

MOLDOVA

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TRANSFER OF KNOW-HOW TO SMALL AND MID-SIZE BUSINESSES IN GEORGIA, MOLDOVA AND UKRAINE

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Final conference

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Results of the study, lessons learnt from Hungarian/Moldovan cases and selected issues for further development in Moldova

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Lessons learnt from the project

- Diversified team with strong local support is indispensable:
 - Petru VEVERITA, CASE Moldova
 - Magdolna SASS, Renata Anna JAKSA, Oliver KOVACS, ICEG European Center, Hungary
 - Gabor HUNYA, WIIW, Vienna, Austria
- Local stakeholders vary to a great extent in terms of availability and contactability:
 - High number of interviews with local experts; ministries, non-profit organisations, research institutes: open; representatives of companies (chambers, associations): less open, though available;
 - Relatively low number of responses in the questionnaire survey (organised from Budapest but potential respondents contacted via email and telephone as well, on the local language);
 - Relatively high participation in local workshops;
- Language barrier needed to be addressed

Results

- Green Paper and White Paper prepared in the framework of the project
- Most important „new” part: identifying selected areas where good practices from Hungary can be useful in Moldova – possibly Georgia and Ukraine
- and where good practices in Moldova can be applied in Hungary – and in the other Visegrad countries
- Six areas/cases selected:
- 5 good practices from Hungary with a possible application in Moldova (Georgia, Ukraine?)
- 1 from Moldova with a possible application in Hungary (possibly other Visegrad countries as well)

Issues and selected cases

Certain fields of intervention - the selected areas:

General support methods for a wide range of SMEs, regardless of their sector of activity:

- Simplified tax schemes
- e-Taxing and other eServices, and a governmental one-stop shop portals
- Entrepreneurship training and education is a field where Moldova already has important experiences that can be further developed. The Moldovan experiences, nevertheless, could be of use for other countries.

Specific to the agriculture:

- Producers' associations to help small producers reach the market
- Winery associations to promote local wine and wine tourism

Methodological aspects:

- A more detailed statistics system on the Moldovan SMEs

Simplified tax schemes

- High administrative burdens on SMEs due to too complicated taxation regulations and procedures – many SMEs opt for operating in the grey/black economy
- Simplified methods for tax accounting and for establishing the tax base for SMEs fulfilling certain criteria. In HU, four schemes are available

Suggestion: A 6-month long twinning program in 2015-2016, twinning actors from the Moldovan and Hungarian side, policy best practices and lessons shared with a closing workshop .

Participants:

From Moldova: SME representatives, business associations, IT experts and governmental actors/policy stakeholders

From Hungary: SME representatives, business associations, Association for the Reduction of Administrative Burdens (SZABASZ), IT experts and representatives of the Hungarian National Tax and Customs Authority as well as representatives of NISZ (National Infocommunication Services, responsible for operating the governmental one stop shop portal).

e-Taxing and one stop shop

- paper-based tax reporting creates high administrative burdens for the companies as well as for the tax authority.
- e-Tax/e-Reporting should be introduced, with a governmental one-stop shop so companies are motivated to use it
 - In Hungary, e-Reporting is compulsory for enterprises of all size since 1 January, 2007.
 - All taxes (except from small local city taxes) are to be reported electronically
 - A governmental online portal is the „one-stop shop” for various services, including information and reporting regarding taxes, social securities (health and pension), land cadastre, building permits, etc

Suggestion: see twinning program at previous point.

Entrepreneurship education

- Outdated skills inherited from the pre-transition era leading to lower employability, low inclination and/or missing skills towards entrepreneurship
- The introduction of entrepreneurship courses for students with three components are practical: Skills and job search training , 2. Entrepreneurship training for vocational school students and unemployed adults; start-up grants, 3. Training of vocational school staff in the above two areas to ensure program sustainability
- Suggestion: Since Moldova has some good practices in the domain, a joint project could be organised with a training focused at entrepreneurship and the EU. Potential funding sources: Erasmus+ program, 30 April 2015 deadline („Strategic Partnerships”)

Agriculture and producers' organisations

- Small farmers producing fruits and vegetables in various qualities and quantities have problems selling their products to larger actors (supermarket chains, etc.)
- Join the farmers into producers' associations that offers:
 1. Harmonising small farmers' work but it is not a „kolkhoz”
 2. Quality assurance techniques are introduced (e.g. min and max size, etc)
 3. Joint storage options help the storing of goods (especially cold storage during the summer)
 4. Joint packaging, labelling and marketing techniques
- Suggestion: study tour and sharing of knowledge, exchange of experiences in the fields of producers' organisations; furthermore, developing assistance initiatives to business organizations
- Potential funding source: from Structural Funds, HU (support for international cooperation activities)

Wine industry, clustering and wine tourism

Increasing the reputation and image of smaller wine regions, increasing the market power of smaller actors , using the success of the wine sector for tourism (food, accommodation, organisation of programs, etc)

Clustering (of wine and also, tourism actors):

1) recognition (image-building and international competitiveness are of key importance through boosting wine-tourism (tourism services can be complemented with winery industry-related services (e.g. organised wine-routes etc.)

2) strategic and cooperative thinking without distorting market forces: clustering

3) bottom up, but: fostering fertile ground by government: operative programme supports establishing a common marketing strategy, creating wine-routes, a common qualification system, and fostering collaboration.

Suggestion: together with study tour in previous point

Methodology – Measuring the SMEs

Data problems and lack of information about the total population of SMEs in Moldova; limited human and financial resources explain why the Statistica Moldovei calculates only a limited set of indicators

On a longer term, complying with the standards and data collection requirements of Eurostat and complying with the EU Small Business Act including the SME Performance Reviews would be needed

On a shorter term, to execute a systematic representative survey of Moldovan SMEs, preceded by a pilot survey and supplemented by a set of in-depth interviews with a representative group of SMEs

Special areas:

- To carry out surveys concentrating on areas deemed to have special importance from the policy point of view:
- high growth SMEs,
- internationalised SMEs (exporting and/or having invested abroad), including born globals;
- clustering activities and cooperation among SMEs.

Suggestion: Finding EU or other international financial resources because this is the basis of any reliable policy making! Even international donors, now providing funds to Moldovan SMEs, cannot be sure how that money is spent, what are the effects – if there is no proper measurement and evaluation.

Technical support – activities so far

- The White Paper includes various suggestions for further steps, including twinning exercises, study visits, etc. Most of these take longer time/more funds to organise than what the current project allows. But selected technical support was already provided.
- On 16 October, 2014, there was a consultative training organised in the Ministry of Economy in Chisinau. The topics included: best practices of SME development, presentation about Moldova-Visegrad4 foreign trade and future economic opportunities, and potential yields of reduction of administrative burdens.
- The munition offered by the project is directly used in support of the preparation of the respective strategy and action plan of the Ministry.

Future steps – Follow-up

- February 2015 – ICEG EC in cooperation with the Hungarian trade and investment promotion agency, Embassy of Moldova to Hungary (?), organisation of a symposium with the aim of presenting trade and investment opportunities for Hungarian companies in Moldova
- Looking for future opportunities and proposals in the fields of economic relations and joint entrepreneurial trainings.

THANK YOU FOR YOUR
ATTENTION!