

MOLDOVA

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

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

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# The project

The project aims: to support SMEs in Moldova, Ukraine and Georgia by sharing experiences and collecting case studies of good practices from the Visegrad countries (HU, PL, CZ, SK).

Target group: local stakeholders, SME associations and actors, and – to a smaller extent – potential donors

Timeframe: 1.5 year

Donors: International Visegrad Fund and USAID

Team:

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# Aim and methodology

Aim: to develop a Green Paper, then a White Paper on SME development with policy suggestions/recommendations and setting up of a Permanent Body.

Based upon: literature review, statistics, policy review, interview series, survey results and workshop feedback.

Output should be a well-established report + case studies on specific areas where lessons can be shared in details.

Current state: report is prepared, will be fine-tuned according to our lessons here and finalised. Executive summary and main lessons, case studies will be translated into Romanian.

# 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.

THANK YOU FOR  
YOUR ATTENTION!