



“Transfer of Know-How for Small and Mid-Size Enterprises in Georgia, Moldova and Ukraine” (The GMU Project)

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The GMU Project aims at assisting the small and mid-size enterprises (the SMEs) in Georgia, Moldova and Ukraine. The main objective of the Project is to provide assistance to the stakeholders in the three beneficiary countries in their efforts to develop analytical and policy advocacy capabilities by opening new channels of communication with the SMEs and NGOs in four Visegrad countries: Czech Republic, Hungary, Poland and Slovakia (the V-4 countries) and the rest of the European Union (the EU). This effort is intended to facilitate the transfer of knowledge and establishment of a permanent platform for a sustainable co-operation leading to bringing the SMEs in the beneficiary countries closer to EU standards, markets, and business opportunities.

Two decades ago, the V-4 countries faced similar problems to those of the GMU countries. They began enjoying the benefits of strong EU ties in the early 1990s, when an (almost) free trade area with the EU was established. There seems to be a considerable potential for transfer of knowledge from the V-4 countries to GMU countries.

By sharing our experience with our colleagues from the neighboring countries we hope to assist businesses in the beneficiary countries. The focus of the Project is to help strengthen the European ties and think-tank networks in order to effectively promote SME-friendly policies, supporting a further successful development of Georgia, Moldova and Ukraine.

The following is a list of questions addressed to SME experts and stakeholders. The purpose of this mini-survey is to collect their opinions concerning the main problems the SMEs face in the three beneficiary countries. The experts are also asked to provide advice which issues would be the most appropriate for our Project to focus on. The results of this survey will help us formulating tasks and activities of our Project in order to make it truly helpful and useful.

Questions for experts

I. By how much do the listed below factors impede the SMEs in your country (starting a company and/or running business operations)?

1 = Not at all

2 = Somewhat

3 = Significantly

4 = Very significantly

NA = No answer / Not applicable / Don't know

HELP = Help needed (an intervention by the GMU Project would be advised and welcome)

Interviewed experts are asked to select one answer in each row (1, 2, 3, 4, or NA) and check out "HELP" whenever they find it appropriate.

1	LABOR & SKILLS						
A	Low market skills of entrepreneurs / Inadequate business education	1	2	3	4	NA	HELP
B	Lack of business experience	1	2	3	4	NA	HELP
C	Lack of experience in foreign trade, in EU in particular	1	2	3	4	NA	HELP
D	Lack of knowledge of EU regulations	1	2	3	4	NA	HELP
E	Lack of language skills and contacts abroad	1	2	3	4	NA	HELP
F	Low availability of high skill workers	1	2	3	4	NA	HELP
G	Low availability of low-skill workers	1	2	3	4	NA	HELP
H	Demographics / low number of young labor market entrants	1	2	3	4	NA	HELP
I	High emigration	1	2	3	4	NA	HELP
J	Expensive labor / Mismatch between labor cost and productivity	1	2	3	4	NA	HELP
K	Employer-employee conflicts	1	2	3	4	NA	HELP
L	Low labor market flexibility	1	2	3	4	NA	HELP
M	High syndicalization / Excessive power of labor unions	1	2	3	4	NA	HELP
N	Low labor ethics	1	2	3	4	NA	HELP
O	Low business ethics	1	2	3	4	NA	HELP

2	RED TAPE						
A	Difficulties in registering company	1	2	3	4	NA	HELP
B	High cost of market entry	1	2	3	4	NA	HELP
C	Difficulties to expand business activities / bureaucratic obstacles	1	2	3	4	NA	HELP
D	Non-transparent / inconsistent regulations	1	2	3	4	NA	HELP
E	Poor overall regulatory framework / Excessive burden of regulations	1	2	3	4	NA	HELP
F	Foreign trade barriers	1	2	3	4	NA	HELP
G	Institutional differences with EU	1	2	3	4	NA	HELP

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3	TAX BURDEN						
A	Unstable and non-transparent tax rules and/or their applications	1	2	3	4	NA	HELP
B	High cost of compliance	1	2	3	4	NA	HELP
C	High effective SME presumptive tax rates	1	2	3	4	NA	HELP
D	High effective personal income tax rates	1	2	3	4	NA	HELP
E	High effective corporate income tax rates	1	2	3	4	NA	HELP
F	High effective value added tax / trade tax rates	1	2	3	4	NA	HELP
G	High custom charges	1	2	3	4	NA	HELP
H	Other high taxes and fiscal fees/charges	1	2	3	4	NA	HELP

4	LAW AND ORDER						
A	Weak property rights / weak contract enforcement	1	2	3	4	NA	HELP
B	Crime and violence (low safety)	1	2	3	4	NA	HELP
C	Corruption / Clientelism / Favoritism	1	2	3	4	NA	HELP
D	Weak judiciary	1	2	3	4	NA	HELP

5	MARKET						
A	Small market size / Weak demand	1	2	3	4	NA	HELP
B	Barriers for exports to foreign markets	1	2	3	4	NA	HELP
C	Unfair competition / Uneven playing field / Informal economy	1	2	3	4	NA	HELP
D	Monopolization / Excessive market power of some participants	1	2	3	4	NA	HELP
E	Weak market position of SMEs	1	2	3	4	NA	HELP
F	Weak professional organizations of SMEs	1	2	3	4	NA	HELP
G	Weak analytical and policy advocacy of SME organizations	1	2	3	4	NA	HELP
H	Discriminatory practices of authorities	1	2	3	4	NA	HELP
I	Unfair privileges for foreign investors	1	2	3	4	NA	HELP
J	Macroeconomic instability (demand, inflation, exchange rate)	1	2	3	4	NA	HELP
K	Political instability	1	2	3	4	NA	HELP
L	Insufficient market information/governmental support for SMEs	1	2	3	4	NA	HELP
M	Weak support/lack of support by international organizations	1	2	3	4	NA	HELP
N	Low level of activities of venture capital	1	2	3	4	NA	HELP

6	FINANCE AND OTHER						
A	Difficulties in accessing financial services	1	2	3	4	NA	HELP
B	High cost of credit	1	2	3	4	NA	HELP
C	Inappropriate infrastructure	1	2	3	4	NA	HELP
D	Weak professional organizations of SMEs	1	2	3	4	NA	HELP
E	Difficult access to internet / Lack or low quality of business websites	1	2	3	4	NA	HELP
F	Lack of open communication channels with EU	1	2	3	4	NA	HELP

II. List below the sectors (such as Agriculture, Food processing, Textile, etc.) that need help and would benefit the most from the GMU Project

	Sector	Comments
1		
2		
3		
4		

III. Provide other comments that would help making the GMU Project a success

Date of the survey: _____

Your name: _____

Your organization: _____

Your position: _____

We will get back to you soon.

Thank you very much!

THE IVF/USAID GMU PROJECT

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