



Romania

United Nations Development Programme

Newsletter

Issue #15 bis  
27 July

2005

## Business Incubators to be opened in the less favoured areas of Romania

On 27 July 2005 the project *Establishment and Development of Business Incubators in Romania*, jointly implemented by UNDP and NASMEC was officially launched at the UN House, in the presence of H.E. Soknan Han Jung (UNDP Resident Representative and UN Coordinator), H.E. Mr. Naotoshi Sugiuchi (Ambassador of Japan), Mr. Gheorghe Copos (State Minister in charge with coordination of the activities in the field of business environment), Mr. Eugen-Ovidiu Chirovici (President of NASMEC), Mr. Florin Banateanu (National Officer, Head of Socio-Economic Section), representatives of international corporations and the media.

The speakers pointed out that the Romanian small and medium-sized enterprises, which generate about 70% of the GDP income and represent more than 54% of the Romanian labor force, are now going through a boosting process after the transition years and therefore need an efficient and reliable aid to develop into feasible, competitive enterprises for the European Market. Strong and viable SMEs are best means to create new and stable jobs, to attract foreign investments and to enlarge individuals' economic opportunities. Furthermore, Mr. Ovidiu Chirovici, the President of the National Agency for SMEs and Cooperatives reiterated the importance of such projects, as they can "breed" original and competitive business ideas which will build up a modern entrepreneurial climate.

In addition, H.E. Soknan Han Jung declared that these business incubators will benefit from UNDP's management practices in this field, and will be closely guided using the best performances of other European countries, where similar projects were successfully implemented. In the past, the number of incubators in Romania and their impact on SMEs was too low to fulfill their needs. Uneven geographical distribution and low survival rates due to the lack of long-term business plans or partnerships to support them after financing stopped, determined the dissolution of local business incubators.

Mr. Copos, the State Minister in charge with the SME sector, assured that the first business incubator recently launched in Brasov will not be the only one to open this year. Four more incubators are expected to be launched throughout the country, upon a preliminary survey that will determine and quantify the existing situation and the need to establish new business incubators – as for example the mining areas, faced with massive layoffs from the state mining sector. Other counties like Alba, Dolj, Covasna or Maramures are held in view, as they are presently dealing with a high unemployment rate and an extremely low entrepreneurial intensity.

The business incubators will offer to their beneficiaries throughout the entire incubation period unimburseable financial allowances, training sessions, shared office services, access to equipment, free utilities, legal advice and programmes to encourage international cooperation.

The beneficiaries will be chosen upon their feasible, innovative and long-term business plans, "as part of a very transparent selection process", Mr. Chirovici assured; these are consequently expected to develop a sustainable business and to create each at least three new jobs in maximum one year after they have entered the incubator.

In her closing statement, H.E. Mrs. Jung affirmed that business incubators are essential for straightening the development of start-ups, as they nurture young firms, helping them to survive and grow during the start-up period, when they are most vulnerable: "An incubation program's main goal is to produce successful *graduates* – businesses that are financially viable and freestanding when they leave the incubator, usually in two or three years".

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