



Collaboration between the OECD and the Republic of Moldova

Paris, March 2009

Agenda

Policy stock taking to support the business climate

Country competitiveness strategy

Focused support - SME Sector Development

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Policy stock taking to support the business climate

Country competitiveness strategy

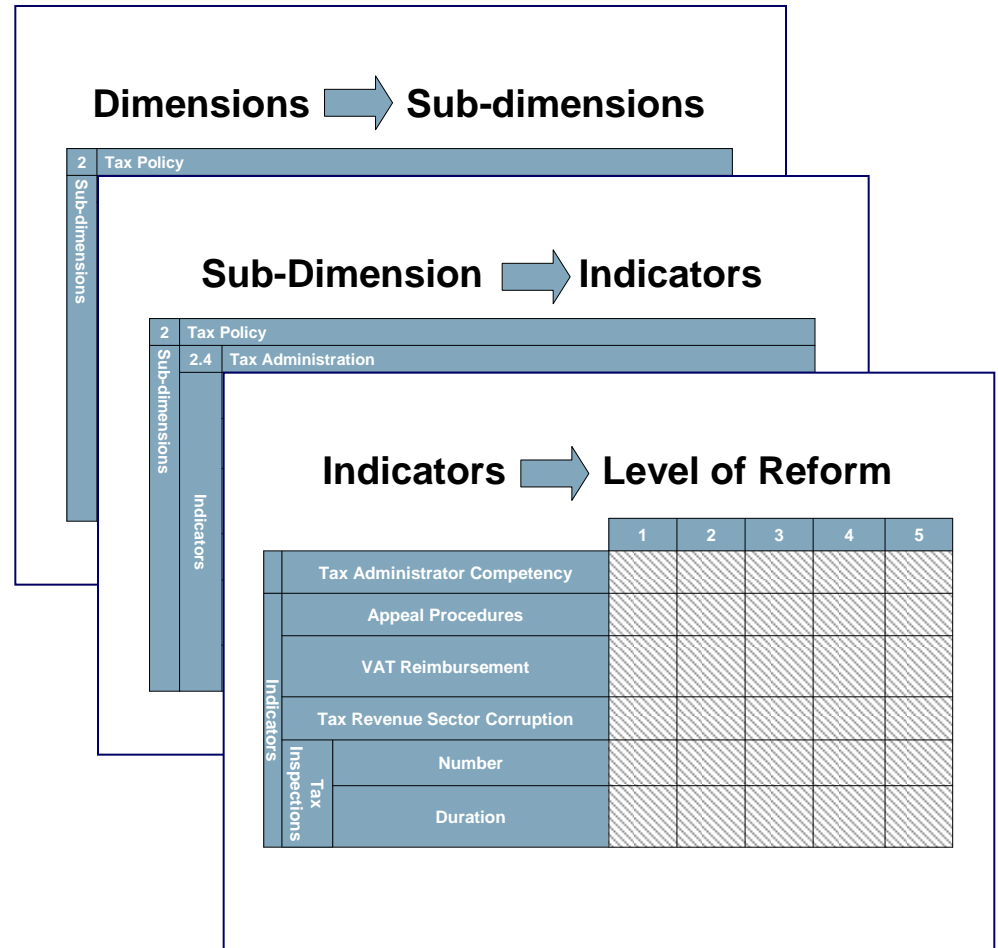
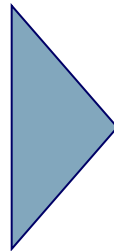
Focused support - SME Sector Development

OECD worked with the Republic of Moldova to assess policies supporting the business climate

Main focus of evaluation in 2006

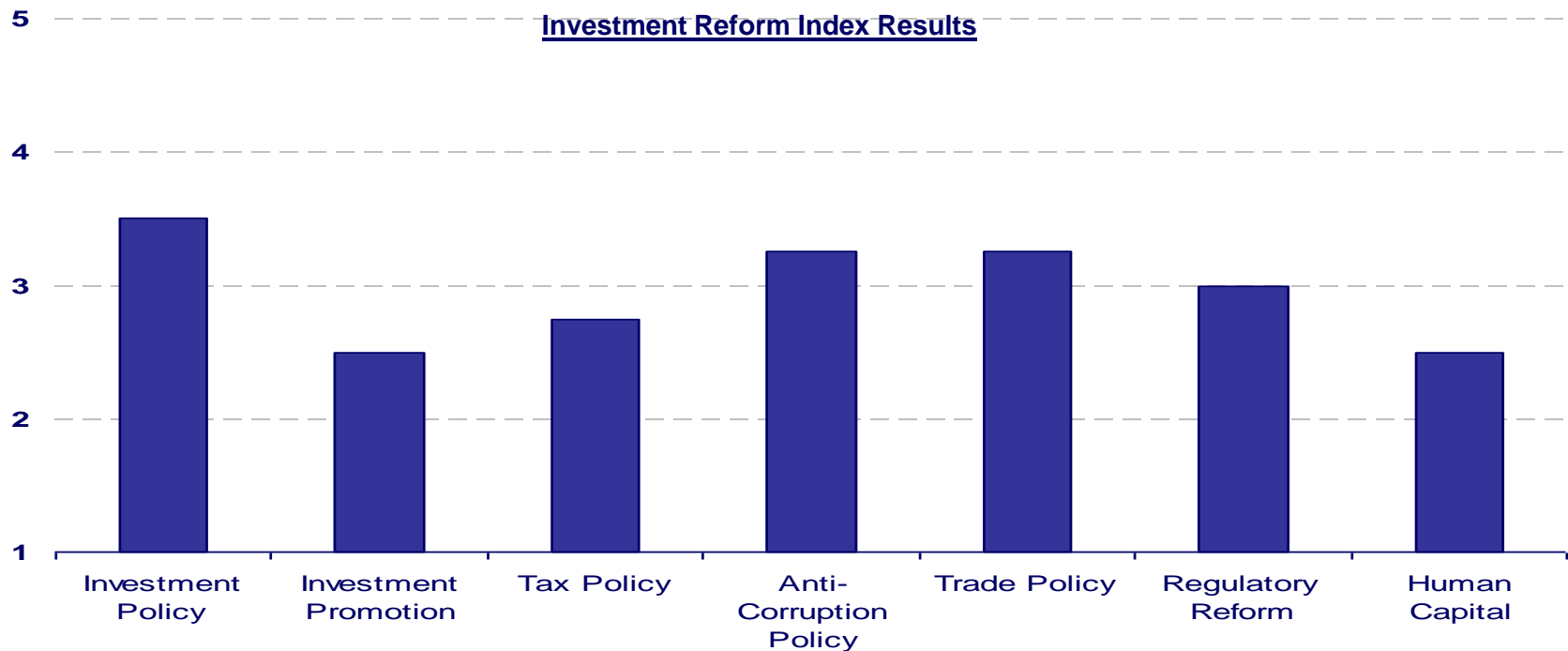
Policy Dimensions

1. Investment policy
2. Investment promotion and facilitation
3. Tax policy
4. Anti-corruption and Business Integrity
5. Competition policy
6. Trade policy
7. Regulatory reform
8. Human capital and Employment
9. Corporate Governance
10. SME policy*



*Part of a separate process conducted in cooperation with the EC in the framework of the European Charter for Small Enterprises

As a result, specific recommendations were formulated to address different policy areas



OECD IC Recommended Country Priorities

1. Competition: Set up an independent National Competition Protection Authority with adequate budget and staff to carry out investigations and impose remedies and sanctions.
2. Investment Promotion and Facilitation: Define and implement a comprehensive investment promotion strategy.
3. Tax Policy: Implement a Code of Ethics for tax inspectors and a monitoring system to ensure regulations are enforced.
4. Anti-corruption: Design and implement a law on conflict of interest, including an effective monitoring instrument.
5. Trade: Streamline customs and administrative procedures to decrease the complexity and time required for imports and exports.
6. Human Capital: Develop a comprehensive strategy to improve adult and vocational education.

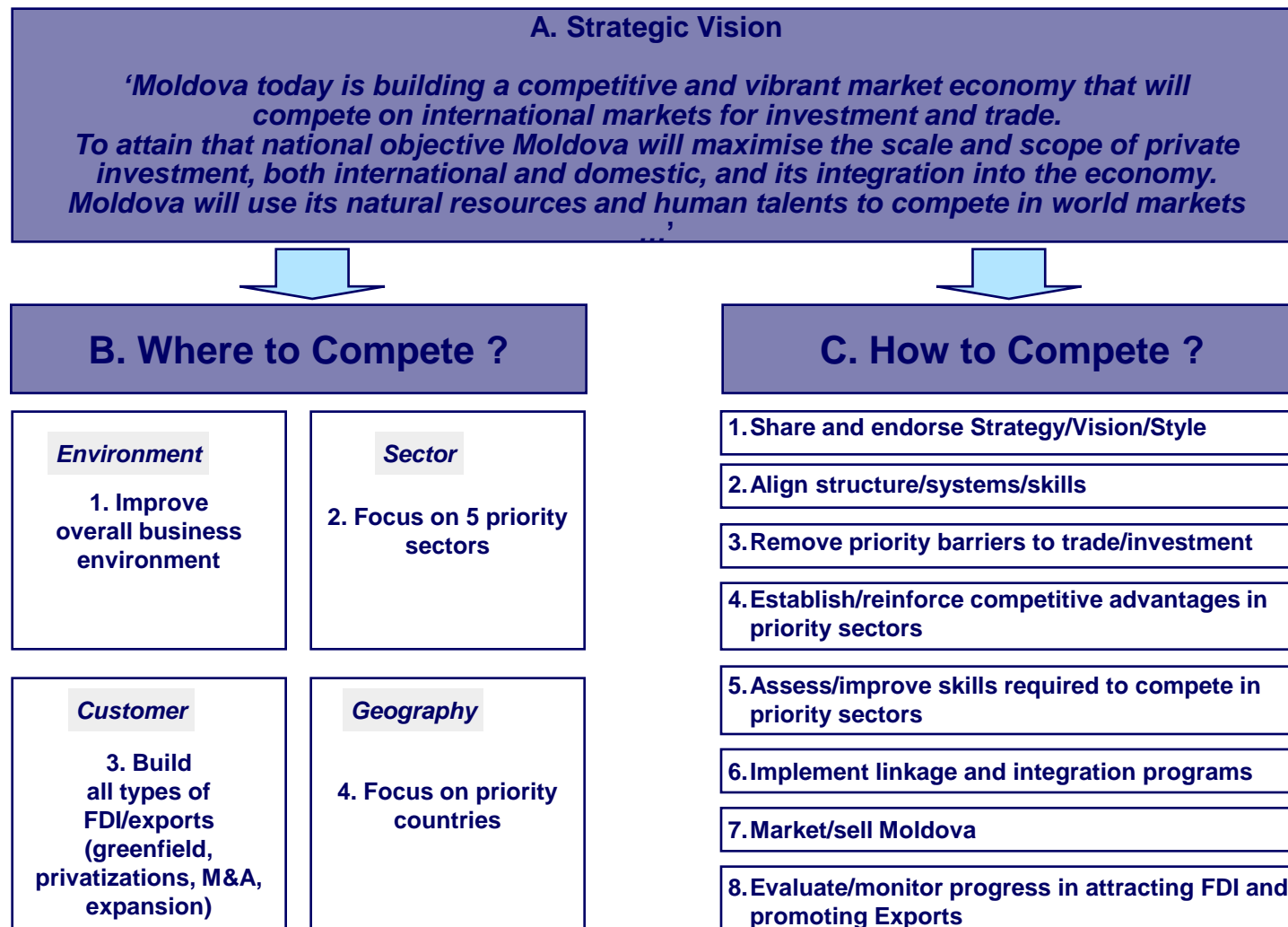
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Policy stock taking to support the business climate

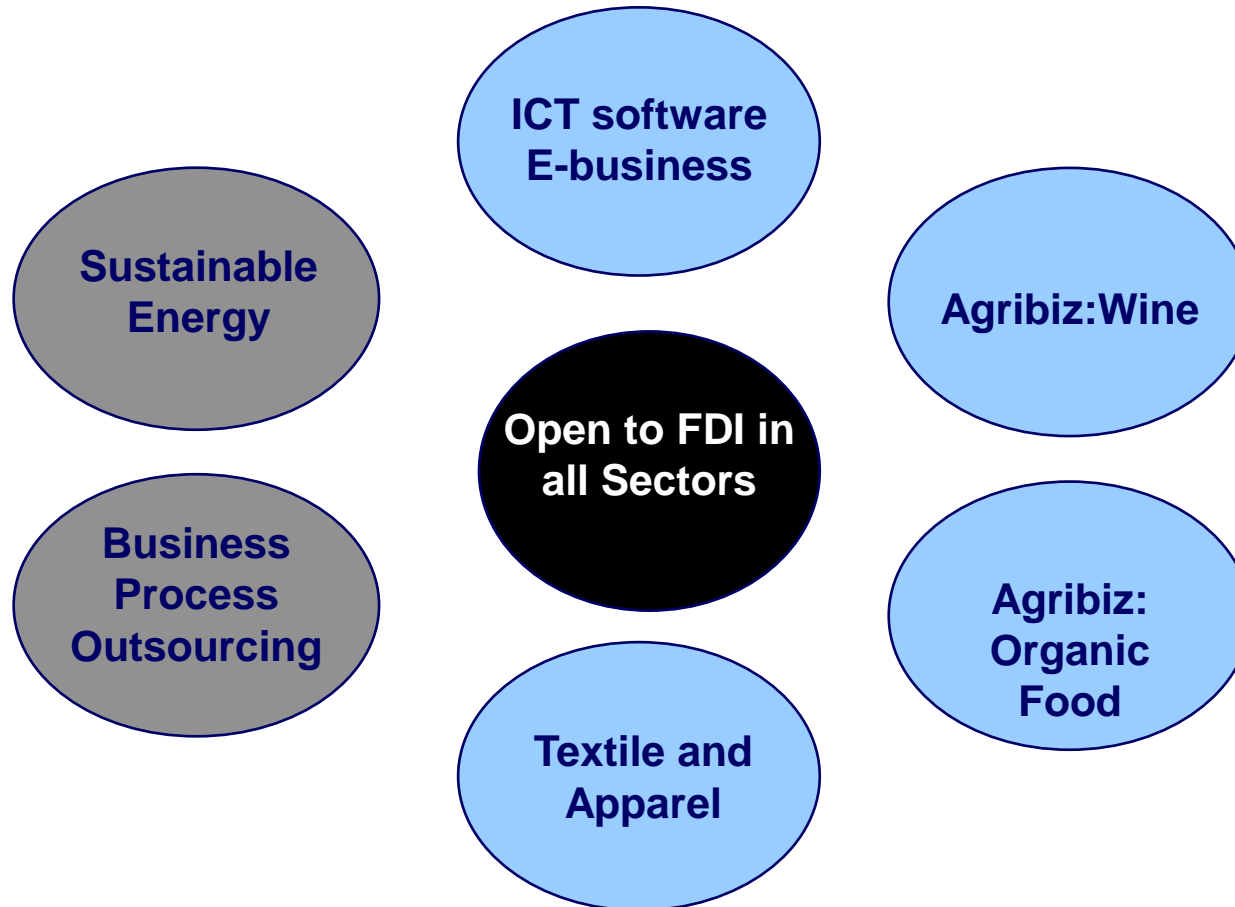
Country competitiveness strategy

Focused support - SME Sector Development

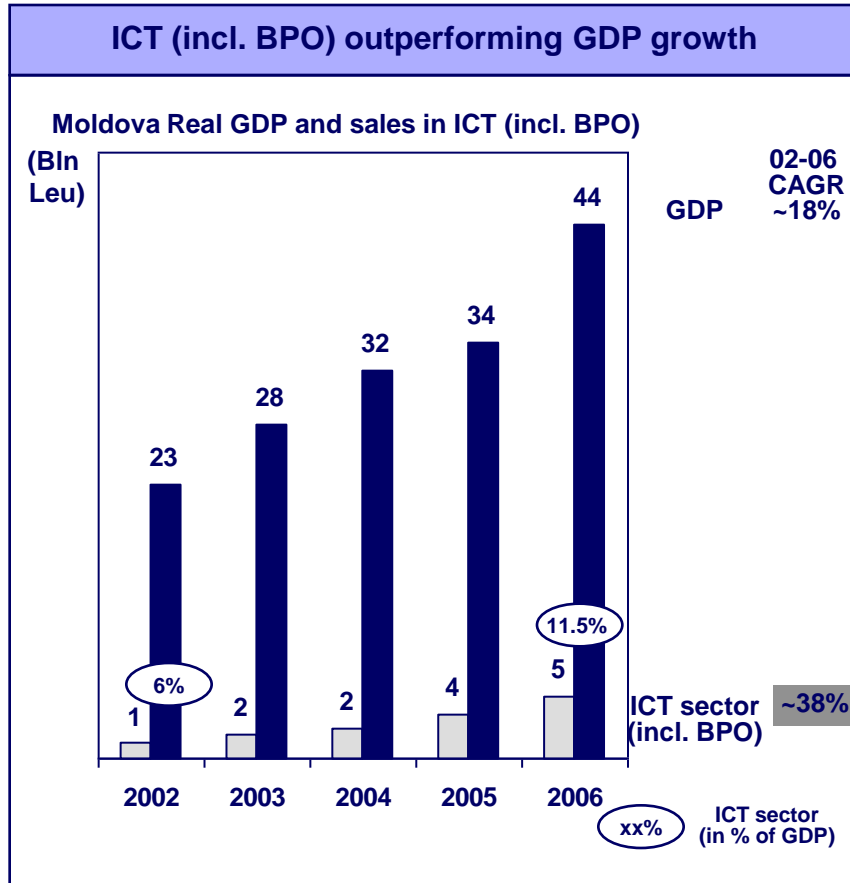
The OECD worked with the Republic of Moldova to develop a Competitiveness and FDI strategy



For example, 6 sectors were identified as high potential from an investment promotion perspective



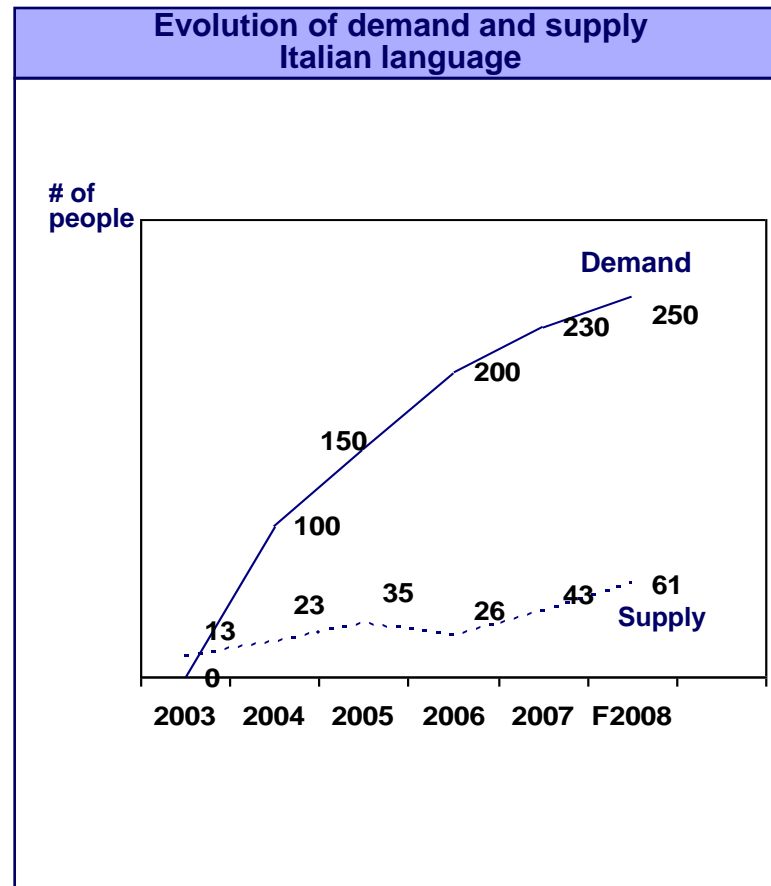
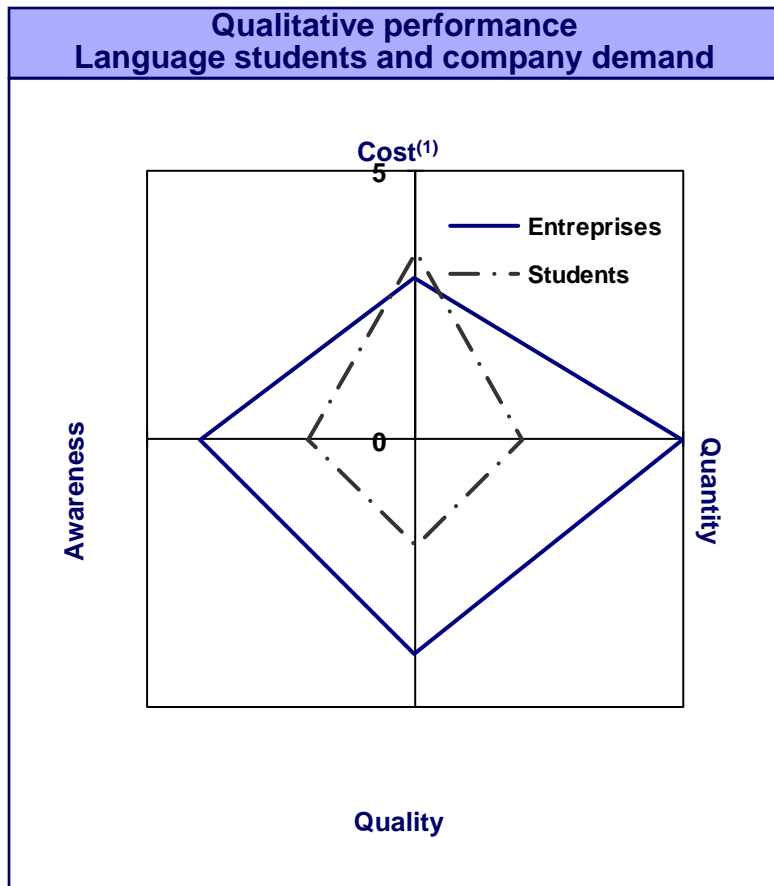
For every sector, specific competitiveness analysis where performed and then used in investment promotion events



- Main strengths**
- Very attractive costs
 - Average salary ~10x lower than in the UK
 - 6-7x than in Hungary
 - Close to India in software development at 10 EUR/hour
 - Quality and number of graduates
 - ca 1500 graduates emerge each year from Technical University, State University and Academy of Economic Studies (informatics, mathematics, physics – 4 year study); ~30% are prepared for straight entry to software companies
 - An additional 30% can be trained in short period and others need ~6 months to come up to standards
 - Competitive internet/mobile services and infrastructure
 - E.g. MaxDSL 20 GB from Moldtelecom provider is at EUR 75/month
 - E.g. Orange mobile services monthly subscription at EUR 15 for 3 hours; EUR 55 for 25 hours
 - Favorable tax system/investment facilities
 - Starting with 2008 : 0% corporate income tax, the 15% share will be applied only to dividends
 - Extended fiscal incentives on investments since Jan. 2007
 - Geographic location for 'near-shoring'
 - 1 hour time-difference with Paris

A skill gap analysis was performed

Excluding salary expectations, major discrepancy between supply and demand



Notes (1): Ranking: (1) Poor; (5) outstanding
Source: OECD field survey with 200 students and 40 companies

A database of ~ 5000 foreign companies was created

Building a database with company profiles and offering

DATA CREATION AND STORAGE

- Creation and maintenance of the reference company databases
- Automatic update of Moldova statistical databases
- Automatic update of registered information by company (in coordination with the National Statistical Bureau)
- Automatic feedback between MIEPO and company included in the database

COMPANY PROFILES:

Includes:

- General information
- Financial information
- Key contacts
- History
- Subsidiaries
- Activities
- Actions in Moldova and abroad
- Organisation changes
- Founders
- Actions with international players

DATA ANALYSIS AND MINING

- Search by company offering and segments
- Group/ Community management together with international companies
- Possibility to leverage the database for lead generation: identification of company having representatives in Moldova 'active' and those that are 'prospect'

The screenshot shows the MIEPO software interface for adding or editing a company record. The window title is 'MIEPO - [Add/Edit record]'. The menu bar includes 'File', 'Companies', 'Classified lists', 'Interface', 'Tools', 'Windows', and 'Help'. The toolbar contains icons for adding, editing, deleting, and searching records. The main form contains the following fields and sections:

- Language:** Romanian
- Status:** Active
- Last updated date:** 25.10.2007
- Last user who edited current record:** AMARFII Ion
- Company name:** Întreprinderea Mixtă moldo-română-franceză TRIMARAN S.R.L.
- Company number:** 100000043470
- Statistical number:** 444000
- Abbreviation:** I.M. TRIMARAN S.R.L.
- Company type:** Intraoperatori medii
- Location of main office:** - S.C. / C.N.H.H.
- Ownership form:** - S. - Proprietate întreprindere medie
- Created date:** 26.01.2000
- Postal address:** str. Niron Corin, 1702, bir 502
- Phones:** 437322 43 49 74
- Fac:** 4373 22 43 49 74
- Mobiles:** 4373 691 43 176
- Website:** http://www.trimaran.md
- Email address:** contact@trimaran.ro
- Company logo (image):** Add, Save, Delete buttons
- Trade segment and products:** Produce informatică, localizare date, etc.

At the bottom, there are tabs for 'Economic information', 'Contacts', 'History', 'Files', 'Activities', 'Accomplished operation', 'Renovation', 'Founders', and 'Tests'. Buttons for 'Save', 'Cancel', and 'Include' are also present. The status bar at the bottom indicates the database path: 'Database: localhost: C:\Program Files\Miepo\BD\MIEPO_KERNEL.FDB'.

Foreign investors were targeted directly

Company targeting and selection criteria

Initial filter: Company type and targeting

Primary target ie BPO provider or of secondary target ie End-user company
If primary, type of service offered eg ITO, BPO, KPO, etc.

Second filter: Role and position in the sector

Market share globally
Revenue and profit growth
Shareholder value and share price evolution

Third filter: Potential attractiveness to Moldova

Company strategy and announcements
Current and planned presence in Eastern and South East Europe

Fourth Filter: Existing contacts and relationships

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Project objective

To assist the Moldovan government in the development of a coherent and well structured policy towards the small enterprise sector based on:

- An in-depth review of the status of SME policy elaboration and implementation in Moldova;
- The adoption of good practices in policies and programmes, drawn from experiences in the OECD area and the transition countries from Central and South East Europe;
- Assistance in the development of specific policy measures, addressing some of the most critical issues faced by the SME policy community in Moldova
- The progressive establishment of an effective institutional framework, including mechanisms of inter-governmental consultation, private-public dialogue and monitoring mechanisms
- The integration of Moldova in regional SME policy for a and improved access to experiences in SME policy elaboration and implementation gathered by OECD and other policy institutions