

LOCAL SKILLS MATTER

MOLDOVA



Entrepreneurial Communities:

Sparking change in communities in the ETF partner countries



The Moldovan Entrepreneurial Community is an example of where local authorities, presented with an opportunity and with the belief that their activities would be more effective and sustainable if executed jointly, opted for a collective approach. The partnership that resulted brings together the different strengths of each of the actors:

- Entrepreneurial House of Ungheni (non-governmental organisation) (lead)
- Ungheni town
- Ungheni district
- Ungheni Business Incubator
- Ungheni Chamber of Commerce and Industry
- Ungheni Business Support Centre
- Association of Agricultural Producers
- Alliance Française

The case exemplifies the benefits of local implementation when inclusive approaches are applied towards community engagement and towards sustainable fit-for-purpose partnerships that will bear fruit well beyond the external project funding.

In Ungheni, when financial assistance was received from the EU Tacis Cross Border Cooperation Project, the necessary time was allocated by all concerned parties at the appropriate level so as to discuss options and to finally identify the model that would provide for the most sustainable solution for the funding. At the time, local authorities involved relevant local actors in order to decide collectively on the most sustainable means to invest the funding received so as for it to bear fruit in the years to come. Everyone around the table, irrespective of their individual or institutional status, could express their perspectives and everyone actively contributed to the planning and its final outcome.

The process was lengthy but paid off. Now, over 12 years since the establishment of the Entrepreneurial House of Ungheni, the same five founding members are all still part of the joint initiative: Ungheni Business Incubator, Ungheni Chamber of Commerce and Industry, Ungheni Business Support Centre, Association of Agricultural Producers, and Alliance Française. The Entrepreneurial Community still operates from the common premises allocated by the municipality of Ungheni with all members funding their own activities. In addition to having collectively agreed on a sustainable institutional setup, the founding members were also given full flexibility as to how they operate and cover their costs which they agree on collectively. These two factors, both resulting from a commitment to flexible inclusive decision making based on the principle of subsidiarity and meaningful partnership, have enabled the Entrepreneurial Community to operate sustainably for over 12 years. Everyone in the community benefits from acting together.

MOLDOVA

A place for local talent: The Entrepreneurial House of Ungheni



Project:

The partnership channels the economic potential of local businesses towards community development objectives



The Moldovan Entrepreneurial Community was formed in 2003 as a result of funding from the EU's Tacis Programme. Key partners include the Mayor's office, the District Authority, and Ungheni Entrepreneurial House consisting of four non-governmental organisations. The partnership channels the economic potential of local businesses towards community development objectives. It provides capacity-building and growth assurance, performance management and supports the internationalisation of businesses.

Ungheni is a small, dynamic city on Moldova's border with Romania. With the lowest rate of urbanization in Europe, Moldova seeks ways to stimulate the rural economy to provide jobs and promote wealth creation. Encouraging entrepreneurial activity in rural communities by offering tax breaks and other administrative support is a proven way to address these needs. With a grant of funding from the EU under the Tacis programme the Moldovan Ministry of Economy developed the initial idea to create regional centres for entrepreneurs. The ministry commissioned a feasibility study from international consultancy GFA to identify the best location, and Ungheni was selected due to its proximity to the border, good transport infrastructure and reputation for excellence in agricultural practice.

As a requirement of the Tacis funding the authorities at local level pooled together local actors, building on existing institutions that were operating separately and coordinating them into a hub. By 2003 four organizations had combined to coordinate their approach and became the founding partners of the Business Incubator, along with the team set up to create the Entrepreneurial House of Ungheni (EHU): Ungheni Chamber of Commerce and Industry, Ungheni Business Support Centre (UBSC), the Association of Agricultural Producers (UCALNIS), and international NGO Alliance Française.

"The local public administration offered furnished premises which needed general repairs. From the project's funds the old building was reconstructed, with two wings added," explains deputy director Dorin Budeanu. "As a body the EHU pays all the regular commercial taxes and has to meet the cost of all the usual expenses, from heating and maintenance to cleaning and security. The Ungheni Chamber of Commerce and UCALNIS are the main contributors of funding – especially when it comes to the winter heating bill!"

One-stop-shop

The flexibility of local authorities in bringing in partner organisations that were previously not around the same table contributed to the sustainable outcome. They developed a workable scenario, and the project was set up with several main objectives, including the development of ecological (organic) agriculture; creating and promoting exports to Romania; and setting up a one-stop-shop for Moldovan entrepreneurs to obtain export and customs documentation.

"A related objective was creating the NGO which would manage the Business Incubator within the EHU," says Budeanu, adding that since it started more than 60 companies have been through the Business Incubator. Roughly 70 per cent were successful, the rest dissolved or merged into other businesses. None of the entrepreneurs, most of whom came from the Ungheni region, dropped out during their period in the Incubator.



Project:

Business trainer Adela Enache provides a programme that sees budding entrepreneurs through the various stages of business growth.



The EHU was also given full freedom in setting their operational standards, which allowed them to find a model that works financially. For instance, they don't just house start-ups, and have hosted branch offices of larger companies. The rent these companies pay has enabled EHU to survive through tough times.

Although the financial crisis of 2007 led to a drop in the number of businesses in the Entrepreneurial House as utility rates and other costs increased, residents continued to enjoy free consultations with in-house specialists on a range of basic business needs. They also had the chance to be represented in promotions by the Chamber of Commerce and Industry in other countries. Budeanu believes that, even without any residents in the Business Incubator, collaboration would continue between the founding partner organizations, "to provide business education and promote good practice in local and export business development, particularly in the agricultural sector which is key to the Ungheni regional economy."

There are many commercial competitors in Ungheni offering low-cost office space. However, the EHU structure, with its partnership of five stakeholder organizations, is central to its proposition. Being part of the Entrepreneurial House gives residents access to other services, such as the CCI's role as the largest broker or facilitator of business in the region and UCALNIS's role in helping small farms to purchase discounted dry goods, chemicals, seeds, and other essentials. Alliance Française, while not directly contributing to business development opportunities, provides a free library of French materials, which attracts school students and others learning French.

Connecting local talent

Mikhail Savin – known to everyone as Misha – is a former Moldovan military officer who felt he had a lot to offer on retiring from the army at a relatively young age. He noticed the large amount of building work going on in Ungheni as new residential and commercial properties sprang up. It occurred to him that all these new buildings would need furniture, and that he could be just the man to supply it. He needed two things to turn his idea into reality; a supportive environment, not just a desk and a phone; and a distinctive proposition. Having hit on the idea of producing

Lifelong priorities take shape

In July 2014 Veaceslav Nicik, head of lifelong learning at the Ministry of Education, led a working group that drafted the initial version of a comprehensive lifelong learning strategy for Moldova. The group was convened at an ETF conference on Moldova's strategic priorities for lifelong learning.

Source: From Continuing Vocational Training To A Lifelong Learning Strategy In Moldova, www.etf.europa.eu



bespoke furniture designed specifically to meet each individual customer's needs, he turned to the EHU to find a base. There, along with preferential rents, he had access to shared services in IT, marketing, legal and regulatory advice, and accounting, as well as mentoring and training in business plan development and management. He was also joining a growing community where residents draw strength from each other and share ideas, contacts, and experience.

Misha describes the experience he has gained in the Business Incubator as invaluable. "Maintaining the business, accounting correctly, doing market research, and running other business activities, are all skills that I have obtained here in the Business Incubator," he says. Misha acknowledges the important role played by the consultants, experts, and mentors whom he has had access. "Their recommendations, their advice, and expertise have been very useful to me." He also understands the importance of passing on that advice, and creating opportunities for the people he now employs in his workshop. He wants them to become entrepreneurs too. His lead cabinet-maker, Valentin Suliman, is eager to take him up on that; "In the future, I plan to buy in to this business and then eventually to have my own business. I want to be as successful as this company is."

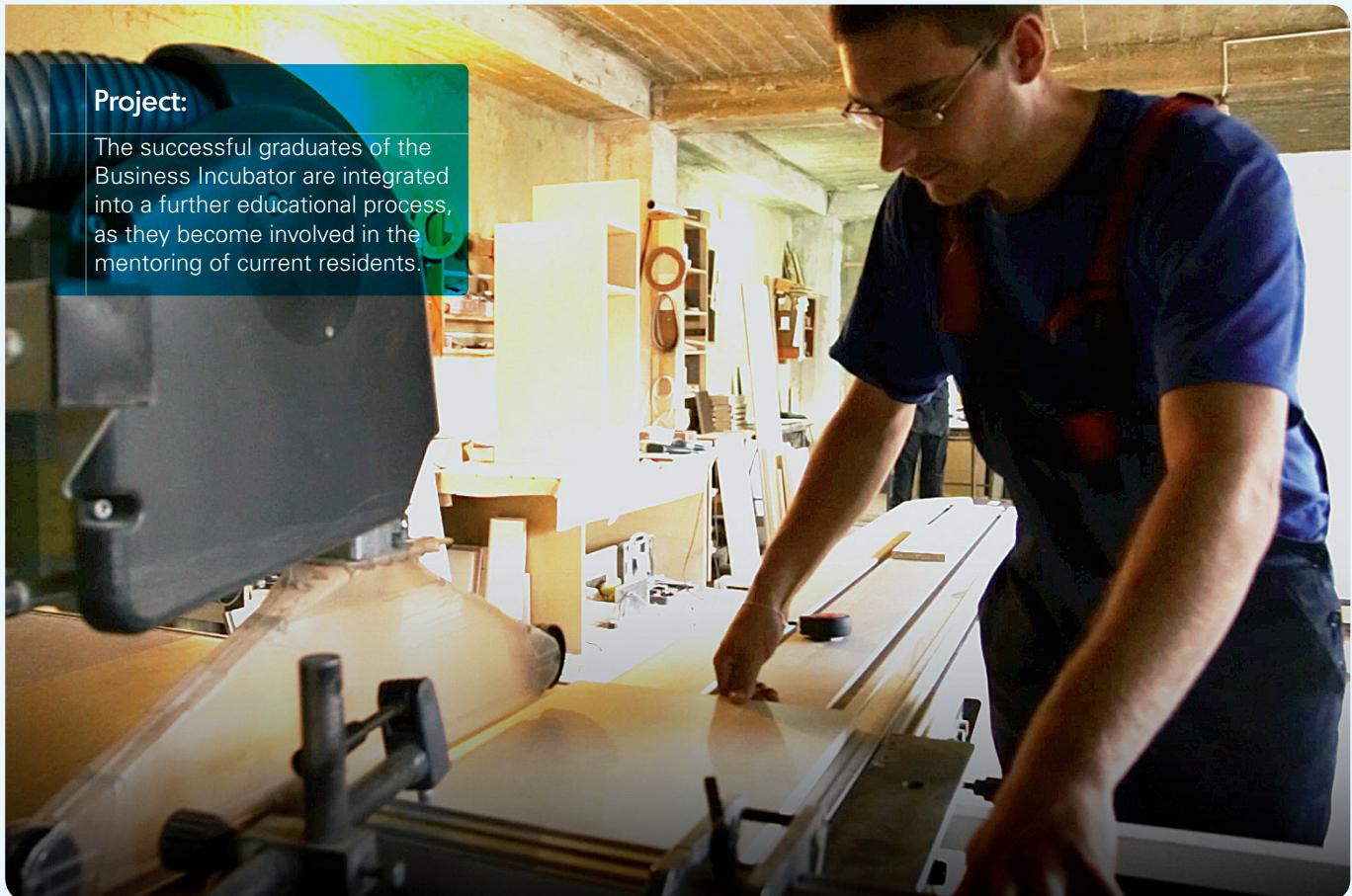
Business trainer Adela Enache provides a programme that sees budding entrepreneurs through the various stages of business growth. "The main outcome I expect from my courses is that the participants will have fewer problems getting their business established. There are three stages that we cover – getting the business started, developing the idea, and then focusing on personal development."

The successful graduates of the Business Incubator are integrated into a further educational process, as they become involved in the mentoring of current residents, offering visits to factories, offices and other business sites to see how things work, both within Moldova and over the border in Romania. The cross-border aspect is part of EHU's DNA, and the benefits are two-fold; firstly, access for businesses in Ungheni to the larger markets in Romania, and secondly the link that Romania's EU membership provides to various EU funding opportunities. Conversely, Romanian businesses can



take advantage of the beneficial conditions of the Entrepreneurial House to grow within the Moldovan market.

A local government organization called Nexus, which offers migration services to Moldovans looking to move abroad and those who have already joined the Moldovan diaspora, took over a large portion of the EHU's first floor from 2011. Nexus' partners and sponsors recognize that the ability of national government to collaborate with local authorities, private companies and civil society actors is part of a migration-development value chain in which public and private sector objectives are linked to the needs of migrants. Andrian Cheptonar is director of the Nexus service centre in the EHU, having previously served as the Mayor's advisor. "Nexus is a good example of cooperation between the local authorities and EHU. They provided us with the space because at the very



beginning the concept of Nexus was based on the idea of a centre that provides full services for migrants who intend to migrate, or to return from migration to invest locally, and we connect them with service providers."

House and Hall

Alexandru Ambros, the Mayor of Ungheni, is serving his second term of office and has been mayor since 2007. Although the Entrepreneurial House was established during his predecessor's term, he sees it as a "special place" where people who want to start a new business, especially young people, can work in a supportive environment. "Young people starting a business face challenges such as a lack of knowledge, experience, and financial resources. That's where the EHU can be so helpful."

Entrepreneurship is instrumental

Moldova's Ministry of Economy invests in entrepreneurial training alongside continuing vocational training, and works to engage smaller businesses in human capital development. The SME Sector Strategy 2012-2020 provides incentives to motivate companies to participate, and the ETF helps by promoting policy partnerships between government and business.

Source: Country Project Moldova, www.etf.europa.eu

Mayor Ambros considers the EHU to be a pioneering project for Moldova, one that will be replicated in other parts of the country, and maybe in other countries too. That's one of the reasons why the City Hall has continued to support the EHU project after the initial project funding ended. Ambros says there are many areas of collaboration between the City Hall and the EHU, notably the creation of the Free Economic Zone in Ungheni. "We made the decision to set up the Free Economic Zone based on our consultations with the EHU, and it is certainly a prosperous area."

The Free Economic Zone is home to 35 registered businesses, employing over 2,100 people, engaged in activities ranging from Misha's bespoke furniture workshop to soft drink bottling and carpet manufacturing. In 2014 it chalked up inward investment of more than US\$58 million. "International companies are attracted to the favourable conditions in the Zone, and regularly come to us looking for workers," says Iulia Pancu, Vice-president of Ungheni District Council. "However, their requirements don't always match what we have by way of qualifications in the available workforce. So we organize training courses based on the demands of these international companies coming to Ungheni, we look for people interested in requalifying or who are generally interested in working for these companies, based on the demand. At the moment it works well, and this has led to a reduction in the unemployment rate in Ungheni."

Pancu sees the cooperation between the EHU and the District Council as very fruitful, particularly in helping to develop new markets in other countries for the regional priority industries of agriculture and tourism. Crucially, the EHU feeds practice-based evidence to the local and district authorities, enabling more targeted, fit-for-purpose responses that benefit local business. Its role in overall workforce development is important too. "EHU helps us with training for people who'd like to requalify or maybe switch to another profession which is in demand. The Entrepreneurial House of Ungheni is truly a place for local talent, not just for new entrepreneurs but for anyone looking for advice on business and professional development."

Ongoing work in agro-food sector

The ETF has supported Moldova in analysing demand for continuing vocational training, particularly in the food and agriculture sector, since 2012. Several government departments, trades unions, employer representatives, and sector experts have all participated in a series of workshops on needs assessment in training provision.

Source: [Methodology For Assessing The Demand For Continuing Vocational Training \(CVT\) In The Agro-Food Sector, www.etf.europa.eu](http://www.etf.europa.eu)



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The ETF is an EU agency that helps transition and developing countries to harness the potential of their human capital through the reform of education, training and labour market systems in the context of the EU's external relations policy.

