

**BLACK SEA  
ECONOMIC  
COOPERATION**

**KONRAD  
ADENAUER  
FOUNDATION**

**UN ECONOMIC  
COMMISSION  
FOR EUROPE**

**WORKSHOP ON  
PROMOTION OF SMEs – DEVELOPMENT OF  
YOUTH ENTREPRENEURSHIP**

**Chisinau, 27-28 March 2003**

**Summary Proceedings**

1. The Workshop titled “Promotion of SMEs – Development of Youth Entrepreneurship” was held in Chisinau, Republic of Moldova, on 27-28 March 2003. It was organized by the Organization of the Black Sea Economic Cooperation (BSEC) and the Representation of the Konrad Adenauer Foundation (KAF) to Turkey, in cooperation with the Youth Business Centre of Moldova. The United Nations Economic Commission for Europe (UNECE) provided expertise and technical support to the Workshop.

2. Welcoming statements were delivered by Dr. Wulf SCHÖNBOHM, Representative of the KAF to Turkey; H.E. Mr. Stefan ODAGIU, Vice-Prime Minister, Minister of Economy of the Republic of Moldova; H.E. Mr. Tanşuğ BLEDA, Ambassador, First Deputy Secretary General of the BSEC Permanent International Secretariat (PERMIS); Dr. Antal SZABO, Regional Adviser on Entrepreneurship and SMEs, UNECE; Mr. Mihai DIACOV, Director of International Economic Relations, Ministry of Foreign Affairs of the Republic of Moldova; Mr. Sergiu COROPCEANU, The President of the Youth Business Center of Moldova; and Mr. Sergiu CORNETCHI, General Director of the Youth and Sport Department of the Republic of Moldova.

2.1. Dr. W. SCHÖNBOHM welcomed the Participants of the Workshop on behalf of the KAF. He stated that this is the 26<sup>th</sup> SME-oriented event organized by the KAF, the BSEC PERMIS and the UNECE. He conveyed his regrets to the Moldovan Government with regard to the visa problems, especially interrogation of an official delegate from Albania whose entry to Moldova was rejected. He drew attention to the importance of the subject and added that without entrepreneurs and young people no economic development should be realized.

2.2. H.E. Mr. S. ODAGIU welcomed the Participants of the Workshop on behalf of H.E. Mr. Vladimir VORONIN, President of the Republic of Moldova, and read His Excellency’s address to the Participants, attached as Annex I.

2.3. Ambassador T. BLEDA pointed out that the last decade the situation of youth has dramatically deteriorated in terms of health, education and employment opportunities in many countries, thus requiring urgent actions at national, regional and international levels. In order to reverse the worsening of the youth situation the dissemination of the best practices and lessons learned from the experience of countries which succeeded to tackle this problem is important, not only for humanitarian reasons, but also to undermine the social base of the organized crime. Ambassador BLEDA also drew attention that the BSEC PERMIS attaches special importance to the full participation of delegates from the 11 Member States in the events organized by the BSEC, which unfortunately was not the case for this Workshop, due to the difficulties encountered by some Participants in obtaining entry visa as well as some other problems met at the border.

2.4. Dr. A. SZABO emphasized that more than half of the unemployed in 27 transition economies belongs to the generation below the age 25. The Government should elaborate national youth policies and action plans. He also requested from the Moldovan Government to investigate the current situation for rejecting to provide entry visa to the Albanian Participant as well as to elaborate a system in order to avoid the repetition of such kind of practice in future.

2.5. Mr. M. DIACOV informed the Participants on the orientation of the Republic of Moldova within the framework of the CEI, BSEC and Stability Pact of SECI. He highlighted the desire of the President announced on 25 March 2003 to manage the State policy concerning support of SMEs.

2.6. Mr. S. COROPCEANU welcomed the Participants on behalf of the Youth Business Centre of Moldova and presented as well his regrets for the problems faced by some delegates upon their arrivals in the country.

2.7. H.E.Mr. S. ODAGIU explained the intention of Government of the Republic of Moldova towards the SME support. The 80% of the 116,000 SMEs is limited liability companies, while there are 286,000 farms registered as individual enterprises. 48% of the SMEs are acting in trade, 13% in manufacturing sector, 6.3% in transport and 5.6% in construction industry. Unfortunately 75% of the SMEs with limited liability companies are bankrupt. The SMEs play a low level in export. The gray economy is high. The Government's intention is to decrease the taxation pressure on SMEs in order to bring out them from the bankruptcy situation.

2.8. Mr. S. CORNETCHI mentioned various problems faced by the youth, such as the lack of experience in economical activities, low living standards, limited resources, lack of access to credit. Youth is one of the most vulnerable and risk groups of the society. 48% of the registered unemployed is below the age 30. Elaboration of a National Youth Policy is in progress with the participation of many NGOs.

3. The Workshop was co-chaired in rotation by Messrs. SCHÖNBOHM, SZABO and BLEDA.

4. The Workshop was attended by the representatives of the following BSEC Member States:

Republic of Armenia  
Republic of Azerbaijan  
Georgia  
Republic of Moldova  
Romania  
Russian Federation  
Republic of Turkey  
Ukraine

5. The representative from Germany also attended the Workshop as a Guest speaker.

The list of participants is attached as Annex II and the Program of the Workshop is attached as Annex III.

6. Dr. Antal SZABO; Mr. Rolf SCHUMACHER, Senior Consultant, Germany; Ms. Aurelia BRAGUTA, Director of the National Center for Career Planning, Moldova; and Mr. Victor PITEI, Consultant in Social Issues, Business Consulting Institute, Moldova, addressed the Workshop as lead speakers.

6.1. Dr. A. SZABO made a presentation on the Programme of the UNECE on Entrepreneurship in Poverty Alleviation: Youth Entrepreneurship. The Team of Experts decided to focus its efforts on four initiatives:

- (i) Youth Employment Network created by the UN Secretary General;
- (ii) Youth Employment Summit Campaign established by the YES Campaign Secretariat;
- (iii) Youth Business International, a worldwide network mobilizing the business community to work in partnership with local and national organizations; and
- (iv) Junior Chamber International.

In order to raise awareness on youth-related issues, a subregional Forum on “Youth of the 21<sup>st</sup> Century: Reality and Perspectives” will be held on 24-26 September 2003 in Kiev.

During the Millennium Summit in September 2000, the Heads of State and Government resolved to “develop and implement strategies that give young people a real chance everywhere to find decent and productive work”. The UN Secretary General proposed the Youth Employment Network. The Governments are invited to develop national action plans on youth employment with targets for the creation of jobs and for the reduction of unemployment. National policies should be built around four E-principles called:

- Employability;
- Equal opportunities;
- Entrepreneurship;
- Employment creation.

The ILO and UNECE work together to facilitate the elaboration of the national action plans in the countries in transition.

6.2 Mr. SCHUMACHER explained that the re-unification in 1989 met both sides of Germany unprepared. The new Eastern German Government moved reluctant towards market economy and established the TREUHANDANSTALT to split up combines into at least 23,000 smaller units. The expectations to the value of Eastern economy were totally overestimated.

The Government of Unified Germany (BRD) was concentrated on infrastructure and provided large projects, e.g. chemical park BITTERFELD with an investment of 2,2 billion DEM to 350 enterprises and 10,000 employees. Promotion of SMEs would have gained higher results.

The new policy of the German Government in 2003 is concentrated to the promotion of SMEs by actions pro MITTELSTAND, reduction of bureaucracy and foreign trade drive.

6.3 Ms. A. BRAGUTA provided information on training of young entrepreneurs and future leaders in Moldova. She mentioned that entrepreneurship and self-employment became positive from the society point of view. For the time being, preparation and training of young entrepreneurs are taking place in specialized centers. However, the quality of training and education do not fulfill the market requirements. Appropriate measures should be taken in order to promote young entrepreneurs, including:

- (i) support programme for young entrepreneurs;
- (ii) credit guarantee fund;
- (iii) business incubators; and
- (iv) introduction and development of learning practical skills in the process of training and education.

6.4 Mr. V. PITEI, former expert of the Moldovan Ministry of Education, summarized the results and achievements of the pilot project on creation of the entrepreneurship curricula at vocational education and training schools, implemented by the European Training Foundation, UNECE and Grenoble Chamber of Commerce. The network of trainers educated during the project is still functioning through the BIZPRO project as well as the Business Consulting Institute.

7. Exchange of experiences in supporting youth entrepreneurship and promotion of SME development by national experts were delivered. Issues addressed included: i) situation of the youth in the country; ii) the situation of employability: education in secondary schools and

vocational training; iii) security and vulnerability (family affairs, HIV infection, trafficking, extremist grouping, criminality, unemployment, etc.); iv) state policy on youth orientation of education and development; v) the role of non-governmental organizations; vi) reinforcement of young entrepreneurialism; vii) state support of development of young entrepreneurship; viii) incentives and services provided to young entrepreneurs; ix) financing young start-ups; x) integration of the unemployed young people into the labor market, etc.

Question and answer session was held after each presentation.

**8.** On the second day of the Workshop, presentations by Representatives of the civil society in development of youth entrepreneurship took place which included:

- Development of youth entrepreneurship in form of “school companies”;
- Development of young entrepreneurship by the Kiev Youth Business Centre;
- The tasks and role of BIZPRO-Moldova Centre in development of young entrepreneurship.

**9.** The Participants of the Workshop identified the following challenges facing youth employment and employability:

1. The average unemployment among the young people in transition economies is higher than adults unemployment and the involvement of youth in the shadow economy and the informal sector is considerable.
2. There is a mismatch between the knowledge and skills required by the enterprises and those offered by the young entrants to the job market.
3. Enterprises request highly skilled and trained employees and they are reluctant to invest in training. In many CIS countries managers require secretaries with university degrees not trained in office management, while professional secretaries face difficulties for entry into job market.
4. In many cases the labor market cannot absorb the supply of university graduates, especially economists, lawyers, psychologists, while there is strong demand for well-educated skill workers.
5. The involvement of employer’s organization in developing curricula for apprenticeship system is important. Qualifications should be adjusted to the skills requirements of the job market.
6. The youth cannot participate in decision-making process regarding their education and employment policies.

**10.** The Participants of the Workshop noted with great satisfaction that some BSEC countries are already on the way of development of national youth policies, like Armenia, Moldova, Romania, Russia, Turkey and Ukraine. However, the scope and orientation of these plans are not always very transparent and there is also lack of allocating the State budget for their implementation.

**11.** The Participants of the Workshop took note of the UN Secretary General's Youth Employment Network (YEN), the Youth Employment Summit Campaign (YES), the Youth Business International Model and the Junior Chamber International.

**12.** Some representatives of the NGOs, such as Azerbaijan, Georgia, Moldova, Russia and Ukraine, asked the UNECE to provide matchmaking role in contacting them with relevant donors and the World Bank for Youth.

**13.** The Participants of the Workshop made the following recommendations:

1. To recommend the Governments to develop national policies and national action plans on youth employment and entrepreneurship with targets for the development of entrepreneurial skills, creation of jobs and for the reduction unemployment.

2. Overall youth policy should have a clear and fairly-detailed statement of coherent objectives. For a youth policy, including entrepreneurship, to be effective, all interested parties and social partners need to be involved in its formulation.

3. In developing their plans, the Governments are encouraged to closely invite young people and integrate their actions for youth employment into a comprehensive policy.

4. The Governments are encouraged to come forward as a champion for preparation of youth employment and entrepreneurship action plans in accordance with the UN YEN. For the elaboration of such kind of plans the ILO and UNECE are ready to provide technical assistance.

5. The curricula for vocational training programmes have to be adjusted to job market requirements.

6. To invite Governments and private sector to actively participate in the creation of special funds for young-start up entrepreneurs.

7. To invite Governments, the education and training institutions to develop curricula on entrepreneurship and young management.

8. To call upon the Governments, the business community and NGOs in the BSEC countries to work together in order to successfully implement the youth employment action plans.

9. To recommend the Governments and the NGOs to actively participate in the subregional Forum on Youth: “Youth of the 21<sup>st</sup> Century: Reality and Perspectives” to be held on 24-26 September 2003 in Kiev (Ukraine).
10. To recommend the Governments to invite the youth to participate in national ICT-programmes and be the driving engine of economic development towards the development of the knowledge-based society.
11. To request the Permanent International Secretariat (PERMIS) of the Organization of BSEC and the UNECE to systematically collect data on youth entrepreneurship and to prepare a compendium of best practices in ensuring the sustainability of business set up by young entrepreneurs.
- 14.** Later on the Participants had the opportunity to visit the two SMEs established and managed by young people – MEGA DAT Company (new informational technologies) and TRIAGO PRIM SRL (technologies for wine and food industry).
- 15.** The Participants expressed their sincere appreciation and thanks to the Youth Business Centre of the Republic of Moldova for the help of organizing the Workshop in Chisinau.