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A Crowdfunding Platform for the Moldovan Diaspora

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<tr>
<td>AMMB</td>
<td>Association of Moldovans in Great Britain</td>
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<td>ATIC</td>
<td>Moldovan Association of Information and Communication Technology Companies</td>
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<td>BRD</td>
<td>Bureau for Diaspora Relations under the State Chancellery of Republic of Moldova</td>
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<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
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<td>ERCOF</td>
<td>Economic Resource Center for Overseas Filipinos Philippines</td>
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<td>IDF-OI</td>
<td>India Development Foundation of Overseas Indians</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IOM</td>
<td>International Organization for Migration</td>
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<td>JMDI</td>
<td>Joint Migration and Development Initiative</td>
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<td>NCFM</td>
<td>National Commission for Financial Markets</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<td>ODIMM</td>
<td>Moldova’s Organization for Small and Medium Enterprises Sector Development</td>
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<td>OFs-RED</td>
<td>Overseas Filipinos Remittances for Economic Development</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNFPA</td>
<td>United Nations Populations Fund</td>
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<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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Executive Summary

This report presents the main findings from a research project conducted from November 2015 to May 2016. This project aims to investigate opportunities and obstacles associated with the design and operation of a crowdfunding platform as a development tool specifically aimed at Moldovan diaspora communities. This research discusses the international best practices of similarly-focused diaspora crowdfunding programs; the specific elements, challenges and advantages of crowdfunding platforms; the implications of adapting such a model to the Moldovan context; and finally, recommendations for introducing and scaling such a program.

A team of six graduate-student researchers from Columbia University’s School of International and Public Affairs (SIPA) conducted desk research, culling best practices from diaspora-oriented development programs and the conditions under which such crowdfunding models can work in the Moldovan environment. The team then conducted interviews and focus groups, designed to address key research questions such as the opinions of the Moldovan diaspora members living in developed countries, their engagement with Moldova, and their interests in investing in development endeavors. Researchers engaged with 67 members of the Moldovan diaspora community through focus groups, individual interviews, and an online survey.

The researchers looked into more than 21 crowdfunding platforms implemented around the world and categorized them into four broad categories: 1) Returns Based Initiatives, 2) Long-term Investments and Bonds, 3) Equity Based Investments, and 4) Donation Based Mechanisms.

In the study of successful platforms within these categories, contextualized to the Moldovan reality, the team recommends the following: a comprehensive long-term marketing and outreach campaign directed at diaspora communities. As diaspora members are less willing to channel funds through Moldovan banks and Moldovan financial institutions, established electronic money transfer systems such as Paypal, Western Union or MoneyGram may be preferable for use in this platform. In regards to administration of a crowdfunding program, diaspora members living in the U.S. and UK place considerably higher trust in Western banks and financial institutions in comparison with similar Moldovan institutions. That said, there is more willingness to donate or invest in Moldova if a program administrator is partnered with an international organization or a Western European bank. Moldovan diaspora members also expressed a desire for a personal connection with the program’s administrators. Finally, research also indicates that Moldovan diaspora members have low levels of trust in the
government and government-run projects. Therefore, they revealed a hesitancy to donate, invest, or contribute to programs or projects that are administered by Moldovan banks or feature heavy government involvement.

With the intention of utilizing a platform capable of absorbing both donations and investments, it is recommended that IOM and its implementing partners pursue a hybrid crowdfunding model that starts with a focus on channeling diaspora donations into community and development projects, and which transitions into a platform that attracts both donations and financial investments. Therefore, focusing on trust-building measures in the platform itself is fundamental. The crowdfunding platform should also maximize transparency and social impact to appease fears of corruption and mismanagement. To launch the platform, it is recommended to leverage existing, established companies and to fund symbolic projects with high visibility. The platform should focus on areas such as IT, manufacturing, and the education sectors. The deepening of vetting, transparency and monitoring and evaluation practices, along with the continuous improvement of customer service must continue throughout the life-cycle of the program.
Introduction

International migration has been one of the defining trends of the 21st century. In 2015, the United Nations Population Division estimated that there were nearly 244 million international migrants (United Nations 2015, 1). Therefore, it has become one of the crucial characteristics of our globalized world. Since 2011, Official Development Assistance (ODA) has been surpassed significantly by remittances, evidence of migration’s critical impact on the economy. According to the World Bank’s 2015 Migration and Development Brief, in 2014 total remittances were $583 billion, more than double the ODA in the world for the same period (Ratha 2015, 3).

Although the exact impact of migration on national development has been heavily debated, there is no doubt that the mobility of migrant resources has the enormous potential to assist development efforts, especially in developing economies. For this reason, the international community has recognized migration as a key policy priority, highlighting it among others in Goal 10 of the Sustainable Development Goals (SDGs), as one of the vehicles to reduce global inequality.

Furthermore, the Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda) stressed that to boost the “positive contribution of migrants for inclusive growth and sustainable development in countries of origin”, movement throughout the financial system must be eased and more tools deployed. One of these strategies is the exploitation of new technologies. Crowdfunding platforms, defined in this report as the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet, is one of these technologies. Already being implemented in many parts of the world, both generally and specifically with diaspora, it has great potential in amplifying migrants’ positive contribution and in strengthening ties between home countries and diaspora communities. Evidence of this is that global crowdfunding experienced accelerated growth in 2014, expanding by 167% to reach a little over $16 billion raised, up from just over $6 billion in 2013. In 2015, the industry is set to more than double once again, on its way to raising $34 billion (Massolution 2015).

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Moldova has a large and widespread diaspora community. Its approximate 411,000 members (Zwager and Sintov 2014, 26) were estimated in 2013 to have remitted approximately $1.7 billion USD, corresponding to 27.4% of national GDP (Prohnițchi and Lupușor 2013, 16). Considering this, the International Organization for Migration (IOM) in Moldova, working with the Government of Moldova’s Bureau for Diaspora Relations (BRD), therefore envisions a crowdfunding platform that can effectively gather a large pool of resources from Moldovan diaspora communities around the world and utilize those resources towards the country’s development.

By channeling funds through a crowdfunding platform into various development programs, the impact of diaspora members on their home country may be amplified, leveraging technology to create new avenues for sustainable growth.

### Defining Target Population and Terminology

Diasporic actors have been defined as all persons who originate from a certain country, self-identify with that country, and who maintain a meaningful cultural and social relationship with the country (Naujoks 2013, 12). However, from a policy viewpoint, it is generally not possible to identify the actual relationship individuals and communities have to their country of origin. This report thus uses the Republic of Moldova Government’s definition of diaspora as encompassing the citizens of the Republic of Moldova who are staying temporarily or permanently abroad, persons with origins from the Republic of Moldova and their descendants, as well as the communities formed by citizens and persons of Moldovan origin living abroad.

Remittances are generally referred to as private transfers from migrants to their households in their countries of origin. Statistical definitions of remittances generally include migrant workers compensation for temporary contracts abroad and other interactions that are not strictly speaking intra-family transfers, including some forms of philanthropic contributions (World Bank 2011, xvi-ii).

This report is not chiefly concerned with remittances in the strict sense but with diaspora savings, investments and philanthropic contributions to development projects in their country of origin, Moldova. In this regard, the diaspora member leverages his or her own savings, separate from

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2 While there is no universally accepted definition of diaspora, in this paper we follow the definition proposed in the handbook ‘Developing a Road Map for Engaging Diasporas in Development: A Handbook for Policymakers and Practitioners in Home and Host Countries’, compiled by IOM and the Migration Policy Institute in 2012: “Emigrants and their descendants, who live outside the country of their birth or ancestry, either on a temporary or permanent basis, yet still maintain affective (emotional) and material ties to their countries of origin.” (IOM. 2013. "Diaspora and Development: Bridging Society and States.")

3 Vide decision of the Republic of Moldova Government no. 780 of 19 October 2012, article 7 j.
what might be routinely remitted to family members, to invest in a sector or development project in Moldova. Such contributions and investments may benefit the diaspora members and/or their families socially, from the act of contributing to domestic development; concretely, from the enjoyment of such improvements upon return to Moldova; or financially, in the form of dividends or stock.

Accelerated Investment and Development in Moldova

Moldova has experienced large trends of outward migration, as well as a large inflow of remittances from Moldovan migrants settled across Europe and beyond. Remittance flows have consistently corresponded to about 26 - 28% of the Moldovan GDP since 2011 (National Bank of Moldova 2015). Migration and monetary transfers are extremely important components of the Moldovan economy. In 2015 alone, these funds amounted to 21.8% of Moldovan GDP (National Bank of Moldova 2015, 1). For these reasons, migration and diaspora-related activities are of seminal importance for economic and human development in the country. Savings are another important aspect to consider, as migrants were observed to save 48% of average annual income before remittances in both 2009 and 2012, remaining constant despite a marked rise in income levels (Zwager and Sintov 2014, 8).

Diaspora: An Untapped Resource for Moldova’s Development

To harness the development potential of private transfers, the Government of Moldova established the investment program PARE 1+1, which attracts migrants’ remittances into the Small and Medium Sized Enterprises (SMEs) sector with a one-to-one matching funds scheme from the government and donors. During 2014-15, a SIPA workshop team assessed this program and recommended options for introducing a crowdfunding platform to expand the program’s funding base. However, the PARE 1+1 program only captures certain contributions. It is limited by its exclusivity to diaspora members in relation to non-migrating locals (Prohnițchi and Lupușor 2013, 4), requiring proof that funds originate abroad, and limiting the number of viable businesses that can be financed with its budget (Martinez et al 2014, 48). A crowdfunding platform could address this gap.

Finding a Suitable Platform for Diaspora Contributions and Investment

The goal of a possible crowdfunding initiative is to capitalize on philanthropic and investment funds. Thus, this initiative is rooted in three main pillars: mobilization of the Moldovan diaspora
community at the grassroots level; encouraging members of the diaspora to save and donate in order to contribute to local development projects, as well as invest in Moldovan companies and local projects, through a web-based platform or existing crowdfunding site; building capacity of the partners to successfully run local projects in order to attract sustained philanthropy and investment from Moldovan diaspora members.

As illustrated in Figure 1, the establishment of an online platform could work to connect migrants with opportunities to donate and invest in the Moldovan economy has the potential to contribute to development objectives, increase employment opportunities and help put Moldova on a path to sustained economic growth. Assuming that these projects are marketable, contributions will be channeled into donation and investment based projects depending on the nature of the funds. Effective assessment of these projects will determine their success. This in turn will determine the scalability and market outreach. Presupposing regular and effective monitoring and evaluation of these projects and an increase in trust among philanthropists and investors, collection of funds are likely to continue to grow. Thus, the establishment of an online platform to connect opportunities to donate and invest in the economy might lead to aforementioned intended results.

This report therefore explores what lessons can be drawn from projects around the world, what areas of investment and donation are attractive to diaspora members, what would make them comfortable in allocating their resources, and how that will best fit in with existing structures in Moldova.
Figure 1: Theory of Change

- **Impact**: Increase in employment opportunities and higher economic growth

- **Outcome**: Establish a platform that connects opportunities to save and invest in the Moldovan economy and Moldovan diaspora members

- **Output**: Channel funds (philanthropic and investment) into local development projects (Use of diaspora contributions not for consumption but for investment and creation of employment opportunities)

- **Input**: Identify the projects of interest to Moldovan diaspora members, Build partnerships with financial institutions, donors, government, IO's and NGO's, and private sector, Build capacity of the local partners to run the local projects sustainably, Promote projects through online social media

- **Processes**:
  - A: Collection of funds
  - B: Philanthropic funds, Investments
  - C: Monitoring and Evaluation
  - D: Projects are scalable
  - E: Assuming philanthropic and investment funds continue to grow

- **additional notes**:
  - Higher trust of foreign philanthropists and investors in donation and investment based projects
  - Sustainable projects are marketable
Overview of the Report

The remainder of this report is structured as follows: The next section describes the methodological background and the limitations of the research and sampling of interviewees. Based on an extensive review of various crowdfunding models implemented around the world, the report then describes the different types of models. Subsequently, this report discusses the applicability, opportunities, and challenges of the different models, in consideration of the institutional and regulatory framework in Moldova, as well as specific responses of Moldovan diaspora communities in regard to said models. Lastly, the report will conclude with key recommendations of how to apply a crowdfunding model in Moldova based on the desk review and fieldwork.

Methodology

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<td>● Time Period: 123 days</td>
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<td>● Expert Interviews: 10 expert interviews held with program practitioners via phone or Skype</td>
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<td>● Individual Interviews: Over 35 individual interviews held in London, 8 in New York, and 15 other interviews held via Skype with diaspora in other areas of the U.K., U.S., and France</td>
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<tr>
<td>● Online Survey: 8 online survey responses</td>
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<td>● Focus Groups: 2 large focus groups with 24 Moldovan diaspora community members held in London, England</td>
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The study was divided into the following phases:

Phase 1. Desk review of international best crowdfunding practices  
Phase 2. Development of interview and focus group discussion guides  
Phase 3. Expert interviews with practitioners of diaspora crowdfunding programs  
Phase 4. Two-week fieldwork by five researchers in March 2016 to conduct interviews with potential partners and stakeholders in Moldova, as well as interviews and focus groups with Moldovan diaspora members as potential target population in England  
Phase 5. Interviews and focus groups with Moldovan diaspora members residing in the United States, United Kingdom, and France  
Phase 6. Post-fieldwork debriefing and data analysis
Phase 7. Recommendation of a comprehensive framework to IOM that channels diaspora community investments into local sustainable development

This research involved the investigation and analysis of more than 30 relevant existing development projects such as: Mexico’s 3 for 1 (3x1) and 4 for 1 (4x1), Economic Resource Center for Overseas Filipinos (ERCOF) foundation, Pinoy Wise, Overseas Filipinos Remittances for Economic Development (OFs-RED), India Development Foundation of Overseas Indians (IDF), Calvert Foundation’s diaspora investment initiatives, Live Lebanon, and others. Research did not focus solely on public and third party crowdfunding initiatives, but on various private companies which operate crowdfunding platforms and aim to sustain local development of a targeted country such as: Kiva, Live Lebanon, Homestrings, amongst others. A complete list of all organizations can be found in Annex A.

Questionnaires were designed following insight gained from initial desk research, expert interviews, guidance from IOM and the team’s academic advisor. A complete list of questionnaires is referenced in Annex C. The purpose of this questionnaire was to solicit information regarding:

1. **Demographics**: gender, number of years spent living/working abroad, occupation, and education.
2. **Diaspora Community Engagement**: The questionnaire also measured diaspora engagement with the origin country, including willingness to contribute in various ways to development projects. Interviewees were also asked how often they communicate, or keep ties with friends and family in Moldova.
3. **Moldovan Diaspora Community Investment Interests and Behavior**: The questionnaire also included questions to explore Moldovan diaspora investment interests and behavior. The questions probed for diaspora members’ trust in government and financial institutions, risk tolerance, and perception or knowledge of various crowdfunding platforms.
4. **Interest in Social Impact Projects**: The questionnaire gauged the interviewee’s overall interest to lend, donate, or invest in social impact projects.

IOM provided the researchers with a list of potential contacts in London, which the researchers utilized to establish interviews. The Embassy and AMMB also provided the researchers with additional contacts, which established more interviews. The researchers interviewed over 35 Moldovan diaspora members in London, as well as participants living in Manchester and Oxford via Skype. Researchers also interviewed 8 Moldovan diaspora members
in New York City. The researchers also successfully recruited interviewees in Moldovan-owned restaurants in the UK. All interview questionnaires and methodologies received IRB\textsuperscript{4} approval prior to the execution of fieldwork.

The majority (75\%) of interviewees were between 25 and 35 years of age\textsuperscript{5} and were employed in various sectors such as real estate, investment banking, information technology, management consulting, and civil service. The team then traveled to Chișinău to present the findings of the team’s initial desk review and qualitative data collected in the UK to IOM. The team also held over 25 meetings with various stakeholders in country to obtain feedback on the applicability of various crowdfunding platforms in the context of the project and Moldovan investment climate.

The researchers also created an online survey via typeform.com, to increase the number of participants in the study and to provide the researchers with more information from Moldovan diaspora members on their interest in different crowdfunding platforms. The survey consisted of 25 questions, a complete list of which is in Annex D. The survey used snowball sampling to reach diaspora members in the greater New York City metropolitan area, receiving 8 complete responses.

Focus groups and interviews of Moldovan diaspora members consisted largely of highly skilled Moldovans residing in London and the United States. Data suggests that 26\% of Moldovan diaspora members immigrated to the U.K. in 2011 (IOM 2013c, 115). It is important to note that 70\% of diaspora members residing in the U.K. came for better earning opportunities, and 24\% for professional development (IOM 2013c, 97). The U.S. hosts 10\% of Moldovans living abroad and their descendants (IOM 2013c, 58).

The decision to focus on this particular population, which is not necessarily representative of the majority of the Moldovan diaspora (for example, the larger majority residing in the Russian Federation or Italy) stems from the assumption that those settled in higher income countries may be more willing to contribute beyond remittances, diverting income to investments. Moldova’s Extended Migration Profile notes that young Moldovan teachers and researchers with high qualifications tend to work in the U.S., and the majority of

\textsuperscript{4} The IRB, or institutional review board, is a committee utilized by U.S. academic and governmental institutions conducting research on human subjects. This is an ethical review board to ensure all methodologies and questionnaires employed by researchers are in respect and consideration of human rights and ethical considerations. This research received full approval from the Columbia University Institutional Review Board.

\textsuperscript{5} Interviewees were asked to provide either their age or a self-identified range. While the majority of interviewees were young professionals, students, or business-owners, ages ranged from 23 to 45 years old.
diaspora members in the U.K. are young professionals or students (IOM 2013c, 115). Secondly, they may also have a higher level of financial literacy, as many Moldovans residing permanently or semi-permanently in the U.K. or U.S. are familiarized with Western European financial practices and often work in the financial sector. Thirdly, there might be an increase in Moldovan diaspora members in the U.K. in near future as the U.K. is preferred for higher economic opportunity and better income compared to other countries (IOM 2013c, 117). Therefore, the research assumes that highly skilled diaspora members may be more willing to donate or invest in Moldovan economic development. The selection of focus countries also responded to IOM Moldova’s preference for research in the U.K. and the U.S.

Research Limitations

The sample size of the interviews and focus groups conducted was limited due to the time constraints of this study. Thus, the results cannot claim being representative for Moldovan diaspora members in the UK and the US. In addition, the report does not reflect the interests and concerns of Moldovan diaspora members living elsewhere. As mentioned above, the majority of persons originating in Moldova live in Italy, Russia, Portugal, and France and many are not occupied in high-skill occupations (IOM 2013b). However, the research team also conducted interviews with Moldovan diaspora members in France and other parts of the United Kingdom via Skype to increase the sample size of interviewees and diversity of data.

International Crowdfunding Models

In order to understand the structures, opportunities, and challenges of existing crowdfunding models, various mechanisms implemented around the world were researched, developing a comprehensive review of various initiatives in different countries and contexts. Based on a comprehensive review of global initiatives that aim to harness diaspora resources for development in their country of origin, this overview focuses on the main characteristics of several overarching categories (see Annex E):

- Returns based initiatives
  - Long-term Investments and Bonds
- Equity based investments
- Donation based mechanisms
  - Peer-to-Peer contributions
  - Collective funds
The following subsections describe the major components, advantages, and drawbacks of each of these categories in turn.

**Returns based Initiatives**

A returns-based crowdfunding model consists of any platform that provides a financial return to the investor. The major characteristic of this model is the existence of an intermediary which collects and administers funds, increasing the likelihood of a return to the investor. Typically, a returns-based model targeted at diaspora communities operates in the following manner:

1. **Investor is presented with investment opportunities in their country of origin by intermediary.**
2. **Intermediary provides investor with investment receipt.**
3. **Funds are transferred to recipient.**
4. After a fixed amount of time, funds are repaid with interest (minus brokerage fees).

There are several benefits to a crowdfunding model based on financial returns. Primarily, the presence of an intermediary increases the level of trust for the investor and might provide more transparency to the platform. A returns based model platform can also be used as a savings tool for investors. Moreover, and perhaps most importantly, the investor receives a return on their initial investment. While donations-based models - discussed in more detail below - are contingent on the existence of a sufficient number of high-net worth individuals or diaspora member with sufficient disposable income to make meaningful philanthropic contributions, return-based models leverage the self-interest of migrants and their families to
accumulate savings and to obtain interest rates. In this regard, in many migrants’ countries of origin, average interest rates for deposits and certain kinds of investments are significantly higher such rates in destination countries. For this reason, return-based models are deemed to increase the base of diaspora members who can participate in such initiatives.

However, there are some drawbacks to this type of platform. There is the risk, as with any financial investment, of losing a portion or total amount of funds invested. Moreover, an investor may be at a disadvantage or less likely to invest in the platform if they lack the financial literacy to confidently invest. Lastly, depending on the country in which the investment is based, financial regulations could become an obstacle to the investor as they may find the process too complicated or cumbersome to invest in. This particular issue is elaborated in the section on challenges in implementation below.

Our research indicates this model can be successfully implemented in the Moldovan context only with the ownership and branding of Western European/EU banks. This is due to the low level of trust in Moldovan financial institutions and decreased liquidity of Moldovan banks. Despite an exceptionally high interest rate of almost 20% (Figure 2), many Moldovans feel that the risk undertaken in depositing funds into a bank for longer than 6 months is not worth the anticipated returns, which decreases funds available on-hand at Moldovan banks. Lack of liquidity for lending has been addressed by some of the programs reviewed. For example, the Soro-soro Ibaba Development Cooperative (SIDC), in the Philippines offers an investment package, which locks investment for 5 years and guarantees a return of 6% per annum and additional dividend earnings depending on the performance of the investment (SIDC 2012).

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6 Authors’ Interview with National Bank of Moldova, 23 March 2016.
The most important challenge regarding the application of this model in Moldova is the low level of trust in financial institutions as a whole. Members of the Moldovan diaspora expressed concern for the validity and trustworthiness of investment vehicles, as well as a desire for transparency and a strong vetting process for projects. Very few held bank accounts in Moldovan institutions (2 out of all surveyed). Unless such issues are properly addressed, diaspora members might feel skeptical and hesitant about this model. This topic is elaborated in more detail in final recommendations.
**Long-term Investments and Bonds**

A subcategory of the returns model is based on long-term investments. This type of model consists of a financial debt instrument (e.g. bonds) issued by the home-country government or a development agency to raise financing from its overseas diaspora members. The purpose of issuing a financial debt instrument, such as a bond, is to revitalize levels of investment, skill, and development in the places in which the migrants maintain ties and also to engage migrants in the development work in their native countries by utilizing the economic and social capital of these groups. Israel and India have raised $35-40 billion using this instrument (Ketkar, Suhas, and Ratha 2010, 251).

Frequently, funds obtained from the sale of a financial instrument are administered by a public entity, private organization, or a mixture thereof. Funds are typically used for financing investment programs in the country or community of origin of the investor. The investor can then trade their instrument or wait for the maturity of the instrument to be repaid, in the form of capital plus interest. This instrument, as most financial investments, relies heavily on the buyer to assume the burden of the investment risk.

The main incentives to invest in a diaspora funds platform are economic (higher rates of return on diaspora bonds) and nostalgic: for example, the opportunity to contribute to the development of their community/country of origin and where they may someday return (infoDev and World Bank 2013). Also, availability of a reliable source of funding improves a country’s sovereign credit rating. Such is the case in Israel, where a diaspora funds platform is advantageous in the sense that the cost of raising funds is low and is effective when the level of patriotism, integrity, and stability of legal system is high (Ketkar, Suhas, and Ratha 2010, 252-53). Patriotism, in particular, is the principle motivation for purchasing diaspora bonds. Also, the diaspora members are expected to provide patriotic discounts in pricing these bonds to which India and Israel serve as good examples (Ketkar, Suhas, and Ratha 2010, 252). However, it is difficult to sell bonds at times of unrest in diaspora member’s country of origin, or when the issuer is not perceived as trustworthy. Therefore, due to the current level of uneasiness in the Moldovan economy we do not recommend the pursuit of this model at this time.

**Equity-based Model**

This model is based on investment and equity, resembling a simple investment in a company obtaining shares in return. It allows investors to fund startups and existing businesses in return
for equity, meaning a stake of ownership in the business. Funders thus have potential to share the future profitability of the venture, as well as potential loss of investment due to bankruptcy (infoDev and World Bank 2013, 20-24).

This will also be difficult to implement as this requires stringent enforcement of the rule of law and effective monitoring and evaluation of projects. Thus, a strengthening of financial regulations in Moldova need to be relevant to promote investments. Also, electronic money transfers of more than 15,000 MDL (764.14 USD) are subject to the present anti-money laundering laws (See Challenges in Implementation for further details). Suspicious transactions are put on hold by the anti-money laundering watchdogs to check for consistency in past activities. These instances allow legal funds to potentially be frozen for 1 month if funds are deemed suspicious. Therefore, inspection of transactions suspected of money laundering should focus on faster and effective results based on monitoring and less tedious paperwork to foster a desirable investment climate.

**Donations based: the Peer-to-Peer Model**

This model features a facilitation of direct peer-to-peer contact between diaspora contributors or investors and local beneficiaries. Programs often build off existing platforms such as crowdfunding sites to leverage diaspora engagement toward development. They are characterized by partnerships with and/or funding from an international organization such as the UNDP, as well as limited government interaction and financial support, in many cases. These programs therefore often have strong monitoring and evaluation mechanisms for completed and implemented projects, utilizing a vetting process and a regular call for applications. Fundraising techniques include partnerships with TV and radio stations, in-person outreach to wealthy diaspora members and associations, and events to raise funds and awareness for the program. They may also have a training component, involving civil society, regional cooperatives and local organizations to support projects and ensure a higher chance of success. Training can include briefings on financial literacy and good business practices.

The highlight of this model is the transparency and visual update of progress on projects. Donors are often able to see exactly where the funds are being allocated, for what purpose, and how many lives will be impacted. Visibility of these programs is enhanced by a coordinated media strategy utilizing social and personal networks, and promotion of the programs’ accessibility through mobile applications. Some programs in this model make use of loans (forgoing interest for the loaner) to be repaid through a local partner, which creates an opportunity for exploitation of the loanee through engorged interest rates. Additionally, these
projects often rely on access of the loanee to sufficient technical skills and equipment to create an engaging and marketable pitch to diaspora investors and donors.

Notable examples of the peer-to-peer model are Kiva, Kickstarter, Indiegogo and Guvern24. These existing online crowdfunding platforms allow individuals who have a business idea, post their project and target funds online. Investors or donors can then choose to invest or donate to the project of their interest from the variety of the projects presented in the website. Kickstarter, Indiegogo and Guvern24 are pure donation based platforms where donors do not receive any financial returns, though they might be able to receive some rewards as a token of appreciation. Kiva varies slightly since lenders have an option to get their principal back or lend it to more borrowers.

The responses of diaspora members to this model were rather positive. Many of them have heard of Kickstarter, and Kiva. Some of them have heard of Guvern24, however few participated in the platform. On the other hand, the manager of the platform emphasized the significant role foreign donations have played in the platforms short existence. Additionally, diaspora members were positive that the online platform was able to increase transparency by providing them with a visual update of progress of projects. A transparent process is the most crucial factor when it comes to their decision to either invest or donate money. Investors or donors like to see where the funds are being allocated, for what purpose, and how many lives will be impacted.

**Donations based: Collective Funds**

This model is designed around the concept of pooling individual contributions in order to create a source of funds large and stable enough to fully and sustainably finance a project, or to contribute to its upkeep. Projects can be selected by the community or by government. In the community-selected model, a diaspora community has primary agency and projects are chosen according to what said community values or needs the most. Therefore, intervention projects range broadly from water, sanitation, education and infrastructure. In the government identified option, the funds are captured for the purpose of supporting projects that have been identified and primarily funded by a central or local government body, and in many cases are ongoing and continuing infrastructure projects critical to local development.

The main concern of the collective funds model is the transparency issue since diaspora members ultimately have limited agency over the direction of the projects. They were hesitant to donate money if the government solely managed the funds. They mentioned that they would like to see clear progress of the projects and how the funds are disbursed. Interviewed
diaspora members were also concerned about the capacity of local government to efficiently manage the projects. Some of them were more willing to donate to short-medium term projects, of which outcomes could be seen in 1-3 years, rather than long-term infrastructure projects, popular projects in such a model. A few indicated that overseas diaspora communities would be more active and engaged if the government was more committed, supportive and expressed their appreciation for diaspora contribution.

To elaborate further within this model, we describe two subcategories: community selected, and government identified.

**Community Selected**

The community subcategory is designed around the concept of giving communities ownership and a prominent role in the decision-making process in deciding what is needed and how best to spend funds. Therefore, funds are collectively raised through a group of diaspora participants that have a direct interest and emotional investment in the project’s intervention area. The determining feature of this prototype then is the capture of multiple stakeholders to create a common pool of resources, with the objective of starting and completing a project that benefits the community as a whole. One of the most widely used vehicles for this is through the use of Hometown Associations (HTAs), which are discussed in more detail in the following section.

**Government Identified**

Although similarly pooled into a common fund, the next subcategory of government identified programs relates to pools of funds that are captured for the purpose of supporting projects that have been identified and primarily funded by a central government entity, and in many cases are ongoing and continuing infrastructure projects critical to local development. In these cases the funds serve as a complement to the central or local government’s budget, and the projects themselves fit within the country’s development strategy. In general, these projects are usually initiatives that impact a large area covering a significant population.

Still, both of these models have been designed in a way that involves the government. Moreover, these models generally include matching of captured funds by the government, yet, it might also extend to creating a more flexible remittance environment; such as preferential transfer tariffs, or increased government protection and insurance for invested funds.
Specific benefits of this model are that it gives diaspora the opportunity to participate and engage in their home country and communities. However, the participation of many players can make this model inefficient and bogged down by bureaucracy. Furthermore, due to heavy government involvement in this model, there is a risk of politically-motivated misuse of funds. Finally, with little community input, there is no assurance that the selected projects are the most beneficial and urgent projects needed for the target communities.

Discussion

The next section will analyze at length how the different components could play out in Moldova, with reference to international best practices and observations from the field. It is valuable at this point to have a general discussion about how the above-identified frameworks relate to what will ultimately be recommended in this report.

Although the ultimate objective of the program is the undertaking of an investment-based platform, namely returns based initiatives and/or equity-based models, there is an impression that at this moment the application of such models have limited applicability in the current Moldovan climate. With that said, certain concepts and characteristics will be applicable in the long-term stages. The use of the long-term investments and bonds model may be considered purely descriptive in terms of this report, as it is not recommended for this point in time. In order for this model to be implemented, major economic reform should be adopted, along with significant improvements in public faith in government and financial institutions.

In regards to the returns based model, the country’s current situation makes it necessary to consider such a model only once the platform is established and confidence in it is achieved. This is because the intermediary has to be both a trusted international player as well as an institution with firm roots in the country. Furthermore, since returns based models assume a certain level of risk, the multiplicity of factors outside the platform’s control make the adoption of this model too risky for the initial stages. This reasoning extends to the equity-based model as well. In addition, although the equity-based model is a vehicle to directly foster economic development directly on the ground, it needs to be well established and operating smoothly to be effective, even when considering that the timeframe for achieving results is usually longer. Finally, as discussed already, current bureaucratic requirements make this a rather tedious endeavor, especially in the prospective launch stages.
Therefore, it is thought that what makes more sense in Moldova at present is a combination of the peer-to-peer and collective funds models. From the peer-to-peer model, one can take the following. First, as this model is usually applied to local development projects, there will be a direct link with IOM and BDR’s immediate goals. Second, since trust is a major issue, elaborated upon in the following section, the inclusion of direct links between donor and recipient will avoid the pitfall of having to rely on the perceived institutional void. Third, this model is relevant as it focuses significantly on outreach to potential participants. Fourth, this model is also attractive as it is often accompanied by some form of financial literacy training. This is something attractive to diaspora members as well as local Moldovans, and would contribute to the success of the platform. Finally, taking into account the model’s limitations in terms of project selection and possible exploitation by local players, it is already a model that has been tested in Moldova, with local projects in platforms such as Indiegogo or Kiva, as well as on the local Guvern24 platform.

Drawing from the collective funds model, a platform in Moldova could adopt the following. First, just as in the peer-to-peer model, development seems to fit nicely in such crowdfunding platforms. Second, there is the possibility of ensuring some sort of local participation that is absent from other more top-down models described. This role by local stakeholders needs to be thought out very carefully as this might become problematic if not done correctly. Third, and most importantly, is that matching of funds is a direct way to demonstrate institutional commitment to a project. The government can begin to shed negative associations the diaspora may have, yet it might be wiser to start with an international organization at first before the government takes a more central role. It is important here to consider the issue of bureaucracy as different types of stakeholders usually adds even more straining requirements.

With these general considerations in mind, we now turn to how each aspect of a platform relates to the Moldovan context, bringing together findings from all aspects of the methodology. This will lead to more concrete recommendations in the report’s conclusion.

Success Story: Smokehouse Café

The Smokehouse Café is an American BBQ restaurant startup in Chișinău. The project started by raising funds through Indiegogo.com in 2014. The campaign ended in March of 2015, reaching 48% of the funding goal. The remainder of the investment is self-financed. The café is an example of a successful reward-based campaign, where donors received different gifts depending on the amount donated. For example, for $75, contributors could have their names inscribed on the café’s interior, a t-shirt for a $40 donation, a branded mug for $30, and so on.
To express their commitment to ensuring transparency, they created an Open Source Entrepreneurship website to update progress, share their experience, and help other professionals start businesses in Moldova.

Application of Researched Models to the Moldovan Context

After having elaborated on the different models and available options in the previous chapter, this section will elaborate on specific areas relevant to the application of those models in Moldova. Drawing on lessons learned from researched programs, and in consideration of Moldovan economic, social, and political realities, a crowdfunding platform most suitable will be one which works with current legal and economic constraints and which includes the following components:

- Marketing and outreach strategy
- Funds Acquisition
- Program Administration
  - Trust
  - Project Selection
  - Project Administration
- Monitoring and evaluation

Marketing and Outreach Strategy

For the success of the platform, marketing focused on human-to-human connection is vital. It is also important to bring advocates in the branding process of the crowdfunding platform to inform and persuade a larger audience. Strong targeted marketing and outreach strategy is needed.

Following interviews and focus groups conducted with Moldovan diaspora members, the team found limited channels of communication between consular services and communities abroad. This is due to the low capacity of Moldovan embassies to track or register Moldovans residing abroad, who contact embassies infrequently, generally for consular services or to participate in elections. According to Moldova’s First Secretary (Consul) to the UK, Victor Haruta, outreach is further complicated by the fact that many Moldovans also hold Romanian
citizenship, as they find easier entry to the UK on an EU passport.\(^7\) A Polish think-tank estimated that in 2015, approximately 500,000 Moldovans held Romanian citizenship, potentially compromising comprehensive government outreach to diaspora populations (Jaroszewicz and Całus 2015, 6).

Marketing and outreach for the crowdfunding program could best be achieved through an array of branding and marketing strategies which should include, but not be limited to: social networking websites, cultural events, diaspora events, official diplomatic channels, and the development of a “national brand” and an ambassadors program.

A “national brand” understood as applying branding and marketing communications techniques to promote a nation’s image or a defining characteristic (Fan 2016, 5-14), would bring great benefit to the proposed crowdfunding platform by bringing a sense of pride and unity to the users of the platform.

This concept is discussed further in Project selection.

Moldovan embassies are successful in leveraging diaspora organizations to reach a wider network of diaspora members. The major Moldovan diaspora association in London, AMMB, coordinates with the embassy and is able to successfully connect with diaspora through Facebook. Diaspora members expressed preferences for communication through platforms such as Viber, Skype, Odnoklassniki, and VKontakte. Estrella Mai Dizon-Anonuevo, Executive Director of ATIKHA outlined as key to Pinoy WISE success the active engagement of Filipino embassies\(^8\). Focus group discussions in London echoed the importance of the embassy’s involvement in any successful platform.

There are several different outreach methods utilized by the studied programs that may be applicable to a Moldovan model. For example, the private company Homestrings, which serves as an intermediary connecting diaspora investors to for-profit investment projects in Africa, leverages media partnerships with the BBC, the Wall Street Journal, CNBC Africa, and others to reach their targeted audience. This company also conducts conferences, webinars, exhibitions, and networking opportunities to promote their investment portfolio and elicit feedback from investors. The Moldovan model could benefit from similar partnerships with media outlets to promote the platform and its projects.

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\(^7\) Authors’ interview with First Secretary (Consul) Victor Haruta, Moldovan Embassy to the UK, 21 March 2016.

\(^8\) Authors’ interview with Estrella Mai Dizon-Anonuevo, Executive Director of ATIKHA, 1 March 2016.
Moreover, the Calvert Foundation, a nonprofit organization that loans money to development projects and initiated the India Investment Initiative, draws programmatic and strategic support from USAID, IdEA, W.K. Kellogg Foundation, U.S. Department of State and from the MacArthur Foundation for diaspora investment initiatives. A Calvert Foundation staff member noted the importance of these partnerships for marketing programs and platforms. The project administrator could establish similar strategic partnerships with organizations that have a favorable public reputation and utilize those partnerships to help market their crowdfunding platform and draw interest from Moldovan diaspora members.

Pinoy WISE, a multi-sectoral network that provides financial education and training to overseas Filipinos (OFs) and the families left behind, links OFs with local investment opportunities in the Philippines. Pinoy WISE markets investment opportunities through their marketplace showcase events, which advertise different development projects to potential investors in the Philippines and abroad. These events provide banks and other local financial institutions, cooperatives and social enterprises with an opportunity to present investment options or financial products to diaspora members interested in investing. Moreover, at these events, diaspora members are offered financial services such as opening bank accounts, as a way to promote the use of formal channels for sending money. Therefore the organization of similar showcase events, could be a viable option to reach out to Moldovan diaspora and market development projects.

Another strategy for outreach is the creation of diaspora-initiated organizations known as Hometown Associations. This is best exemplified by the case of Tres por Uno in Mexico. Taking advantage of strong community bonds, both national and regional, these associations are a hub for information and networking. Nevertheless, it must be noted that the success of Mexican HTAs is due to the sheer volume of migrants from Mexico to the United States, strong regional affinity and reliance on consulates and embassies for up-to-date information. The latter is a significant divergence with the Moldovan case as Mexican diaspora members depend on their diplomatic representations to navigate a climate of uncertainty and evolving regulations regarding their citizens’ migrant statuses. Nevertheless, it is possible that these links between diaspora members and their home communities will be generated and strengthened by the UNDP’s regional HTA initiative, which are being developed and mirrored by Nexus’ efforts.

Authors’ Interview with Sara Gallagher, Calvert Foundation, 3 March 2016.
Authors’ interview with Estrella Mai Dizon-Anonuevo, Executive Director of ATIKHA, 1 March 2016.
Authors’ Interview with Melissa Martinez, Foreign Ministry of Mexico, 16 March 2016.
The outreach practices of the UNDP-run crowdfunding platform Live Lebanon, are particularly noteworthy. Live Lebanon dedicates significant resources to outreach with a secondary purpose of high-level fundraising. Meetings are held in countries with a large diaspora population to solicit investment and identify leaders to become “Goodwill Ambassadors”. These ambassadors are responsible for fundraising as well as awareness raising. Concerts and Lebanese celebrities are also used to promote the program in-country. With that in mind, the Moldovan model could create an “ambassadorship” initiative. This would mainly consist of creating a network of highly recognized individuals who would advocate for the program, much like the existing UNDP’s goodwill ambassadors program\textsuperscript{12}. The utilization of this strategy will raise the visibility of the program and the country, incentivizing not only Moldovan migrants, but any interested third party to invest in the program.

\textbf{Funds acquisition}

For the successful acquisition of international funds from diaspora members, regulations on transfers and receipt of foreign funds are of paramount importance to the success of the platform. Regulatory risks should be mitigated by the government for the platform to be successful.

According to the Moldovan Association of Information Technologies Companies (ATIC), many Moldovans forego the use of debit and credit cards, preferring to use cash instead\textsuperscript{13}. The NEXUS market analysis echoes these findings, estimating that 54% of migrant households in Moldova keep their savings primarily in cash (Zwager and Sintov 2014, 92). This, coupled with field research suggesting that electronic money transfer systems such as Paypal, Western Union, and MoneyGram are favored payment systems by diaspora members, there is opportunity to incentivize Moldovans back at home to use formal financial channels to broaden the reach of the project.

As the peer-to-peer (P2P) transfer capabilities mentioned above are limited in Moldova, the team suggests using alternative platforms to secure funds. One alternative to P2P transfers is PayNet, a platform similar to Paypal which is fully licensed and supervised by the Moldovan National Bank. PayNet is a service provider that offers e-transfer services as well as mobile banking services at lower fees. Clients can credit their PayNet account with cash or link it to

\textsuperscript{12} For further information please visit “Goodwill Ambassadors.” \textit{UNDP.} http://www.undp.org/content/undp/en/home/ourwork/goodwillambassadors.html

\textsuperscript{13} Authors’ Interview with Olesea Vieru, ATIC, 23 March 2016.
their bank account or credit card. The service also functions with the Moldovan government’s Mpay system, Russian banks, and Western Union, making it favorable to be used as a collection channel in a crowdfunding platform.\textsuperscript{14} 

Several international programs may provide attractive alternatives to channeling funds through banks. For example, the Calvert Foundation acquires funds by selling community investment notes to its investors. A community note is a debt security instrument which provides a fixed rate of interest for the term of the note (Calvert Foundation 2015). Therefore, Moldovan diaspora members could be offered to channel their funds through the Calvert Foundation or a non-banking, non-governmental organization with a similar setup.

Another option is to establish a scheme in which funds are matched by government or private institutions. Projects using this scheme include Mexico’s Tres por Uno and OFs-RED in the Philippines. A matching scheme has already been implemented in Moldova by PARE 1+1. This model helps achieve financing benchmarks faster and gives donors and investors a sense of mutual participation and responsibility. Additionally, a government-sponsored system has the potential to offer lower transfer fees.

Mobile platforms allow for outreach to a greater donor base by making the platform accessible to Moldovans at home and abroad, as well as those interested in investing or contributing to Moldovan development. For example, Live Lebanon uses a mobile application for Apple and Android devices so users around the world can donate towards development projects in Lebanon more easily. Considering the high degree of connectivity, and internet speed in Moldova, mobile platforms may prove to be very effective in capturing funds.

By collecting and holding funds until the project reaches its targeted fundraising goal, Kiva is able to earn interest on donations made through their website until they are released to the beneficiary. The earned interests allow Kiva to absorb transfer fees and currency losses in repayment of loans. This particular scheme is profitable and makes donations easier by reducing risks undertaken by the contributor, but requires a significant amount of trust and legitimacy from the intermediary. To undertake such a program in Moldova, the team recommends a financial intermediary based internationally, rather than in Moldova, mitigating concerns of graft and corruption.

\textsuperscript{14} Authors’ Interview with Paynet, 24 March 2016.
Program Administration

An entity separate from program administration may be engaged in marketing and outreach strategies of the crowdfunding platform, but if it is responsible for acquiring international funds, it is also required to administer the funds in an efficient manner to gain and maintain trust from donors and investors and to maintain transparency. Focus groups and interviews with diaspora members in London indicated that diaspora members would be more willing to donate or invest in Moldova if the program administrator is partnered with international organizations or European banks and to a lesser extent, Moldovan banks with European partners such as ProCredit Bank or Mobias Bank.

A significant difference of opinion exists in regard to trust in local and regional government, and in national government. Although our focus group discussions do not claim to be representative, our focus group discussion analysis suggests extremely low trust in Moldovan national government, to an extremity that some diaspora members may not even consider a platform with the government as administrator. However, in-country interviews suggest local governments may hold greater trust, and therefore locally-focused projects with regional government involvement may be a possibility. However, the low capacity of these local government entities should be taken into consideration as a significant hindrance and further investigated before moving forward with any partnership. There are mechanisms available for achieving this type of local ownership. For example, Mexico’s Tres por Uno achieves this with diaspora members having a direct stake in the program’s administration, giving them a voice and decision-power in operational aspects. This provides transparency and a shared accountability.

One important element that was outlined by both diaspora members and institutions on the ground is that Moldovans need to feel a personal connection with the program’s administrators. This means that they require access to information on the entity or person running the program. Moreover, the investor/donor expects to have mechanisms available to address their concerns.

An example of a successful use of customer service and accountability mechanisms is Thamel International Nepal. Their model relies heavily on trust and relationship building. Thamel started as a website offering “nostalgia” items. Leveraging the reputation and trust gained by selling goods Thamel was able to expand their offering to other services. The reasoning behind this approach to the remittance business was simple: “Purchasing a relatively low-cost gift on Thamel.com entails lower risk than entrusting a regular and important
remittance payment to an unknown intermediary” (Orozco 2008, 77). In other words Thamel provides accountability to its clients providing them with a trustworthy intermediary mitigating the Diaspora’s natural mistrust. Thamel also takes pictures of the beneficiaries and the gifts, reinforcing the trust deposited on them by the Diaspora member who purchases on the website tool. A robust customer service is another of the tools used by Thamel to build trust.

From the Thamel and other mentioned experiences and research we can infer that successful program administrator will:

1. Provide clear, concise, and frequently updated information on projects or investments;
2. Be held accountable for the program;
3. Enjoy a good reputation;
4. Offer robust customer service.

Trust

“I’m happy to consider such investments if the following can be provided: transparency of funds used and results, appropriate oversight, professional management, a guarantee agency. I’m not willing to invest in Moldova at this time without the backing of a guarantee scheme”15

According to Transparency International, a corruption watchdog, Moldova ranks 103 out of 168 analyzed countries on the Corruption Perceptions Index (Transparency International 2015).16 With the recent banking scandal, trust in Moldova’s institutions, specifically in the financial institutions has significantly declined. 100% of focus group respondents and interviewees displayed a low level of trust in the government and government-run projects. Discussions conducted with diaspora members revealed hesitancy to donate, invest, or contribute to programs or projects that are administered by Moldovan banks or the government due to the widespread issue of corruption.17

Another method to address trust issues in Moldova is to provide reassurance to potential donors and investors. For example, the Calvert Foundation establishes legitimacy by advertising on their website that the Foundation has held an above 99% repayment rate to

15 Authors’ Online Interview with Diaspora Members.”
16 The Corruption Perceptions Index is a composite index ranking perception of public sector corruption, drawing on data from expert and business surveys carried out by a variety of independent and reputable institutions. Scores rank from 0 to 100, with 0 being most corrupt. Moldova scored a 33 in 2015.
17 Authors’ Interview with Moldovan Diaspora Members, Association of Moldovans in Great Britain, 18 March 2016.
their investors since 1995\textsuperscript{18}. However, a Calvert Foundation representative mentioned that although some projects defaulted on their loans, the Foundation was able to repay investors their losses to maintain the credibility of the organization\textsuperscript{19}. Therefore, a financial intermediary or program administrator able to provide this level of insurance to investors could significantly increase investments.

Another action to boost legitimacy and trustworthiness is to involve an international institution to select projects or to administer, manage, and oversee the funds, as mentioned by several diaspora interviewees\textsuperscript{20}. For example, OFs-RED’s partnership with UNDP legitimizes its program and helps assuage trust issues in the Philippines. More information regarding OFs-RED and their partnership is available in the below case study: Involvement of Local Authorities. Another example is that of Joint Migration and Development Initiative (JMDI) operated by the UNDP along with five other agencies— IOM, International Labor Organization (ILO), the United Nations High Commissioner for Refugees (UNHCR), the United Nations Population Fund (UNFPA) and UN Women. Similarly, these partnerships help legitimize and increase the trust of JMDI.

### Case Study: Involvement of Local Authorities

The *Overseas Filipinos Diaspora Remittances for Development* (OFs-RED) Project: *Building a Future Back Home*, another program in the Philippines, established the local migration and development council of Ilocos Norte (MD-MDG Council) as a multi-channel mechanism for reaching out to Overseas Filipinos and diaspora associations. The council includes representatives from local and national government, the private sector, academia and other NGOs in the province of Ilocos Norte. The program is intended to address the needs of the community and facilitate dialogue between stakeholders concerned with migration and development. The council functions as a trust-building platform among local stakeholders and diaspora members.

\textsuperscript{18} For further information please visit https://www.vested.org/about.

\textsuperscript{19} Authors’ Interview with Sara Gallagher, Calvert Foundation, 3 March 2016.

\textsuperscript{20} Authors’ Interview with Moldovan Diaspora Members, Association of Moldovans in Great Britain, 18 March 2016.
Project selection

Before international funds are sought through a legitimate and transparent process, the program administrator - with or without the help of other entities such as private or international agencies - must select viable projects which will attract diaspora donations or investments.

The methodology for selecting programs that will be offered to the public is key to the Economic Resource Center for Overseas Filipinos’ (ERCOF) operations. ERCOF’s selection and vetting process focuses mainly on finding opportunities that are both economically sound and have a social impact. ERCOF selects reliable investment options while the organization works to mitigate the risk involved with the investment. This approach is considerably slower in comparison to others studied, but ensures a higher rate of success. All programs offered are simple programs which require minimal education. Interviews with diaspora members have almost unanimously expressed that the programs offered should be vetted and selected with due diligence.²¹ For example, Live Lebanon maintains a robust vetting system for projects by putting out calls for proposals. This aids in a transparent and fair process, but may inhibit many projects from being introduced to the platform. Selecting programs in a way that ensures success and transparency is critical to achieving support from the diaspora thus ensuring the sustainability and success of the proposed initiative.

Although a majority of the interviewees expressed favorability for nationwide development initiatives, some interviewees did express interest in regional or local development initiatives. Mexico’s 3x1 and 4x1 are intended to attract diaspora members to invest in development projects in their native communities within Mexico. Therefore a crowdfunding platform in Moldova could also potentially attract diaspora members to donate or invest in development projects if the targeted area for development is located in their native village or community.

The interviewees and focus groups also expressed a great interest in a development project that promotes the information technology (IT) sector in Moldova. The AICT noted that despite having one of the fastest and most connected internet services in the world, the IT sector in Moldova is not fully developed. For example, JAVA and other software programs are not included in the IT curriculum in the universities in Moldova²². Therefore, a project focused

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²¹ Authors’ Online Survey with Diaspora Members
²² Authors’ Interview with Olesea Vieru, ATIC, 23 March 2016.
on strengthening the IT sector could be extremely successful in attracting interest and promoting development.

NEXUS market research revealed that diaspora show increased interest in sectors such as manufacturing, construction and service industries. A decreased inclination was shown towards investing in agriculture and real estate (Zwager and Sintov 2014, xiii). This sentiment was echoed in our focus groups, where participants expressed an interest in investing or donating in projects that are related to education, entrepreneurial skill building, and information technology. Decreasing interest towards real estate and infrastructure projects was shown. Interestingly, there were differing opinions regarding investment in agricultural projects. While many interviewees said they would not invest in agriculture, some recognized the opportunity for export-oriented agricultural products such as wine and fruit. However, these products are not competitive in the global market as many of the farms have low production capacity and do not meet European regulatory standards.23

As the vetting and selection process is conducted, projects with an emotional component may be somewhat appealing to Moldovan diaspora. There is evidence that diaspora will support popular initiatives of public interest. Victor Chironda, who led the crowdfunding project to renovate the main plaza in Central Chişinău through Indiegogo, stressed that Moldovans immediately mobilized both locally, and abroad to support the initiative.24 This is especially the case when there is an appeal to help finance pleas at the personal level, such as payment of medical expenses. One example was a successful initiative led by Elena Dragalin to collect backpacks for the children of Moldova, which attracted a significant amount of contributions through Facebook.25 However, the team does not recommend the promotion of projects which are not self-sustaining in the long run, such as fundraising for personal expenses or medical bills.

Project Administration

Success of initial projects is crucial when the crowdfunding platform is launched, as the platform’s longevity and scalability depends on the success of the first few projects that will help build trust among donors and investors. Thus projects have to be administered in a way that provides diaspora members with an incentive to continue donating or investing in future.

23 Authors’ Interview with Business Advisory Services, European Bank for Reconstruction and Development, 23 March 2016.
24 Authors’ Interview with Victor Chironda, 25 March 2016.
25 Authors’ Interview with Elena Dragalin, 17 March 2016.
Transparency has been identified as one of the most important factors in project administration. This should be addressed in the initial processes of project selection. For example, to ensure fairness in choosing vendors, there should be a transparent tender process to avoid favoritism and provide assurance of adequate anti-corruption measures. In addition, project administrators should keep contributors informed with frequent project updates throughout implementation. Lastly, and in consideration of how delicate the handling of funds can be, the final aspect to consider is the availability of all transaction records to track how funds are being spent.

Frequent and timely updates such as reports and pictures from the recipient of the funds can promote transparency and enhance credibility of the platform. An outstanding example of such report mechanism is Kiva, where the owner of the project is able to post pictures or other visuals related to the progress of the project on the website. At the same time, donors can use the same platform to request updates or address any concerns towards the owner of the project. This mechanism leverages social pressure to serve as an informal monitoring mechanism.

A possible stakeholder, mentioned by UNDP and other institutions working on the ground, is the Moldovan Orthodox Church, due to its significant role in Moldovan society. Besides the local government, they are often one of the few active institutions, especially in rural or remote areas of the country. In addition, active administration of projects is already one of their activities. Although they have traditionally focused efforts on the repairs of their own buildings, they have also collected donations for community-based charities and philanthropy projects. Therefore, they may be a beneficial partner in raising funds for local development projects. Their relatively high standing with the general public could also provide legitimacy and trustworthiness to a certain extent. For example, a recent opinion survey shows that nationally, 67% of Moldovans have a favorable view of the Moldovan Orthodox Church, with a slightly lower number of 63% approval in Chișinău (International Republican Institute, Baltic Surveys, and The Gallup Organization 2016, 14). Therefore, churches could potentially be an interesting partner for consideration in implementing some local projects, but should not have any significant or central role in the overall administration of the platform due to corruption scandals and possible alienation of populations who do not look favorably upon the church.
Monitoring and evaluation

Periodic and thorough monitoring and evaluation (M&E) is essential in any development program. The most successful crowdfunding platforms implemented M&E processes that enabled the program to avoid previous mistakes. For example, Homestrings monitors its investments on a monthly and quarterly basis. Frequent reporting provides investors with information about the progress, achievements and needs of the project, creating legitimacy and trust in both the project and the administrator. Updated information allows the project administrator to adjust the project if needed, and allocate resources efficiently to attain the program’s goal.

Usually, the M&E of a development project is conducted externally by a third party to ensure that the M&E is not biased. It would be beneficial to the program for the M&E to be conducted by a reputable international organization so as to provide an extra layer of trust, but also because of the extant organizational capacity to perform these tasks.

Challenges in Implementation

The first major challenge lies in gaining trust from the diaspora members and potential donors at the earliest stage. Given that many diaspora members are accustomed to saving in financial institutions within the European Union, North America or Russia, it may be difficult to attract their savings into Moldovan banks in a short span of time. Raising Moldovan banking standards to more closely resemble those of the countries where the diaspora reside will help overcome this challenge.

Secondly, high transaction fees pose a serious threat to the success of the project. A scheme to lower the cost of money transfers should be devised in order to ensure the sustainability of the project. Additionally, actions to incentivize the adoption of formal financial solutions, by not only the migrants and their families, but by the Moldovan population in general, should be taken to attain a level of formal economic activity that ensures scalability, sustainability and favorable conditions for the platform to operate in the long term.

Current platforms in Moldova may be too dependent on the international banking system. This means that by not having an independent setup to receive funds, contributions are diluted by exchange rate conversions and banking fees as they pass through the system to reach the recipient. This is the case with the recently launched Guvern24.md platform, which suffers from uncertain and often discretionary fees. As donations coming from abroad are
transferred in whichever *de facto* method their banks and cards of choice have, Guvern24.md does not receive the total sum of the donations and has no way of telling how much they will receive in each transaction\(^{26}\). Setting aside issues of solvency, the opacity of this process is a factor to be avoided in any implementation of a crowdfunding platform.

Moldovan specific economic factors, while not under the influence of the program manager, but which should nevertheless be taken into account are the following: the high and fluctuating inflation rate, ease of doing business in Moldova, accessibility to credit, the reputation of the Moldovan financial sector, and lax application of financial regulations.

According to the National Commission for Financial Markets (NCFM), there are a staggering number of microfinance institutions around the country. Currently, these institutions are loosely controlled, as they are not required to have a license, and are not fully supervised by the NCFM or the Central Bank. Without proper supervision, microfinance institutions do not have upper limits on loan or interest rates, and are therefore able to lend at above-market interest rates, which are nearly impossible to repay. This stunts business growth and discourages borrowing.

Nevertheless, these institutions may potentially be utilized as a financial intermediary, if correctly utilized and monitored. However, in order to feasibly use microfinance institutions, reforms in the regulatory framework are necessary. With proposed legislation addressing non-banking financial institutions currently working through the parliamentary process, we see potential for microfinance institutions in the future as an alternative to using Moldovan banks as intermediaries.

\(^{26}\) Authors’ Interview with Elena Zgardan, Guvern24, 24 March 2016.
Recommendations

In consideration of the successes and failures of internationally studied frameworks, the unique perspectives and needs of Moldovan diaspora communities, the economic and investment climate, and in concert with the requests of IOM Mission to Moldova, we make the following recommendations.

This report divides recommendations into short-term, medium-term and long-term. Furthermore, based on analysis on how best to gain widespread confidence and find a space within Moldova, recommendations will focus on how best to implement a donations based platform in the short-term, and then how to transition into the implementation of an investment-based model. Although models usually focus on one or the other, meaning that hybrids are rare as shown by the review of best practices worldwide, there are a few ideas of how this might look.

Through an analysis of Moldova’s economic profile and its various economic differentials in addition to field research, we envision the most promising areas on which to base the model and secure support from diaspora members - as well as the multiple stakeholders in Moldova - to be the IT, manufacturing, and education sectors.

Diaspora members are the most favorable target population for donation and investment in Moldova, as they enjoy a familiarity with local cultural and business contexts, lowering barriers which traditionally impede international investment. Additionally, the engagement of diaspora networks in Moldovan economic development has the potential to ripple in magnitude by transfer of information to those in their countries of destination. With the successful implementation of a platform, diaspora communities may encourage additional donations or investments from those who may not otherwise have a connection to Moldova (LeBlang 2010, 584-600). In consideration of this potential for increased scalability, the team also recommends the selection of projects which may be attractive to international donors outside the diaspora.

While the implementation of hometown associations has shown some success in other countries, our research has shown that the Moldovan diaspora generally prefers a countrywide approach with no specific regional or local focus other than the particularity of the economic activity. Diaspora members did not express any propensity for donation or investment in connection with their cities or towns of origin. Rather, some emphasized a need for unifying projects that provide a countrywide benefit and sense of identity.
In order to achieve sustainability in the long term to produce a positive impact in the country’s economic and social development, the intended crowdfunding platform will need to be slowly but steadily deployed, achieving small but meaningful milestones. Our desk research and field study, have shown the need for a cautious approach divided into short, mid and long term phases, rather than a “shock” approach, where the platform is deployed with full capabilities in the near future.

**Short Term**

Actions taken in the short term are crucial to ensure the future success of the platform. The development of web and mobile platforms, mitigation of regulatory risks, design of internal and external mechanisms to select the projects, as well as monitoring and evaluation processes, while establishing meaningful partnerships are the immediate actions that would be undertaken by the project administrator. Without neglecting the design and implementation of a communications and marketing campaign intended to promote the project and build trust, robust customer service practices should also be developed.

Web and mobile platforms could result from partnership with existing crowdfunding platforms. Partnering with an existing platform not only shortens the development time, but also ensures continuous IT support. The success of projects depends on the funds channeled through the platform, which in turn relies on a solid and trustworthy IT foundation. Attaching the program to an existing and reputable platform, allows the program to become associated with the platform’s brand, thus providing an extra layer of trust to the endeavor and lowering marketing costs.

Regulatory risks are not to be taken lightly and need to be addressed before the beginning of any initiative. The harm of the project’s reputation in any way through neglect of regulation risk will produce a level of mistrust not easily overcome or reversed.

It is recommended that for project selection, an approach like that employed by ERCOF be adopted, one in which the vetting itself is sourced to an external third party. The careful selection of the first projects offered on the platform is key to long-term success. These projects should be able to provide a high probability of success, with a quick overall duration. In later stages, the projects could prospectively be longer in duration, yielding results in the medium and long term.
The first batch of projects offered should be projects in which a donation, rather than investment, is solicited. On a later stage the platform should offer investment opportunities, when reputation and trust are established.

Strategic partnerships with new media outlets will be beneficial for branding and marketing purposes. The usage of existing resources like Moldovan diaspora member associations abroad such as the AMMB in the U.K. and Moldoveni in Olanda in the Netherlands, are low-cost and high-impact strategies to market the platform and build trust. The same could be said of linking the project to existing start-ups in Moldova, in order to craft success stories, building legitimacy and trust in the platform.

As the first projects are offered and funds disbursed, it is necessary to have well established periodical updates on the projects’ advancements. This needs to be published in an easily accessible format and regularly updated to maintain the trust and to continue building upon it. This will help smooth the transition to the investment phase, which will occur in the medium term.

**Medium Term**

After the program is well established and has successfully implemented several projects, the model may transition from a solely donation based platform into one which also offers the possibility to invest in projects.

In transitioning from donation to investment based platforms, two general alternatives are identified:

1) The encouragement of return donation through a favorable investment opportunity. For example, contributors could initially donate funds to the start-up stages of a business, and after sufficient time has passed for the business to reach profitability, initial donors would be offered favorable or advantageous investment terms. In this manner, those who have provided the seed money for a business or project may stop at the donation level, or choose to continue supporting the venture (thus boosting it further) by enjoying privileged access to shares or investment opportunities. The challenges in this approach is that it might limit the scope of the platform to projects which are solely profit-oriented, neglecting important project archetypes that have the potential of contributing to development not directly related to economic growth.
2) An alternative option is then to focus on trust-building and initial successes of projects through the platform. After widely advertising successful projects, and once participants are at ease with the framework, there can be a gradual inclusion of investment projects alongside the donation based ones.

**Long Term**

In the long term, when trust and reputation have been fully established, the platform should aim for self-sustainability and scalability. At this stage the program administrator will not need to scout for projects but will accept new proposals where only vetting is needed; and scalability being the potential to scale the model and expand it into sectors of the economy other than those where the diaspora showed primary interest in participating.

The continuation of communication and marketing campaigns will be key in these later stages. This will also open the possibility of appealing to donors and investors with no Moldovan origins or ties, utilizing the reputability and track record of successes achieved by the platform as main incentives.

The deepening of vetting, transparency and monitoring and evaluation practices, along with the continuous improvement of the customer service, are actions that must continue throughout the life of the program. These are two of the pillars on which the much needed trust is built, and that if abandoned, could jeopardize the entire platform’s efforts.
Next Steps: Recommendations for Implementation

Prior to deployment

Before starting operations, stakeholders must decide whether the financial intermediary should be based in Moldova or in another country. This careful selection of jurisdiction will determine how cumbersome the operation of the program will be, as well as the applicable taxation policies, and any other regulatory risk inherent to the operation of the model.

With regulatory risks are taken into account and mitigated, stakeholders should start establishing partnerships with the potential organizations and individuals to be involved in the program. As explained in the above sections, the program calls for the formation of partnerships in order to fulfill different roles and attain success in the development efforts. These partnerships involve not only multilateral organizations and individuals, but also refer to the digital platform to be used as an interface between the diaspora members and program administrators. As recommended above, there are several well-reputed companies already in operation (such as Kiva, Homestrings, or Indiegogo, for example), which can bring brand recognition and experience to the program. However, we do not presume to recommend partnerships with any particular company or entity.

The development of project selection mechanisms and standards should occur before the launch of the platform. Diaspora members identified transparency as their chief concern. Therefore clear, well-explained mechanisms of selection, control and administration are what is needed to be developed to ensure maximum participation from diaspora communities.

Deployment

First phase: Donations

Once the processes are designed, the partnerships established and the regulatory risks taken into account, the program may be deployed and released to the public.

The first phase of the project will be based on donations. The aim of this first phase is to give diaspora members the chance to familiarize with the program, while at the same time gaining their trust. In order to achieve these goals, it is key to select projects that have a high
chance of initial success. As mentioned in the above sections, the success and level of trust generated is key to ensure the sustainability of the project.

During the first phase, the platform is managed by the program administrator, with or without a technological partner. The funds are channeled through the platform and distributed to the projects. Monitoring and Evaluation is conducted by the selected partner throughout implementation of the projects. The progress of the projects, as well of their evaluations, are periodically communicated to the diaspora members on the digital platform or through additional marketing.
The supporting platforms are also deployed during this stage, understood as supporting structures the marketing and branding campaigns, the outreach mechanisms and client services.
Figures 5 and 6: Marketing and Branding; Outreach and Communications

Marketing and Branding

Outreach Mechanisms

The discussed outreach mechanisms should be utilized as channels of communications

Program Administrator or Partner

Campaigns aimed at raising awareness and promote the program

Outreach and communications

Outreach Mechanisms

The discussed outreach mechanisms should be utilized as channels of communications

Program Administrator or Partner

The campaigns are conducted by either the program administrator, or a partner

Program Administrator or Partner

The outreach channels not only serve as marketing tools, but will also function as communications channels in between the partners and the diaspora members
Second phase: Investments

Once the program is deployed, donations have been channeled and trust gained from diaspora members, it can transition into a hybrid model in which donations and investments coexist. The same platform utilized for the donations models will be altered so as to add the option to invest in certain projects. These projects will be selected and monitored according to the selection mechanisms devised at the early stages of the program.
It is key for this stage that the supporting structures put in place in the first phase are deepened and strengthened so as to ensure a secure flow of funds both from diaspora investors to the projects, and from the projects to the diaspora investors.

Diaspora members should be offered three different options when it comes to the rent obtained by their investments. The first option will be to reinvest the money in the same
project or in a different one, boosting impact. The second option should be to deposit the money in a Moldovan bank account, with preferential interest rates, and at a selected intuition, which will follow transparent procedures so as to ensure the level of trust. The third alternative is to return the funds and gained capital at their country of residence. Even though this alternative is good to have as an option, we don’t recommend it as a sustained practice given that it will lessen Moldova’s economic development, as it takes funds out of the country, and thus from the productive cycle.

Figure 9: Withdrawal Options

The funds will be administered by the different projects which will report to the monitoring and evaluating partner, and the program administrator. In this way the local ownership is ensured, as well as the appropriate control of the project. The reporting scheme also helps to level the level of trust deposited by the diaspora members in the program.
Annexes
Annex A

Crowdfunding Platforms Researched:

- Calvert Foundation’s India Investment Initiative
- Indian Development Foundation of Overseas Indians (IDF-OI)
- Mexico’s Tres por Uno
- Mexico’s Cuatro por Uno
- Homestrings
- KIVA
- Pinoy WISE
- Overseas Filipinos Remittances for Development (OFs-Red)
- Sorosoro Ibaba Development Cooperative (SIDC) Investment Program in Agriculture for Overseas Filipinos
- Live Lebanon
- ISupportJamaica
- Indiegogo Generosity
- Program on Attracting Remittances into the Economy (Pare 1+1)
- Guvern24
- Homestrings
- MigFunder
- Zafen
- infoDev’s Entrepreneurship Program for Innovation in the Caribbean (EPIC)
- Village Bank Cambodia
- Narwi
- Economic Resource Center for Overseas Filipinos Philippines (ERCOF)
Annex B

Guided Expert Interview Questionnaire

Date: __________________________
Location: __________________________
Interviewer: __________________________

Researched Projects - Interview Questions

1. How was the idea for [project name] conceived? Was it built off of a similar project or model previously used?
2. Could you please explain what made [project name] successful or is making it successful? Are there any prerequisites for success? How do you measure the success?
3. Could you please tell me more about how different actors and stakeholders [mention the project’s actors] work together?
4. Are there any other stakeholders you think are important or influential in the success of [project name]?
5. How do you promote partnership and diaspora engagement?
6. How do you market your [project or product]?

CHALLENGES

7. How has your team been tackling these challenges?
8. If you had to restart your project, what would you do differently?
9. Can you tell me about an unavoidable circumstance that led to the failure of any project, or project goal?
10. Do you think there are any alternative ways in designing or implementing [project name] for it to be more successful?

REPLICABILITY

11. Do you think [project name] can be implemented elsewhere or can be considered as a universal model?
12. What are the common characteristics of these successful projects that can be emulated in other parts of the world?
EXPERIENCE WITH OTHER PROJECTS
13. Has your organization ever worked or come across institutions that have worked within Moldova or Eastern Europe?
14. Do you have an opinion on the applicability of [project name] in relation to a country like Moldova?

TECHNOLOGY

15. What recent technologies have you explored (platforms, apps, mobile, etc.)? What has been the opportunities? What has been the challenges?

POSSIBLE PARTNERS

16. If you work in a Private-Public Partnership (PPP) scheme, what has been the advantages? The drawbacks?
17. If you do not work in a Private-Public Partnership (PPP) scheme, would you consider this? Why, or why not?

SUSTAINABILITY

18. What is the approximate retention rate of the project? In other words, what is the probability that a participant remains/invests again?
19. How are you guaranteeing long-term sustainability in your projects? Have you designed any specific strategies?

LEGAL MATTERS

20. What anti-corruption and anti-money laundering mechanisms have you implemented?

IMPACT

21. How many jobs has this project created?
22. How much funds has this project created?

EXPANSION
23. Are you thinking of scaling up the project?
24. What was the IMPACT of your project on the local development of the country? What do you see as the return on investment? (If this is the goal of the project)

MONITORING AND EVALUATION

25. How do you monitor and evaluate your current projects?
26. How will you go about monitoring and evaluation of these upcoming projects?

SELECTION OF PROJECTS

27. How do you select projects?
28. How do you ensure projects would resonate well with diaspora members?
29. How do you vet projects that will be implemented on the ground?
Annex C

Guided Questionnaire for Interviews and Focus Groups

IOM-SIPA Project: Channeling Remittances into Local Development: Developing a Crowdfunding Platform for Diaspora Contribution

Date: __________________________
Time: __________________________
Location: __________________________
Interviewer: __________________________

ID: __________

Introduction— Hi, we are researchers from Columbia University, New York. Thank you so much for your time, we really appreciate it. We have looked at other countries, companies, or international organizations that have established online platforms to connect development projects or investment opportunities for businesses with emigrant and diaspora communities. Currently, we work with the International Organization for Migration to find out if any of these platforms are suitable to connect Moldovans residing abroad and opportunities in Moldova, as well as what key components of such programs should be.

In this interview, we would like to learn from your perspectives, interests, and expectations on investing in local development in Moldova and making donations for development projects.

Please rest assured that this information is solely for our research purposes and it will not impact your work or life in any way. All notes of the meetings and your individual answers will stay with us and we assure you that we will not mention your name anywhere in our work. Please don’t hesitate to interrupt us at any time, and to stop the interview if you want to.

Preliminary Information /Icebreakers
1. How long have you lived here in [country]?
2. How often do you connect with friends and family back in Moldova?
3. Through what means e.g. visiting, telephone, Facebook, Skype or other social networks?
4. Do you ever think about returning permanently to Moldova at some point?
5. How long do you think you will be in this country?
RETURN MODELS

In order to incentivize the diaspora to save and invest in Moldova, we are thinking about various models that can efficiently channel remittances and savings into Moldovan local development projects that offer savers interest rates. So, please tell us more about your experiences and preferences in saving and investing through bank’s financial products, such as bonds, or in other financial institutions.

6. How do you save your money?

[Probe for: In a savings account at home? In a British bank? “Under the mattress”? In the stock market?]

7. What would make you comfortable and interested in saving in Moldovan banks?

[Probe for: High interest rate]

- Lower fees
- Special benefits
- Special conditions for loan
- Credibility

Microfinance is when an institution, usually at the local level, gives small loans to people who wish to start or expand their businesses, but have traditionally been unable to gain access from a more traditional institution; for example, when a woman wants to start a food street cart business and receives the funds to buy the cart and the permits.

8. Would you be interested in saving money in a financial institution that would give a guaranteed annual interest rate, but would use the money to give microloans?

What would make you comfortable saving in this manner?

(Probes- involvement of an international organization or a credible financial institution)

9. What opportunities or challenges do you see in investing through banks and microfinance institutions?

a. Banks in [destination country]?
b. Banks in Moldova?

Apart from financial institutions, we are also considering promoting investment in cooperatives, which is a business, farm, or other organizations that are owned and run jointly by its members who all share the profits and benefits.

10. What do you think about this? Does it interest you? If yes, in what scenario do you think you would invest?

11. Do you think it is worth trying in Moldova? Are there any challenges or opportunities you are aware of?

12. There are investment projects where the investor has the opportunity to donate part of their return into development projects such as infrastructure, health and education. Therefore, if there is an opportunity to donate a certain small percentage of your investment returns (that you would get from your savings) into development projects in Moldova, would you be willing to donate?

**COLLECTIVE FUNDS**

We would now like to shift our conversation to another alternative that may also work in Moldova, which are collective or pooled fund. Basically, collective funds pool individual contributions in order to create a pot of funds large and stable enough to fully and sustainably finance a project, or to contribute to its upkeep (Kiva/guvern24.md)

13. Have you ever donated to Moldovan development projects through any websites or organizations?

14. If not, what would compel you to invest in development projects at home? Are there any reservations you have?

15. Are you familiar with platforms/websites for people to pool funds into a great variety of projects and interests?

- *Explain the Indiegogo, Kickstarter*
- Then, move to KIVA model

16. Have you have ever heard about or used the crowdfunding site guvern24.md?

17. Would you invest/donate into Moldovan projects using a crowdfunding platform?

18. If investing, would you like to have the operating organization bring you vetted opportunities and let you choose from them (eg Homestrings or Kiva model)? Or would you prefer to donate to the organization in general and let them administer the funds as they see fit?

19. If you were to donate your money to fund development projects in Moldova, what kind of projects you would like to see?
[Probe for: agricultural investment projects, small business development, and infrastructure projects]

DIASPORA ENGAGEMENT & HOMETOWN ASSOCIATIONS

Hometown associations are loosely created groups of local individuals, whether migrants, local community members or both, who come together to create and strengthen bonds to their home country, and begin to leverage their resources, experience and contacts to advance a common goal. In terms of migration and development, they have functioned as a representative body of the community, chosen projects that are of widespread interest and been to the source to channel funds.

20. Are there any other Moldovan diaspora associations/organizations here that you are familiar with?

21. What would make you comfortable and willing to donate through hometown associations?

22. Are there any other roles you think hometown associations or diaspora organizations should play?

COMMUNICATIONS
23. Have you ever attended any conference/events/roadshows held for Moldovan diaspora communities?

24. What channels do you usually get information regarding diaspora events/benefit/other information e.g. online media, publicity, TV, radio, events?

25. Have you ever heard of any success stories of diasporas or their relatives using the crowdfunding platform?

26. What would be the best way to communicate with you and other Moldovan diaspora communities in [city]?

CLOSING QUESTIONS / REMARKS

27. If IOM and Bureau of Diaspora Relations launches an initiative tomorrow, would you consider supporting a crowdfunding platform or program as a way to invest in the local development of Moldova?

28. If yes, what would make it a more attractive investment for you?

29. Would you recommend a crowdfunding platform to other Moldovans living abroad?

Thank you and mention of follow-up

Again, thank you very much for your time and for sharing your thoughts and insights with us. Your feedback and insights will be incredibly invaluable to our research. We are happy to answer any remaining questions you may have. If there are no further questions, we wish you a pleasant day and appreciate you taking the time to help us with this process. For more information and follow-up please email: sjr2171@columbia.edu
Annex D

**Online Survey Questions**

https://moldovateam.typeform.com/to/qlac9W

**General Information**

1. How long have you lived here in the US?

2. For how long do you think you will be in the US?

3. Do you plan on returning permanently to Moldova at some point?

4. How often do you connect with friends and family back in Moldova?
   How/through what means?

**RETURN MODELS**

In order to incentivize diaspora to save and invest in Moldova, we are thinking about various models that can efficiently channel money you send home into Moldovan local development projects that might offer special interest rates, for example.

5. How do you save your money?
   - In an American bank account
   - In a Moldovan bank account
   - In a European/other bank account
   - In stocks and bonds
   - I do not keep my money in a bank at all
   - Everything I earn I send home or use to pay my own bills
   - Other

6. What would make you comfortable and interested in saving in Moldovan banks?
   - Special benefits
   - Bank’s reputation
   - Special conditions for accessing to loans
   - Lower Fees
   - Other
Microlenders give small loans to people, to start or expand their businesses, that have traditionally been unable to gain access to a more traditional financial institution; for example: when a hairdresser wants to set his own shop and receives a loan to help with startup costs.

7. Would you be interested in saving money in a financial institution that would give a guaranteed annual interest rate, but would use the money to give micro-loans? If YES, What would make you comfortable saving in this manner?

8. What opportunities or challenges do you see in investing through banks and microfinance institutions?

Apart from financial institutions, we are also considering promoting investments in cooperatives, which are businesses, farms, or other organizations that are owned and run jointly by its workers/members who all share the profits and benefits.

9. What do you think about this? Does it interest you? If yes, in what scenario do you think you would invest?

10. There are investment projects where you would have the opportunity to donate part of your returns into development projects in areas such as infrastructure, health and education. Therefore, if there is an opportunity to donate a certain small percentage of your investment returns (that you would gain from your savings) into development projects in Moldova, would you be willing to donate?

**COLLECTIVE FUNDS**

We would now like to shift to another alternative that may also be successful in Moldova: collective or pooled funds. Basically, collective funds pool individual contributions in order to create a pot of funds large and stable enough, to fully and sustainably finance a project, or to contribute to its upkeep.

For example: Kiva (www.kiva.org) or Guvern24 (www.guvern24.md)

11. Have you ever donated to Moldovan development projects through any websites or organizations?

   If yes, through what platform? For what type of project? Be as detailed as you can.
If not, what would compel you to invest in development projects at home? Are there any reservations you have?

12. Are you familiar with platforms/websites for people to pool funds into a great variety of projects and interests?

13. Have you have ever heard about or used the crowdfunding site guvern24.md?

14. Would you invest/donate into projects in Moldova using a crowdfunding platform?
   If yes, what kinds of projects would interest you?
   If not, why would you hesitate to donate?

15. If investing, would you like to have an organization (public, private or multilateral) bring you vetted opportunities and let you choose from them (as if it were a fixed menu)? Or would you prefer to donate to the organization in general and let them administer the funds as they see fit?
   Bring me screened and vetted projects
   I wouldn't like to invest at all.
   I'd rather donate and let the administer funds to the most deserving projects

16. If you were to donate your money to fund development projects in Moldova, what kind of projects you would like to see?

DIASPORA ENGAGEMENT & HOMETOWN ASSOCIATIONS

Hometown associations are loosely created groups of local individuals, whether migrants, local community members or both, who come together to create and strengthen bonds to the place they are from, and to start leveraging their resources, experience and contacts to advance a common goal or objective. In terms of migration and development, they have functioned as a representative body of the community of migrants.

17. Are there any Moldovan diaspora associations/organizations in the US that you are familiar with?

18. What would make you comfortable and willing to donate through a hometown association or the local Moldovan organization/association?
19. Are there any other roles you think hometown associations or diaspora organizations should play?

20. Have you ever attended any conference/events/roadshows held for Moldovan diaspora communities?
   Yes
   No

21. Through what channels do you usually get information regarding diaspora events/benefits/or any other information?

22. Have you ever heard of any success stories of diaspora members, or of their relatives using crowdfunding platforms to start a business or fund a project?
   Yes
   No

23. If yes, what was the project about?

**Closing Questions**

24. If IOM (International Organization for Migration), the UN and the Moldovan Bureau of Diaspora Relations launches an initiative tomorrow, would you consider supporting a crowdfunding platform or program as a way to invest in the local development of Moldova? Why or why not?

25. Would you recommend a crowdfunding platform in place to foster economic development in Moldova to other Moldovan diaspora members? Yes/No
Annex E: Main Characteristics and Phases of Crowdfunding Models

The following flowchart outlines the three major categories of crowdfunding platforms, and their common steps in the project cycle.
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