

GOVERNMENTAL MEASURES TO BOOST SMEs ACTIVITY

ROMANIAN GOVERNMENT

September 14, 2011

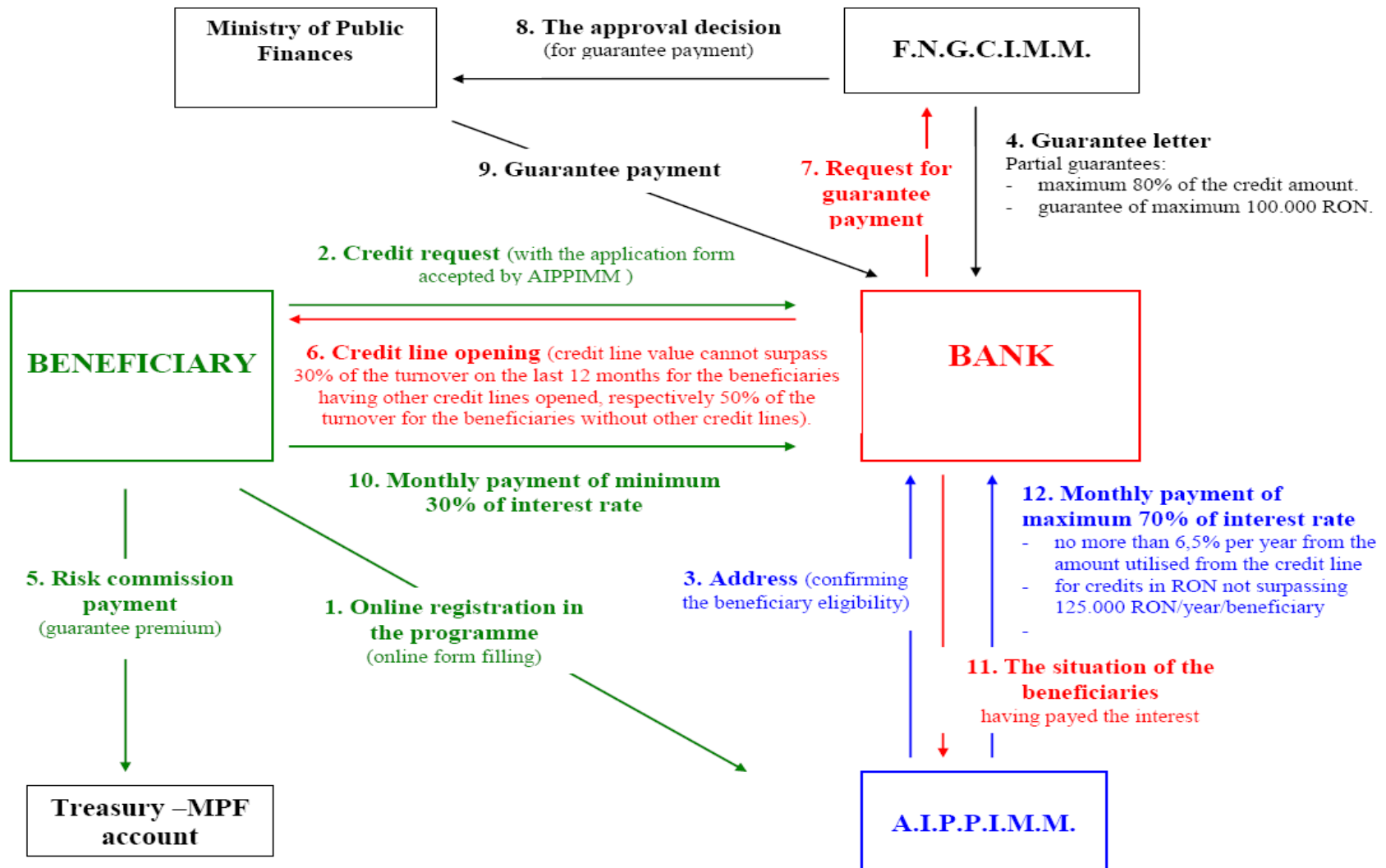
Measures to Boost SMEs Activity

- 1. Mihail Kogălniceanu Programme**
- 2. START Programme**
- 3. The Programme for Young Entrepreneurs**
- 4. State Aid and Guarantees for SMEs**
- 5. Programmes for Supporting Women Entrepreneurship**
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1. Mihail Kogălniceanu Programme

- **Subsidy for maximum 70% of the interest rate, but no more than 6.5% per year.**
- **State guarantees for maximum 80% of the credit amount, but no more than 100,000 Ron.**
- **The Programme is implemented online to reduce bureaucracy.**
- **426 SMEs applied online in the first 3 days (9th-12th Septembrie 2011)**
- **Total budget of the subsidies (2011-2013): 165 MRon/38.8 MEuro**
 - **2011: 24 MRon/5.64 MEuro – 4,000 potential beneficiaries**
 - **2012: 70 MRon/16.47 MEuro – 2,000 potential beneficiaries**
 - **2013: 71 MRon/16.7 MEuro – 2,000 potential beneficiaries**
- **Total guarantee fund: 400 MRon/94.12 MEuro.**
- **The credit line cannot surpass:**
 - **125,000 Ron/29,411 Euro/year/beneficiary**
 - **30%, respectively 50% of the turnover on the last 12 months for the beneficiaries having other credit lines, respectively the beneficiaries without other credit lines.**

Kogălniceanu Programme – Scheme



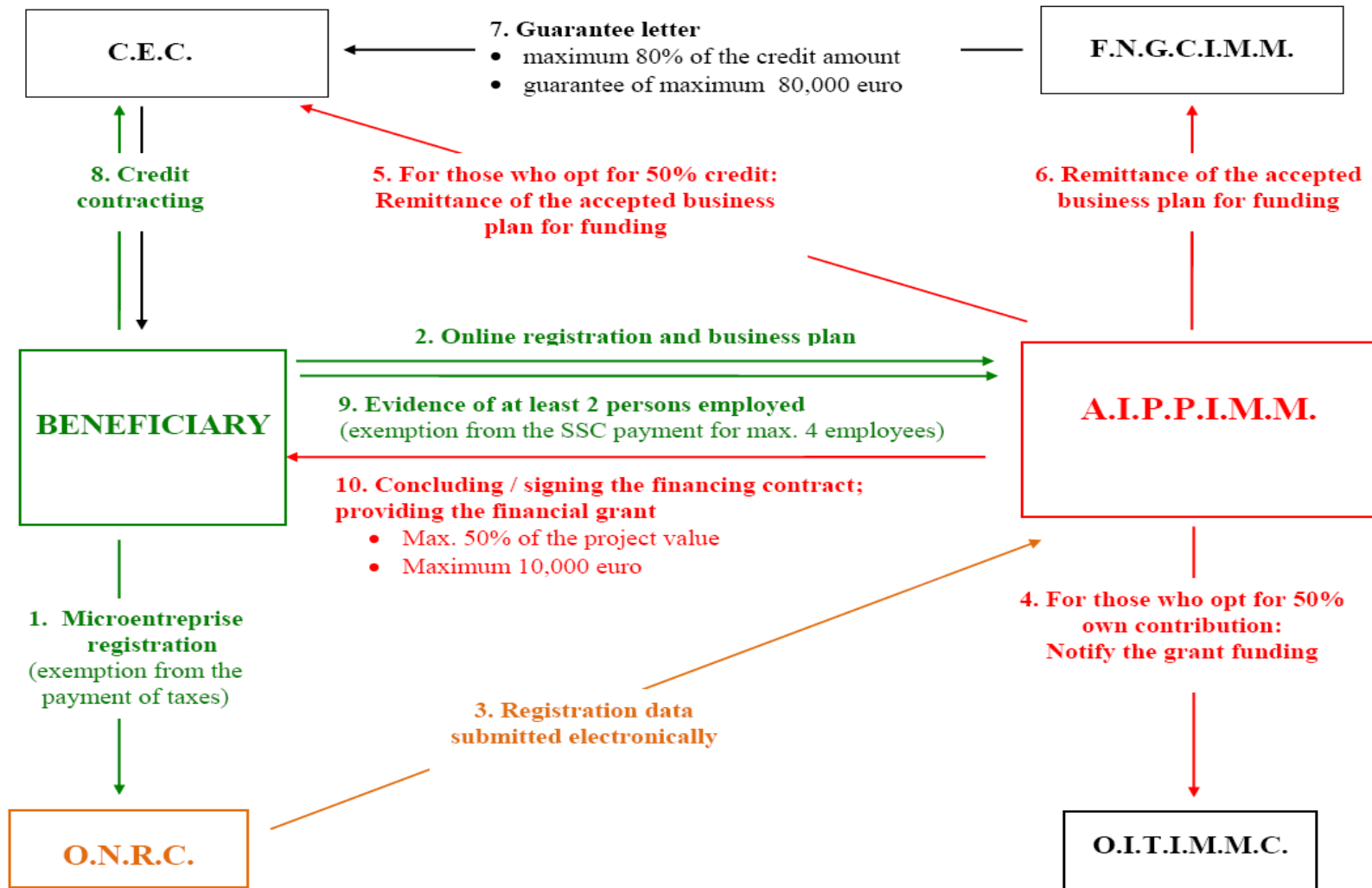
2. START Programme

- The Programme is created for SMEs active for less than 2 years.
- **Grants of maximum 70% of the eligible expenses for the investment project.**
- **Budget for 2011: 10 MRon/2.35 MEuro** (30% higher than in 2010).
- **2 phases**
 - **1st phase:** workshops for entrepreneurial training - **800,000 Ron / 188,235 Euro**
 - **2nd phase:** financing business plans through grants - **9.2 MRon / 2.16 MEuro**
- **Beneficiaries: 100 companies (out of 416 applicants)**

3. The Programme for Young Entrepreneurs

- **Grants up to 10,000 Euro**, but no more than 50% of the business plan's value.
- **State guarantees for maximum 80% of the credit amount**, but no more than 80,000 Euro.
- The new employer is **exempt from the payment of social security contributions for up to 4 employees**, but he must employ at least two persons.
- 1,201 files submitted, out of which **544 files approved** (from 786 files assessed) up to 12th September 2011.
- Up to 12th September 2011, **4,841 companies were recorded at the National Trade Register Office** - out of which **3,200 are currently already registered**.

Programme for Young Entrepreneurs – Scheme



4. State Aid and Guarantees for SMEs

- **Minimis state aid scheme**
 - **Beneficiaries:** the projects of **905 SMEs** were approved during 2008-2010. The total amount paid was 192 MRon/45.17 MEuro.
- **Support for SMEs through National Guarantee Fund**
 - **Beneficiaries:** **23,000** guarantees worth over **1.3 Bn.Euro**, which created/saved over **239,000 jobs**.

5. Programmes for Supporting Women Entrepreneurship

- **The multiannual National Programme for women entrepreneurship (2005-2012)**
 - **Beneficiaries:** 240 women attended the entrepreneurial training in 2011.
 - Budget in 2011: 500,000 Ron/141,176 Euro.
 - The absorption rate is 100%.
- **Credit for entrepreneur women – EximBank**
 - Credit line with interest rate subsidized for the SMEs that have women as major stakeholders or are managed by women that are also stakeholders.
 - **Interest rate:** 5 points under the market interest rate (minimis aid).
 - **Credit value:** maximum 100,000 Euro.

6. Business Incubators Programme

- **Budget for 2011: 6.15 MRon/1.44 MEuro**, double as compared to 2010.
- **3 incubators created in 2006**
 - Alba Iulia – 13 incubated firms (86 new jobs)
 - Braşov – 17 incubated firms (37 new jobs)
 - Sfântu Gheorghe – 17 incubated firms (48 new jobs)
- **2 incubators created in 2010**
 - Tg-Mureş – 20 incubated firms
 - Mangalia – 8 incubated firms
- **1 incubator created in 2011 up until now: Bacău**
- **4 incubators by the end of 2011: Timişoara, Satu Mare, Câmpia Turzii, Dorohoi.**

7. Diminishing the fiscal and administrative burden

- ✓ Despite the budgetary constraints, the **flat tax rate of 16% was maintained**.
- ✓ Until now, **237 of taxes and tariffs were reduced/unified**, from 491 at the beginning of 2009.
- ✓ **The minimum tax was eliminated** starting from 1st October 2010.
- ✓ **The Single Statement** regarding the social contributions and the record of insured persons was implemented from 1st January 2011.
 - At present, **the statement is filled in quarterly** by small taxpayers, compared with previous monthly filling of the statement.
 - **Beneficiaries:** aprox. 237,000 employers, persons and companies (with 1 or 2 employees and with a maximum turnover of 100,000 Euro in the previous year) – 54.7% of those who fill the Single Statement.

8. Recent changing of the Accounting Law

- **2 specific objectives:**
 - ✓ reduction of costs for companies drawing up financial statements;
 - ✓ reduction of bureaucracy in financial administration.
- **We introduced a simplified accounting system for small businesses that meet two cumulative conditions: their assets and turnover are less than 35,000 Euro:**
 - ✓ these companies will prepare 2 financial statements instead of 5;
 - ✓ these companies do not report the balance sheet biannually, but the annual balance sheet only;
 - ✓ the balance sheet and the profit and loss account will be elaborated in the simplified accounting system with a small number of components and a plan of 50 accounts instead of 400 accounts;
 - ✓ accounting documents can be signed also by people with higher economic studies, not only by expert accountants, based on a civil convention.
- **349,000 companies (57% of the total active companies in the market) are benefiting from these measures.**

9. One Stop Shop Portal: www.immoss.ro

- **The time for information/action is reduced from 4-8 hours to 10-20 minutes.**
- **The information supply is more efficient:** the portal contains information from **more than 25 sites and portals.**
- **The administrative procedures for the setting up and development of SMEs are simplified.**
- **The costs of information and setting up of SMEs are reduced.**
- Providing concise and comprehensive information regarding the **funding opportunities.**
- Offering **direct access to all the electronic forms** used by the state agencies.
- **Reducing bureaucracy.**
- Improving **coordination between public institutions.**
- **Diminishing corruption.**

THANK YOU FOR YOUR ATTENTION!

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