finance is expected to increase, contributing to MSME survival or growth, job increase or retention, and increased competitiveness and exports.

The World Bank has been supporting the Government in its competitiveness and reform efforts through two Competitiveness Enhancement Projects, which closed successfully and focused on: (i) regulatory reform; (ii) small and medium enterprises' access to business development services and quality certifications, through a matching grant facility (MGF); (iii) access to finance, through a line of credit (LoC) for exporters; and (iv) quality infrastructure, including equipment and institutional reform in the area of metrology, standards, testing, and quality. During the implementation of the CEP II, the supported activities generated approximately US\$215 million in new exports, more than 1000 jobs, an estimated US\$15 million in savings for the private sector linked to the implementation of the electronic one stop shop for permits, as well as other reforms. Two hundred and seventy companies benefited from MGF, with more than 55 percent of them exporting for the first time. A total of US \$41 million in new export sales have been realized by program recipients and creating more than 800 new jobs. Impact evaluation of the MGF revealed that for US \$1 invested through the program, US\$ 12,4 in new export sales have been achieved. Under the new operation it is also envisaged support for firms through matching grants and export readiness programs.

Ministry of Economic Development and Digitalization (MEDD) has expressed its strong desire for a project that builds on the successes of the previous one, addresses institutional capacity challenges, and takes a more comprehensive approach to enterprise competitiveness.

B. Project Description

The MSME's project development objectives (PDO) are: (i) to reduce the regulatory burden, increase access to finance, increase the export competitiveness of Moldovan enterprises, and (ii) in case of an Eligible Crisis or Emergency, to respond promptly and effectively to it.

The project consists of the following components:

Component 1 – Regulatory reform and Digitization. This component supports the Government in reducing the regulatory burden on businesses by further digitization both at the national and local levels, enhancing and digitizing inspection services, improving interoperability and integrated service delivery for businesses, simplifying the regulatory environment, and improving the National Quality Infrastructure System (hereinafter NQI).

Breaking it down by key activities: (a) scale up the digitization of G2B services, including upscaling the existing MMIP government digital platform, digitalizing additional business permits at the national level, and deploying the MMIP to the sub-national level in all 35 rayons; (b) enhance, digitalize, and equip business inspections; (c) enable interoperability of different platforms and services provided to businesses through the development of integrated service delivery; (d) simplify the regulatory environment; (e) increase MSME competitiveness and enabling exports through the improvement of the NQI system; (f) introduce compliance with Performance-Based Conditions (PBC) that reflect the Government's own objectives and are relevant to the success of digitization of G2B services and

inspection reform and (g) address climate vulnerabilities and supports the reduction of GHG emissions and generate mitigation and adaptation climate co-benefits.

Component 2 – Access to Finance. This component aims to support the Credit Guarantee Facility (CGF) under the Organization for Entrepreneurial Development¹ (hereinafter ODA) in providing of financial guarantees to MSMEs, to deliver more effective programs and assistance that have positive spillovers for the growth of MSMEs and export-oriented sectors to expand the business, enter new markets, start new export activities, and introduce new technologies needed for productivity gains.

Component 3 – MSME Development and Export Competitiveness, focusing on supporting firms through matching grants, export readiness, supplier linkages, and export promotion programs. The objectives of this component are linked with the Government’s goals of simplifying the rules for MSME operation, supporting business establishment, growth and internationalization, enabling more efficient support programs for MSMEs, as well as facilitating the inflow of investments.

Component 4 – Contingency Emergency Response (CERC). This is an unfunded contingency component that can be activated in case of a relevant emergency event. Following an eligible crisis or emergency, the Borrower may request the World Bank to reallocate Project funds to support an emergency response. Once triggered, this component will draw from the uncommitted loan resources under the Project to address the emergency.

Context of export-led growth for Moldova

A key challenge facing the Government of Moldova is the need to promote economic growth and job creation based on robust private sector activity, exports and enhanced investment. One of the elements which could ensure sustainable economic growth of the country is the implementation of coordinated and proactive incentive policies in the field of export development and investment activity. However, it is important to take into account the existing technology gap, which is a major obstacle to the competitiveness of Moldovan exports and requires strategic approaches and adequate investment to overcome it.

Exports are a vital element of the Moldovan economy, reflecting an upward dynamic in particular towards European Union markets. However, the current structure of exports is characterized by a predominance of low value-added raw materials and low sophistication. This limits the value of export earnings, having a negative impact on economic development potential and increasing vulnerability to global price fluctuations.

The tax and customs regime in the Republic of Moldova largely favors re-exports, which benefits job creation and human capital development. However, this increase in exports is often associated with a commensurate increase in imports of raw materials and semi-manufactures. This is reflected in the country's deficit trade balance, which in 2022 registered a deficit of USD 4.9 billion (33% of GDP), and excluding fuels, the balance amounted to USD -2.9 billion (19.9% of GDP).

Moldovan companies face challenges in accessing international markets competitively due to underdeveloped logistics infrastructure and high transportation costs. These companies face significant technical and commercial challenges, including strict quality standards and international regulatory requirements. Also, the lack of adequate knowledge and resources to access and navigate foreign markets negatively influences their ability to expand globally.

Within this framework, under the current support of the MSME project, the Government through the Invest Moldova Agency (MIA) is seeking the services of a consulting firm to conduct a market survey aimed at identifying the needs, requirements and possible obstacles in initiating Moldovan exports to new markets and penetrating existing markets to improve the country's export potential.

b) Objectives of the Assignment

The main objectives of the assignment are (i) to survey exporters aiming at identifying the needs, requirements and potential obstacles in initiating exports to new markets and penetrating existing markets to improve the country's

¹ Public institution under the Ministry of Economy with the mission to support the development of the entrepreneurial environment, including small and medium enterprises.

export potential and (ii) based on the results of the survey provide recommendations for government policies/regulations in this domain, which would facilitate export operations.

The survey results will provide essential data and analysis for the formulation and adjustment of Moldova's trade and export policies. The survey will contribute to the development of export support strategies and programs, including training and technical assistance and will support export promotion initiatives and the attraction of foreign direct investment in high potential sectors.

c) Tasks to be performed by the Consultant under the Project (Scope of the Work)

To achieve the assignment's objectives, the Consultant shall perform the following task:

Design and conduct a survey to identify the needs, requirements, and potential bottlenecks faced by exporters in initiating exports to new markets and / or expanding their presence in existing ones.

The survey shall assess exporter's readiness and capability to export and shall be designed to meet the targets described below:

- Evaluate the bottlenecks of Moldovan exporters, including but not limited to:
 - ✓ Certifications and authorizations.
 - ✓ Human capital.
 - ✓ Low production capacity
 - ✓ Partnerships identification.
 - ✓ Logistics, infrastructure, customs.
 - ✓ Legislation: domestic and international trade regulations and policies.
 - ✓ Environmental, Social and Sustainability Standards.
 - ✓ Currency fluctuations.
 - ✓ Trade finance
 - ✓ Market outreach
 - ✓ Digital Tools and E-commerce.
 - ✓ National and international economic and political stability.
- Evaluate the effectiveness of existing Export Promotion programs, including but not limited to:
 - ✓ Trade missions.
 - ✓ International Trade fairs.
 - ✓ Research studies and other educational platforms.
- Assess the potential of export volumes of the Moldovan exporters and the needs which need to be fulfilled to increase the export volume.
- Quantify the capacity, specific products for export and target potential markets of Moldovan exporters.

During the implementation of the assignment, the Consultant responsibilities will include, but will not be limited to:

- Design and provide to Invest Moldova Agency for coordination the survey' questionnaire.
- Define and obtain samples of enterprises for surveying.
- Carry out the questionnaire-based survey, process and validate the collected data and develop the Survey report.
- Prepare a presentation of the Survey's results and findings, and disseminate these among Investment Moldova Agency, MEDD, ODA and other stakeholders.

While conducting the Survey, the following methodological requirements shall be met by the Consultant:

- The research should be conducted on a sample of at least 350 export firms. The sample should be drawn from the universe of local SMEs. The universe should include all active business entities except prime agricultural enterprises (farms) and financial institutions (banks, investment companies), and individual enterprises.

- The respondents should be top managers (*executives only or managers directly responsible for foreign markets access*).
- Survey should be conducted by trained interviewers by face-to-face interviewing using the questionnaire.
- The consultant should ensure at least 10% quality control with respondents.
- The breakdown of the sample by economy sectors should respect the minimum criteria according to the table below.

Economy sector	Agrifood	Fashion	Furniture	IT	Business Services	Automotive & machine building	Electronics	Creative Industries	Pharma	Medical tourism	Construction materials	Other sectors
Number of companies	100	30	15	30	30	15	15	15	5	5	5	85

The survey' questionnaire shall include, *inter alia*, the following guiding topics:

- Company name, contact details (email, phone, website).
- Sector/industry; product category; number of employees, share of women owned or led firm
- Type of production (CM/CMT/Private label, own brand).
- Origin of raw materials.
- Production/export capacity.
- Annual export volume (yearly, for the past 3 years).
- Sales channels and distribution networks.
- Export markets (countries) for the company's products.
- Transportation means for export products (maritime; air; land – road/rail).
- Need for foreign investment.
- Methods for accessing and promoting in foreign markets.
- Major export issues and barriers to accessing new markets.
- International certifications held (ex. ISO, etc.) or need to be obtained that are important for exports.
- Participation in business networks, clusters, or exporter associations.
- Assessment of the major bottlenecks in exports.
- Support needed for market expansion.
- Assess the collaboration with the government and other institutions.
- Perception on how friendly and supportive the existing legal framework is and what pieces of legislation shall be revised to facilitate exports.
- Perception of the effects and impact of the trade facilitation agreements on the company's exports.
- Plans for expanding the volume, product range or diversifying export markets.

d) **Reports / Deliverables**

While performing the assignment, the Consultant will have to submit the following reports (deliverables):

✓ *1st Report.* This report will include the proposed questionnaire, description of the universe and sample of companies to be surveyed, a description of sampling technique and methodology. The report will be submitted within 2 weeks after the commencement of the tasks.

✓ *2nd Report.* This report represents a draft of the Final Report, and data file providing the assignment preliminary results. The PIU and Invest Moldova Agency may provide comments to the report, which should be addressed by the Consultant accordingly. The Report will be submitted within 8weeks after the commencement of the tasks.

✓ **Final Report.** Final Report is the report responding to all comments received from the PIU and the Invest Moldova Agency to the 2nd Report. The Report will be submitted within 10 weeks after the commencement of the tasks in a certain year. Upon it, the Consultant will develop a presentation of the surveys' results, conclusions and findings.

All Deliverables will be provided in electronic form and in hard copies. The languages of the Deliverables shall be Romanian and English.

e) Reporting Arrangements

The Consultant shall coordinate the reports/deliverables with Invest Moldova Agency and PIU. In case the World Bank has comments on the deliverables, these comments will be submitted to the PIU which will then communicate with the consultant.

f) Period of the Assignment

The assignment will be implemented in the period from November 2024 to February 2025 and will require a level of effort of app. 150 man/days.

g) Qualification requirements for the assignment

This assignment will require a consultant, which can be a consulting firm or a consortium of such consulting firms, which:

✓ Has demonstrated experience in conducting field research, enterprise surveys, including carrying out sample-based enterprise surveys.

✓ Has relevant experience in conducting market research and export analysis, demonstrated through successfully completed similar projects.

✓ Has sound knowledge of international markets and the export sector in the Republic of Moldova, with a focus on current trends and specific challenges.

✓ Has substantive understanding of the policy issues underlying the assignment.

✓ Has ability to utilize and access relevant sources of information and statistical data for accurate and comprehensive analysis.

✓ Has experience in preparation of analytical reports and recommendations.

✓ Has staff with relevant competence in conducting different types of surveys and research.

h) Terms of payment

The Contract will be the Standard World Bank Lump-sum contract for small assignments.

Payments will be made as follows:

✓ 1st payment in the amount of 15% of the contract amount upon acceptance of the 1st report including *inter alia* questionnaire, description of the universe and sample of companies to be surveyed, description of sampling technique and the technique to be used in creating the counterfactual.

✓ 2nd payment in the amount of 45% of the contract amount upon acceptance of the 2nd Report including *inter alia* data file providing the assignment preliminary results.

✓ 3rd payment in the amount of 40% of the contract amount upon acceptance of the Final report, including *inter alia* findings, conclusions recommendations and the dissemination of the survey' results.

The payments under the contract will be processed by the Project Implementation Unit of the MSME Competitiveness Project based on the deliverables approved by Invest Moldova Agency.