



SME Policy Index

Eastern Partner Countries 2020

ASSESSING THE IMPLEMENTATION OF
THE SMALL BUSINESS ACT FOR EUROPE



EU4Business

Pocketbook



Thanks to their capacity to innovate and adapt to fast-changing market conditions, SMEs can facilitate the shift towards modern, more diversified and demand-driven economies, acting as engines of higher-quality job creation and sustainable growth.



CONTENTS

INTRODUCTION

The OECD and EU4Business in the Eastern Partnership	3
The role of SMEs in the Eastern Partner Countries	5
The Small Business Act For Europe and the SME Policy Index	8

PILLARS

Level playing field conditions	14
A Responsive government	18
B Entrepreneurial human capital	24
C Access to finance	28
D Access to markets	32
E Innovation and business support	38

2 - SME POLICY INDEX : EASTERN PARTNER COUNTRIES 2020



THE OECD AND EU4BUSINESS IN THE EASTERN PARTNERSHIP

The **OECD Eastern Europe and South Caucasus Initiative** (EESCI) helps countries in the region improve their business environments and strengthen their competitiveness. The EESCI is an integral part of the OECD Eurasia Competitiveness Programme.

THE EU EASTERN PARTNERSHIP

In May 2009, Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine, together with the European Union launched a strategic and ambitious partnership – the **EU Eastern Partnership** (EaP). In an effort to build a more prosperous and resilient region, this endeavour is based on shared values, mutual interests and commitments, bringing EaP countries closer to the European Union through economic integration and by developing stronger ties among partner countries themselves, to deliver tangible results for their citizens.



THE EU4BUSINESS INITIATIVE

The European Union's **EU4Business initiative** covers all EU activities supporting small and medium enterprises (SMEs) in the Eastern Partner countries.

EU4Business supports SME growth by providing:

- access to finance,
- access to markets, and
- access to knowledge.

It includes 43 projects in the region, implemented both on regional and bilateral levels. The overall active portfolio amounts to almost **€320 million in EU support**, and has triggered more than **€1.96 billion in loans** granted by the partner banks to SMEs in the region.





THE ROLE OF SMEs IN THE EASTERN PARTNER COUNTRIES

Private sector development plays an essential role in achieving the objectives of the EaP. In the past decade, significant efforts have been made to develop stronger, more diversified and dynamic economies across the region. SMEs have been instrumental in driving this agenda forward. In fact, thanks to their capacity to innovate and adapt to fast-changing market conditions, SMEs can facilitate the shift towards modern, more diversified and demand-driven economies, acting as engines of higher-quality job creation and sustainable growth.

However, their potential in the EaP region remains untapped. Indeed, SMEs in the EaP region show low levels of labour productivity in comparison to EU levels. This reflects their concentration in low-value-added sectors of the economy – the wholesale and retail trade sector, generally followed by the manufacturing sector – but also their limited integration into global value chains.



SME sector statistics (2018 or latest year available)

	ARM		AZE		BLR		GEO		
	Number	Share	Number	Share	Number	Share	Number	Share	
Number of enterprises									
Micro	64,344	93.7%	–	–	338,749	95.6%	–	–	
Small	3,686	5.4%	–	–	11,528	3.3%	122,858	98.3%	
Medium	624	0.9%	–	–	2,237	0.6%	1,756	1.4%	
Large	126	0.2%	–	–	1,742	0.5%	368	0.3%	
SMEs	68,654	99.8%	–	–	352,514	99.5%	124,614	99.7%	
Employment									
Micro	82,585	26.5%	35,014	5.3%	543,189	19.8%	–	–	
Small	69,328	22.2%	76,052	11.5%	393,810	14.4%	276,969	40.8%	
Medium	61,050	19.6%	172,366	26.1%	341,012	12.5%	159,299	23.4%	
Large	99,042	31.7%	377,249	57.1%	1,460,701	53.3%	243,185	35.8%	
SMEs	212,963	66.3%	283,432	42.9%	1,278,011	46.7%	436,268	64.2%	
Value added (in current USD, million)									
Micro	–	–	10,045	6.1%	18,392	10.4%	–	–	
Small	4,855	40.4%	2,779	1.7%	18,215	10.3%	7,189	34.5%	
Medium	2,353	19.6%	9,292	5.6%	14,324	8.1%	5,398	25.9%	
Large	4,812	40.0%	142,921	86.6%	n/a	n/a	8,228	39.5%	
SMEs	7,208	60.0%	22,116	13.4%	50,931	28.8%	12,587	60.5%	

MDA		UKR		EAP REGION		
Number	Share	Number	Share	Number	Share	
Number of enterprises						
48,032	85.1%	1,520,293	95.5%	Micro	492,855	92.4%
6,374	11.3%	59,642	3.7%	Small	40,818	24.4%
1,299	2.3%	9,918	0.6%	Medium	3,167	1.2%
757	1.3%	2,417	0.2%	Large	1,082	0.5%
55,705	98.7%	1,589,853	99.8%	SMEs	438,268	99.5%
Employment						
99,311	18.8%	2,534	34.6%	Micro	152,527	21.0%
117,030	22.2%	1,076	14.7%	Small	155,711	21.0%
99,311	18.8%	989	13.5%	Medium	139,005	19.0%
212,281	40.2%	2,716	37.1%	Large	399,196	42.6%
315,652	59.8%	7,315	62.9%	SMEs	422,274	57.4%
Value added (in current USD, million)						
1,636	19.6%	41,990	17.3%	Micro	18,016	13.3%
2,051	24.6%	34,083	14.0%	Small	11,529	20.9%
2,219	26.6%	43,498	17.9%	Medium	12,847	17.3%
2,445	29.3%	123,469	50.8%	Large	56,375	49.2%
5,906	70.7%	119,571	49.2%	SMEs	36,387	47.1%

Notes:

ARM: Micro enterprises are included in the small enterprises category for data on value added;

BLR: Individual entrepreneurs are included in the micro enterprises category;

GEO: Data on the number of enterprises refer to 2017, data for employment and value added refer to 2018;

MDA: Data for the number of enterprises and employment refer to 2018, data on value added refer to 2017;

Data on employment refer to number of employees for all the countries except for Ukraine, where data refer to number of employed persons.

Source: National statistical offices, World Bank World Development Indicators (PPP conversion factors).

THE SMALL BUSINESS ACT FOR EUROPE AND THE SME POLICY INDEX

The **SME Policy Index** is a benchmarking tool for assessing and monitoring progress in the design and implementation of policies for SMEs against European Union (EU) and international best practice. It is structured around the ten principles of the EU's **Small Business Act for Europe (SBA)**, an overarching framework for EU policy on SMEs that aims to create a conducive environment for entrepreneurship and to remove barriers to SME development.

Developed by the OECD, the EU, the European Bank for Reconstruction and Development and the European Training Foundation, the Index provides a comprehensive overview of the current business environment for SMEs as well as recommendations to tackle the remaining challenges.

This report marks the third edition in this series, following assessments in 2012 and 2016.

METHODOLOGY AND ASSESSMENT PROCESS

Scope

The SME Policy Index links the 10 SBA principles to **12 measurable dimensions**, which are further broken down into sub-dimensions and thematic blocks, each of which captures a number of indicators.

The results have been structured around **five thematic pillars** and a cross-cutting **level playing field pillar**.

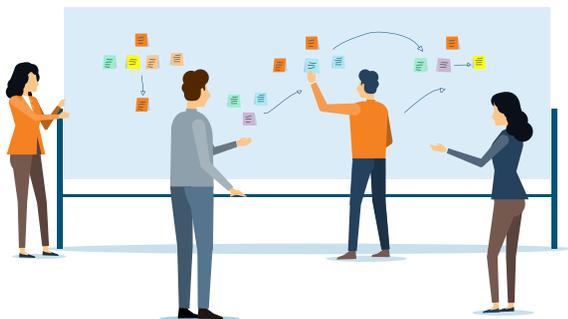
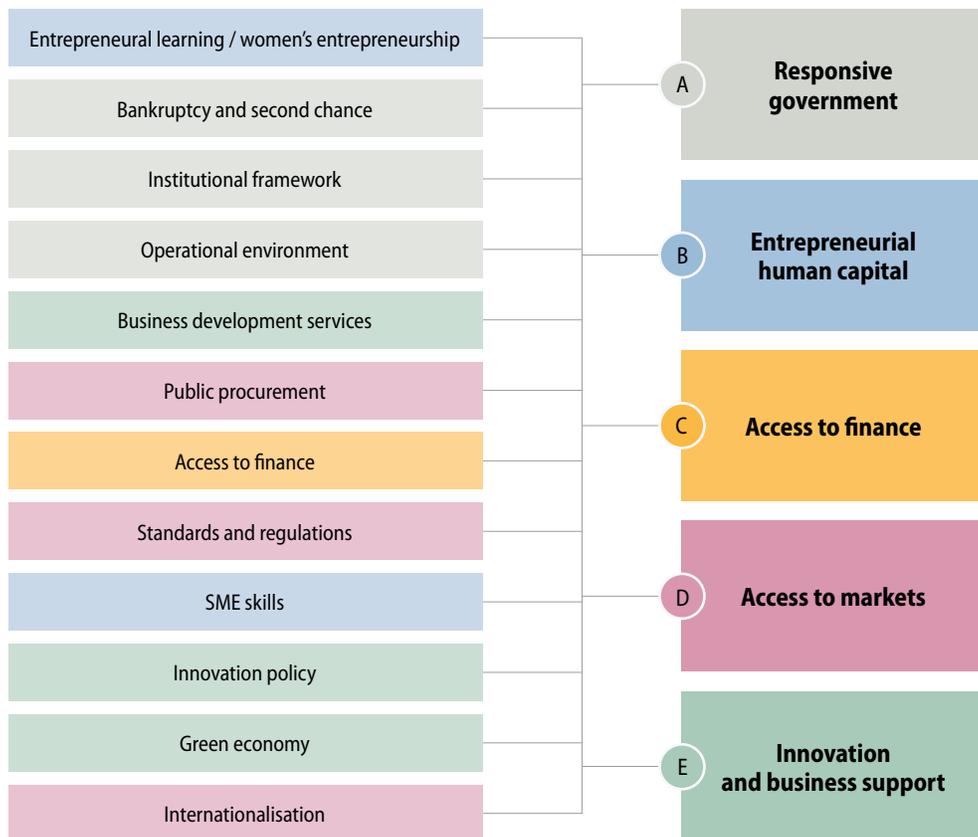


Figure 1. **Structure of the SME Policy Index 2020**

Twelve dimensions grouped in five pillars



Scoring and assessment process

Each dimension is graded on a scale from 1 to 5, 1 being the lowest score and 5 the highest. Data collection is based on two parallel assessments, one self-assessment conducted by each of the six governments, and an independent assessment carried out by the OECD and its partners.

The final scores are the result of the consolidation of these two assessments, enhanced by further desk research by the OECD, ETF and EBRD, as well as consultations with government and private sector representatives in the EaP countries.

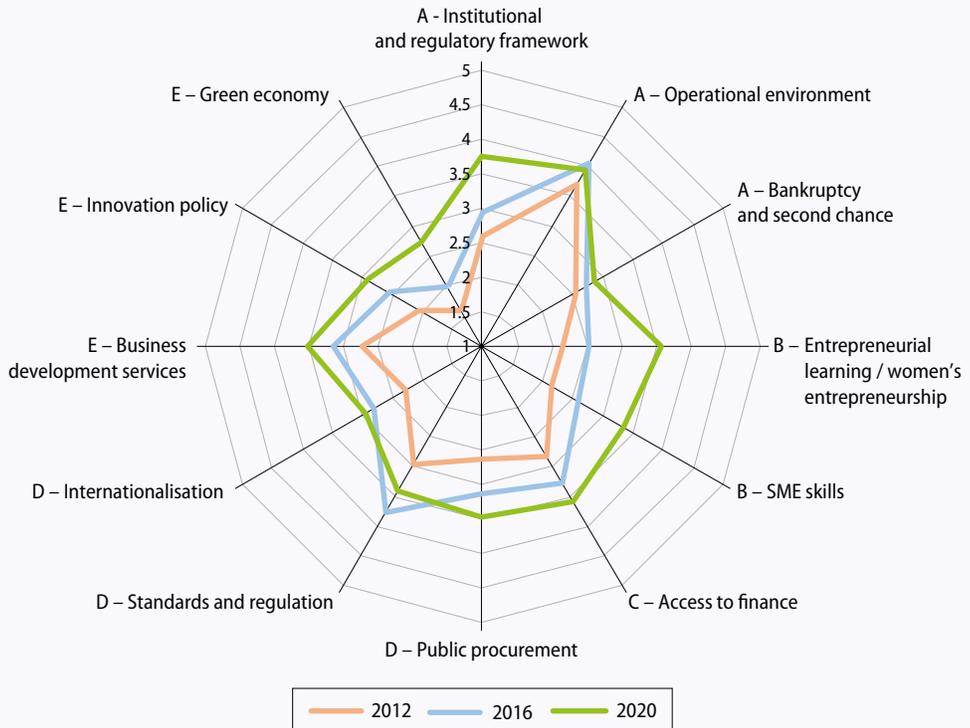


OVERVIEW

Results show that most EaP countries have made significant progress since 2012 and 2016. Improvements are particularly noteworthy in the entrepreneurial human capital (entrepreneurial learning, women’s entrepreneurship and SME skills) as well as innovation and business support pillars.

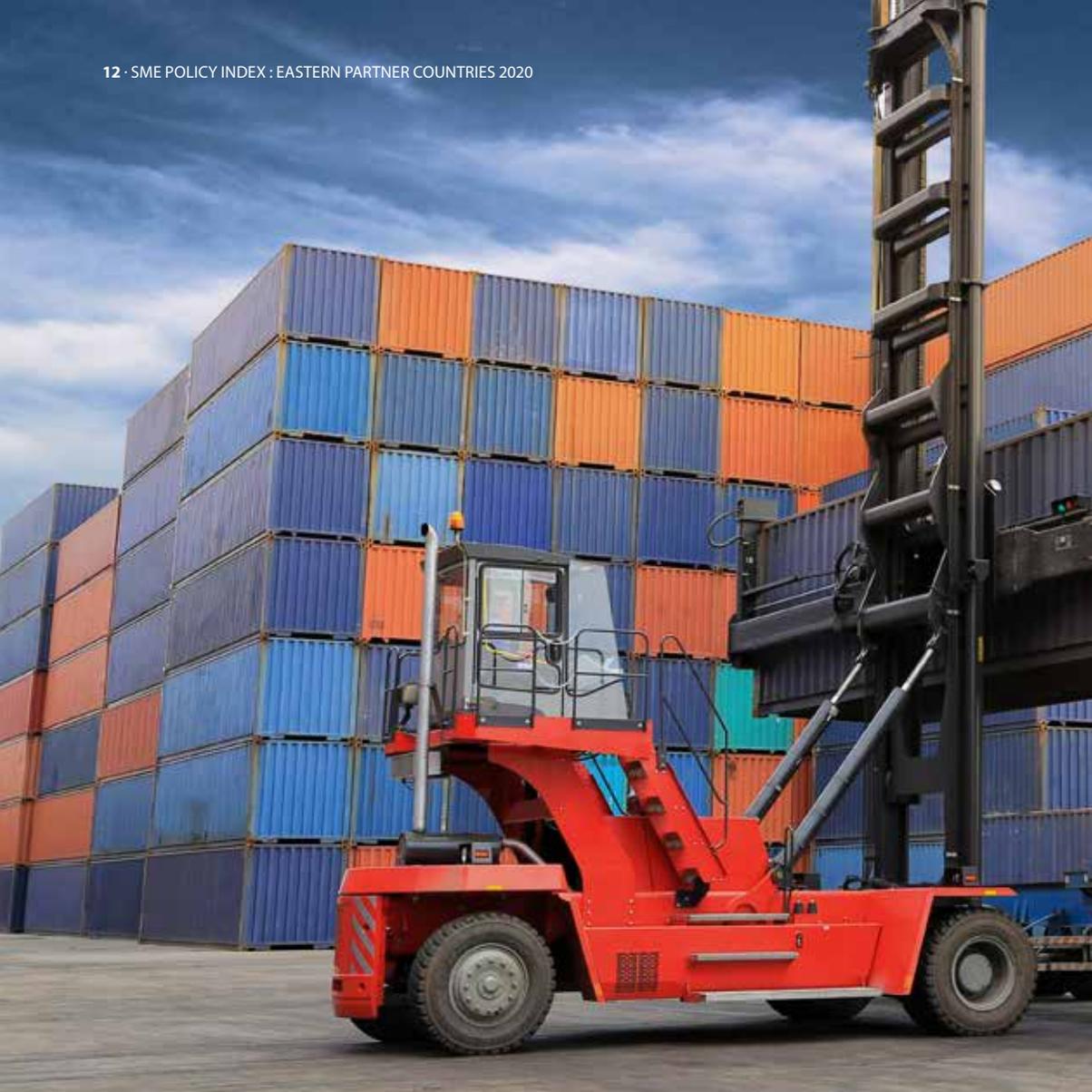


Figure 2. Progress towards SME-supportive policies in EaP countries since 2012



Note: Overall dimension scores are calculated based on five levels of policy reform, with 1 being the weakest and 5 being the strongest. Methodological changes have been introduced to the 2020 assessment and should be taken into account when observing trends in SME Policy Index scores.

Source: 2020 SBA assessment.



PILLARS

Level playing field conditions

Responsive government

Entrepreneurial human capital

Access to finance

Access to markets

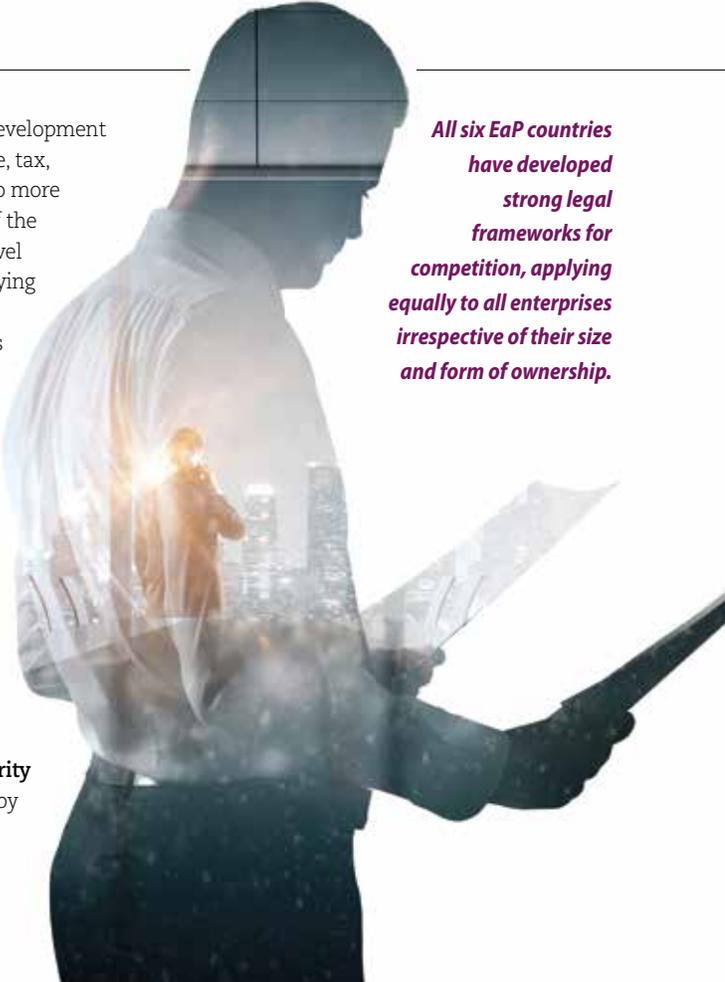
Innovation and business support



LEVEL PLAYING FIELD CONDITIONS

Dynamic business entry, growth and development require not only friendly administrative, tax, investment, and trade regimes, but also more fundamental and horizontal aspects of the business environment that ensure a level playing field for all firms. The Level Playing Field pillar, which is not scored in this assessment, analyses three key aspects of the business environment which are of particular importance to SMEs:

- the extent to which the **competition** authority is fulfilling its mandate to ensure fair competition for all companies,
- the efficiency of the **contract enforcement** system and alternative dispute resolution mechanisms, and
- the degree to which **business integrity** policies are in place and promoted by the government in order to prevent corruption in the private sector.

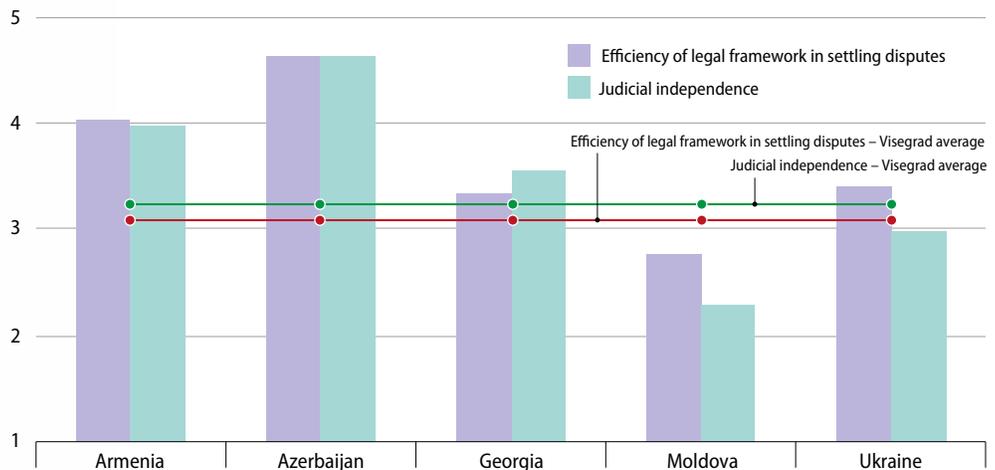


All six EaP countries have developed strong legal frameworks for competition, applying equally to all enterprises irrespective of their size and form of ownership.

Regional performance and key statistics

Countries have made progress in recent years: in terms of competition, the basic building blocks for functional competition regimes are present in all EaP countries, and they are carrying reforms to improve contract enforcement procedures. Yet more can be done to ensure effective implementation and results, for the overall performance remains quite low.

Figure 3. **EaP countries in the WEF Global Competitiveness Index, selected indicators**



Note: Scale from 1 (lowest) to 7 (highest). Data for Belarus not available.

Source: World Economic Forum, *Global Competitiveness Index 2019 database*.

ACHIEVEMENTS

Competition

- All six EaP countries have developed strong legal frameworks for competition, applying equally to all enterprises irrespective of their size and form of ownership. Yet the competition authorities' budgets and average salaries remain low – often just a third to a fifth of the average salaries of sector regulators or of central bank staff.
-

Contract enforcement and alternative dispute resolution

- Five of the six EaP countries are implementing justice sector reforms and have improved their performance in enforcing contracts. Moreover, mediation has been introduced in five EaP countries as the most affordable alternative dispute resolution (ADR) mechanism for SMEs.
-

Business integrity

- All EaP countries have put in place various means of reporting corruption and have integrated the protection of whistle-blower rights into their respective legislations. Criminal liability of legal persons for corruption has also been introduced in four EaP countries' legislation, and the other two are currently processing such legislation.





RECOMMENDATIONS

Competition

- Boost competition enforcement efforts, in particular in the areas of cartels and merger control. Competition authorities need to ensure that all mergers that meet the legal thresholds are duly notified. They also need to have the necessary investigation and sanctioning tools, as well as highly qualified enforcers who act in an institutional environment that assures their independence from the interventions of public or private stakeholders.
-

Contract enforcement and alternative dispute resolution

- Accelerate court automation to ensure efficient and quality contract enforcement; provide for stronger enforcement of court decisions, in particular when it comes to execution of decisions against public authorities and state-owned enterprises; and keep raising SME awareness of the practice and benefits of ADR.
-

Business integrity

- Make studies of business integrity risks an inherent element of anti-corruption policy and ensure enforcement of the criminal liability of legal persons for corruption.

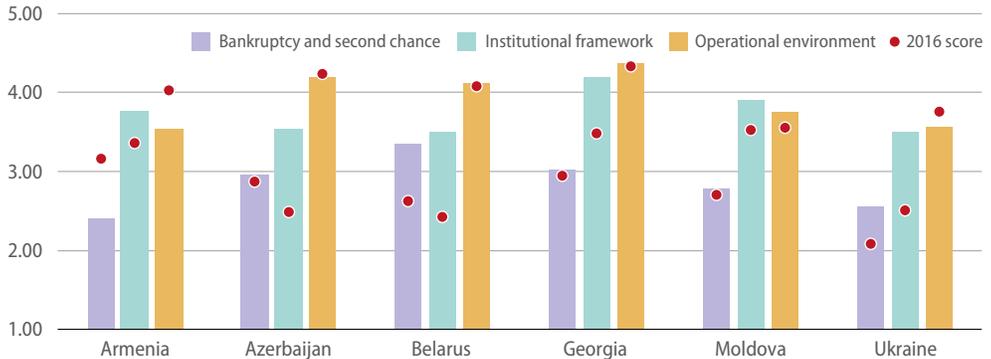
Pillar A – RESPONSIVE GOVERNMENT

An effective institutional and regulatory environment providing clear and universal rules is essential to promote risk-taking, encourage investment, and reduce both informality and corruption, and thus to support SMEs.

Pillar A assesses governments' responsiveness to SME needs, focusing on the **institutional and regulatory framework** for SME policy making, the **operational environment**, and **bankruptcy and second-chance** procedures.



Nearly all EaP countries have now established SME development agencies.

Figure 4. **EaP countries performance on Pillar A dimensions**

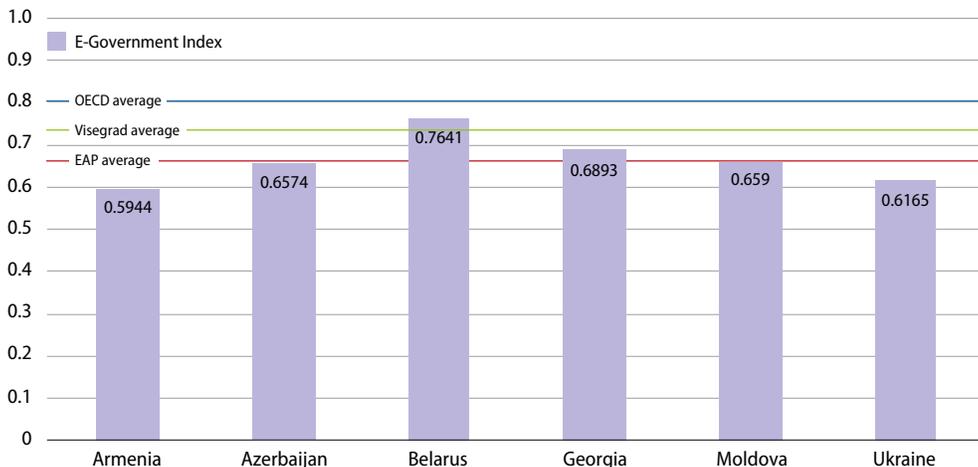
Source: 2020 SBA assessment.

Regional performance and key statistics

Since 2016, all EaP countries have made progress in the institutional and regulatory framework dimension. The performance in the operational environment dimension was already high in 2016, and countries have continued to make improvements with respect to licenses and permits, and in e-government services.

Insolvency frameworks remain one of the weakest areas of the business environment. EaP countries show only modest progress in this area.

Figure 5. UN E-Government Development Index, 2018

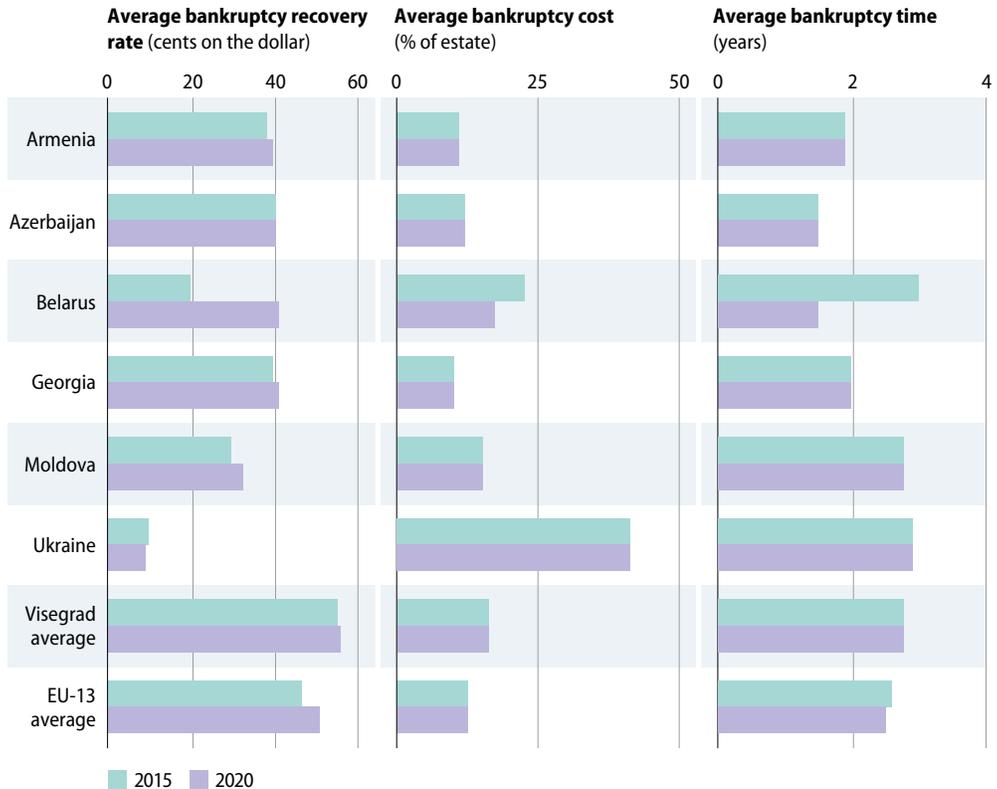


Note: The assessment covered 193 countries. Index value ranges from 0 (minimum) to 1 (maximum).

Source: UN E-Government Knowledge Base, <https://publicadministration.un.org/egovkb/en-us/Reports/UN-E-Government-Survey-2018>.



Figure 6. Performance of insolvency frameworks in EaP and OECD



Note: EU-13 Member States – Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

Source: World Bank (2019), Doing Business 2020.

ACHIEVEMENTS

Institutional and regulatory framework

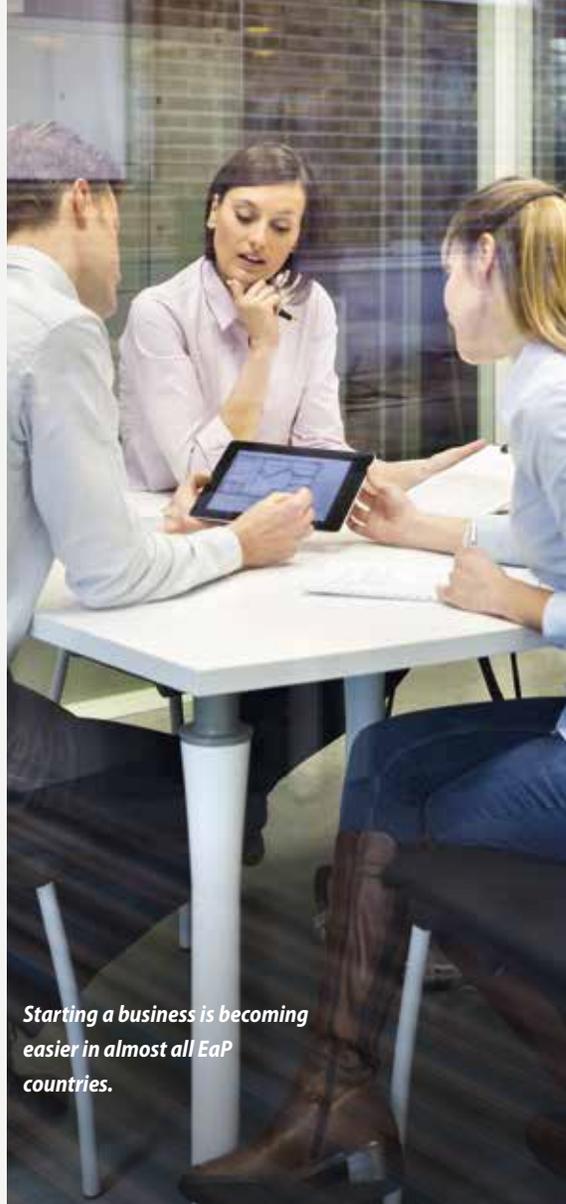
- The EaP countries have made significant efforts to organise SME policy interventions around multi-year SME development strategies. Nearly all EaP countries have now established SME development agencies and are developing more systematic and institutionalised public-private consultation processes.
-

Operational environment

- Starting a business is becoming easier in almost all EaP countries, thanks to the development of online registration applications and to the reduction of the number of procedures and time required to complete the notification procedures. In addition, several countries are improving their tax regimes for SMEs.
-

Bankruptcy and second chance

- Belarus, Georgia, Moldova and Ukraine have developed tools to detect and prevent insolvency at the early stages of financial distress or to promote a culture of sound business management and business rescue.



Starting a business is becoming easier in almost all EaP countries.

RECOMMENDATIONS

Institutional and regulatory framework

- Clearly define the relations between implementation agencies and the supervisory ministries.
 - Assess the impact of new legal and regulatory acts on SMEs.
 - Further improve public-private consultations.
-

Operational environment

- Upgrade IT skills and requirements to allow small enterprises and entrepreneurs to benefit from the introduction of e-government services.
 - Assign registration agencies the task of managing enterprise data collection and management systems.
 - Assess the impact of simplified tax regimes to ensure that tax exemptions do not discourage SME growth.
-

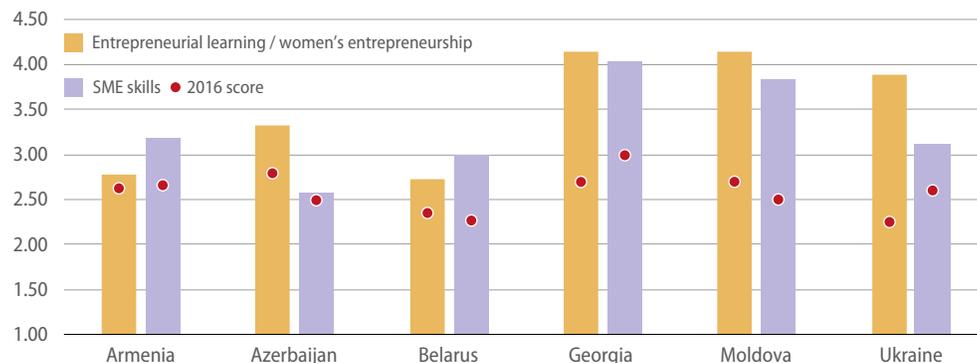
Bankruptcy and second chance

- Increase support at an early stage to financially distressed entrepreneurs and implement early-warning systems to detect insolvency.
- Streamline judicial proceedings by introducing simplified in-court proceedings specifically targeting SMEs or by providing alternatives.
- Adopt co-ordinated and proactive second-chance strategies (facilitated access to finance after bankruptcy, guidelines/training for re-starters).

Pillar B – ENTREPRENEURIAL HUMAN CAPITAL

Entrepreneurial human capital is a policy area of an increasing attention of EU and EaP governments aiming at economic modernisation, competitiveness and job creation. Investment in skills, knowledge and know-how is a fundamental determinant of healthy, innovative economy and a prerequisite of future employment opportunities. Pillar B therefore focuses on areas critical for human capital development: entrepreneurial learning, women's entrepreneurship and skills for SMEs.

Figure 7. **EaP countries performance on Pillar B dimensions**



Source: 2020 SBA assessment.

Regional performance and key statistics

Results show significant improvements in the development of entrepreneurial learning, women entrepreneurship and SME skills.

In all EaP countries, a wide range of training for SMEs is available.



Although their job creation potential is important, the majority of SMEs in EaP economies operate in low-value-added activities, with retail, trade and agriculture being the most common. Education and training are therefore crucial to enable entrepreneurs to develop high value-added projects.

Economically active women in the EaP region tend to be highly educated, but this does not always translate into success on the labour market, where women still face important barriers as employees and entrepreneurs. Women are more likely to work in agriculture and as family workers, pointing to more precarious working conditions.

Finally, good efforts have been made in the region in promoting entrepreneurship as a key competence which will be important in the wider drive for a more employable and competitive workforce.

ACHIEVEMENTS

Entrepreneurial learning

- Entrepreneurial learning is increasingly supported by the countries' policies: it is now included in the national curricula or education legislation. Following the development of the EU EntreComp framework, Armenia, Georgia, Moldova and Ukraine have adapted their curricula frameworks to include the entrepreneurship key competence.
-

Women's entrepreneurship

- All EaP countries now have a wide range of women's entrepreneurship support measures. Significant progress has been identified in the provision of training and support to women entrepreneurs and plenty of excellent practices have been found.
-

Skills for SMEs

- In all EaP countries, a wide range of training for SMEs is available, targeting different groups of enterprises (e.g. family-owned, training on digital skills, etc).
- There is also a noticeable progress in policy monitoring which has become a regular feature of SME policy implementation across the region.



RECOMMENDATIONS

Entrepreneurial learning

- Foster better coordination between education, economic and employment policies.
 - Further develop teacher training.
 - Make practical entrepreneurial experience compulsory.
 - Engage higher education in entrepreneurship policy development.
 - Support monitoring and evaluation of systemic developments.
-

Women's entrepreneurship

- Develop a comprehensive, strategic vision to support women's entrepreneurship.
 - Apply gender-sensitive data and analysis to inform evidence-based policy making.
 - Development of key competences should be seen through gender-sensitive lenses.
 - Gender-specific support measures should be relevant to the country's context.
-

Skills for SMEs

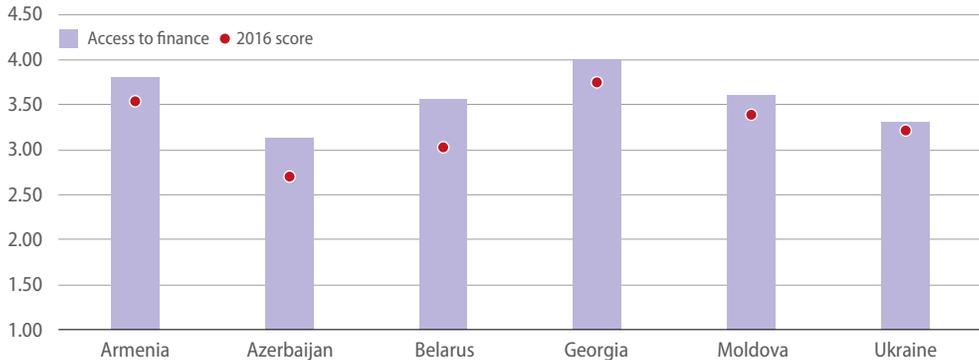
- Improve SME skills intelligence.
- Address the gap in training provision.
- Training should be an integral feature of all smart development strategies.

Pillar C – ACCESS TO FINANCE

Access to finance is critical to companies' survival and growth. Due to their smaller size, SMEs often face barriers in accessing external financing. Pillar C assesses government's efforts to facilitate SMEs access to financial resources.



Some encouraging initiatives are taking place regarding financial literacy promotion.

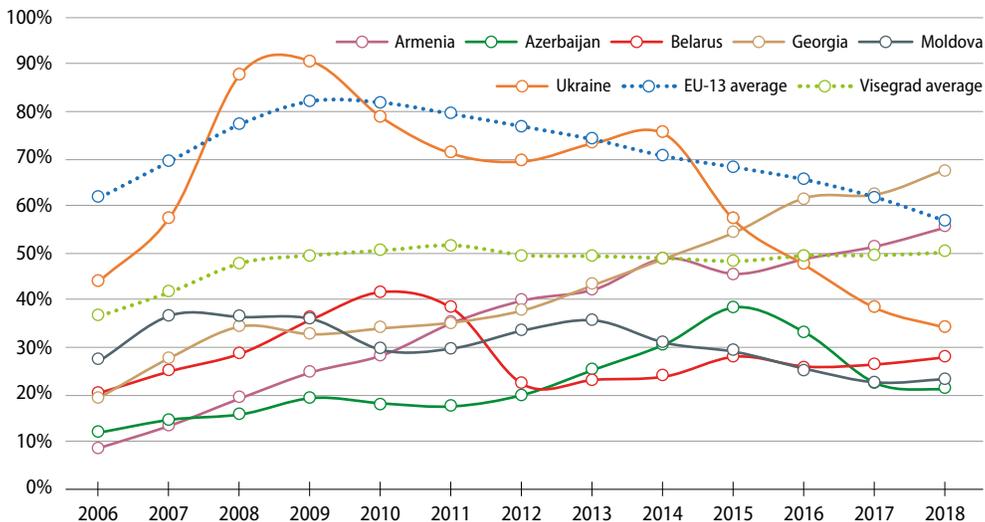
Figure 8. **EaP countries performance on Pillar C dimensions**

Source: 2020 SBA assessment.

Regional performance and key statistics

Access to finance remains a major obstacle for SMEs across the Eastern Partnership region. The situation has improved since the last assessment, but the lending environment remains difficult and financial inclusion remains low, particularly in countries that have suffered from difficulties in their banking sectors in recent years. As a result, lending levels are still subdued and have not returned to pre-crisis levels.

Figure 9. Domestic credit to private sector as percentage of GDP



Source: World Bank, (2019), *World Development Indicators*.



ACHIEVEMENTS

- Some progress in developing a robust legal framework has been achieved: Armenia, Azerbaijan and Belarus have launched modern and unified registers to facilitate the use of movable assets as collateral, and banking regulations in most countries are being aligned with Basel III requirements.
- Almost all EaP countries have made efforts to establish credit guarantee funds to support SME lending.
- Many countries (Belarus and Moldova) have undertaken or are undertaking (Azerbaijan and Georgia) reforms to their legal frameworks to support the development of both types of alternative financial instruments.
- Some encouraging initiatives are taking place regarding financial literacy promotion.

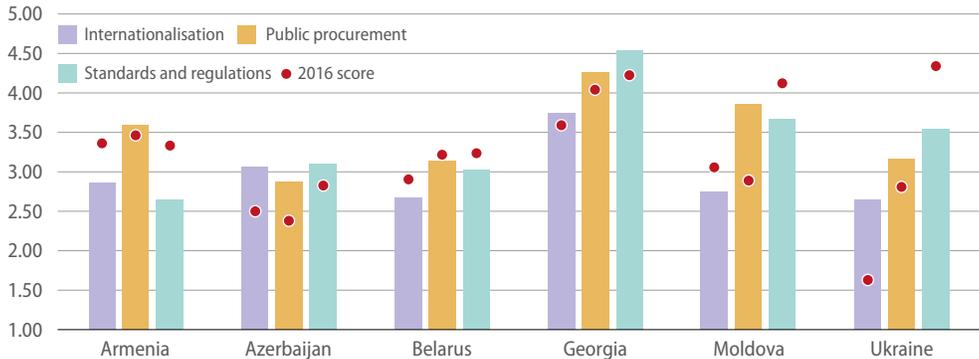
RECOMMENDATIONS

- Collect payment information from a wider range of actors.
- Set up (or reform, if the circumstances require it) credit guarantee schemes.
- Improve the availability and collection of statistics on the financial industry.
- Complete and review the ongoing reform of legislation on leasing and factoring.
- Co-ordinate and formalise financial literacy efforts.

Pillar D – ACCESS TO MARKETS

SMEs tend to face particularly high barriers and risks in entering new markets – both domestic and foreign – due to lack of information about export opportunities, internationally incompatible quality standards, and discriminatory rules, as well as complex application procedures for public tenders. Pillar D investigates reforms governments implement to facilitate SME access to markets.



Figure 10. **EaP countries performance on Pillar D dimensions**

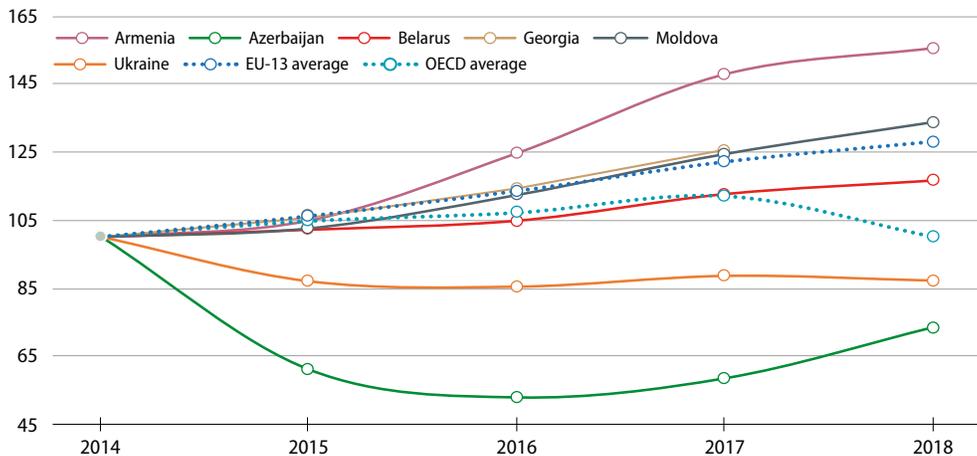
Source: 2020 SBA assessment.

Regional performance and key statistics

There have been improvements in the field of public procurement and internationalisation, thanks notably to new legislation in conformity with EU directives and to the export promotion.

Less progress has been made in the standards and regulations dimension.

Figure 11. Real value of exports from the EaP countries (Index, 2014=100)



Note: In constant 2010 USD prices; 2018 data for Georgia is not available. EU-13 Member States = Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

Source: OECD calculations based on the World Bank Development Indicators Database, accessed on February 2019.





ACHIEVEMENTS

Public procurement

- The regulatory environment is improving in most EaP countries, especially Georgia, Moldova and Ukraine, which are adapting their legislation to conform with EU directives.
 - E-procurement systems have developed considerably since 2016.
-

Standards and regulations

- All the EaP countries have adopted measures to ensure their technical regulations and standardisation laws converge towards EU principles and have applied for associate membership in the European co-operation for Accreditation (EA). In addition, all EaP countries have introduced awareness-raising measures, albeit with overall limited degrees of outreach.
-

Internationalisation

- Nearly all EaP countries have established dedicated export promotion agencies.
- Other public institutions also provide SMEs with support services to improve their internationalisation, and the EU and other donors financially support SMEs' access to foreign markets.
- Basic legal frameworks for e-payments and consumer protection in e-commerce are in place in all EaP countries.



RECOMMENDATIONS

Public procurement

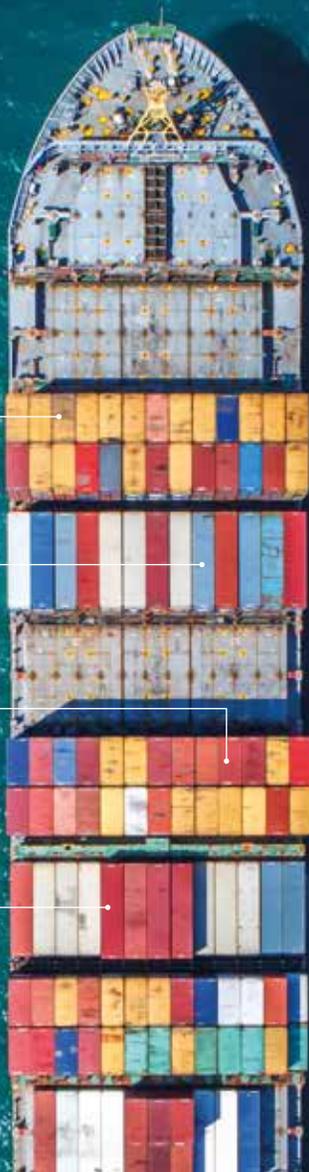
- Adopt the full range of standard regulatory measures for facilitating SME participation.
 - Strengthen central regulatory and supervisory institutions.
 - Improve e-procurement.
 - Make better use of the potential of centralised purchasing.
-

Standards and regulations

- Redefine the focus of institutional missions from “control” to “industrial service provision”.
 - Expand financial and non-financial measures to foster the use of standards and conformity assessment services.
 - Institutionalise regular feedback mechanisms as well as policy monitoring and evaluation.
-

Internationalisation

- Foster exports by strengthening the capacities of export promotion agencies and introducing or expanding trade finance tools.
- Continue reducing regulatory and administrative barriers to trade.
- Improve information and data collection on SME internationalisation, their integration into GVCs and use of e-commerce.

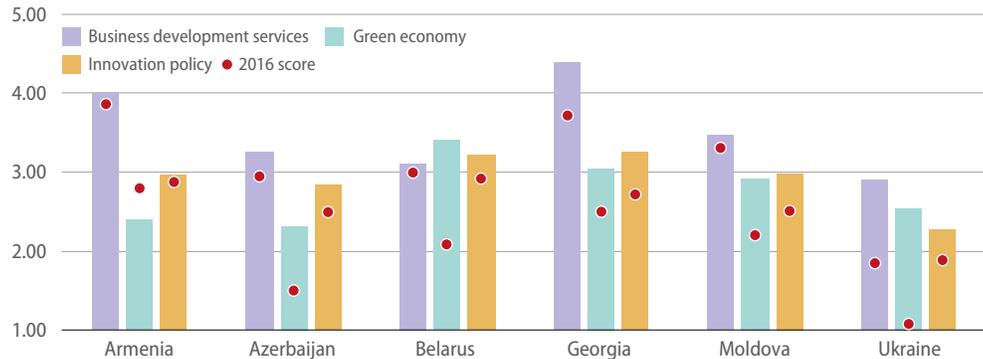


Pillar E – INNOVATION AND BUSINESS SUPPORT

SMEs are on average less productive than large companies. Pillar E investigates reforms that governments are implementing to help SMEs overcome challenges to productivity and to foster innovation.

Financial support instruments for innovative businesses are available in the form of grants and fiscal incentives.



Figure 12. **EaP countries performance on Pillar E dimensions**

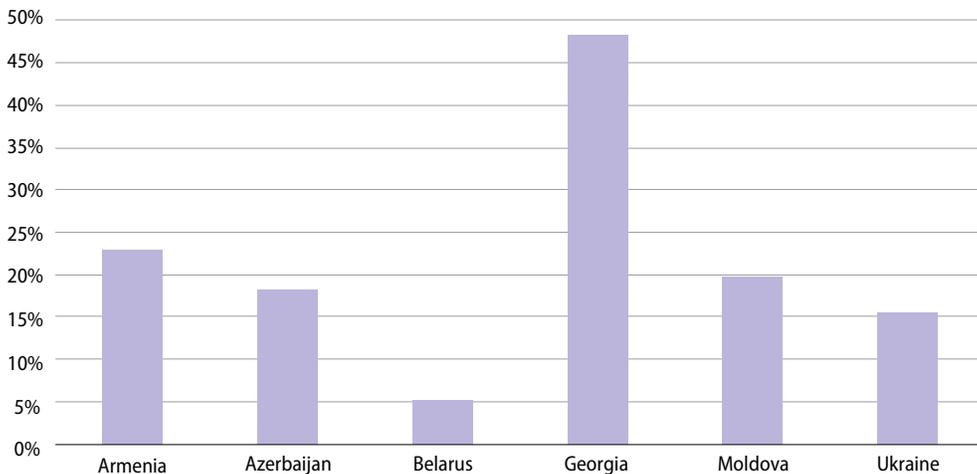
Source: 2020 SBA assessment.

Regional performance and key statistics

EaP countries have made progress in all dimensions of the pillar since 2016.

Although the overall score for Business Development services is high, disparities remain across the region, notably regarding the Business Development services.

Figure 13. SMEs' uptake of Business Development Services (2017)



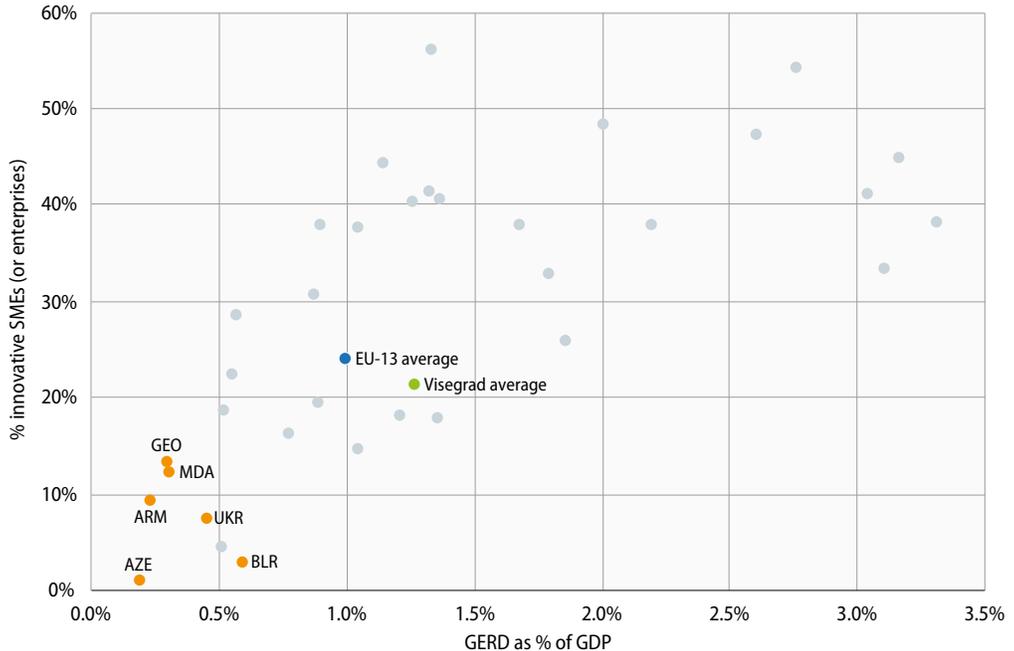
Note: % of SMEs/entrepreneurs benefitting from publicly (co-)funded business development services, 2018 data for Belarus.

Source: Statistical offices, ministries and SME agencies of EaP countries.



The performance of innovation systems in the EaP region lags that of EU members, despite some recent progress.

Figure 14. **Innovation performance in EaP countries, EU-13 and Visegrad, 2017**



Note: Data shown are for 2017 or latest available year. Data address SMEs with product or process innovation. GERD = gross expenditure on research and development. EU-13 Member States = Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

Source: UNESCO Institute for statistics 2019, European Innovation Scoreboard for EU countries and Ukraine; SBA assessment for Belarus, Georgia and Moldova, GIZ 2018 for Armenia (all innovative enterprises) and OECD 2015 for Azerbaijan.

ACHIEVEMENTS

Business development services

- All governments have now included BDS provision into relevant strategic frameworks.
-

Green economy

- Green policies are slowly developing. Environmental legislation is being updated and some countries are conducting consultations with stakeholders in the development of green policies as well as encouraging initiatives on risk-based environmental impact assessments.
-

Innovation policy

- Government support services are expanding, with Georgia and Belarus leading the way in setting up innovation infrastructure (technoparks, innovation centres).
- Financial support instruments for innovative businesses are available in the form of grants and fiscal incentives.



RECOMMENDATIONS

Business development services

- Develop further tools such as single information portals, quality assurance mechanisms for private providers, co-ordination mechanism among all bodies involved in BDS provision.
 - Improve monitoring and evaluation of the current business support infrastructure and services provided.
 - Move towards a more market-based provision of quality BDS to SMEs.
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Green economy

- Link green policies to concrete action plans with measurable targets and timeframes.
 - Develop green loan programs that are accessible to SMEs.
 - Link green public procurement with simplified EMS/eco-certification.
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Innovation policy

- Monitor the uptake and impact of financial and non-financial instruments for innovation.
- Strengthen formal and informal channels for science-industry knowledge transfer and co-creation.
- Better design financial instruments to support innovation activities among SMEs.

ENDNOTE

For more information on the institutions,
please visit their websites:



This pocketbook summarises the main findings of the *SME Policy Index: Eastern Partner Countries 2020* publication.

The complete publication can be accessed at <https://doi.org/10.1787/8b45614b-en>

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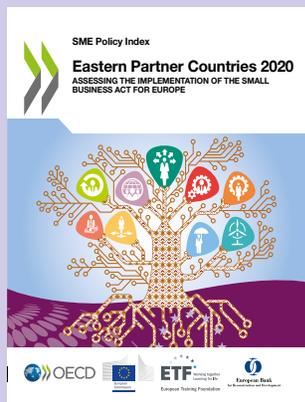
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SME POLICY INDEX

Eastern Partner Countries 2020

The *SME Policy Index: Eastern Partner Countries 2020 – Assessing the Implementation of the Small Business Act for Europe* is a unique benchmarking tool to assess and monitor progress in the design and implementation of SME policies against EU and international best practice. It is structured around the ten principles of the Small Business Act for Europe (SBA), which provide a wide range of pro-enterprise measures to guide the design and implementation of SME policies. This report marks the third edition in this series, following assessments in 2012 and 2016. It provides a comprehensive overview of the state of play in the implementation of the ten SBA principles, and monitors progress made since 2016. It also identifies remaining challenges affecting SMEs in the Eastern Partnership (EaP) countries and provides recommendations to address them based on EU and international good practice examples. The 2020 edition also features a novelty: an assessment of three new dimensions going beyond core SME policy (competition, contract enforcement and business integrity), looking at key structural reform priorities that are critical to establishing a level playing field for enterprises of all sizes and ownership types.