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BETTER POLICIES FOR BETTER LIVES



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EASTERN EUROPE AND SOUTH CAUCASUS INITIATIVE

SME Policy Index: Eastern Partner Countries 2020

Overview of key findings

29 June 2021

Greening Small and Medium-sized Enterprises in the Eastern Partnership

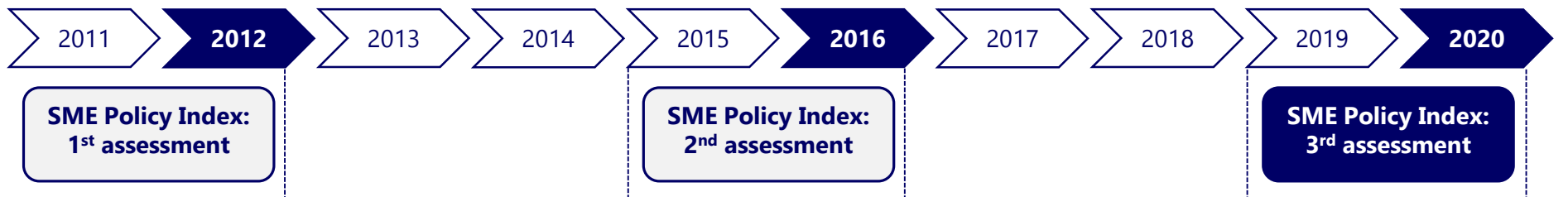
Programme

The SME Policy Index 2020

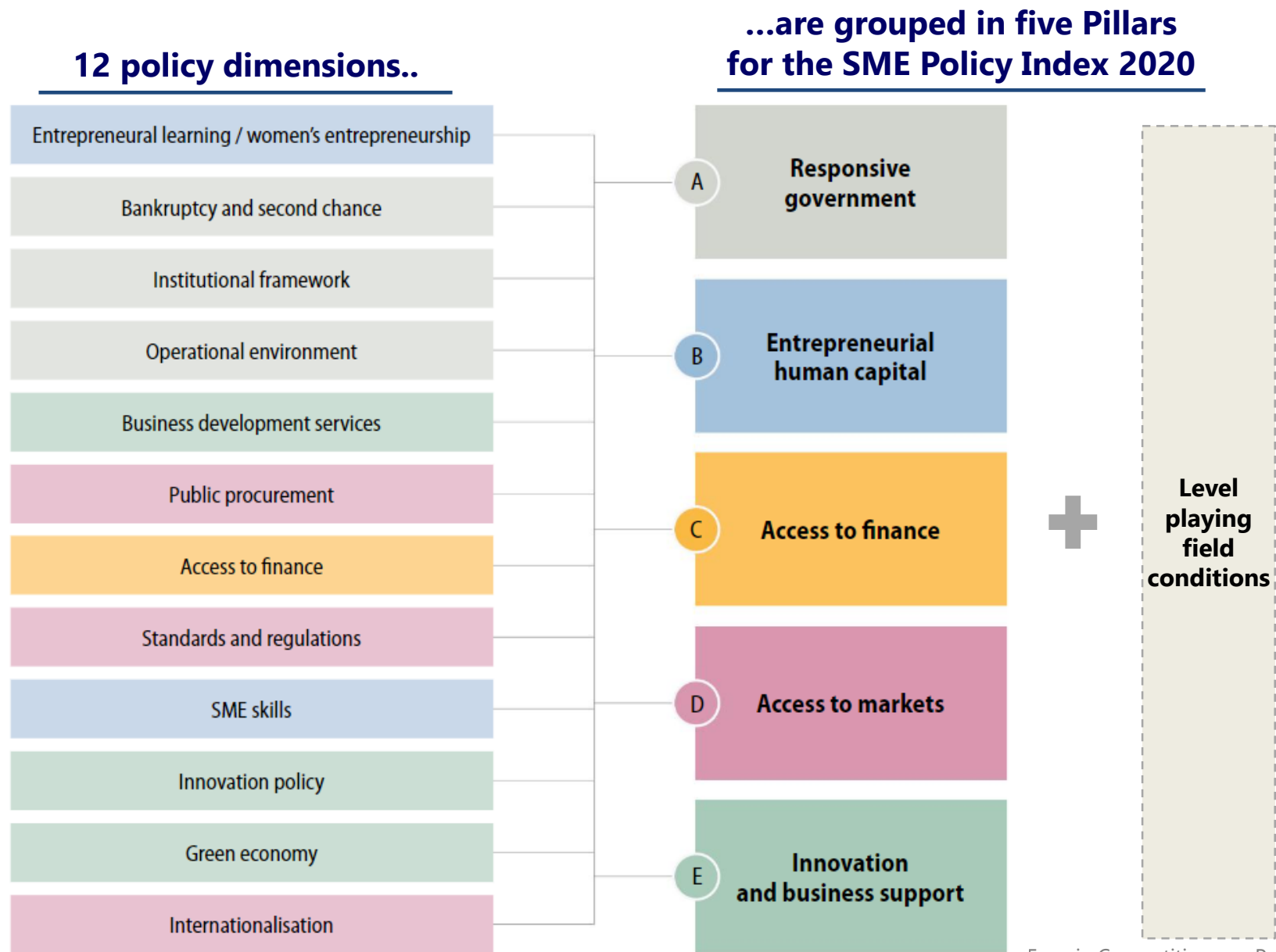
- ✓ The SME Policy Index allows for **benchmarking** on SME policy between Partner Countries and with EU Members, **improve SME policy-making** and enhance the **institutional capacity** for policy implementation
- ✓ Partner organisations (**OECD, ETF, EBRD, EU**) have developed a dedicated methodology –**the SME Policy Index**– for broader application of the SBA (SME Policy Index conducted in over 40 countries in 5 regions)



Armenia – Azerbaijan – Belarus – Georgia – Republic of Moldova – Ukraine

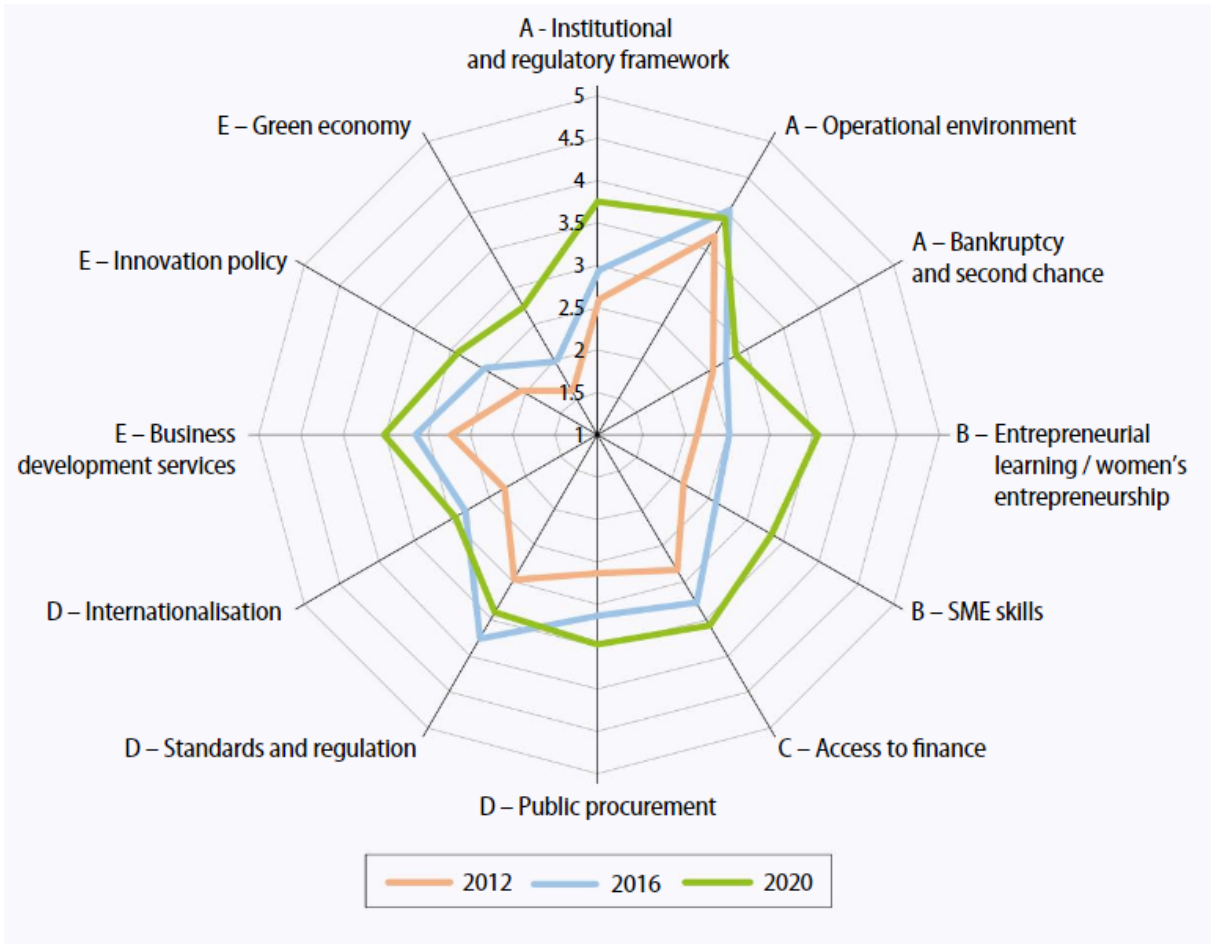


Structure of the SME Policy Index



Countries made substantial progress across all dimensions

Progress towards SME-supportive policies in EaP countries since 2012

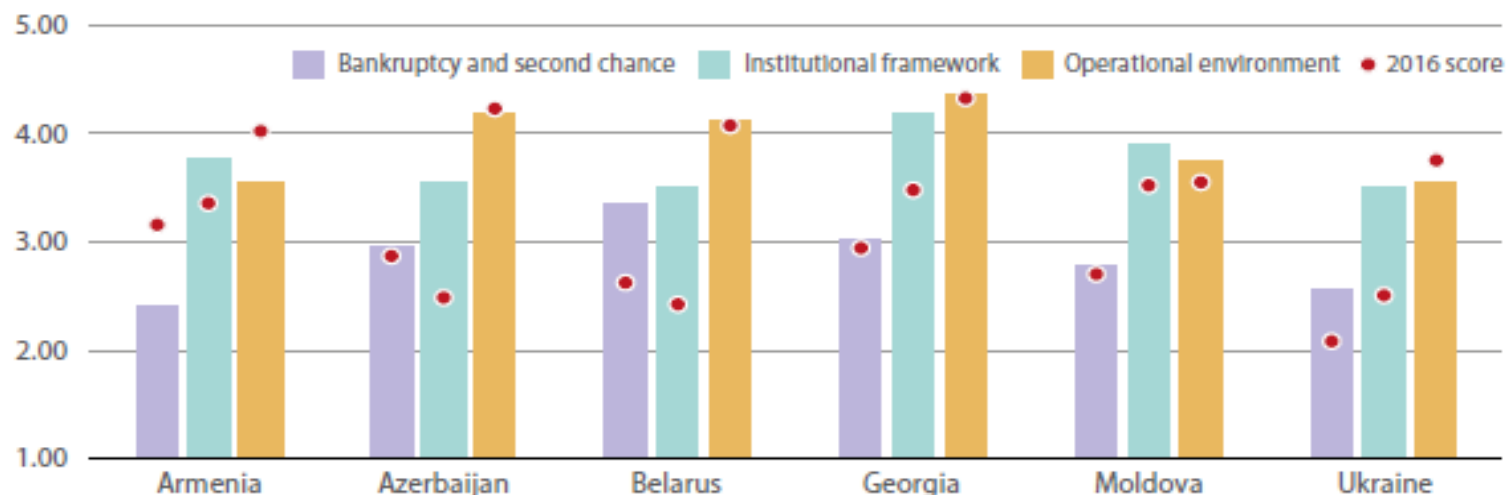


Source: 2020 SBA assessment

Main observations

- **Substantial progress** across almost all dimensions
- **Good performance** in Pillar A – Responsive Government
- **Solid improvements** in Pillar B – Entrepreneurial Human Capital
- **Access to Finance** remains a key issue
- **Long way to go** in Pillar D – Internationalisation, and Pillar E – Business Support
- **Georgia** maintains position of top performer, **Ukraine** is top reformer in comparison to 2016

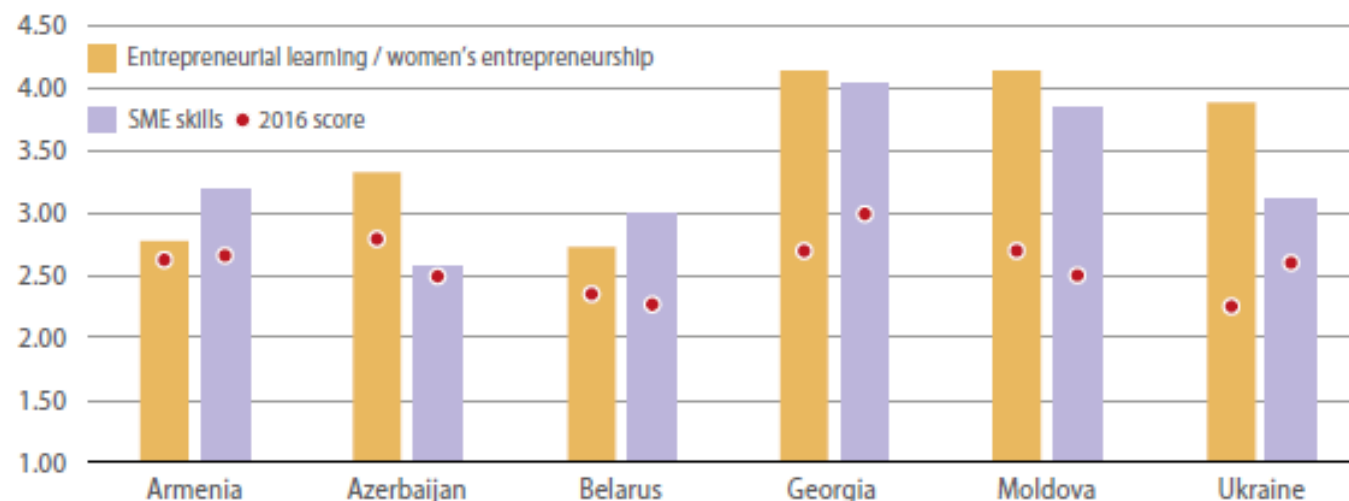
Pillar A: Responsive Government



Source: 2020 SBA assessment.

| Dimension | | Main achievements | | Way forward | |
|-----------|---|---|--|---|--|
| 1 | Institutional and regulatory framework | <ul style="list-style-type: none"> Multi-year SME development strategies SME agencies established More public-private consultations | | <ul style="list-style-type: none"> Clearly define relations between agencies and ministries Assess the impact of legal acts on SMEs Improve public-private consultations | |
| 2 | Operational environment | <ul style="list-style-type: none"> Development of online registration applications and e-government services Improvement of tax regimes | | <ul style="list-style-type: none"> Upgrade IT skills and requirements Assign registration agencies the task of managing enterprise data collection | |
| 3 | Bankruptcy and second chance | <ul style="list-style-type: none"> Tools developed to detect and prevent insolvency in BLR, GEO, MDA, UKR Promotion of culture of business rescue | | <ul style="list-style-type: none"> Implement early-warning systems Streamline judicial proceedings Adopt co-ordinated second-chance strategies | |

Pillar B: Entrepreneurial & Human Capital



Source: 2020 SBA assessment.

Dimension

1 Entrepreneurial learning

2 Women's entrepreneurship

3 SME skills

Main achievements

- Entrepreneurial learning included in national curricula or education legislation

- Wide range of support measures offered
- Progress in provision of training for women entrepreneurs

- Wide range of training for SMEs available
- Progress in policy monitoring

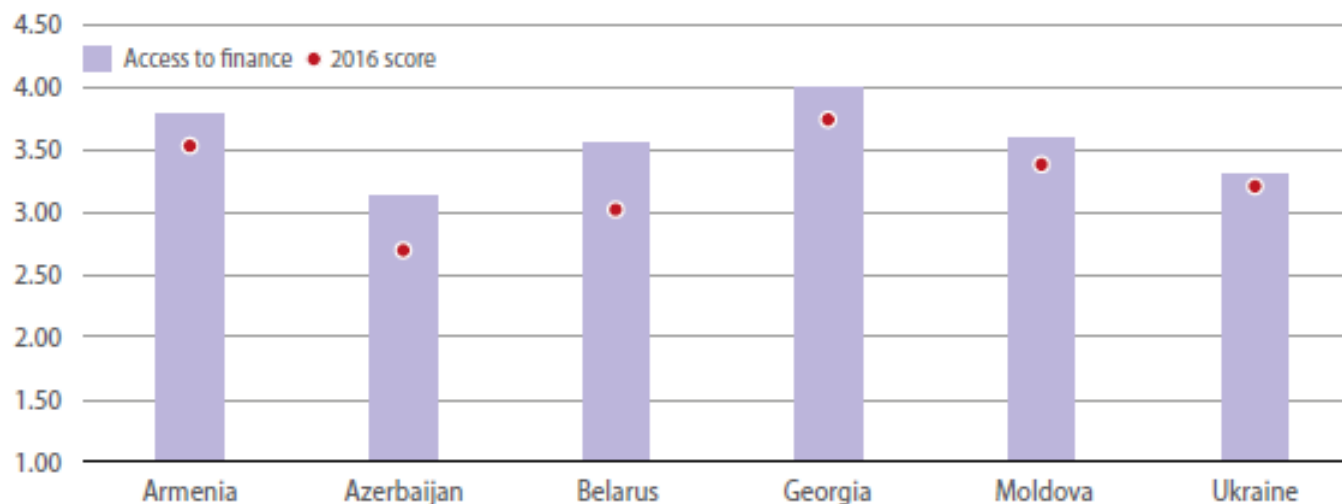
Way forward

- Foster better coordination between policies
- Develop teacher training
- Evaluate systemic developments

- Develop a comprehensive strategic vision
- Apply gender-sensitive data and analysis to inform evidence-based policy making

- Improve SME skills intelligence
- Address gap in training provision

Pillar C: Access to Finance



Source: 2020 SBA assessment.

Dimension

1 Access to finance

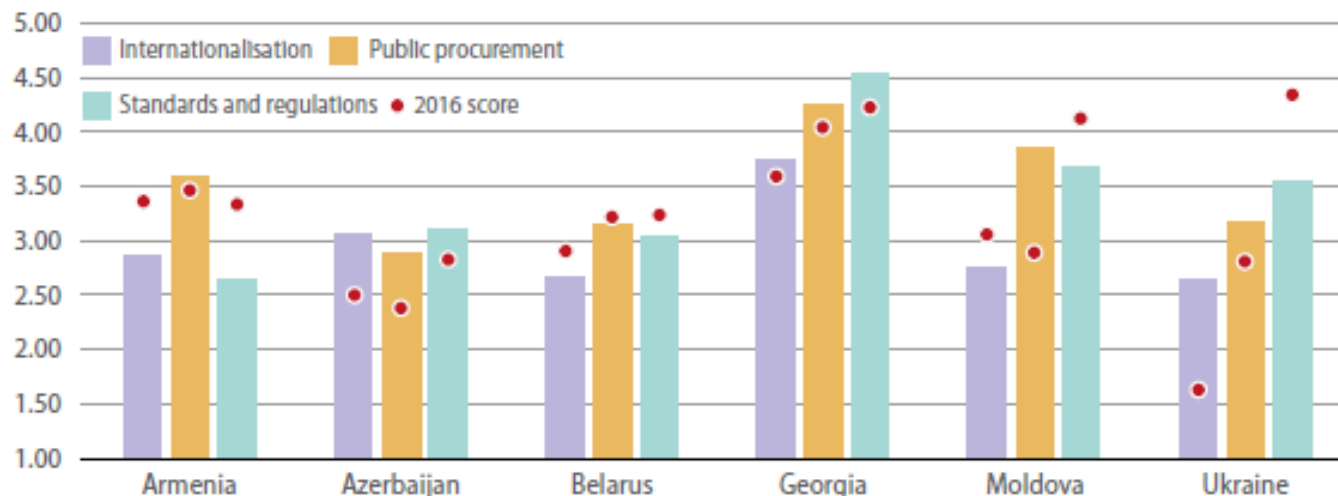
Main achievements

- More robust legal framework, banking regulations aligned with Basel III requirements
- Credit guarantee funds established
- Encouraging initiatives on financial literacy

Way forward

- Set up/reform credit guarantee schemes
- Support the development of leasing and factoring by completing and reviewing the ongoing reform of the legal framework
- Co-ordinate and formalize financial literacy efforts

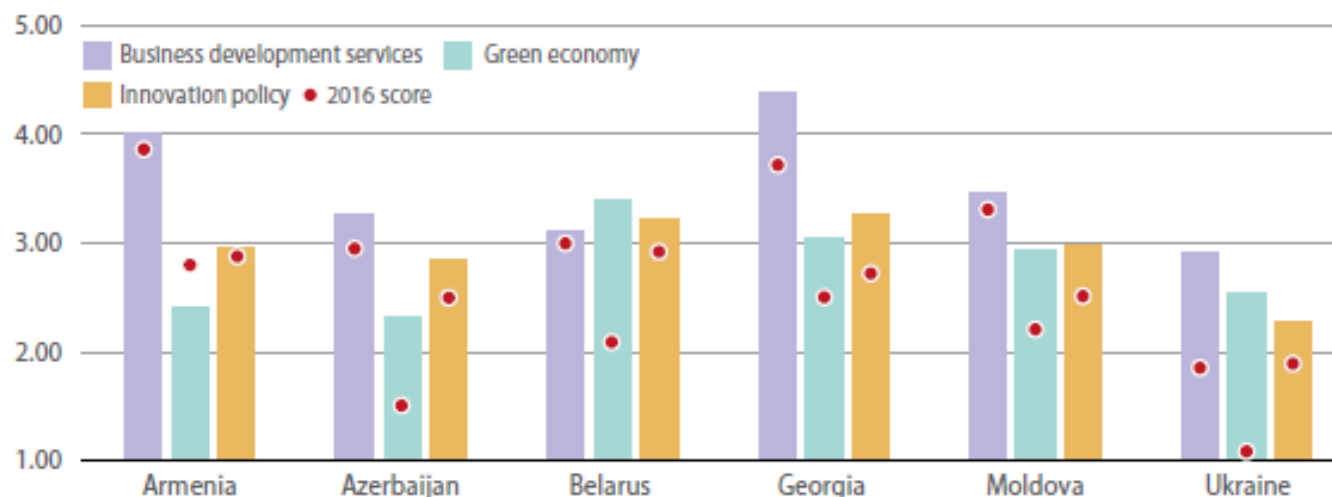
Pillar D: Access to Markets



Source: 2020 SBA assessment.

| Dimension | Main achievements | Way forward |
|-----------------------------|---|---|
| 1 Public procurement | <ul style="list-style-type: none"> Regulatory environment improved E-procurement systems considerably developed | <ul style="list-style-type: none"> Improve e-procurement Strengthen central regulatory and supervisory institutions |
| 2 Standards and regulations | <ul style="list-style-type: none"> Convergence of laws towards EU principles; Introduction of awareness-raising measures | <ul style="list-style-type: none"> Redefine institutional missions to focus on "industrial service provision" rather than "control" |
| 3 SME internationalisation | <ul style="list-style-type: none"> Export promotion agencies established Basic legal framework for e-payments and consumer protection in e-commerce | <ul style="list-style-type: none"> Strengthen the capacities of agencies and introduce trade finance tools. Continue reducing regulatory and administrative barriers to trade |

Pillar E: Innovation and Business Support



Source: 2020 SBA assessment.

Dimension

Main achievements

Way forward

1 Business development services

- BDS provision included into relevant strategic frameworks

- Develop further tools (e.g. single information portals, co-ordination mechanisms)

2 Green economy

- Green policies developed
- Environmental legislation being updated

- Link green policies to concrete action plans
- Develop green loan programs for SMEs

3 Innovation support

- Government support services expanding (techno-parks, innovation centres)
- Financial support instruments available (grants, fiscal incentives)

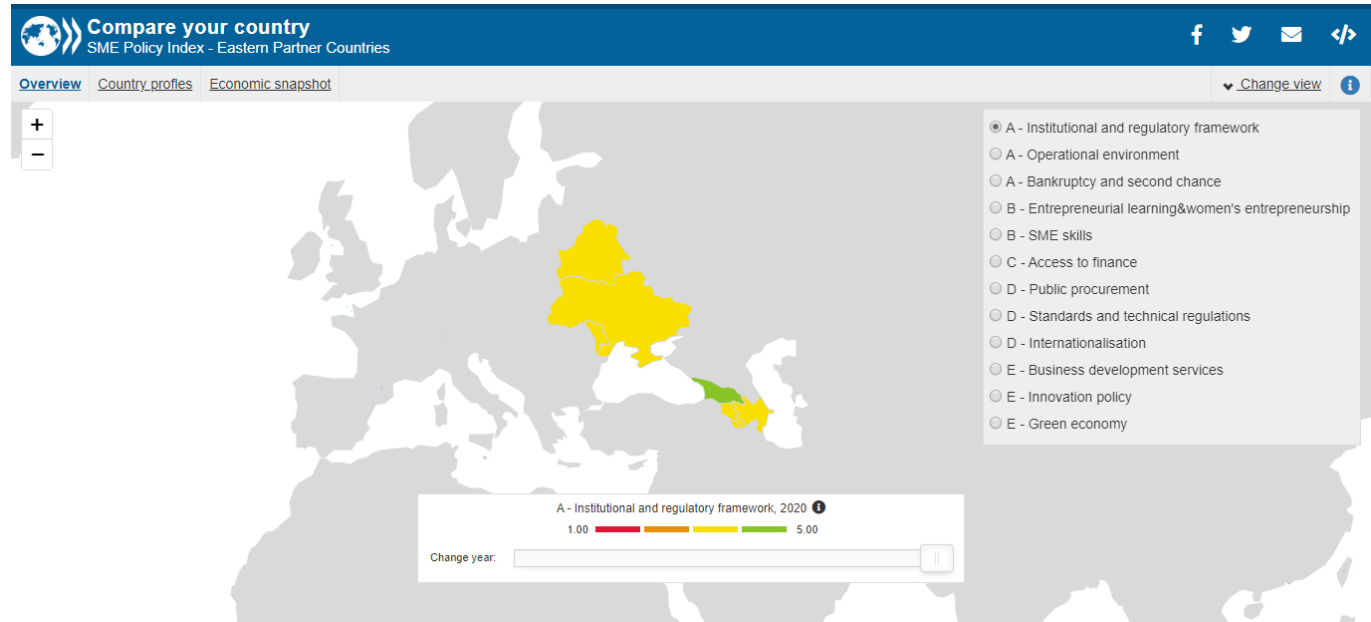
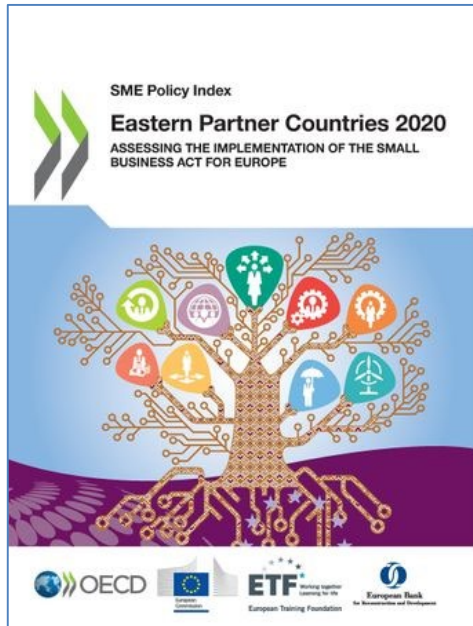
- Monitor the impact of financial and non-financial instruments
- Better design financial instruments to support innovation activities

Way forward

1. Ensure speedy vaccine roll-out and maintain targeted support introduced in response to Covid-19 for sectors hit hardest by the pandemic
2. Improve bankruptcy and debt restructuring procedures
3. Link SME support to structural reform priorities, such as green growth
4. Prioritise support for SME digitalisation to increase productivity and reduce digital divides
5. Continue to improve general framework conditions for entrepreneurship and investment to create a level-playing field

New round of the Small Business Act for Europe Assessment in 2022-2023 under the EU4Business initiative

Report available online: oe.cd/smepiEaP



<https://www1.compareyourcountry.org/sme-policy-index-eastern-partner-countries>

TRANSLATED COUNTRY PROFILES

| | |
|------------|--|
| Armenia | Հայաստան. Երկրի քննարկումը՝ ըստ Փոքր բիզնեսի ակտի |
| Azerbaijan | Azərbaycan: Kiçik Biznes Aktı üzrə ölkə profili |
| Belarus | Беларусь: характеристика страны в свете Акта о малом бизнесе |
| Georgia | საქართველო: მცირე ბიზნესის აქტის ქვეყნის პროფილი |
| Moldova | Republica Moldova: profilul țării după Actul întreprinderilor mici |
| Ukraine | Україна: Акт про малий бізнес, країний профіль |



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