

United Nations Economic Commission for Europe

**SMALL AND MEDIUM-SIZED
ENTERPRISES IN COUNTRIES
IN TRANSITION**



UNITED NATIONS

United Nations Economic Commission for Europe

SERIES: ENTREPRENEURSHIP and SMEs

**SMALL AND MEDIUM-SIZED
ENTERPRISES IN COUNTRIES
IN TRANSITION**



UNITED NATIONS
New York and Geneva, 2003

This document is prepared on the basis of the UNECE Questionnaire on Small and Medium-sized Enterprises in Economies in Transition and Emerging Market Economies in 2000 and 2001

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FOREWORD

The core of the political and economic transformation of any country in transition (CIT) is the creation of the private sector, the development of entrepreneurship and creation of small and medium-sized enterprises (SMEs). They are considered to be one of the principal driving forces in economic development. SMEs stimulate private ownership and entrepreneurial skills, they are flexible and can adapt quickly to changing market demand and supply situations, they generate employment, help diversify economic activity and make a significant contribution to exports and trade. SMEs also play an important role in innovation and the high-tech business, due to their flexibility and creativity many of them became large businesses. In this process emphasis should be laid on creation of a business friendly environment in which the transformation of the society towards a market economy should be taken place.

According to the UNECE statistics provided by the SME national focal points of the 27 transition countries and emerging market economies, the SME sector includes 15.7 million individual entrepreneurs, 7.8 million incorporated enterprises with juridical personalities. The SMEs without individual entrepreneurs employ about 44 million people. Near 11 million SMEs in the 27 Countries in Transition have more than 55 million employees, while the number of unemployment amount for 19 million.

During the last decade, tremendous progress has been made in the transformation and transition process towards a market economy. Several countries successfully converted their economies and they rather call themselves as emerging market economies instead of the transition ones. However, inadequate framework conditions and an unfavourable macroeconomic environment in half of the transition economies in the UNECE region still have been impediments to entrepreneurship and private sector development. In order to facilitate the transition process attention must be paid to creating better framework conditions for entrepreneurship and SMEs. Having identified the capabilities of SMEs in stimulating the economic growth, I think that the next emphasis should be focused on the creation of a business friendly environment including good governance in which the transformation of the society towards a market economy is more likely.

The present publication gives the characteristics of the SME sector in the CITs and emerging market economies, provides information on SME definition by countries, highlights the major legislative measures, laws, government decrees related to entrepreneurship and SMEs, summarizes the support measures that countries are doing to support SMEs, provides a SWOT-analyses of the SME sector in individual countries and finally presents the statistics collected from SME National Focal Points and other sources, like UNECE database, EBRD, etc.

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INTRODUCTION

This document is prepared as a part of the UNECE Programme for the Development of Small and Medium-sized Enterprises (SMEs) in Countries in Transition (CITs) launched in 1995. The UNECE Programme in the area of the SME development is to promote policy and regulatory reforms to create an enabling environment for the development of entrepreneurship and creation of SMEs, and support the creation and strengthening of formal institutions that provide business development and financial services to SMEs on sustainable basis.³

To assist countries in transition (CITs), UNECE regularly updates and reviews the development of legislation and provides statistical data on small- and medium-sized enterprises (SMEs) highlighting the problems faced by the SME sector under the economic transition process in individual countries. UNECE as the highest-level Pan-European organization continuously maintains its contacts with national SME focal points in its 27 transition economies out of its 55 member States.

In 2000-2001, the UNECE introduced a new economic term called “Index of SME Development”, which provides a dynamic tool for analysing the trend of the development of the SME sector in emerging market economies as well as in countries in transition. This document contains also a SWOT analysis on the SME sector provided by the SME National Focal Points.

This document is the fourth update in this series of the UNECE publications:

- (i) Small and Medium-sized Enterprises in CITs, IND/AC.3/1, 14 February 1996;
- (ii) Small and Medium-sized Enterprises in CITs, IND/AC.3/3, 23 October 1996; and
- (iii) Small and Medium-sized Enterprises in CITs, OPA/AC.12/1, 30 April 1999.

This document is based on the “Questionnaire on Small and Medium-sized Enterprises in Countries in Transition and Emerging Market Economies in 2000 and 2001”. All CIT Governments, except Tajikistan and Turkmenistan, replied to the Questionnaire. From Turkmenistan we have a reply from a SME-related NGO. The Report also takes into consideration the observation made by the Regional Adviser on Entrepreneurship and SMEs during his missions as well as the information service of the European Commission SCADPlus.⁴

In this publication we refer to the “Federal Republic of Yugoslavia” taking into account data for 2000 and 2001. As of 4 February 2003, the official name of the “Federal Republic of Yugoslavia” has been changed to “Serbia and Montenegro”.

³ See the Strategy for SME Development at the UNECE web-site at <http://www.unece.org/operact/enterp/documents/strat.pdf>

⁴ See at the Website of the EC at europa.eu.int/scadplus/

2. GOVERNMENT AUTHORITIES RESPONSIBLE FOR FORMULATION OF SME POLICIES

There is no fixed government institutional structure dealing with and responsible for the elaboration of national SME policies at the governmental level. Even the advanced CITs are still looking for appropriate governmental authorities to serve as national SME focal points. During the last two years the following changes have taken place in national SME policies in central and eastern European countries (CEECs):

- In Albania, the Business Promotion Department in the Ministry of Economy was created in 1998. This body is in charge of the SME policy;
- In the Republic of Belarus the newly created Government smelted the Ministry of Investment and Small Entrepreneurship into the Ministry of Economy;
- In Bulgaria, the Ministry of Industry created the Agency for SMEs in charge of SME policy and the national promotion programme. The new Government demolished the Ministry of Industry and created a new Ministry of Economy also in charge of the entrepreneurship policy;
- The new Croatian Government created the Ministry of Crafts and SMEs in order to facilitate the further development of entrepreneurship based on the achievements of the former Ministry of Economy;
- In Hungary, following the third parliamentary election, the Ministry of Industry, Trade and Commerce was transformed into the Ministry of Economy, and the Administrative Secretary of State was in charge of the Hungarian SME policy. The recently created socialist oriented Government created the new Ministry for Economy and Transport and a special nominated Undersecretary of State is in charge of the SME policy;
- In Latvia, the Ministry of Economy was reorganized in 2001. Two separate Departments on Entrepreneurship and Industry have been created under the responsibility of two different Deputy State Secretaries;
- In the Republic of Moldova, the new Government delegated the SME-policy to the Ministry of Economy, and the Department for Macroeconomic Policy and Strategy is in charge of entrepreneurship and SME-development having been operated for long time without a nominated head;
- In Romania, the Ministry of SME and Cooperatives is the new government authority and a national focal point institution;
- In the Republic of Serbia, the Ministry of Economy and Privatization is in charge for formulation of SME policies;
- In Slovakia, the Ministry of Economy has a new Business Environment Department;
- In Slovenia, in 2001, the Ministry of Small Business and Tourism merged with two other Ministries into the Ministry of Economy with a State Secretary responsible for entrepreneurship and competitiveness. The State Secretary was transferred to Maribor separately from the headquarters of the Ministry in Ljubljana.

3. CHARACTERISTICS OF THE SME SECTOR IN COUNTRIES IN TRANSITION

The development of entrepreneurship in CITs can be classified into three major groups:

- (i) **Countries making rapid progress**, including those eight accession countries, which from 1 May 2004 might be members of the European Union, including the "Visegrád group" – the Czech Republic, Hungary, Poland and Slovakia -, Slovenia, and the three Baltic States – Estonia, Latvia and Lithuania. In addition to this, Croatia also belongs to this group due to its advanced enterprise development and state-of-the-art government support approach;
- (ii) **Countries with intermediate stage of transition**, including the two EU candidate countries: Bulgaria and Romania, and three countries from the Commonwealth of Independent States: Kyrgyzstan, the Russian Federation and Uzbekistan; and
- (iii) **Countries making slow progress** with less commitment from their Governments towards SME sector development, like Albania, Bosnia and Herzegovina, The former Yugoslav Republic of Macedonia, and the majority of the CIS countries. At the time being, the Governments of the Republic of Moldova, Tajikistan and Turkmenistan are less committed towards the entrepreneurship development.

After lifting the embargo and sanctions against the Federal Republic of Yugoslavia, the country is making significant progress. However, the formulation of a new government structure and the lack of coherent national policy are hindering the process of catching up with its advanced neighbouring countries.

The majority of the associated countries, with the exception of Lithuania, adopted the recommendation of the EU definitions of SMEs and generally follow the EU recommendations. A mechanical copying of the criteria concerning number of employees and financial criteria (balance-sheet and annual turnover) is not appropriate in all cases, because countries should take into consideration the scale of national economies. Definition concerning number of employees, annual turnover and balance-sheet has to be adopted properly.

The definitions of SMEs in the CIS countries are very inhomogenous and it is very difficult to compare the share of the SME-sector of individual countries. In Azerbaijan, Belarus, Kazakhstan, Republic of Moldova, Russian Federation, Tajikistan and Turkmenistan there is no defined criteria of medium-sized enterprises at all. Georgia has the most contradictory definition, considering a small business the one with less than twenty employees.

During the last three years, several countries elaborated new national SME policies setting out main priorities for the period of 1999-2002, including reduction of administrative and legal barriers, improvement of the access to capital, promotion of information, training, etc. These policies are incorporated either into the National Economic Development Plan, the National SME Policies or Industrial Policy Concept papers. Such policies were elaborated in:

- Albania (*Law on SMEs, 2002, and Medium-Term Strategy for the Development of SMEs, approved by the Parliament in February 2001*);
- Armenia (*State Support of SME, December 2000*);
- Azerbaijan (*Law on State Support for Small Entrepreneurship, June 1999*);
- Bulgaria (*National Economic Development Plan for 2000-2006; Law on Small and Medium-sized Enterprises, adopted in September 1999, and National Strategy on the Development of Small and Medium-sized Enterprises in Bulgaria for the period 2002-2006*);
- Croatia (*Law on Small Business Development Encouragement, prepared by the Ministry for Crafts and SMEs, accepted in 2002, Small Business Development Programme till 2004*);
- Czech Republic (*Industrial Policy of the Czech Republic, 2000*);
- Estonia (*Enterprising Estonia. National Policy for the Development of Small- and Medium-sized Enterprises in Estonia in 2001-2006*);
- Georgia (*Law on "Small and Medium Enterprise Support", 1999*);
- Hungary (*Law on SMEs, 1999*);
- Kazakhstan (*Government Resolution on "Measures of Support of Women Entrepreneurship", June 2000*);
- Kyrgyzstan (*Presidential Decree on "Measures on Improvement of Conditions for Development of Business in the Kyrgyz Republic, September 2001, and Government Resolution on "Ratification of the State Programme on Entrepreneurship Development in the Kyrgyz Republic in 2001-2003", August 2001*);
- Latvia (*Guideline for the Industrial Development in Latvia – 2001 and National Programme for the Development of SMEs - 1997-2001*);
- Lithuania (*New SME Strategy, September 2000*);
- Poland (*Government Program on Capital for Entrepreneurs, September 2002*);
- Romania (*Law № 133/1999 on "Stimulation of Private Entrepreneurs for the Establishment and the Development of Small and Medium-sized Enterprises with Subsequent Amendments and Government Decision № 1211/2001 on "Establishing the National Credit Guarantee Fund for SMEs and Measures for Stimulating, the Starting up and Developing SMEs", 2002*);
- Republic of Serbia (*Strategy for the Development of Small and Medium-sized Enterprises and Entrepreneurship in the Republic of Serbia 2003-2008, January 2003*);
- Slovakia (*The Government Resolution № 779/2000 of 27 September 2000 on "Government Ratification of the State Support Programmes for the period of 2000 – 2005"*);
- The former Yugoslav Republic of Macedonia (*National SME Strategy, 2002*);
- Uzbekistan (*Law on Guarantees for the Freedom of Entrepreneurial Activities, May 2002*).

The recent political leaders of the Russian Federation appreciate the importance of the small business development as a part of the long-term social-economic policy. At the session of the State Council of the Russian Federation held in the Kremlin, on 19 December 2001, the President Vladimir Putin proclaimed small business a "great State deal"⁵. He endorsed that

⁵ Speech by the Russian President Vladimir Putin at the State Council Presidium, the Kremlin, Moscow, 18 December 2001, <http://www.in.mid.ru/website> (Ministry of Foreign Affairs of the Russian Federation) and: Russian President Speaks for Creating Legal Framework for Small Business, Pravda, 21 December 2001,

this sector must be supported and the Government will make significant steps in improving legislation, decreasing taxes, providing information to small businesses, developing consultant centres and implementing financial schemes. The accelerated development of the small business sector in the Russian Federation will have a positive impact on the development of the SME sector in all CIS countries as well.

Experience shows that more and more countries are following the integrated approach to SME development suggested by the UNECE when developing the private and SME sector in the transition economies.

In order to assist transition economies to develop their national SME policies and elaborate support measures, the UNECE initiated elaboration and adaptation of sub-regional Declaration on SMEs at the Dawn of the 21st Century. The CEI Declaration on SMEs at the Dawn of the 21st Century was adopted during the 3rd Summit Economic Forum held on 24 November 2000 in Budapest ⁶, followed by the BSEC Declaration on SMEs at the Dawn of the 21st Century discussed and adopted by the Joint Ministerial Statement on 21 September 2001 in Istanbul ⁷. During the last decade, sufficient experience has been gained to allow analysis and to draw lessons from both best practices as well as failures.

A policy declaration that commits all EU candidate countries in central and eastern Europe and around the Mediterranean to help shape and attain EU enterprise policy goals was signed in Maribor (Slovenia) on 23 April 2002. The Maribor Declaration, which endorses the European Charter for Small Enterprises, opens the way to ever closer involvement of candidate countries in enterprise policy initiatives and activities designed to make Europe the world's most competitive economy by 2010.³ This Declaration was initiated by the European Commission in order to create the best possible environment for small businesses and entrepreneurship following the adaptation of the European Charter for Small Enterprises by the Heads of State and Government and the European Commission at the European Council in Feira (Portugal) on 19-20 June 2000.

Every CIT is developing some kind of national SME policy and programme. In the associated countries these policies are incorporated into the overall economic policy of the country and are considered as significant chapter of the adaptation of the *acquis communautaire* of the EU. The transition economies should develop their national policies within the framework of the national economic policies. The practices of other CITs and advanced market economies should be learned from and adapted to national needs.

At the time being there is a lack of good and responsible corporate governance and socially responsible business practices in the transition economies, including the emerging ones. Such kind of policy and practice would contribute to the development of entrepreneurship, the creation of enterprises, the growth of micro-enterprises into small and medium enterprises. Governments should play an important role in the creation of a sound and business friendly environment with stable legislation and transparent support infrastructure.

<http://english.pravda.ru/economics/20001/12/19/23997.html> and Simon Ostrovsky, Putin: Graft Killing Small Businesses, The Moscow Times, 20 December 2001, p. 5.

⁶ See the web-site at <http://www.unece.org/indust/sme/cei-decl.htm>.

⁷ See the web-site at <http://www.unece.org/indust/sme/bsec-decl.html>

³ See at <http://europa.eu.int/comm/enterprise/library/enterprise-europe/news-updates/smes/20020508.htm>

In order to evaluate the development and achievements of the SME-sector in CITs, the UNECE introduced an Index of SME Development, which is a complex economic indicator that incorporates the share of the whole SME-sector in the overall performance of the national economy based on three economic parameters such as (i) the share of private ownership, (ii) the share of SMEs in GDP and (iii) the share of the labour force of SMEs in the total labour force of a country. In advanced emerging market economies, the Index of SME Development amounts to USD 500-2200 per capita, the countries with intermediate stage of development have less than USD 500, while in the less developed countries in transition this amounts is less than USD 100 per capita.

The registration procedures for newly established enterprises are bureaucratic, expensive and lengthy in the majority of the Southeastern European and CIS countries, which makes it an easy ground for the state corruption. The creation of one-stop-shops for start-up entrepreneurs is highly recommended.

The SME support infrastructure in majority of CITs has been created and it has matured and stabilized. Basically National SME Development Agencies (so-called SMEDA) are helping to create enterprises, and initiating the development and growth of the existing and newly formed SMEs. They coordinate all activities directed towards providing support to enterprises, in many cases also including financial ones. Significant and strong Agencies operate in Albania (National SME Development Agency), the Czech Republic (Business Development Agency), Latvia (Latvian Development Agency), Lithuania (Lithuanian SMEDA), Poland (Polish Agency for Enterprise Development), Slovakia (National Agency for Development of SMEs) and Slovenia (Small Business Development Centre). The SMEDA in Azerbaijan, the Bulgarian Agency for SMEs and the National Agency for SME Development in Belarus stabilized their operations. New National Agencies for SME Development were created in Armenia (SME Development National Center of Armenia), in Croatia (*Croatian Agency for Small Business*) in Georgia (Center for Small Enterprise Development and Assistance), the Federal Republic of Yugoslavia (National Agency for Development of SMEs in Montenegro and the Serbian Agency for Development of SMEs and Entrepreneurship), the former Yugoslav Republic of Macedonia (National Enterprise Promotion Agency).

The “business incubation” - an interactive development process aiming at encouraging people to start their own businesses and supporting start-up companies in the development of innovative products – is gaining more and more significance in development of entrepreneurship in CITs. Incubation also means the development of a supportive and stimulating environment for entrepreneurship. The number of business incubators in the emerging market economies as well as in the countries in transition is growing every year with 65 business incubators registered today in the Russian Federation, 12 in Kazakhstan, 23 in Uzbekistan, 34 in Hungary, 2 in Albania and 56 in Poland. At the end of 1998, there were 23 science and technology parks in operation and 14 in preparation in the Czech Republic. In Belarus, 5 business support centres, 6 incubators and 2 technoparks have been established so far. In Croatia, 33 Business Centres, 12 Incubators and 141 Entrepreneurial Zones. The UNECE Secretariat (*Guideline on Best Practice in Business Incubations* (document ECE/TRADE/265 – July 2001)) presents the latest experiences and lessons learnt in the UNECE network of business incubators, science parks and technopoles.

Financing SMEs in CITs is one of the major burdens of entrepreneurship development especially for start-ups and beginner enterprises. Personal resources such as family savings and loans from friends provide the principal source of start-up capital. Governments are encouraged to establish appropriate alternative financial schemes, such as credit guarantee schemes, leasing, start-up credit schemes and equity facilitation.

In 2001, the 27 CITs had a population of 409.3 million people. There were 17.5 million registered unemployed people in CITs in 2001⁸. The gap between the rich and poor is increasing. Poverty rose significantly during the last decade. The share of population in poverty varies between 0.8% in the Czech Republic and 95.8% in Tajikistan. In accordance with the EBRD Transition Report 2002, the share of the population in poverty in average amounts to 37.5% equivalent to 153.5 million people. This is a worrying sign and Governments have to take it very seriously while developing their national economies. Governments, NGOs and international donor institutions are encouraged to launch microcredit schemes in order to create self-employment for the unemployed and to fight against poverty.

It is encouraging, that the role of microfinancing in the CITs is growing. The microcredit industry is becoming more mature and customer-oriented. A Study made by the Polish Microfinance Centre identified nearly 5,800 organizations providing microfinance services in 23 out of 27 countries. The vast majority of these organizations are credit unions – 5,600 credit unions were identified. In addition, the study identified 136 NGOs that specialize in microfinance, 9 specialized microfinance banks and 21 mainstream commercial banks that have microfinance operations⁹. Credit Unions are dominant in CEE – 5,338 institutions – the majority of which (4,304) are located in Romania. Microfinance has particularly strong presence in the Balkans, CEE and the Caucasus. Microfinance banks also entered into the microfinance market in the last few years and now operate in all sub-regions, except Central Asia.

Entrepreneurs in most CITs commonly identify heavy and frequently changing tax burdens on SMEs as one of the most important impediments to their operations and success. Many entrepreneurs escape into the shadow economy, which is estimated at between 20 to 40 per cent of GDP in CITs. Governments should develop transparent, stable and predictable taxation systems and also create favourable conditions in order to encourage "informal" entrepreneurs to become "formal" thereby creating additional revenue for the state.

The SME sector constitutes the lifeline of all market economies. Despite some progress, the SME culture is still at the initial stage in the CITs. Coherent national education programmes should be developed in which individual initiative and creativity are promoted at an early stage to be followed by vocational training and thereafter high-level education in entrepreneurship.

The significance of regional cooperation in SME development is increasing. The Working Group on SMEs of the Central European Initiative is in move. In 2000, two International Conferences were held on Legal Aspects of SME Development and Best Practice in Simplification of SME Legal Environment in April, in Maribor and on Financing SMEs in October, in Bled, respectively. On 6-9 November 2001, the 3rd CEI International

⁸ UNECE Statistical Database, 2002.

⁹ Justyna Pytkowska: State of the microfinance industry in Central and Eastern Europe and the New Independent States (NIS), Microfinance Centre, 2002.

Conference held in Portoroz focused on the internationalization of SMEs. From 1996 to 2003, the countries of the Black Sea Economic Cooperation have organized twenty-six SME-oriented events based on the fruitful cooperation between the Permanent Secretariat of the Organization of BSEC, the Konrad Adenauer Foundation and UNECE. In May 2002, the BSEC countries decided to create a Working Group on SMEs, which would provide with a permanent forum for exchange of experiences and for cooperation of SMEs among their member States.

Newly-created government SME authorities are looking for the establishment of a forum where they can exchange their views on SME-related matters, harmonize statistics, and develop relevant legislation. CITs have expressed their wish to elaborate guiding principles and recommendations for their Governments on various aspects of SME development. The UNECE, as a regional economic commission, would be an appropriate institution for such a forum. The UNECE Working Party on Industry and Enterprise Development was created in 2000 in order to make a dialogue between the 55 member states in the field of industry and enterprise development.

4. DEFINITION OF SMEs

The most commonly used quantitative criterion for defining an SME is the number of people employed by the business. The second common criterion deals with finance – either the turnover or income, or the assets of the business. The third criterion relates to the independency of the SME from other business entity.

The definition of SMEs is going through a process of dynamic change in parallel with the transformation from the centrally planned to market economy. Many of the definitions contained in the previous UNECE document OPA/AC.12/1 are no longer valid. The associated central and eastern European countries are gradually adapting their definitions to the recommendation of the EU. The SME definition that is currently in use in the EU, is based on the Commission Recommendation 96/280/EC.¹⁰

In accordance with the Article 1, the definition of SMEs adopted by the European Commission is the following:

1. **Small and medium-sized enterprises**, hereinafter referred to as SMEs, are defined as enterprises which:
 - have fewer than 250 employees, and
 - have either:
 - an annual turnover not exceeding ECU 40 million, or
 - an annual balance-sheet total not exceeding ECU 27 million,
 - conform to the criterion of independence as defined in paragraph 3.
2. Where it is necessary to distinguish between small and medium-sized enterprises, the “**small enterprise**” is defined as an enterprise which:
 - has fewer than 50 employees and
 - has either:
 - an annual turnover not exceeding ECU 7 million, or
 - an annual balance-sheet total not exceeding ECU 5 million,
 - conforms to the criterion of independence as defined in paragraph 3.
3. **Independent enterprises** are those which are not owned as to 25 % or more of the capital or the voting rights by one enterprise, or jointly by several enterprises, falling outside the definition of an SME or a small enterprise, whichever may apply. This threshold may be exceeded in the following two cases:
 - if the enterprise is held by public investment corporations, venture capital companies or institutional investors, provided no control is exercised either individually or jointly,
 - if the capital is spread in such a way that it is not possible to determine by whom it is held and if the enterprise declares that it can legitimately presume that it is not owned as to 25 % or more by one enterprise, or jointly by several enterprises, falling outside the definitions of an SME or a small enterprise, whichever may apply.

¹⁰ EUR-LEX: 96/280/EC: Commission Recommendation of 3 April 1996 concerning the definition of small and medium-sized enterprises, Official Journal L 107 , 30/04/1996 P. 0004 - 0009

However, the EU definition now needs to be adapted in order to take into account the economic developments and reduce the likelihood of the definition being circumvented. In the view of Enterprise Directorate-General, the suggested increase in the level of the financial ceilings, even though significant in percentage to avoid penalising enterprises that are investing, would not in any case result in a significant increase of the number of SMEs covered by the definition. To this effect, it is notably not proposed to modify the ceilings in the number of persons occupied in an enterprise in order for that enterprise to qualify as a micro, small or medium enterprise. At the same time, anti-circumvention measures would ensure that only the enterprises facing the specific handicaps of SMEs would be considered SMEs¹¹.

The revised proposal for SME definition at the time being is in debate among the EU member States¹².

The term of medium-sized enterprises does not exist in the Russian economy, in contrast with the European Union. In spite of the fact, that according to the official legislation there are actually three forms of small business indicated in the Law, discussion on small enterprises has only taken one of these categories into account, namely small enterprises – legal entities, which are subject to statistical record keeping. As a result, until now there has been little systematic analysis of the role played by individual entrepreneurs in the Russian economy. It is a mistake, because self-employed entrepreneurs constitute now the majority of businesses in the SME sector in advanced market economies, as well as in the advanced candidate countries in central eastern Europe.

Since the majority of the transition economies of the Commonwealth of Independent States generally follow the Russian economic trends, the definitions of SMEs are similar, with certain modifications. This is why it is very difficult to get comparable statistics on SMEs.

Definition of SMEs in Countries in Transition

<i>Country</i>	<i>Criteria for Small-sized Enterprises</i>	<i>Criteria for Medium-sized Enterprises</i>
Albania¹	<ul style="list-style-type: none"> - According to the number of employees: Micro-enterprise: 0-5 employees; Small-enterprise: 6-20 employees. - According to turnover: Turnover of small enterprises does not exceed 40 million LEK. - According to capital: In the small enterprises 100% of the capital is owned by persons. 	<p>Medium-sized enterprise. 21-80 employees;</p> <p>Turnover of medium-sized enterprises does not exceed 80 million LEK;</p> <p>In the medium enterprises less than 25% of capital is owned by large companies.</p>

¹¹ http://europa.eu.int/comm/enterprise/consultations/sme_definition/#recommendation96-280-ce

¹² The new revised SME definition see at

http://europa.eu.int/comm/enterprise/consultations/sme_definition/documents/com_smes_en.pdf

Small and Medium-Sized Enterprises in Countries in Transition

Country	Criteria for Small-sized Enterprises	Criteria for Medium-sized Enterprises
Armenia²	<p><i>Micro enterprise:</i> Average number of employees not more than 5 persons</p> <p><i>Small enterprise:</i> Number of employees per sector: 50 - industry and other productive sectors; 25 – construction and power engineering sphere; 25 – science and education sphere; 15 – transport, trade and services sphere</p>	<p>Number of employees per sector: 100 - industry and other productive sectors; 50 – construction and power engineering sphere; 50 – science and education sphere; 30 – transport, trade and services sphere</p>
Azerbaijan³	<p>Number of employees less than: 50 – in industry, transport and construction; 30 – in agriculture and science and technology field; 25 – in trade, services, information and other fields.</p>	No defined criteria
Belarus⁴	<p>Number of employees up to: 100 – in industry and transport; 60 - in agriculture, including farming and in science and technology field; 50 – in construction and wholesale trade; 30 – in retail trade and household services and maintenance; 25 – in other non-production spheres</p>	No defined criteria
Bosnia and Herzegovina	<p><i>Micro enterprises:</i> Average annual number of employees less than 10; Annual total turnover EUR 200 thousand; Assets value EUR 100 thousand;</p> <p><i>Small enterprise:</i> Average annual number of employees: 10 – 49; Annual total turnover EUR 200 thousand; Assets value EUR 100 thousand</p>	<p>Average annual number of employees: 50 – 250; Annual total turnover EUR 10 million; Assets value EUR 5 million</p>

Small and Medium-Sized Enterprises in Countries in Transition

<i>Country</i>	<i>Criteria for Small-sized Enterprises</i>	<i>Criteria for Medium-sized Enterprises</i>
Bulgaria⁵	<p><i>Micro enterprise:</i> Average number of employees up to 10;</p> <p><i>Small enterprise:</i> Average number of employees up to 50; Annual turnover not exceeding BGL 1 million or a fixed tangible assets value not exceeding BGL 800 thousand; Not dependent</p>	<p>Average number of employees up to 100; Annual turnover not exceeding BGL 3 million or a fixed tangible assets value not exceeding BGL 2.4 million; Not dependent</p>
Croatia⁶	<p>Definition of small business is harmonised with EU requirements: maximum assets HRK 30 million, maximum yearly income HRK 60 million, maximum 250 employees, independence in doing business – less than 25 % of ownership of large enterprises in small enterprises</p> <p><i>Micro enterprise:</i> Up to 10 employees;</p> <p><i>Small enterprise:</i> Up to 50 employees with assets up to HRK 8 million and turnover up to HRK 16 million</p>	<p>Up to 250 employees</p>
Czech Republic⁷	<p><i>Micro enterprise:</i> Number of employees less than 10;</p> <p><i>Small enterprise:</i> Number of employees less than 50; Assets (balance sheet) are not exceeding CZK 180 million or net turnover in the last closed account period is not exceeding CZK 250 million (double-entry accounting⁸); Entrepreneur is independent</p> <p>A small and medium-sized entrepreneur is considered as independent, supposing that any other person or more persons together who are not meeting the requirements stated in Act № 47/2002 Coll. are not possessing a 25% share at least on his/hers registered capital nor his/hers voting rights</p>	<p>Number of employees less than 250; Assets (balance sheet) are not exceeding CZK 980 million or net turnover in the last closed account period is not exceeding CZK 1,450 million (double-entry accounting⁷) Entrepreneur is independent</p>
Estonia⁹	<p>Less than 50 employees and annual turnover not more than EEK 110 million (EUR 7 million) or annual balance amount EEK 80 million (EUR 5 million)</p> <p>An enterprise shall be considered a small and medium-sized enterprise if the property share of the state, the municipality or other companies – based on equity or voting right – does not exceed separately and jointly 25%.</p>	<p>Below 250 employees and with annual turnover not over EEK 625 million (EUR 40 million) or annual balance amount not over EEK 420 million (EUR 27 million)</p>

Small and Medium-Sized Enterprises in Countries in Transition

<i>Country</i>	<i>Criteria for Small-sized Enterprises</i>	<i>Criteria for Medium-sized Enterprises</i>
Georgia¹⁰	Enterprise may not be small or medium if: - 25% of initial capital belongs to a person or persons who does not satisfy requirements of the law of Georgia on “Small and Medium Enterprise Support”; - main activities are bank, insurance and other type of financial services. Number of employees: Not more than 20 Annual turnover: GEL 500 thousand	Number of employees: Not more than 100 Annual turnover: GEL 1.5 million
Hungary¹¹	<i>Micro enterprise:</i> Total staff of under 10; <i>Small enterprise:</i> Total staff 10 – 49; Max. net annual turnover: HUF 700 million or balance sheet total in previous year max. HUF 500 million	Total staff: 50 – 249; Max. net annual turnover: HUF 4 000 million or balance sheet total in previous year max. HUF 2 700 million
Kazakhstan¹²	Average annual number of employees not more than 50; Assets are not exceeding 60 000-fold monthly estimated index (in 2002 monthly estimated index was equal KZT 823)	No defined criteria
Kyrgyzstan	Production sphere: Number of employees up to 50; Net turnover up to KGS 500 thousand; Non-production sphere: Number of employees up to 15; Net turnover up to KGS 500 thousand	Production sphere: Number of employees: 51 - 200; Net turnover: KGS 500 – 2000 thousand; Non-production sphere: Number of employees: 16 - 50; Net turnover: KGS 500 – 2000 thousand
Latvia¹³	Enterprises should satisfy the “independence” criteria: not more than 25% of equity or voting rights may belong to one company or jointly to several companies that do not correspond to the definition of a small or a medium-sized enterprise <i>Micro enterprise¹⁴:</i> Number of employees less than 9; Annual net turnover less than LVL 500 thousand; Asset (balance sheet) value less than LVL 400 thousand. <i>Small enterprise¹³:</i> Number of employees less than 50; Annual net turnover less than LVL 4 million; Asset (balance sheet) value less than LVL 3 million	Medium enterprise ¹³ : Number of employees less than 250; Annual net turnover less than LVL 23 million; Asset (balance sheet) value less than LVL 15 million

<i>Country</i>	<i>Criteria for Small-sized Enterprises</i>	<i>Criteria for Medium-sized Enterprises</i>
Lithuania¹⁵	<p><i>Micro enterprise:</i> An individual (personal) enterprise whose only employees are the owner and his family members (spouses, parents, adoptive parents, children, adopted children);</p> <p><i>Small enterprise:</i> Average annual number of employees on the pay-roll not in excess of 9</p>	Average annual number of employees on the pay-roll not in excess of 49
Poland¹⁶	<p>An enterprise shall not be considered as small or medium enterprise if entrepreneurs other than small or medium ones hold in it:</p> <ul style="list-style-type: none"> - more than 25% of the contributions, shares or stocks; - the right to more than 25% of the profit share; - more than 25% of votes at the assembly of partners (shareholders) <p>Average annual number of employees does not exceed 50; Net financial income on the sale of goods, products and services and on financial operations is not higher than Polish zloty equivalent of EUR 7 million; or whose total value of assets in the balance sheet at the end of the previous fiscal year did not exceed the Polish zloty equivalent of EUR 5 million</p>	<p>Average annual number of employees does not exceed 250; Net financial income on the sale of goods, products and services and on financial operations is not higher than the Polish zloty equivalent of EUR 40 million; or whose total value of assets in the balance sheet at the end of the previous fiscal year did not exceed the Polish zloty equivalent of EUR 27 million</p>
Republic of Moldova¹⁷	<p><i>Micro enterprise:</i> Number of employees up to 9; Net Turnover up to MDL 3 million;</p> <p><i>Small enterprise:</i> Number of employees: from 10 to 50; Net Turnover up to MDL 10 million</p>	No defined criteria
Romania¹⁸	<p>This definition concerns the SMEs that carry out their activities in the fields of goods production and services. The banking institutions, the insurance and reinsurance companies, the investment financial funds, administration companies, the stock exchange companies and the companies based exclusively on foreign trade activities are not included.</p> <p><i>Micro enterprise:</i> Less than 9 employees;</p> <p><i>Small enterprise:</i> 10 – 49 employees</p>	50 – 249 employees

Small and Medium-Sized Enterprises in Countries in Transition

<i>Country</i>	<i>Criteria for Small-sized Enterprises</i>	<i>Criteria for Medium-sized Enterprises</i>
Russian Federation¹⁹	<p>The subjects of small business sector are:</p> <ol style="list-style-type: none"> Commercial organizations. Legal entities, in which <ul style="list-style-type: none"> The share of participation of the Russian Federation and federal subjects ownership, municipal ownership, ownership of public and religious organizations, charity and other funds does not exceed 25 percent of the authorized capital (the share according to the above partners of ownership are not totalled). The share of one or several legal entities, that are not small entrepreneurship, should not exceed 25 percent of authorized capital (if several founders are founders, their share are totalled); The average number of employees (including part-time workers and persons working under sub-contracts) does not exceed the following maximum levels: <ul style="list-style-type: none"> - in industry, building and transport - 100 people; - in agriculture, science and technological field: 60 people; - in retail trade and consumer services: 30 people; - in other field of activities: 50 people. Farm enterprises; Persons, who perform entrepreneurial activities, but are not legal entities (individual entrepreneurs). 	
Slovakia²⁰	<p>Number of employees less than 50; Annual turnover not exceeding EUR 7 million or balance sheet net-profit not exceeding EUR 5 million; Entrepreneur is economically independent</p>	<p>Number of employees less than 250; Annual turnover not exceeding EUR 40 million or balance sheet net-profit not exceeding EUR 27 million; Entrepreneur is economically independent</p>
	<p>Entrepreneur is economically independent if:</p> <ul style="list-style-type: none"> - share of other entrepreneurs different than small and medium entrepreneurs on equity capital or voting rights is not 25% and more; - share of such small and medium entrepreneurs, whose founders are different entrepreneurs than small and medium entrepreneurs on equity capital or voting rights is not 25% and more 	
Slovenia	<p>Average number of employees does not exceed 50; Income from sales is less than SIT 1 billion / EUR 4,347.8 thousand; Total assets at the end of the year does not exceed SIT 500 million / EUR 2,173.9 thousand</p>	<p>Average number of employees does not exceed 250; Income from sales is less than SIT 4 billion / EUR 17,391.2 thousand; Total assets at the end of the year does not exceed SIT 2 billion / EUR 8,695.6 thousand</p>

<i>Country</i>	<i>Criteria for Small-sized Enterprises</i>	<i>Criteria for Medium-sized Enterprises</i>
The former Yugoslav Republic of Macedonia ²¹	<p><i>Micro enterprise</i>²²: Number of employees up to 10;</p> <p><i>Small enterprise</i>: - Number of employees: not more than 50; - The annual income is less than 8 thousand average monthly gross salaries per employee in the country; - The average value (at the beginning and at the end of the accounting year) of the assets is less than 6 thousand average monthly gross salaries per employee in the country</p>	<p>Number of employees: not more than 250; The annual income is less than 40 thousand average monthly gross salaries per employee in the country; The average value (at the beginning and at the end of the accounting year) of the assets is less than 30 thousand average monthly gross salaries per employee in the country</p>
Tajikistan ²³	<p><i>Small enterprise</i>:</p> <p>The average number of employees should not exceed - in industry and construction - more than 50 people, - in other spheres of activities – 15 people</p>	
Turkmenistan	<p>To be considered as a “small enterprise”, an enterprise’s income from the sale of primary activity goods (services) should not be less than 80% of the total income from sale of goods (services) in the reported quarter.</p> <p><i>Small enterprise</i>: 50 employees – for the enterprises that produce goods for industrial/technical consumption purposes, goods for public consumption and enterprises that carry out constructional and maintenance-constructional activities; 10 employees – for the wholesale enterprises and those deriving revenues from intermediary and supplying activities; 25 employees – for the enterprises with other types of activities</p>	

Small and Medium-Sized Enterprises in Countries in Transition

<i>Country</i>	<i>Criteria for Small-sized Enterprises</i>	<i>Criteria for Medium-sized Enterprises</i>
Ukraine	<p><i>Micro enterprise:</i> Average annual number of employees – not more than 10; Annual total gross revenue not more than EUR 100 thousand;</p> <p><i>Small enterprise:</i> Average annual number of employees – not more than 50; Annual total gross revenue not more than EUR 500 thousand;</p>	Average annual number of employees – not more than 250; Annual total gross revenue not more than EUR 2 million;
Uzbekistan ²⁴	<p><i>Micro enterprise:</i> Average annual number of employees shall not exceed: 10 - in industry; 5 - in trade, services and other non-production spheres</p> <p><i>Small enterprise:</i> Average annual number of employees shall not exceed: 40 – in industry; 20 – in construction; agriculture and other production spheres; 10 – in retail trade and other non-production spheres</p>	Average annual number of employees shall not exceed: 100 – in industry; 50 – in construction; 30 – in agriculture, other production spheres, wholesale trade and food catering; 20 – in retail trade, services and other non-production spheres
Federal Republic of Yugoslavia ²⁵	Number of employees up to 50; Invested capital up to YUD 6 thousand; Annual revenue up to YUD 8 thousand	Number of employees: 50 – 250; Invested capital: YUD 6 – 30 thousand; Annual revenue: YUD 8 – 40 thousand

Remarks:

¹ The SME Law No. 8957 has been approved by the Parliament on 17 October 2002;

² Law of the Republic of Armenia on “*State Support for SMEs*”, December 2000;

³ Law of the Republic of Azerbaijan on “*State Support for Small Entrepreneurship*”, № 673-IQ, 4 July 1999;

⁴ Law of the Republic of Belarus on “*State Support for Small Entrepreneurship in the Republic of Belarus*”, № 685-XIII, 16 October 1996;

⁵ Law on “*Small and Medium-sized Enterprises*”, September 1999. According to the Article 4 of this law: *Shall not be small and medium-sized enterprises the enterprises of public companies as provisioned by Art.83 of the Securities, Stock Exchanges and Investment Companies Act, and the enterprises carrying on by way of occupation banking or insurance transactions, transactions in securities, organise gambling games or produce and trade in wine and spirits;*

⁶ “*Small Business Act*”, and “*The Law on Encouragement of Small Business Development*” passed in 2002;

⁷ Act № 47/2002 Coll., on “*Support to SMEs*”, which enters into force on 1 January 2003;

⁸ Act on “*Accounting*”, № 563/1991 Coll., as amended later;

⁹ Government Regulation № 305 “*The Conditions for Granting State Aid to Small and Medium-sized Enterprises*”, pursuant to § 31(6) of the “*Competition Act*”. The SMEs are defined on the basis of EU criteria.

¹⁰ Law of Georgia on “*Small and Medium Enterprise Support*”;

¹¹ The Act XCV of 1999 on the “*Small and Medium-Sized Enterprises and the Promotion of their Development*”;

¹² Article 3 of the law of the Republic of Kazakhstan on “*State Support of Small Entrepreneurship*”, 19 June 1997;

¹³ Draft Law “*On Control of Aid to Commercial Activity*”;

¹⁴ The mentioned limit values may be exceeded in two cases:

- I. If the company (statutory enterprise) is owned by the public investment companies or institutional investors and if they don't have the controlling rights, either separately or taken together;
- II. If the capital of the enterprise is fragmented between many owners and it is impossible to identify real owners and if the enterprise files the declaration saying the company has all the legal rights to consider that not more than 25% of the company shares belong to one or jointly several companies (statutory enterprise), which do not correspond to the definition of small and medium-sized businesses;

¹⁵ Law on “*Small and Medium-size Business Development*”, 24 November 1998, № VIII-935, Vilnius. In the meantime, a new draft of this law is being considered in the Parliament of Republic of Lithuania. This law will be harmonized with the *Acquis Communautaire* of EU. There will be a new definition of SMEs and new criteria for SME: number of persons employed, turnover, capital, independence, as per IC recommendations;

¹⁶ Law on “*Business Activity*”;

¹⁷ Law on “*Support and Protection of Small Business*”, № 112-XIII of 20 May 1994;

¹⁸ Law № 133/1999 on the “*Stimulation of Private Entrepreneurs for the Establishment and the Development of Small and Medium Enterprises*”. Enterprises that do not benefit from the provisions of this law are the following:

Commercial companies that have as shareholder or associate legal persons that fulfil both the following conditions:

- have more than 250 employees and hold more than 25% of the capital;
- SMEs that have an annual turnover equivalent to min. EUR 8 million;

¹⁹ Federal Law on “*Government Support for Small Entrepreneurship in the Russian Federation*”, №88 – Φ3, 14 June 1995, see at http://docs.rcsme.ru/eng/RC/Statistics/SME-RF_Definition.htm

²⁰ § 10 NR SR Act. № 231/1999 Coll.L.L. on “*State Aid*” valid from 1 January 2000 in the wording of the Act of the National Council of the Slovak Republic № 434/2001 Coll.L.L. valid from 1 November 2001;

²¹ According to the “*Accountancy*” Law;

²² Definition of the micro enterprise is not given in the “*Accountancy Law*”, this criterion is used in the SMEs community;

²³ *Tax Code of the Republic of Tajikistan* No. 664 as of 1 January 1999;

²⁴ Article 5 of the law on “*Guarantees of free entrepreneurship*”, 25 May 2000;

²⁵ According to the Law on “*Accounting*”. The definition changed after the modification of Law on Accounting in 2002. The three new major criteria are:

1. Average number of employees between 50 and 250;
2. Annual turnover between 2.5 and 10 million EURO;
3. Average total assets between 1 and 5 million EURO.

Medium enterprises are those, which fulfil at least two criteria and large enterprises are those which have higher values for at least two of these criteria. Preparation of the national SME development policy ended in January 2003 when the Government adopted the Strategy for the Development of Small and Medium-sized Enterprises and Entrepreneurship in the Republic of

Serbia 2003-2008. The Department for SME development of the Ministry of Economy and Privatization was in charge of it.

5. LEGISLATIVE ASPECTS

The primary focus in this part was made on the government legislations formulating SME policy adopted since 1998, i.e. since the publication of Small and Medium-Sized Enterprises in countries in Transition in 1996-1997 (ref. OPA/AC.12/1). However, for the countries not included in the previous publications of SMEs reviews, the whole list of available government legislations is presented.

5.1. Albania

“SME Law No. 8957”, approved by the Parliament on 17 October 2002

5.2. Armenia

Law on “*State Support of SME*”, December 2000;

Concept for SME Development Policy and Strategy in Armenia, July 2000;

SME State support Annual Programmes

Law on “*Chambers of Commerce and Industry of Armenia*”, October 2001

Civil Code of the Republic of Armenia, May 1998

Law on “*Protection of the Economic Competition in Armenia*”, June 2001

Law on “*Protection of Internal Market*”, April 2001

Law on “*Limited Liability Companies*”, October 2001

Law on “*Joint Stock Companies*”, September 2001

Law on “*Simplified tax*”, June 2000

Law on “*Foundations*”, December 2002

5.3. Azerbaijan

Law on “*Banks and Banking Activity*”, № 123-ИГ of 14 June 1996;

Law on “*Land Reform*”, № 155-Г of 16 July 1996;

State Support Programme for Small and Medium Entrepreneurship for the Period of 1997-2000, adopted on 24 June 1997;

Law on “*Advertising*”, № 366-ИГ of 3 October 1997;

Law on “*Mortgage*”, № 516-ИГ of 3 July 1998;

Law on “*Limited Liability Companies*”, № 605-ИГ of 29 October 1998;
Cabinet of Ministers’ Decree on “*Ratification of the Provision on Distribution and Utilization of the Means Provided in the State Budget Article: “Investment Aid to Small Entrepreneurship*”, № 110 of 29 October 1998;

Civil Code of the Republic of Azerbaijan, 1999;

President Decree on “*Improvement of the State Control System and Elimination of the Artificial Barriers to Entrepreneurship Development*”, № 69 of 7 January 1999;

Law on “*State Support for Small Entrepreneurship*”, № 673-IQ of 4 June 1999;

Law on “*Privatization of the State Property*”, of 16 May 2000;

Law on “*Ratification on Implementation of the Azerbaijani Tax Code and Related Legal Regulation Issues*”, of 11 July 2000;

State Programme on *Privatization of the State Property (2000 – 2005)*, of 10 August 2000.

Law on “*Granting Immediate Tax Privileges to the Producers of Agricultural Goods*”, № 222-2Q of 27 November 2001;

Law on “*State Duty*”, № 223-IIQ of 4 December 2001.

5.4. Belarus

Law on “*Entrepreneurship in the Republic of Belarus*”, No. 813-XII of 28 May 1991, amended on 10 January 2000;

Decree of the President of the Republic of Belarus on “*Existence of state administration in the field of entrepreneurship and support to investors*”, No. 260 of 19 July 1996;

Law on “*State support to small entrepreneurship in the Republic of Belarus*”, No. 685-XIII of 16 October 1996;

Resolution of the Council of Ministers on “*Incubators for small entrepreneurship in the Republic of Belarus*”, No. 640 of 4 June 1997, amended on 28 February 2002;

Resolution of the Council of Ministers on “*Centre for support of entrepreneurship in the Republic of Belarus*”, No. 1111 of 25 August 1997, amended on 28 February 2002;

Resolution of the Council of Ministers on “*Establishment of a Council of entrepreneurship development at the Ministry for Entrepreneurship and Investments of the Republic of Belarus*”, No. 1077 of 18 August 1997;

Resolution of the Council of Ministers on “*Some issues of application of simplified system of taxation for subject of small entrepreneurship in the year 1998*”, No. 189 of 7 February 1998;

Resolution of the Council of Ministers on “*Financial support to subjects of small entrepreneurship*”, No. 1178 of 24 July 1998;

Decree of the President of the Republic of Belarus on “*Council for Development of Entrepreneurship*”, No. 388 of 13 July 1999, amended on 30 March 2001;

Resolution of the Council of Ministers on “*Mutual credit societies of subjects of small entrepreneurship*”, No. 1972 of 21 December 1999;

Resolution of the Minister for Entrepreneurship and Investments of the Republic of Belarus on “*Confirmation of procedures of financial support to centres for support of entrepreneurship and incubators of small entrepreneurship at the expenses of the republican budget*”, No. 16 of 26 December 2000;

Resolution of the Minister for Entrepreneurship and Investments of the Republic of Belarus on “*Confirmation of the situation and rule of partial financial support to subjects of small entrepreneurship in order to participate in exhibitions at the expenses of the republican budget*”, No. 5 of 5 July 2001.

5.5. Bosnia and Herzegovina

There are no laws regulating SME policy and providing support for SME. Preparation of *Strategy on SME Development in BiH* as well as *PRSP* (Poverty Reduction Strategy Paper), which will regulate and support SME policy development, is in the progress. Some questions on SME are regulated by The Law on “*Business Association*” and by The Law on “*Crafts*”. The Law on “*Crafts*” doesn’t define a part of jurisdiction in the view of establishment and registration of crafts and further development.

5.6. Bulgaria

Law on “*Small and Medium-sized Enterprises*”, adopted in September 1999;

Rules on the “*Implementation of the Law on Small and Medium-sized Enterprises*”, adopted in May 2000;

National Strategy on the *Development of Small and Medium-sized Enterprises in Bulgaria for the period 2002-2006*, and *Action Plan for its Implementation*, adopted by the Decision of the Council of Ministers № 182 on 1 April 2002.

5.7. Croatia

“*The Companies Act*”, accepted in 1993, amendments in 1999;

“*The Craftsmen Act*”, accepted in 1993, amendments in 1996 and 2001;

“*The Co-operatives Act*”, accepted in 1995, amendments in 2002;

Law on “*Small Business Development Encouragement*”, prepared by Ministry for Crafts and SMEs, accepted in 2002. “The Law on Encouragement of Small Business Development” passed in 2002.

5.8. Czech Republic

Act № 299/1992 Coll. on “*State Support to Small and Medium-sized Enterprises*” of 28 April 1992, will be replaced from 1 January 2003 by the new Act № 47/2002 Coll., on “*Support to Small and Medium-sized Enterprises*” passed by Parliament on 11 January 2002.

5.9. Estonia

“*State Export Guarantee Act*” approved by the Estonian Parliament on 18 December 2002; and “*Business Support and State Loan Guaranteeing Act*”, passed by the Estonian Parliament on 28 January 2003. Both of these laws will be in force from 1 May 2003;

“*Enterprising Estonia. National Policy for the Development of Small and Medium-sized Enterprises in Estonia in 2001-2006*”, approved by the Government in January 2002.

5.10. Georgia

Law on “*Small and Medium Enterprise Support*” (№ 2341 of 23 July 1999, Sakartvelos Sakanonmdablo Matzne (SSM) – Official Gazette of Georgia I 1999, № 40 (47) Article 201). (Changes: Law of Georgia № 63, 1999/9/12, SSM - № 47(54)) article 239; Law of Georgia № 295, 2000/11/05, SSM- № 17, article 41; Law of Georgia № 487, 2000/13/07, SSM - № 28, article 88; Law of Georgia № 1641, 2002/4/07, SSM – N 23, article 119);

President Decree № 16 on “*Creation of Small Enterprise Coordinate Council*”, 26 January 2000;

President Decree № 134 on “*Provision of Centre for Small Enterprise Development and Assistance*”, 8 April 2000;

President Decree № 309 on “*Small and Medium Enterprise State Support Program for 2002 – 2004 in Georgia*”, 22 June 2000.

5.11. Hungary

Government Decision on “*Various Questions Regarding Accession Negotiations and Preparations for Accession to the EU*”, № 2211/1998 (IX.30.);

Government Decision on “*Government Tasks in Connection with the Presentation of the Bill on Assistance to the Development of Small and Medium-sized Enterprises*”, № 2165/1999 (VII.8.);

Act XCV on the “*Small and Medium Sized Enterprises and the Promotion of their Development*”, 1999;

Government Decree on “*The Scope and Order of Data Provision Concerning the Share of Small and Medium-sized Enterprises in Subsidies, Credits to Entrepreneurs and Public Procurements*”, № 205/1999 (XII.26.);

Decree of the Ministry of Economic Affairs on “*The Regulation of the Budget Appropriations of the Ministry for Economic Affairs for Enterprises*”, № 1/2001 (I.5.).

5.12. Kazakhstan

Law on “*Protection and Support of Private Enterprises*”, № 1543 of 4 July 1992;

Presidential Decree on “*Additional Measures to Realize State Guarantees for the Freedom of Entrepreneurial Activities*”, № 3036 of 14 June 1996;

Presidential Decree on “*Measures to Reinforce State Support and Activate the Development of Small Enterprises*”, № 3398 of 6 March 1997;

Law on “*State Support of Small Enterprises*”, № 131 – I of 19 July 1997;

Presidential Decree on “*Protection of Citizen Legal Entities Rights to Freedom of Business Activities*”, № 3928 of 27 April 1998;

Government Resolution on “*Realization of Measures of Support of Domestic Producers*”, № 1162 of 13 November 1998;

Government Resolution on “*Separate Issues of Kazakh Women Entrepreneurship Development*”, № 1323 of 23 December 1998;

Government Resolution on “*Further measures on Support of Domestic Producers*”, № 693 of 2 June 1999;

Government Resolution on “*Measures of Support of Women Entrepreneurship*”, № 1345 OF 5 September 2000;

Presidential Decree on “*State Programme on Development and Support of Small Enterprises in 2001 - 2002*”, № 597 of 7 March 2001;

Government Resolution on “*Ratification of the Innovative Development Programme of the Republic of Kazakhstan*”, № 617 of 10 May 2001;

Government Resolution on “*Ratification of the Sectoral Programme on Segmentation of Standing-idle Enterprises and Ineffective Manufactures and their Further Transfer in the Regulated Order to the Small Entrepreneurs*”, № 969 of 17 July 2001.

5.13. Kyrgyzstan

Government Resolution on “*Ratification of Programme of Transfer to Small and Medium-sized Entities of Standing-idle and Non-used Premises, Locations, Equipment and Other*”

Initial Funds, as well as Property Unclaimed During Bankruptcy Procedure", № 46 of 31 January 2000;

Government Resolution on "*Additional Measures for Development of Individual, Small and Medium-sized Entrepreneurship in 2000*", №364 of 21 June 2000;

Government Resolution on "*Work of Regional State Administrations on Small and Medium Business Development*", № 551 of 6 September 2000;

Government Resolution on "*Project on Concept of Denationalization and Privatization of State Property in the Kyrgyz Republic*", № 38 of 7 February 2001;

Government Resolution on "*State Commission of the Kyrgyz Republic Government Report on Entrepreneurship Development and on Measures of Realization of State Policy in the Areas of Support and Development of Small and Medium Business in the Kyrgyz Republic*", № 269 of 7 June 2001;

Government Resolution on "*State Commission of the Kyrgyz Republic Government Work on Antimonopoly Policy, Economy Demonopolization and Price Regulation*", № 401 of 31 July 2001;

Government Resolution on "*Ratification of Concept of Development and Support of Small and Medium Entrepreneurship in the Kyrgyz Republic in 2001-2005*", № 424 of 11 August 2001;

Government Resolution on "*Ratification of the State Programme on Entrepreneurship Development in the Kyrgyz Republic in 2001-2003*", № 448 of 15 August 2001;

Government Resolution on "*Work of State Standardization and Metrology Inspection of the Kyrgyz Republic Government on Realization of the Law of the Kyrgyz Republic on Goods and Services Certification*", № 467 of 20 August 2001;

Presidential Decree on "*Measures on Improvement of Conditions for Development of Business in the Kyrgyz Republic*", YII № 273 of 15 September 2001;

Government Resolution on "*Work of Bishkek Town Council on Attracting Foreign Investments to City's Economy*", № 136 of 12 March 2002.

5.14. Latvia

National Programme for the *Development of SME 1997 – 2001*, adopted in 1997;

Since the above-mentioned programme has finished in 2001, updating of the programme has been started and in the near future the Government will adopt the updated National programme for the *Development of SMEs 2002 – 2006*.

5.15. Lithuania¹³

Law on “*Small and Medium-sized Business Development*”, № VIII-935 of 24 November 1998;

Small and Medium-size Business Development Strategy till the year 2003, approved by the Government Resolution № 1119 of 19 September 2000.

5.16. Poland

Governmental Programme “*Capital for Entrepreneurs*”, adopted by the Council of Ministers on 13 September 2002.

5.17. Republic of Moldova

Instruction of the Ministry of Finance on “*Methods of Calculation and Payment of Income Taxes by Persons Carrying out Entrepreneurial Activity*”, № 05/1-cf-07/91 of 25 December 1997;

Government Decree on “*Certain Measures on Consumers Protection*”, № 364 of 28 April 1999;

Government Decree on “*State Programme of Support of Small Business in 1999-2000*”, № 750 of 5 August 1999;

Law on “*Certification*”, № 652-XIV of 28 October 1999;

Law on “*State Registration of Enterprises and Organizations*”, № 1265-XIV of 5 October 2000.

4.18. Romania

Law on “*Trading Companies*”, republished with the subsequent alterations, №. 31 / 1990;

Law № 82/1991 regarding the “*Bookkeeping*”, with the subsequent alterations by the “*Government Ordinance*”, № 61/2001;

Law on “*Modification and Completed the regarding Judiciary Re-organization and Bankruptcy Procedures*”, № 64/1995;

Law on “*Stimulation of Private Entrepreneurs for the Establishment and the Development of Small and Medium Sized Enterprises*”, № 133 / 1999 with the subsequent alterations;

Law on “*VAT*”, № 345/2002;

Law on “*The Simplification of the Administrative Framework for Traders’ Registration and Licensing*”, № 370/2002;

¹³ Both documents will be amended by the end of the year 2002.

Law on “*Profit Tax*”, № 414/2002;

Law on “*Organization and Carrying out Economic Activities by Natural Persons*”, № 507/2002;

Law on the “*Taxation of Micro-Enterprises*”, № 111/2003;

Order issued by the Minister of Public Finance on “*Approving the Methodological Norms regarding Accountancy Organization and Management in Micro-Enterprises*”, №. 1880.

5.19. Russian Federation

Federal Law on “*Governmental Support of Small Entrepreneurship in the Russian Federation*”, № 88 of 14 June 1995;

Government Decree on “*Participation of the Subjects of Small Entrepreneurship in the Manufacturing and Supply of Production and Goods (Services) for Federal State Needs*”, № 523 of 23 April 1996;

Presidential Decree on “*Measures of Elimination of Administrative Barriers of Entrepreneurship Development*”, № 730 of 29 June 1998;

Federal Law on “*Unified Tax on Imputed Income for Certain Types of Activity*”, № 148-FZ of 31 July 1998;

Presidential Decree on “*Set of Measures on Development and State Support of Small Enterprises in the Material Production Sphere and on Assistance to their Innovative Activity*”, № 1460 of 31 December 1999;

Federal Law on “*Credit Consumer Cooperatives*”, № 117-FZ of 7 August 2001;

Federal Law on “*Licensing Certain Types of Activities*”, № 128-FZ of 8 August 2001;

Federal Law on “*State Registration of Legal Entities*”, № 129-FZ of 8 August 2001;

Federal Law on “*Right Protection of Legal Entities and Individual Entrepreneurs in the Course of Conducting State Inspections (Supervision)*”, № 134-FZ of 8 August 2001;

5.20. Slovakia

The Act of the National Council of the Slovak Republic on “*State Support of Small and Medium Enterprises*”, № 100/1995 Coll.L.L., valid from 3 May 1995 until 1 January 2000;

The Act on the National Council of the Slovak Republic on “*State Aid*”, № 231/1999 Coll.L.L., valid from 1 January 2000 in the wording of the Act of the National Council № 434/2001 Coll.L.L., valid from 1 November 2001;

The Government Resolution by which the Government assigned to the Minister of Economy to *Realize the Support Loan Programme for the Development of SME in the Slovak Republic in Cooperation with NADSME*, № 740/1994 of 19 July 1994;

The Government Resolution by which the Government agreed with the *State Medium-Term Policy of the SME Support*, № 91/1997 of 4 February 1997;

The Government Resolution by which the Government ratified the following *State Support Programmes*¹⁴, № 587/1998 of 3 September 1998:

- The Programme of the *Institutional Back-Up of the SME Support*;
- The Programme of the *Implementation of the Quality Management Systems - KVALITA*;
- The Programme “*Monitoring and Research in a Field of SME*”;
- The Programme of *Training, Workshops and Counselling for Selected Groups of Individuals Interested in Starting Business*;
- The Programme of *Counselling and Training for SMEs*;
- The Programme of the *Support of the Pro-Export Activities – SUBKONTRAKTÁCIA*, II.stage;
- *The Technologies Transfer Programme*, II.stage;

The Government Resolution by which the Government ratified the *Micro-Loan Programme for SMEs*, № 1120/1999 of 12 December 1998;

The Government Resolution by which the Government ratified the following *State Support Programmes for the Period of 2000 – 2005*¹⁵, № 779/2000 of 27 September 2000:

- The Programme of the *Implementation of the Quality Management Systems-KVALITA*;
- The Programme “*Monitoring and Research in a Field of SME*”;
- The Programme of *Training, Workshops and Counselling for Selected Groups of Individuals Interested in Starting Business*;
- The Programme of *Counselling for SMEs*;
- The Programme of the *Support of the Pro-Export Activities – SUBKONTRAKTÁCIA*;
- *The Technologies Transfer Programme*;
- *The Support Loan Programme*;
- *The Micro-Loan Programme*;
- The Programme of *Education and Training for SMEs*;
- The Participation of the Slovak Republic in the “*3. Multiannual Programme for SMEs in EU for the year 2000*”.

¹⁴ In this Resolution the Government also assigned to the Minister of Economy and to the Minister of Finance to continue in realization of the ratified Support Loan Programme for the development of SME in the Slovak Republic in cooperation with NADSME.

¹⁵ In this Resolution the Government of the Slovak Republic cancelled its Resolutions № 587/1998, № 1120/1999 and № 91/1997.

The Government Resolution by which the *Government agreed with the proposal of the programmes of the Ministry of Economy Chapter for the year 2002*, № 669/2001 of 18 July 2001. The Government also assigned to the Minister of Finance to incorporate the ratified programmes to the proposal of the budget chapter of the Ministry of Economy for the year 2002 and to the Minister of Economy to elaborate the criteria for evaluation of the usefulness and efficiency of the spent measures and to evaluate biannually the validity of drawing of measures, their allocation and the efficiency of their utilization;

The Government Resolution by which the Government ratified the document *Analysis of the Development of the Small and Medium Enterprise and the Proposal for the Changes in the System of the Support of the Small and Medium Enterprise*¹⁶, № 494/2002 of 15 May 2002. In this Resolution the Government assigned to the Minister of Economy:

- to introduce to the government discussion the proposal for the creation of the favourable conditions for the development of the seed, development and venture capital in the country;
- in cooperation with the Minister of Construction and Regional Development introduce to the government discussion SWOT analysis of the activities of the existing framework of Regional Advisory and Information Centres (RAICs) / Business Innovation Centres (BICs) and the framework of the Regional Development Agencies (RDAs) in a field of support of the SMEs;
- to exert the proposals for the changes in the state support policy of SME stated in the submitted material by the formulation of the document *“Medium-term View of the Development of the SME in the Slovak Republic”*.

5.21. Slovenia

“Development of Small Business” Act, 1991;

“Companies” Act, 1992;

Act on *“Craft”*, 1994;

Programme on *Measures for Promoting Entrepreneurship 2002 – 2006*, 2001;

Declaration on SMEs at the Dawn of the 21st Century, 2001.

The Maribor Declaration, 2002;

5.22. Tajikistan

Law on *“Leasing”* No. 184 of 6 December 1990;

Law on *“Shareholding companies”* No. 454 of 23 December 1991;

¹⁶ In this resolution the government further assigned to the vice-prime minister and to the Ministry of Economy to organise annually the investors conferences focused on the informational back-up of the potential sources of the capital strengthening of the existing funds of the seed and venture capital in SR and the attraction of new foreign investments to the SR.

Law on “*Foreign Direct Investment in Tajikistan*” No. 554 of 10 March 1992;

Law on “*Foreign economic activities in the Republic of Tajikistan*” No. 869 of 17 December 1993;

Law on “*Collateral*” No. 979 of 20 July 1994;

Custom Codex of the Republic of Tajikistan as of 4 November 1995;

Land Codex of the Republic of Tajikistan as of 13 December 1996;

Law on “*Product and services certification*” No. 314 of 13 December 1996;

Law on “*Standardization*” No. 334 of 14 December 1996;

Law on “*State Registry in the Republic of Tajikistan*” No. 498 of 12 December 1997;

Law on *Banks and banking operations*” No. 648 of 23 May 1998;

Tax Codex of the Republic of Tajikistan No. 664 of 1 January 1999;

Government Decree on “*State Registry on Collateral Negotiations*” No. 365 of 6 August 1999;

Civil Codex of the Republic of Tajikistan, Volume 1, No. 803 of 1 January 2000;

Civil Codex of the Republic of Tajikistan, Volume 2, No. 886 of 1 July 2000;

Law on “*Competition and limited monopolistic activities on the product markets*” No. 11 of 29 November 2000;

Government Decree on “*Introduction of book for registration of controlling economic entities in the Republic of Tajikistan*” No. 542 of 28 March 2001;

Law on “*State protection and support of entrepreneurship in the Republic of Tajikistan*” No. 46 of 10 May 2002; and

Law on “*Farm economy*” No. 48 of 10 May 2002.

5.23. The former Yugoslav Republic of Macedonia

Law on “*Trade Companies*”, enacted in 1996, the most recent amendment in 2001;

National Strategy for SMEs, accepted by the Government in 2002.

5.24. Turkmenistan

Civil Code of Turkmenistan “*Saparmurat Turkmenbashi*”;

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Law on “*Entrepreneurship Activity in Turkmenistan*”, of 12 November 1991, with amendments and additions of 1 October 1993;

Law on “*Certification of Goods and Services*”, of 8 October 1993;

Presidential Decree on “*Measures for Stabilization of the Financial State of Agricultural Enterprises in Turkmenistan*”, № 2812 of 9 October 1996;

Presidential Decree on “*Facilitation of Tax Regime for the Entrepreneurs Without Juridical Personality*”, № 2848 of 31 October 1996;

Provision on “*State Registration of the Entrepreneurs without Juridical Personality*”, approved by the General State Tax Inspection and Ministry of Economy and Finance, № 17 of 2 December 1996;

Law on “*Enterprises*”, of 1 October 1993, with amendments and additions of 24 September 1994 and of 15 September 1998;

Law on “*Value Added Tax*”, of 8 October 1993, with amendments of 8 January 1999;

Provision on “*Order of Granting Patents and Defining the Patent Fee*”, approved by the General State Tax Inspection and Ministry of Economy and Finance № 18 of 16 December 1996, with amendments of 11 January 1999;

Law on “*Licensing of Certain Types of Activities*”, of 14 June 1999, with amendments and additions of 14 January 2000;

Law on “*Income Tax*”, of 8 October 1993, with amendments of 8 January 1999 and 12 July 1999;

Law on “*Joint-stock Companies*”, of 23 November 1999;

Presidential Decree on “*State Regulation of Prices and Tariffs*”, № 2057 of 11 January 1995, with amendments and additions brought in by Presidential Decrees № 2434 of 27 December 1995 and № 4520 of 21 January 2000.

5.25. Ukraine

Presidential Decree on “*Elimination of Barriers to the Entrepreneurship Development*”, № 79/98 of 3 February 1998;

Presidential Decree on “*State Support of Small Businesses*”, № 456/98 of 12 May 1998;

Presidential Decree on “*Facilitation of the Tax Regime and Tax Declaration for Small Entrepreneurs*”, № 727/98 of 3 July 1998;

Presidential Decree on “*Measures of Regulation of Entrepreneurial Activity*”, № 817/98 of 23 July 1998;

Presidential Decree on “*Creation of Credit System for Small and Medium Entrepreneurship Support*”, № 540/99 of 20 May 1999;

Presidential Decree on “*On Implementing the Allowances System in the Entrepreneurship Activity Sphere*”, № 535/99 of 20 May 1999;

Presidential Decree on “*Introducing Amendments to the Presidential Decree on “Facilitation of the Tax Regime and Tax Declaration for Small Entrepreneurs”, № 727/98 of 3 July 1998*”, № 746/99 of 28 June 1999;

Presidential Decree on “*Bringing to Order the Taxation Mechanism*”, № 761/99 of 28 June 1999;

Presidential Decree on “*Implementing the Uniform State Regulation Policy on Entrepreneurial Activity*”, № 89/2000 of 22 January 2000;

Presidential Decree on “*Issues of the State Committee of Ukraine on Entrepreneurship Regulatory Policy Problems*”, № 721/2000 of 25 May 2000;

Law on “*Licensing of Certain Types of Economic Activities*”, № 1775-14 of 1 June 2000;

Presidential Decree on “*Measures of Further Support of Entrepreneurship Development*”, № 906/2000 of 15 July 2000;

Law on “*State Support of Small Businesses*”, № 2063-III of 19 October 2000;

Law on “*National Programme of Small Businesses Support in Ukraine*”, № 2157-III of 21 December 2000.

5.26. Uzbekistan

Law on “*Chambers of Goods Producers and Entrepreneurs of Uzbekistan*”, of 24 July 1997;

Presidential Decree on “*Additional Measures on Stimulation of Small and Medium Entrepreneurship Development*”, № UP-1702 of 31 January 1997;

Presidential Decree on “*Measures on Further Stimulation of the Development of Private Entrepreneurship, and Small and Medium Business*”, № UP-1987 of 9 April 1998;

Cabinet of Ministers Decree on “*Improving the Activity of Chamber of Manufacturers and Entrepreneurs of the Republic of Uzbekistan*”, of 21 April 1998;

Cabinet of Ministers Decree on “*Organization of Activity of Dekhan Association and Farms*”, № 168 of 22 April 1998;

Cabinet of Ministers Decree on “*Measures of Support of Farmers, Private Entrepreneurs and Other Subjects of Small and Medium Business Activity*”, № 75 of 4 March 2000;

Law on “*Guarantees for the Freedom of Entrepreneurial Activities*”, of 25 May 2000;

Presidential Decree on “*Additional Measures on Stimulation of Export Goods Producers*”, № UP-2613 of 5 June 2000;

Provision on “*Order of Coordination of Business Entities Activities Check-ups carried out by Controlling Authorities*”, approved by the Decree of Republic Council on coordination of controlling authorities activities”, № 01 of 23 April 2001;

Cabinet of Ministers Decree on “*Regulation of Natural Persons Goods Import into the Republic of Uzbekistan*”, № 154 of 6 May 2001;

Provision on “*Order of Conducting Checks of Business Entities Activities and Keeping the Checks Registration Book*”, approved by the order of the Minister of Justice of the Republic of Uzbekistan, № 55-MX of 15 May 2001;

Cabinet of Ministers Decree on “*Further Measures on Stimulation of Commerce Banks Participation in the Small and Medium Entrepreneurship Development*”, № 195 of 19 May 2000;

Appendix №1 to the Cabinet of Ministers Decree “*Provision on Order of State Registration and of Entrepreneurship Subjects*”, № 347 of 22 August 2001;

Cabinet of Ministers Decree on “*Additional Measures on Financing, Logistics Supply, Customs Privileges, and Provision of Banking and Other Services to Small Enterprises, Dekhans and Farms*”, № 366 of 10 September 2001;

“*Programme of Development of Small and Medium Business, and Private Entrepreneurship in the Republic of Uzbekistan in 2002-2003*”, approved on the meeting of Republic Coordination Council on Stimulation of Small and Medium Entrepreneurship Development, № 36-1-2 of 15 February 2002. Ratified at the meeting of the Presidium of the Cabinet of Ministers, 18 February 2002;

Presidential Decree on “*Further Improvement of Tax System in the Trade and Public Catering Spheres*”, № UP-3076 of 20 May 2002;

Cabinet of Ministers Decree on “*Order of Taxation of Trade and Public Catering Enterprises*”, № 249 of 12 July 2002;

Cabinet of Ministers Decree on “*Measures on Implementation of Presidential Decree on Further Measures on Stimulation of Export Goods Producers*”, № 208 of 13 June 2002;

Cabinet of Ministers Decree on “*Measures of Stimulation of Satiation of Market with Consumer Goods and Improvement of Interrelations of Producers and Retailers*”, № 310 of 13 November 2002;

Cabinet of Ministers Decree on “*Measures on Regulation of Registration and Activities of Juridical and Physical Personalities*”, № 487 of 26 November 2002;

Presidential decree on “*Measures on Increase of Share and Role of Private Sector in the Economy of Uzbekistan*”, 24 January 2003.

5.27. Federal Republic of Yugoslavia

Preparation of the *National SME development policy* ended in January 2003 when the Government adopted the Strategy for the Development of Small and Medium sized Enterprises and Entrepreneurship in the Republic of Serbia 2003-2008. The Department for SME development of the Ministry of Economy and Privatization was in charge of it.

6. SME SUPPORTING MEASURES AND INSTITUTIONS

¹⁷6.1. Albania

Governmental Authority

Business Promotion Department / SME Sector within the Ministry of Economy

Business Support Institutions

- German Technical Assistance - Small Medium Enterprise (GTZ-SME);
- United Nations Development Programme – SME;
- Technology and Trade Information Promotion System (TIPS);
- 7 Regional Development Agencies (RDA);
- Albanian Institute of Statistics (INSTAT);
- ORT Albania;
- International Finance Corporation (IFC);
- Albania-America Enterprise Fund (AAEF);
- Albania Reconstruction Equity Fund (AREF);
- Agricultural Produce Marketing Committee (APMC);
- BESA Foundation;
- Ministry of Agriculture, Fisheries and Food (MAFF);
- Chamber of Commerce and Industry;
- Enterprises System Incubators Foundation;
- There are 10 RDAs (Regional Development Agency).

Supporting Measures

Since February 2002, there is a medium-term strategy for SMEs in function and there are various credit lines available.

Establishment of SME Guarantee Fund through European Training Foundation in the frame of a bilateral agreement between the Albanian and Italian Governments.

6.2. Armenia

Governmental Authority

Small and Medium Entrepreneurship Development Department within the Ministry of Trade and Economic Development

Business Support Institutions

- Fund “SME Development National Center of Armenia”;
- 11 Chambers of Commerce and Industry;

- Armenian Development Agency (ADA);
- 25 commercial banks;
- Micro finance institutions;
- Business NGOs (Union of Manufacturers and Businessmen of Armenia);
- International financial and donor organizations in Armenia (the United States Agency for International Development (USAID-Armenia), the World Bank, USDA, UNDP, IOM, World Vision, Eurasia Foundation, JICA, GTZ, TACIS).

Supporting Measures

Fund “SME Development National Center of Armenia” (SME DNC) is a non-commercial, public-private partnership organization, established on 19 March 2002 by Decree of the Government of Armenia to serve as a liaison between the Government and the business community. SME DNC will implement SME development policy and strategy as well as SME development and support programmes (particularly SME state support annual programmes) in Armenia. The SME DNC is the first public-private structure in Armenia devoted to SME support and development. The SME DNC will operate throughout Armenia via regional branches.

The main directions of state support to SME are as follows (according to the Law “On State Support of SME”):

- Creation of favourable legal environment;
- Financial and investment assistance and provision of loan guarantees;
- Assistance for creation and development of support infrastructure;
- Business information and consulting assistance;
- Promotion of foreign economic activities;
- Assistance for introduction of innovations and modern technologies;
- Performance of favourable tax policy;
- Vocational education and training;
- Creation of simplified systems for statistic reports and accountancy;
- Assistance on procedure for performance of state purchasing.

6.3. Azerbaijan

Governmental Authority

Entrepreneurship Development Department of the Ministry of Economic Development

Business Support Institutions

- SME Development Agency in the Republic of Azerbaijan – KOSIA-SMEDA
- National Entrepreneurship Support Fund
- Exhibition Trade Centre

Supporting Measures

Fund “SME Development National Center of Armenia” (SME DNC) is a non-commercial, public-private partnership organization, established on 19 March 2002 by decree of the Government of Armenia to serve as a liaison between the Government and the business community. SME DNC will implement SME development policy and strategy as well as SME development and support programs (particularly SME state support annual programs) in Armenia. The SME DNC is the first public-private structure in Armenia devoted to SME support and development. The SME DNC will operate throughout Armenia via regional branches.

The main directions for state support of SME are as follows (according to the Law of RA “On State Support of SME”):

- Creation of favourable legal environment;
- Financial and investment assistance and provision of loan guarantees;
- Assistance for creation and development of support infrastructure;
- Business information and consulting assistance;
- Promotion of foreign economic activities;
- Assistance for introduction of innovations and modern technologies;
- Performance of favourable tax policy;
- Vocational education and training;
- Creation of simplified systems for statistic reports and accountancy;
- Assistance on procedure for performance of state purchasing.

6.4. Belarus

Governmental Authority

Ministry of Economy (until October 2001: the Ministry for Entrepreneurship and Investments)

Business Support Institutions

By the present moment in the Republic has been formed and is functioning the uniform business support system, which has the following structure:

- Co-ordinating and monitoring body – the Ministry of Economy (until October 2001 - the Ministry for Entrepreneurship and Investments). The main task of the Ministry is the implementation of the state policy of support of business and of investment activity of the agents of management of non-state form of ownership;
- Council on Development of Entrepreneurship at the President Office of the Republic of Belarus;
- Permanent Committees on Industry, Fuel and Power, Telecommunication and Entrepreneurship;
- Chambers of Representatives of the National Assembly of the Republic of Belarus;
- Financial bodies – the Belarusian Fund of Financial Support for Entrepreneurs and regional funds of financial support;

- The public bodies – public associations of entrepreneurs, which represents interests of the subjects of economy with non-government form of ownership, including the Foundation “National Agency of Development of Entrepreneurship”; and the subjects of the entrepreneurship support infrastructure in regions (centers and incubators of small entrepreneurship);

There are 63 public associations of businessmen in Belarus, including 24 on the republican level and 39 on regional. On 1 October 2001, in the Republic of Belarus there were 52 centres of support of business, 8 incubators of small business, 2 industrial parks.

Supporting Measures

- Law on “*State support to small entrepreneurship in the Republic of Belarus*”, No. 685-XIII of 16 October 1996;
- Decree of the President of the Republic of Belarus on “*State support of small entrepreneurship in the Republic of Belarus*”, No. 262 of 19 July 1996;
- Annual regional programmes on state support to small entrepreneurship;
- Resolution of the Minister of Labour on “*Confirming the procedure and conditions of financial support for creation of new jobs at the expenses of the State Employment Foundation*”, No. 87 of 14 June 2000;
- Cabinet of Ministers Decree on “Rendering the financial support to the small entrepreneurs” gives the entrepreneurs-manufacturers an opportunity to reduce the cost of banks’ credit resources;
- In accordance with the Programme on State Support of Small Entrepreneurship in the Republic of Belarus, Ministry of Economy renders the support to the small entrepreneurs in the realization of investment projects by providing partial compensation of the expenses related to the payment of credit interest rates and of the banks’ interest rates for the use of credit to cover leasing cost expenses.

6.5. Bosnia and Herzegovina

Government Authority

Ministry of Foreign Trade and Economic Relations

Ministry of Industry and Technology

Business Support Institutions

- Federal Development Planning Institute;
- 5 SME Advisory and Business Information Centres throughout the country, including Supporting Centre for SMEs of Chamber of Economy of F BiH;
- 1 existing Business Incubator – Gradačac

In preparation:

- Business Incubator in Mostar: Care- QIF Mostar;
- Techno-park in Zenica: Machine Faculty;

Small and Medium-Sized Enterprises in Countries in Transition

- Institute for Standardization, Measurement and Patents BiH;
- Q-project – Organization for Business and Management Consulting;
- 40 Microcredit institutions;
- 22 Banks providing Credit Guarantee Schemes;
- World Bank Fund;
- Revolving Fund;

Supporting Measures

- There are some local facilities for start-up enterprises. According to The Law on “*Income Tax*” there is a reduction of income tax of start-ups: first year-100%, second year -70% and third year-30%;
- Enterprises are exempted from the income tax if 50% of employees are disabled persons.

6.6. Bulgaria

Business Support Institutions

- Agency for Small and Medium-Sized Enterprises (ASME);
- Bulgarian Trade Promotion Agency;
- Bulgarian Export Insurance Agency;
- Bulgarian Foreign Investment Agency;
- Bulgarian Industrial Association;
- Employment Agency;
- Bulgarian Chamber of Commerce and Industry;
- Bulgarian Chamber of Crafts;
- Bulgarian Association of Regional Development Agencies and Business Centres (BARDA);
- Business Incubators within BARDA network;
- Agribusiness Centres / Business Incubators created under the “Job Opportunities through Business Support” (JOBS). Project of the Ministry of Labour and Social Policy and United Nations Development Programme;
- Euro Info Centres;
- European Innovation Relay Centre – Sofia;
- National Union of the Small and Medium Business.

Supporting Measures

- “Guarantee Fund for Micro-Crediting” – started at the beginning of 2001 in 18 pilot municipalities with the highest rates of unemployment. The projects’ main objective is the creation of new jobs through facilitating the access to finance and free resources necessary for development and expansion of business activity. Since 1 August 2002, this Fund is introduced in all municipalities in Bulgaria.
- Financial leasing scheme within the framework of the “Job Opportunities through Business Support”. The project has created a sustainable network of 24 business centres, including 11 business incubators and 3 business information centres that

provide services all over the country. The main goal of the project is to create more jobs at the local level.

- The Law for Encouraging Employment, in force from 1 January 2002, assigns to the Employment Agency (EA) to carry out training for the acquiring of professional qualification by workers and employees in small and medium-sized enterprises. The EA (successor to the National Employment Service from 2002) implements the state's policy for employment promotion, professional information and consultancy, vocational and motivation training of employed and unemployed. In 2001, a total number of 11 micro-projects "Start your own business" were implemented at the regional/municipal level. The micro-projects help the unemployed to start up and develop small and family businesses through forming entrepreneurial spirit, training and preparation of starting in business. During 2001, 236 people were included in the training programme.

6.7. Croatia

Governmental Authority

Ministry of Small and Medium Enterprises

Business Support Institutions

At present, the business support system in Croatia has the following structure:

- 33 - SME Advisory Services and Business Information Centres;
- 12 - Business Incubators;
- 4 - Techno-Parks;
- 141 Entrepreneurial zones;
- Nongovernmental organizations – micro-crediting through commercial banks;
- Croatian Agency for Small Business;
- Save and Loan cooperatives;
- 3 – Venture Funds for SMEs;
- Croatian Bank for Reconstruction and Development.

Supporting Measures

- Ministry of SMEs plays an important role in allocation of subsidies. The purpose is the loan costs reduction for entrepreneurs and reduction of commercial banks interest rates and encouraging entrepreneurs to use business-consulting services. Ministry has opened the following credit lines:
 - working capital for export oriented SMEs;
 - introducing new technologies;
 - preparation for the tourist season; and
 - credits for entrepreneurs (in cooperation with counties & cities).

- Croatian Bank for Reconstruction and Development was founded by the State in 1992 and has special loan programmes for:
 - development of small and medium sized businesses;
 - support establishment of SMEs start-ups;
 - support setting up businesses in war devastated and other underdeveloped areas in Croatia;
 - credits for export goods; and
 - credits for preparing for the tourist season.
- Croatian Agency for Small Business is a state institution founded for encouraging small business sector development and increasing SMEs share in Croatian economy. The objective is to create friendly environment, establish effective network of support institutions at the national, regional and local levels and to ensure direct support in financing, technology development, quality improvement, competition strengthening, market building up, new employment and to link entrepreneurs, institutions and supports into efficient system.

6.8. Czech Republic

Governmental Authority

Department for Support to SMEs within the Ministry of Industry and Trade

Business Support Institutions

- Business Development Agency semi-governmental institution acting under the Ministry of Industry and Trade;
- 35 Regional Advisory and Information Centres;
- 5 Business Innovation Centres;
- Business Incubators, which are integral part of science and technology parks;
- Techno Parks:
 - Association of Innovative Entrepreneurship;
 - Science and Technology Parks Association (STPA);
- 30 Science and Technology Parks;
- Czech Society for Quality;
- Czech Quality Award Association;
- Czech-Moravian Guarantee and Development Bank;
- 2 Venture Funds for SMEs;
- Czech Trade Promotion Agency;
- Czech Agency for Foreign Investment – CzechInvest;
- Czech Export Bank, a.s.;
- Export Guarantee and Insurance Corporation.

Supporting Measures

There are 10 national-wide and 7 regional programmes of state support to small and medium-sized enterprises, approved by the Government of the Czech Republic on 11 December 2000 for the period 2001-2004.

6.9. Estonia

Governmental Authority

Enterprise Division, Economic Development Department within the Ministry of Economic Affairs

Business Support Institutions

- 16 Regional Business Development Centres;
- Enterprise Estonia – financial and intermediary institution;
- Credit and Export Guarantee Fund;
- Tartu Science Park, Tallinn Technical University Innovation Centre and 4 business incubators;
- Foundation Estonian Accreditation Centre;
- Estonian Centre for Standardization;
- Department of Legal Metrology of the Technical Inspectorate.

Supporting Measures

- “Enterprising Estonia. National Policy for the Development of Small and Medium – sized Enterprises in Estonia in 2001-2006” is concentrated on the following priority fields:
 - the development of human resources;
 - improved access to finance;
 - the development of the business support infrastructure;
 - improved access to business information;
 - reduction of administrative barriers.

The main instruments are:

- support for advisory services and business training;
- non-repayable start-up aid;
- support for development of business infrastructure;
- support for retraining and further training;
- SME credit and Leasing Guarantees.

6.10. Georgia

Governmental Authority

Centre for Small Enterprise Development and Assistance of Georgia

Business Support Institutions

- BEESI;
- Business Support Centre (BSC);
- Centre for Small and Medium Enterprise Development of Georgia (CSMEDG);
- Consulting and Training Centre (CTC);
- Association of Business Consulting Organizations – Georgia (ABCO – Georgia), which includes 15 organizations in different regions;
- Association “Women and Business”;
- Small and Medium Enterprise Development Agency (SMEDA – Tbilisi);
- State Department of Standards and Certification;
- 9 micro-credit institutions, including Micro Finance Bank of Georgia (MBG);
- 59 mutual credit associations and credit unions;
- Georgian Investment Centre;
- Georgian Export Promotion Agency.

Supporting Measures

- The “Small and Medium Enterprise State Support Programme for 2002-2004” determines two main ways of providing enterprise state support:
 1. Financial assistance through attracting investments:
 - small direct loans;
 - guarantee to commercial banks;
 - bank loan interest subsidy.
 2. Information and Advisory service, education and training.

6.11. Hungary

Governmental Authority

Ministry of Economic Affairs and Transport (In 2000-2001: the Ministry of Economic Affairs)

Business Support Institutions

- Enterprise Development Council (VT);
- Hungarian Enterprise Promotion Public Benefit Co.;
- Hungarian Investment and Trade Development Public Benefit Co.;
- 7 Euro Info Centres;
- 24 Chambers of Commerce and Industry;
- Hungarian National Committee of the International Chamber of Commerce;
- SEED Foundation for Small Enterprise Economic Development;
- 23 Business Incubators and Techno-parks, including Hungarian Association of (Entrepreneurship) Incubator Houses;
- Hungarian Quality Development Centre;
- Hungarian Quality Association;

- Hungarian Foundation for Enterprise Promotion with its 20 Local Enterprise Agencies;
- Credit Guarantee Co.;
- Small Business Development Financial Co.;
- Hungarian Export and Import Bank Co.;
- Hungarian Export Credit Insurance Co.;
- Hungarian Development Bank Co.;
- Joint Venture Association;
- National Association of Industrial Corporations (IPOSZ);
- National Association of Employers and Industrialists (MGYOSZ);
- National Association of Entrepreneurs and Employers (VOSZ);
- National Employment Public Foundation (OFA);
- Regional Development Co.;
- Regional Development Council;
- Regional and Rural Development Offices.

6.12. Kazakhstan

Governmental Authority

Agency for Natural Monopoly Regulation, Competition Protection and Small Business Support

Business Support Institutions

- 34 objects of SMEs support infrastructure (business-incubators, techno-parks);
- 57 consulting centres in the regions;
- 19 credit unions;
- 33 organizations carrying out banking activities;
- 45 pawn-shops;

Supporting Measures

- Small entrepreneurs are provided with statistical and informational services, and scientific developments and technologies on privileged terms within the state SMEs financial support framework;
- Registration of small entrepreneurs in the legal authorities ordinarily takes 3 days;
- There are 3 tax special regimes applicable to small entrepreneurs and in accordance with these regimes the simpler order of calculating and collecting social and corporate or individual income tax is applied.

6.13. Kyrgyzstan

Governmental Authority

The State Commission for Development of Business Undertakings under the Government of the Kyrgyz Republic

Business Support Institutions

- 45 business consulting and information centres;
- Business Incubator of the State Commission for enterprise development within the Government of the Kyrgyz Republic;
- State Inspection on Standardization and Metrology;
- 10 micro-credit organizations;
- Chamber of Commerce and Industry of the Kyrgyz Republic.

Supporting Measures

- Financial support to SMEs from state and international organizations that provide loans and grants to entrepreneurs;
- Technical support to SMEs from State that provides empty premises and unused equipment;
- Informational support to SMEs from state and international organizations that give consultations to start-ups, and carry out business discipline trainings and seminars.

6.14. Latvia

Governmental Authority

Ministry of Economy of the Republic of Latvia

Business Support Institutions

- Latvian Development Agency;
- Euro Info Correspondence Centre;
- Latvian Technology Park (LTP);
- Latvian Technology Centre (LTC);
- Business Innovation Centre of Latvian Electronic Industry (LEBIC);
- Latvian Association for Quality;
- Mortgage and Land Bank of Latvia.

Supporting Measures

- The law on “Company Income Tax” stipulates tax exemptions for SMEs in the amount of 20% of the calculated income tax. The amendments to this law that came into force on 1 January 2002 foresee gradual reduction of this tax rate from 25% to 15% and the SMEs will benefit from the exemption until the time when the income tax falls below 15% (two years after the start of reduction of income tax);
- According to the law on “The Value Added Tax”, the enterprise may get registered as a taxable person regardless of the size of accomplished transaction, which means that SMEs have the right to apply pre-tax holdbacks;
- In 2000 Mortgage and Land Bank of Latvia (MLBL) started the first phase of the programme on crediting small and medium businesses, allocating loans to 255 clients for the total amount of EUR 12.05 million. In July 2001, MLBL started the second phase of the SMEs crediting programme, offering more favourable conditions – lower

interest rate and easier pledge requirements. This phase also relates to new groups of enterprises eligible to receive special target loans. In total terms, 375 loans for the amount of EUR 17.1 million were granted during first and second phase of SMEs crediting. Average size of the loan was EUR 48 thousand, an average interest rate on these loans was 8.5% and loans encouraged creation of 912 new jobs.

6.15. Lithuania

Governmental Authority

The Lithuanian Development Agency for Small and Medium Enterprises (SMEDA) – a public institution, the only founder of which is the Ministry of Economy of the Republic of Lithuania

Business Support Institutions

- 6 business advisory centres;
- 13 business information centres;
- 2 Euro info centres;
- 6 business incubators;
- 2 techno parks;
- State Food and Veterinary Service of the Republic of Lithuania;
- State Non-food Products Inspectorate under the Ministry of Economy of the Republic of Lithuania;
- INVEGA (CSC Investments and Business Guarantees) – risk financing experts;
- 4 funds of financial support;
- Lithuanian Economic Development Agency;
- Lithuanian Association of Chambers of Commerce, Industry and Crafts;
- Lithuanian Export and Import Insurance;
- Lithuanian Industrialists Confederation;
- Lithuanian Business Employers Confederation.

6.16. Poland

Governmental Authority

Department of Craft, Small and Medium Enterprises within the Ministry of Economy

Business Support Institutions

- The Polish Agency for Enterprise Development (PAED);
- The National SME Services Network (KSU);
- Regional Financing Institutions (RFIs).

Supporting Measures

- Persons who commence business activity on a smaller scale may choose a simplified form of taxation. The tax law defines the types of activity for which the entrepreneur

- may choose the so-called tax chart where the lump-sum tax is applied, regardless of the economic results achieved by the entrepreneur (revenue or income);
- Entrepreneurs operating in most areas of business (with very small exceptions) may opt to pay the lump-sum tax on registered income;
 - The Polish tax system includes also the exemption from the VAT, for entrepreneurs whose annual turnover does not exceed the equivalent of EUR 10 thousand;
 - Companies, which apply for credits, may also apply to the Bank Gospodarstwa Krajowego (a state bank) for guaranties for these credits. This applies only to companies which have the basic credit capacity – usually not those who commence their activity;
 - The Polish Agency for Enterprise Development is furthermore involved in the implementation of the following major programmes financed out of European Union funds.

6.17. Republic of Moldova

Governmental Authority

Department of Development of Small Business within the Ministry of Economy

Business Support Institutions

- “BIZPRO – MOLDOVA” – business advisory and information centre;
- Balti Municipality – business incubator;
- Alfa Factory – techno-park;
- National Centre of Standardization, Metrology and Certification within the Department of Standardization and Metrology;
- Inspection of Sanitation and Hygiene;
- MEC – MOLDOVA S.A. – micro-credits;
- “Euroleasing”- leasing company;
- Chamber of Commerce and Industry of the Republic of Moldova;
- State Chamber of Registration within the Information Technologies Department of the Ministry of Internal Affairs of the Republic of Moldova;
- State Chamber of Licensing;
- General Tax Inspectorate;
- “SGS – Moldova” – Swiss company that carries out pre-shipment inspection.

6.18. Romania

Governmental Authority

Ministry for Small and Medium Enterprises and Cooperatives (MSMEC)

Business Support Institutions

- 44 National Councils for Private SMEs;
- 8 Regional Development Agencies;

- 23 Foundations for Promotion of Private SMEs, including Romanian Centre for SMEs – CRIMM Foundation and Foundation for Entrepreneurs Assistance – FAIR;
- 36 Business and Counselling Centres and Institutions, including Centre for the Development of SMEs, UN Centre for promotion of Promotion of Private SMEs, Romanian-American Centre for Development of SMEs, Association of Private Enterprises, General Unions of Romanian Entrepreneurs in Industry in numerous cities, Women Entrepreneurs Association of Romania;
- 12 Business Incubators and Techno-parks, including Business Incubator Association and numerous Regional Innovation Centres;
- 12 Institutions Responsible for the Development of Quality, including Quality Management Institutions, Romanian Accreditation Association, Romanian Society for Quality Assurance, MOODY International and SGS Romania SA;
- 12 Products Quality Management Institutions;
- National Fund for Guarantee Credits for SMEs;
- Romanian Loan Guarantee Fund;
- Romanian Rural Loan Guarantee Fund;
- 4 Micro-credit institutions, including Romanian-American Enterprise Fund – FRAI and Advent Central and Eastern Europe II;
- ORESA Venture SA – venture fund for SMEs;
- 4 grants for SMEs, including Programme PHARE 2000 – B2 Component;
- 42 Chambers of Commerce and Industry;
- Balkan Centre for Cooperation among SMEs.

Supporting Measures

- European Bank for Reconstruction and Development is a financing facility for SMEs, providing credits to the “new clients” of the bank, i.e. legal persons, which did not apply for a credit in the past 12 months. Eligible costs include investment projects, working capital needs and new projects;
- There are 11 other institutions that provide financial support to SMEs by providing working capital, covering expenses that are currently greater than payment possibilities of the client, etc.;
- PHARE 2000 – Economic and Social Cohesion - B2 Component – Credit Line for SMEs;
- European Commission/RICOP Programme “Small and Medium Enterprise Financing”;
- The Government of Romania/World Bank provide financial incentives (grants) to SMEs as a sub-component of the Programme for closing the mines and for alleviating the social impact;
- National Multi-annual Programmes of MSMEC, entirely financed from the state budget for 2002-2005:
 - National Multi-annual Sub-Programme for sustaining investments by new enterprises or micro-enterprises and existing SMEs;
 - The National Credit Guarantee Fund for SMEs;
 - National Multi-annual Sub-Programme for Establishment and Development of Business Incubators;

- National Multi-annual Sub-Programme for Fostering Export Activities of SMEs;
 - National Multi-annual Sub-Programme for Supporting SMEs' access to training and consultancy services;
 - Programme for developing entrepreneurial abilities – EMPRETEC.
- Tax exemptions facilities for SMEs were included in unitary normative acts: Law on “VAT” and Law on “Profit Tax”;
 - Government Ordinance 24/2001 has introduced a new privileged taxation system for the micro-enterprises.

6.19. Russian Federation

Governmental Authority

Ministry of Antimonopoly Policy and Support of Entrepreneurship

Business Support Institutions

- Federal Fund of Small Businesses Support;
- Russian SME Resource Centre;
- Russian Agency for SMEs Support;
- Chamber of Trade and Industry of the Russian Federation;
- Russian Association for SMEs Development;
- Russian Entrepreneurs and Tenants Union;
- Russian Association of Leasing Companies “Rosleasing”;
- National Leasing Centre;
- Association “Techno-park”;
- National Community of Business Incubators;
- Innovation Union of the Russian Federation;
- Public All-Russian Organization “Russian Women Entrepreneurs Association”;
- All-Russian Union for SMEs Support and Cooperation;
- 10 joint-venture funds;
- Above 20 specialised micro-financing institutions.

Supporting Measures

- In accordance with the law on “State Support of Small Businesses in the Russian Federation” the project of “Federal Programme of State Support of Small Businesses in the Russian Federation for 2003-2005” was developed;
- Federal Law on “Introducing amendments and additions to the Part 2 of Tax Code of the Russian Federation, and on declaring several Russian Federation legislation acts on tax and duties invalid”, which provides tax reduction and stipulates particularities of SMEs taxation;
- Federal Law on “Introducing amendments and additions to the Part 2 of Tax Code of the Russian Federation and to several legislative acts of the Russian Federation” provides reduction of the common social tax for the individual entrepreneurs to 13.2% with application of regressive tax rates scale.

6.20. Slovakia

Governmental Authority

Ministry of Economy of the Slovak Republic

Business Support Institutions

- National Agency for Development of Small and Medium Enterprises (NADSME);
- 13 Regional Advisory and Information Centres (RAIC) – a part of NADSME network;
- 5 Business Innovation Centres – NADSME network;
- 2 Euro Info Centres;
- Entrepreneurs Association of Slovakia;
- Slovak Chamber of Commerce and Industry;
- 18 Regional Development Agencies;
- 4 existing business incubators and 4 – projects under preparation;
- 6 Technology Centres;
- Slovak Society for Quality;
- 14 micro-credit institutions, including NADSME and majority of RAICs;
- Slovak Guarantee and Development Bank;
- 4 Venture Funds, including Slovak Venture Capital Association (SLOVCA) and the Slovak American Enterprise Fund (SAEF);
- Project of establishment of 9 First Contact Point Centres for SMEs is ongoing in the region of Eastern Slovakia;
- 4 Business Centres;
- 3 Export-Import Institutions.

Supporting Measures

- The State Support Programmes established to provide beginner SMEs with initial funds and consulting services:
 - Support Loan Programme;
 - Micro-Loan Programme;
 - Programme Counselling Services for Small and Medium Enterprises;
 - Programme Counselling and Training for SMEs;
 - Programme on Training, Workshops and Counselling for Individuals Interested in Starting Business.
- Seed Capital Company Ltd manages *Start-Up Capital Fund* designed to give new SMEs the opportunity to overcome the lack of initial funds;
- NADSME, Association CEPAC Slovakia and Integra Venture provide training, counselling and mentoring to start-up SMEs;
- Slovak Guarantee and Development Bank – state financial institution realises 9 guarantee programmes, 7 non-return financial contribution programmes and 3 loan-based programmes to support business entities in Slovakia;

- Export-Import Bank of the Slovak Republic supports the development of SMEs by providing financing of export loans and by providing short, medium and long-term insurance of export credits.

6.21. Slovenia

Governmental Authority

Ministry of Economy

Business Support Institutions

- Small Business Development Centre;
- 2 Business Incubators;
- 4 Techno-parks;
- Slovenian Institute for Standardization;
- Small Business Development Fund;
- Venture Fund (Sklad Tveganega Kapitala);
- 11 Regional Guarantee Schemes;
- Slovenian Trade and Investment Promotion Agency;
- Slovenian Export Company.

Supporting Measures

- Creation of dynamic new enterprises within incubators and techno-parks to support SMEs. The Ministry of Economy co-finance with technological Parks and Incubators:
 - one-off consultancy services available to enterprises only in the initial phase, covering up to 50% of costs;
 - equipment, land and buildings exclusively and continuously used for the research and development activities of the technology park of incubator, covering up to 25% of costs;
- The Ministry of Economy provides favourable sources of financing in the early phase of development of an SME, which are invested in high technology with the aim of creating high added value:
 - in the form of co-investments;
 - as soft loans.

6.22. Tajikistan

Government Authority

The State Agency for Antimonopoly Policy and Support of Entrepreneurship under the Government of the Republic of Tajikistan.

Business Support Institutions

- CARANA Corporation;
- Pragma Corporation;
- Open Society Institute – Assistance Foundation;
- Association of Business Women;
- Association for Support and Development of Owners;
- National Association of Small and Medium Businesses;
- International Foundation of Handicrafts Development;
- IFC; and
- The World Bank Group.

Supporting Measures

- Development of state policy and strategy in the field of attracting foreign investments for SMEs;
- Analysis and evaluation of programmes for effective and coordinated use of both national and external resources;
- Ensuring the interrelationship in SMEs programmes realization and elimination of their duplication;
- Information exchange and monitoring of donors' activity;
- Creation of joint ventures, leasing centres, etc.;
- Creation of intergovernmental commissions, working parties and various coordinating units in the SMEs support field.

6.23. The former Yugoslav Republic of Macedonia

Governmental Authority

Ministry of Economy

Business Support Institutions

- National Enterprise Promotion Agency;
- 8 Business Incubators;
- Chamber of Commerce of Macedonia;
- SEED-Skopje;
- Macedonian Business Resource Centre;
- Moznosti-Skopje - micro-credit fund with branch offices in 4 cities;
- PREDA - Agency for support of SMEs;
- Macedonian Enterprise Development Foundation;
- Macedonian Bank for Development;
- Department for promotion of export and investment.

Supporting Measures

- Following activities are provided by NEPA (National Agency for SME Development):

- Coordination of all activities regarding SME development;
 - Institutional development (SME supporting centres, agencies, companies and institutions);
 - Cooperation with all SME supporting institutions and Government;
 - Training activities (SME, institutions, banks and consultants);
 - Financial support (Micro Financing – Micro Credit Line);
 - Sector analysis;
 - Identification of barriers and barriers for SME.
- Financial support in form of credits and loans is directly distributing through commercial banks. Guaranty Fund – initiative by the Swedish Development Agency – is not functioning yet;
 - Some foreign institutions through the Embassies provide grants for SMEs in form of production machinery, cattle and seeds;
 - The Ministry of Economy provides grants for preparing and printing promotional materials (profiles, brochures) for SMEs , and co-financing expenses for stands on fairs in abroad;
 - Agency for developing underdeveloped regions in Macedonia covers one half of the interest rate of credits for the companies from underdeveloped regions.

6.25. Turkmenistan

Governmental Authority

The State Property and Privatization Department within the Ministry of Economy and Finance

Business Support Institutions

- State Standardization Committee;
- Several State banks of Turkmenistan provide micro-financing;
- Chamber of Commerce and Industry of Turkmenistan;
- State Tax Inspectorate;
- State Agency for Foreign Investments under the President of Turkmenistan.

Supporting Measures

- There are some privileges available while paying the following taxes:
 - Value Added Tax;
 - Income Tax;
 - Tax on Operations with Securities;
 - Excise-duties;
 - Income Tax from physical persons;
 - Property Tax;
 - State Social Insurance Tax;
 - State Duty;
 - Land Tax;

- Customs Duties on the goods being imported into Turkmenistan by physical persons;
- There are also some tax privileges applied to the export goods and applicable to the foreign investors and enterprises operating with foreign investment.

6.26. Ukraine

Governmental Authority

The State Committee of Ukraine for Regulatory Policy and Entrepreneurship

Business Support Institutions

- Ukrainian Union of Industrialists and Entrepreneurs;
- Union of Tenants and Entrepreneurs of Ukraine;
- Union of Small, Medium and Privatized Enterprises of Ukraine;
- All-Ukrainian Professional Union of the Commerce and other Forms of Entrepreneurship' Employees;
- All-Ukrainian Public Organization "Entrepreneurs Association *New Formation*";
- All-Ukrainian Entrepreneurs Association;
- All-Ukrainian Association of Social and Economical Support to Entrepreneurship;
- All-Ukrainian League of Business Protection and Support;
- International Public Organization "Ukrainian Fund of Entrepreneurship Support";
- All-Ukrainian Leasing Association "Ukrleasing";
- Federation of Professional Unions of Small and Medium Enterprises in Ukraine;
- Association of Young Entrepreneurs of Ukraine;
- Over 50 Public Organizations on Women Entrepreneurship Support, including All-Ukrainian Association of Women Entrepreneurs;
- Ukrainian League of Young Entrepreneurs;
- Ukrainian Association of Business-Incubators and Innovation Centres;
- Ukrainian Quality Association;
- National Association of Credit Unions;
- Chamber of Commerce and Industry of Ukraine.

6.27. Uzbekistan

Governmental Authority

The State Committee on State Property Management and Entrepreneurship Support

Business Support Institutions

- Chamber of Commodity Producers and Entrepreneurs of Uzbekistan;
- Business Fund;
- "MADAD" Insurance Agency;
- Association of Dehkan Holdings and Farms;
- Association of Handicrafts;

- Business Women Association;
- Centers of Information-Consulting Support of Entrepreneurs of the Chamber of Commodity Producers and Entrepreneurs;
- Market Skills Development Centre, etc.

Supporting Measures

Current legislation of Uzbekistan provides numerous privileges applicable to almost all taxes, and moreover there is a great number of individual tax privileges provided.

6.28. Federal Republic of Yugoslavia

Governmental Authority

The Department for SME Development and the Department for Entrepreneurship within the Ministry of Economy and Privatization

Business Support Institutions

- Republic Serbia SME Development Agency;
- 7 Regional Development Centres;
- Euro Info Correspondence Centre;
- Micro-finance Bank;
- Republic of Serbia Development Fund;
- Serbian Chamber of Commerce;
- Yugoslav Chamber of Commerce;
- Serbian Investment and Export Promotion Agency.

Supporting Measures

- Business information, training programmes and consulting services provided by centres and agencies for SMEs development;
- Grants for start-up entrepreneurs provided by the Republic Labour Market Bureau;
- Guarantee Fund, which is to be founded in 2002 will provide guarantees for loans for SMEs.

7. SWOT (Strengths, Weaknesses, Opportunities, Threats) ANALYSIS

7.1. ALBANIA

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Since February 2002, Albania has a Medium-term Strategy for SME Development • High share of the SME-sector in GDP • There is a wide range of credit facilities and microcredit intermediaries • Relatively well-developed entrepreneurial NGOs 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Lengthy and bureaucratic administrative procedures for starting a business either as a solo proprietor as well as a legal entity • The share of SMEs in export is low • Difficult to obtain initial capital for real estate and equipment investment • Low entrepreneurial skills • Lack of quality consciousness and low level of competitiveness
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • The Law on SMEs already approved by the Parliamentary Group and waiting for Parliamentary debate might lay down the legal framework for entrepreneurship development • By strengthening the Regional Development • Tourism might be a promising business segment in case of political and economic stability • Good business opportunities in the Mediterranean basin 	<p>THREATS</p> <ul style="list-style-type: none"> • Share of population in poverty is high • High level of illegal operations from the neighbouring Kosovo threatened the political and economic stability

7.2. ARMENIA

<p>STRENGTHS</p> <ul style="list-style-type: none"> • SME development and support state policy • Establishment of Small and Medium Development National Center of Armenia in March 2002 is the starting point for SME state support and development of infrastructure • Stable macroeconomic growth and positive trend in SME sector • Improvement of situation in labour market and solving a number of serious social problems 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • State policy started relatively late • Low demand of the local market • Lack of reliable official statistics on SMEs • Uncertain and unfriendly tax administration • Poor access of SME units to financial resources • Lack of alternative financial sources for SME units • Lack of managerial skills of SME leaders
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • SME provide an opportunity for implementation of new technologies and innovations with more rapidness and less expenses • High potential for quality BDS market development • SME Development National Centre will operate throughout Armenia via regional branches • Growing capacity and financial capability of MFIs; • Significant capital transfer from the Armenian Diaspora 	<p>THREATS</p> <ul style="list-style-type: none"> • Bureaucracy and corruption are hindering the development of SMEs • Unsettled regional conflicts • Highly polarized income distribution • Unfair competition

7.3. AZERBAIJAN

STRENGTHS <ul style="list-style-type: none">• Political and economical stability• The government has good understanding of entrepreneurship• Entrepreneurial skills of population is relatively high• Creation of legal basis for SMEs activity• High share of SME sector in GDP• Stable growth of number of SMEs• Government support policy based on the Law № 610 of 1997	WEAKNESSES <ul style="list-style-type: none">• Sectoral structure of SMEs does not meet the country's production potential• Weak development level of SME in certain country regions• Low SMEs share in export• Underdeveloped market infrastructure
OPPORTUNITIES <ul style="list-style-type: none">• Favourable geographical location of the country• Favourable climate conditions for development of tourism sector• Cheap labour force• Possibility of cooperation and doing business with the neighbouring South-Caucasian countries• Possibility of becoming a supplier of Transnational Corporations (TNCs) in the oil industry	THREATS <ul style="list-style-type: none">• Domestic market protection issues• The Nagorno-Karabach conflict that threatens the political and economic stability and absorbs significant financial recourses• Share of the population in poverty is high

7.4. BELARUS

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Concept for <i>Development and State Support of Small Entrepreneurship for 2002-1005</i> • The Belarusian Fund of Financial Support for Entrepreneurs provides financial support for entrepreneurs by credit facilities, micro-crediting, and leasing (including microcrediting of infrastructural entities like small business support centres and incubators of small entrepreneurship at reduces rates) • Creation of the Small Business Support and Development Infrastructure by the joint Programme of the UNDP and the Government of Belarus • Flexibility and mobility of SMEs in terms of adaptation of state to the market changes • Development of the innovative potential of the country • Creation of new jobs 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Lack of socio-psychological preconditions for the start-ups • Negative attitude towards entrepreneurs in the society • Low quality and competitiveness of production
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Possibility to export quality goods and services to CIS countries • Additional source of income for the population • SMEs decrease in the social tension because of crisis situation in economy, bankruptcy of the number of enterprises and unemployment • Increase in the export potential of the country • UNDP and UNECE provide technical assistance for development of entrepreneurship 	<p>THREATS</p> <ul style="list-style-type: none"> • Lack of mortgage guarantee of the return of credit resources • Lack of the special know-how in the economics, management and accounting areas • High tax burden • Instability of the legislation • Increase in the prices of raw materials and power supplies

7.5. BOSNIA AND HERZEGOVINA

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Fast adaptability to the market • Flexible organization and business efficiency • Quality human resources (labour) • Quality natural resources • Available services (transport, etc.) 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Poor local, entity, national and region links • There are no networks of programming and information support • Maladjustment of bank and credit system • Lack of local aspect of development • High tax burden, in the total up to 70%
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Formation of the local network programming support agency • Formation of the local network information and software support • Formation of the local micro-credit agency • Adoption of SME development support measures and reduction of taxation • Reduction of bureaucratic procedure regarding to registration of enterprises 	<p>THREATS</p> <ul style="list-style-type: none"> • Financial and tax instability • High bank and micro-credit organizations' interest rates • Inter debts over 90 days and general insolvency • General financial lack of discipline • No existing entity and national development support programme

7.6. BULGARIA

<p>STRENGTHS</p> <ul style="list-style-type: none"> • <i>National Strategy on the Development of SMEs for the period 2002-2006 and Action Plan</i> for its implementation adopted by the Decision of the Council of Ministers, №182 as of 1 April 2002 • Flexibility in the market behaviour • Relatively low cost of establishment • Relatively low price of the services and production • Innovative processing • Major source of employment opportunities • Strong support infrastructure headed by the Agency for SMEs 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Sensitivity to the market fluctuations • Lack of sufficient loan financing possibilities • Hard access to the competitive markets/ small share in national export • Insufficient access to business services and information • Insufficient financial resources for R&D and HRD • Gaps in management and marketing skills and experience • Low productivity • The sector is dominated by micro-enterprises (with less than 10 employees)
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Promotion of high technology products/activities as well as modern management/ quality systems • Favourable development of the international markets • Development of large scale companies looking for SME sub-contractors 	<p>THREATS</p> <ul style="list-style-type: none"> • Increased “entry” and transaction costs • Decline of the international markets demand due to the raw price increase, political instability or financial crises • Stagnation of the national (and even local) economy • Enlargement of the “information gap” • Increasing poverty

7.6. CROATIA

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Clear state policy based on four fundamental legislative acts defining the basic form of SMEs and the position/importance in the economy • “Small Business Development Programme for 2003-2006” has been set up in terms of national policy • Solid SME support infrastructure, based on 33 business centres, 12 incubators, 141 production zones and 4 technology centres 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Insufficient access to credit for start-ups and subjects without sufficient collaterals • Lack of tax incentives for start-ups • Insufficient allocation of funds to R&D – approximately 0.6% of the GDP for the whole economy • Outdated large state owned companies do not create an enabling environment for SMEs to be their suppliers • Lack of participation of SMEs in public procurement • Lack of specific entrepreneurial knowledge – expertise (as confirmed by GEM Project findings)
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Cooperation possibilities with the economies of the former Yugoslavia • Membership in CEFTA and WTO • Approaching to EU • Cross-border cooperation with neighbouring countries • Dedication to improve entrepreneurship training and education system • Chance to increase small business sector exports • Exploring the business opportunities with Croatian entrepreneurs and individuals working abroad 	<p>THREATS</p> <ul style="list-style-type: none"> • Low investment into SME sector, high transaction costs make the competitiveness of SME sector vulnerable • Local government authorities should play a more active role in developing entrepreneurship by accepting the principle of “Think global – act local” • Inappropriate business climate as well as other obstacles (mentioned in the FIAS study, for foreign direct investment) keep investors away

7.7. CZECH REPUBLIC

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Clear and transparent state policy and programme based on Czech National Act № 299/1992 • The Government approval of the <i>Industrial Policy Concept of the Czech Republic</i> including various support possibilities applicable to SMEs • Rapid adaptation to market demands • Introduction of new technologies • Creation of new jobs with low capital costs • Contribution to quicker development of towns and villages through entrepreneurial activities • Support to structurally affected and economically weak regions • Sound infrastructure network for SMEs promotion – 7 Euro Info Centres, 29 Regional and Information Centres, 5 Business Innovation and Science and Technology Centres 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Bureaucratic legal and administrative procedure of registering enterprises • Lower economic power than large enterprises • Lack of legal, economic, technical and managerial capacities • Higher sensitiveness to law enforcement and to administrative problems and lengthy process of business disputes • Insufficient orientation at foreign market • Lower awareness of negative impacts of production on environment
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Development of industrial production and industrial services • Development of business relations with TNCs and wholesalers to become their suppliers • Application of a innovative potential as a generator for added value production • Creation of enterprise clusters • Participation in the Multi-annual Programme for SMEs could strengthen infrastructure of supporting capacity 	<p>THREATS</p> <ul style="list-style-type: none"> • Higher competition as a result of market globalization • Conservative approach of enterprise managers to introduction of certificated systems of management, including production quality management • Lack of capital for development of entrepreneurial activities

7.8. ESTONIA

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">• Low tax burden and simple tax system• Good level of infrastructure of business services, fast development of the banking sector• Existence of a state business support system• Equal treatment of foreign and domestic businesses• Fast development of IT and communication technology applications• Increased importance of the SMEs in employment considering the decrease in the total number of jobs in the business sector• Orientation of SME towards international markets (globalization is rather seen as an opportunity than a threat)• Inflow of foreign investments has been accompanied by a transfer of managerial know-how	<ul style="list-style-type: none">• Insufficient financing opportunities; access to capital needed for starting a business is particularly problematic• Shortage of qualified labour• Establishment of a business requires relatively much time and money• Weak cooperation network between businesses (both within Estonian and on an international level), research institutions and state agencies• Smallness of Estonia and low purchasing power of the rural population, which makes the domestic market insufficient• Fragmented nature and poor availability of business information• Insufficient business experience and insufficient managerial competence• Slow adjustment to changes in the market• Insufficient production capacity for meeting international offers

OPPORTUNITIES

- Additional cooperation and marketing opportunities accompanied with the accession to the EU
- Improvement of both domestic and international cooperation between businesses which shall bring about better opportunities for more successful marketing
- Extension of the range of financing instruments offered by the public sector which shall bring about improved financing opportunities for starting and small businesses
- Improved accessibility of information (general business information, information concerning public support measures) in connection with the public measures applied for the purpose of dissemination of information
- As a result of implementation of active labour market measures, more qualified labour shall become available (particularly in the rapidly developing economic sectors - biotechnology, IT, etc.) and acquisition of more experience shall also improve managerial competence
- Accession to international development and aid programmes which shall enable to involve foreign experience and international aid for the support of business development
- Application of the solutions of IT and communication technology in the administration of businesses, marketing and other areas
- Improvement of cooperation between businesses both within Estonia and on an international level

THREATS

- General increase in producer price that can impair the competitiveness of businesses in certain economic sectors
- National policy is not sufficiently oriented towards the support of business development
- Large regional differences
- Slow adjustment of the labour market with changing requirements
- Relying on the competitive advantage that is based on low production costs and is accompanied with the risk to lose such a competitive advantage with the increase of the general level of salaries and prices

7.9. GEORGIA

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Law on “Small and Medium Enterprise Support” (1999) and “Small and Medium Enterprise State Support Program for 2002-2004” have been adopted • International organization assistance for harmonizing SME policy with EU community SME policy and support programmes • Cheap resources and high-level market volume • High level of population entrepreneurial ability and desire to have their own business • High quality SME in service field 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Business education and information-consulting services low efficiency • Lack of credit resource access • Lack of support measures for start-ups • Lack of business experience and efficiency of SME support institutions • Lack of budget resources
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Promotion of tax system • Elimination of administration barriers • Creation of SME infrastructure (info-consulting centres, leasing companies, business incubators, techno-parks, etc.) • Access to foreign direct investment • Creation of credit guarantee fund • Possibility of cooperation and doing business with the neighbouring South-Caucasian countries 	<p>THREATS</p> <ul style="list-style-type: none"> • Crime pressure and corruption • Instable supply of energy resources for enterprises • Large share of non-quality products on market, which are decreasing support measure efficiency • SME low quality orientation and competitiveness • Low payment ability of the most population

7.10 HUNGARY

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Sound legal background set up in the Act XCV on “<i>Development and Support of SMEs</i>”, of November 1999 • Experience gained in competitive environment during more than ten years of economic transition • Good professional and improving management skills • High-level of foreign direct investments • Making use of wide spectrum of economic services • Flexibility, quick adoption ability, specialization • Creation of the Enterprise Development Council as governmental consulting organization • High-level quality commitment, large number of SMEs certified in accordance with ISO 9000 and 14000 standards 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Duality of the Hungarian economy and ownership • The tax structure of the corporate sector favours mainly multinational companies • Income production significantly below the European level • High level of payroll taxes in international comparison • Low intensity of capital • Relative competitive disadvantage because of strong competition of large companies • Presence of weak enterprises inside of heterogeneous groups, regional inequalities • High property prices and rents • Direct SME support measures achieve only relatively few enterprises
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Favourable investment and business environment • Developing infrastructure (mainly in telecommunication) • Reducing competitive disadvantage to large companies through establishment of networks • Make use of favourable influence of globalization • Take advantage of the opportunities of new economy first of all in increasing productivity • Development of some disadvantaged regions partly based on SMEs • Entrance of new entrepreneurial generation • Expansion of marketing environment in the middle and long run • Reducing the administrative burdens 	<p>THREATS</p> <ul style="list-style-type: none"> • Increasing competitive disadvantage to large companies • If the improvement of efficiency is not quite accelerated, unfavourable impacts of globalization would be getting stronger • Inadequate development of transport infrastructure, depreciation in certain places • If SMEs delay responding to the new challenges of the information economy, the global competition would be getting worse • Tax system provides relief to large companies • Further reducing of export performance • Drop to the rear of the largest minority group: the Romas and increasing poverty

7.11. KYRGYZSTAN

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Optimal tax system • Liberal currency controls • Convertibility of the national currency • Facilitated system of the enterprises registration • Minimal state regulation of the commercial activity 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Geopolitical location (remoteness from sea and railways) • Sharp continental climate • High-mountain relief • Weak transport infrastructure • Lack of the start-up capital • High credit interest rates • High poverty level • Big share of rural population
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Creation of the service sectors in the economy for maintenance of big neighbouring states • Organization of the international business education • Export of the agricultural products, jewellery and rare earth metals • Creation of the new scientific manufactories in experimental zones (Free Economic Zone) 	<p>THREATS</p> <ul style="list-style-type: none"> • International terrorism, including Islamic fundamentalism • Share of the population in poverty is high • Lack of access to the cheap financial resources • Corruption and growth of “shadow” economy • Imperfect structure of the state regulation system • Low state executive discipline

7.12. LATVIA

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Functioning liberal and open market economy • Location of the country in politically and economically active region • Developed and stable banking system • Movement towards joint economic and political integration of the three Baltic States in EU • Relatively high quality, ecologically clean, non-congested environment with temperate climate • Persistent interest of the society to acquire higher education • Highly qualified specialists • Rich cultural and historical heritage 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Low economic potential • Dependency of the economy on the markets of cheap products • Insufficient pace of economic development • Insufficiently competitive institutional environment of business • Fragmented administrative territorial structure • Short experience of democracy • Ageing of society • Lack of mineral and sufficient energy resources • Worn-out and outdated technical and technological resources • Non-rational education system • Insufficient ability of scientists to create innovative products for the global market
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Integration into Western world and society, participation in EU • Aligning the development of economy towards production of knowledge-based products • By providing high quality infrastructure and services throughout the country there will be an opportunity for more even development of all the regions • Harmonization of the education system with that of the Baltic region and Europe • The development of entrepreneurship will form the middle class of the society 	<p>THREATS</p> <ul style="list-style-type: none"> • Possibility of failure to achieve high pace of growth and as a consequence incapability to capture significant place in world economic system • Inability to prevent the corruption • Big share of poor population, and lack of middle class • Deterioration of political relationships between the Western countries and the Russian Federation can result in low Latvian economic activity • Possible EU countries' incapability to continue the enlargement and include Latvia into the EU, which will result in unavoidable movement of Latvia towards the Russian Federation • Lack of large and long-term investment sources • The average quality of labour will decrease if current education system does not improve

7.13. LITHUANIA

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Stable economic situation, liberal and open market economy • Legal acts and programmes ensure support of SME development • Existence of SMEs support institutional infrastructure • Highly educated labour force • Well developed physical infrastructure for business • Strategic location bridging the EU and the CIS • Attractive environment for tourism development 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Limited internal market • Low consumer purchasing power • Density of SMEs (SMEs per 1000 inhabitants) almost twice lower than in the EU • The uneven distribution of enterprises in the country • Lack of financial instruments for SMEs • Lack of competent managers • Administrative barriers • Outdated equipment and technologies
<p>OPPORRTUNITIES</p> <ul style="list-style-type: none"> • Growth of the private enterprise sector indicates SME development opportunities • Integration in the EU internal market and the Baltic Sea economic area provides new market opportunities for SMEs • International technical and financial assistance to SMEs • Access to CIS markets • Increasing foreign direct investment and joint ventures with SMEs 	<p>THREATS</p> <ul style="list-style-type: none"> • Competition with the products from the EU countries • Comparatively high EU trade barriers with third countries (the CIS countries) • Regression of developing markets in the CIS countries • High degree of regional disparity may decrease overall economic growth • Low labour costs advantages may be lost due to increase in salaries

7.14 POLAND

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Establishment in 2001 of the Polish Agency for Enterprise Development as a government agency • Variety of the financial schemes for SMEs (National Credit Guarantee Fund, investment funds, micro-crediting by Fundusz Micro, preferential loans for job creation, venture capital, regional financing institutions, etc.) • Sound National SME Service Network • Relatively high level of flexibility regarding firm size and structure as an answer to market changes • Ability to cutting costs • Pretty high commitment to running business • Growing knowledge and skills in international trade 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Lack of capital • Very low knowledge of internal management (especially capital management) • Relatively poor skills in marketing • Small interest for regulatory environment
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Large internal market • Large external markets next to national borders (German, Russian, Ukrainian, Czech ones) • Growing advisory potential targeted at small firms, financially assisted by public money 	<p>THREATS</p> <ul style="list-style-type: none"> • Growing disbursement “jams” in the economy • Quite complex regulatory environment of business • Growing competition with EU entrepreneurs • Existing demand barrier • Lack of qualified employees in underdeveloped regions • Share of the population in poverty is increasing

7.15. REPUBLIC OF MOLDOVA

STRENGTHS <ul style="list-style-type: none">• Traditional willingness of the population to engage into entrepreneurial activity and be self-employed• Existing legal basis for SME sector and SMEs support infrastructure• Government and local public authorities are interested in the small business sector development in the economy	WEAKNESSES <ul style="list-style-type: none">• Lack of Government commitment towards entrepreneurship• Lack of financial sources, especially start-up capital• Weak cooperation with large enterprises, main source of cheap raw materials and new technologies• Unfavourable premises' leasing conditions• Insignificant state support of the innovative SMEs• High taxes• Lack of sufficient information• Instable legislation
OPPORTUNITIES <ul style="list-style-type: none">• The EU-financed business service institutions could help to promote entrepreneurship• Good opportunities to make business with CIS countries and Romania	THREATS <ul style="list-style-type: none">• Share of the population in poverty is very high• The Transdnistria conflict creates unstable political and economic situation• Dangerous level of poverty in the country

7.16. ROMANIA

<p>STRENGTHS</p> <ul style="list-style-type: none"> • The Government policy is in line with the EU policy for promoting entrepreneurship and enterprises • Law on “Stimulation of Private Entrepreneurs for the Setting up and Development of Small and Medium-sized Enterprises”, No. 133/1999, provides the legal basis for state support in this field • A special Ministry for SMEs and Cooperatives was established in January 2001 in order to provide a high-level government commitment for the SME sector • The One-Stop-Shop national network for the registration and authorization of the enterprises, set-up by Law No. 370/2002 • SMEs are granted priority access to public procurement, to the available assets of the state-owned companies and to the R&D National Plan • The national network of 8 Euro Info Centres has been created and provides information on EU market and legal restrictions 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Low level of entrepreneurial culture and managerial skills • Low productivity of enterprises • Relatively poor skills in marketing • Heavy social security burdens on both employers and employees • Lack of support measure for start-ups • Lack of sufficient financing possibilities and instruments • Underdeveloped business counselling infrastructure • Numerous and lengthy state controls on firms
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • The new Ministry of SMEs and Cooperatives provides a background to stabilise the institutional support infrastructure • Continuation of the economic growth and decrease of inflation rate could contribute to increase of enterprises’ performance • Creation of a National Consultative Committee for SMEs Development with all involved stakeholders is in progress • The establishment of the National Network of Consultancy, Information and Training Centres for SMEs is in progress • National Guarantee Fund for SMEs set up in June 2002, it could ease the financing of SMEs • The development of entrepreneurship and vocational training through EMPRETEC UNCTAD Programme • Participation in the EU Commission’s Multiannual Programmes (2002-2005) for Enterprises and Entrepreneurship 	<p>THREATS</p> <ul style="list-style-type: none"> • Legal framework changes (fiscal changes in particular) place heavy burdens on long term planning activities • Low R&D and technological transfer to SMEs which may hinder the development of the SME sector • Reduced capacity of the state to support innovative SMEs • Large regional differences • Lack of large and long-term investment resources • Insufficient resources allocated from the State budget to fund necessary SME support measures • Share of the population in poverty is high

7.17. RUSSIAN FEDERATION

<p>STRENGTHS</p> <ul style="list-style-type: none"> • The State Council of the Russian Federation on 19 December 2001 approved the concept of State policy on support and development of small business in the Russian Federation • Mechanisms for implementing the support measures have been developed. An integrated network of supporting infrastructure has been created • The system of Chambers of commerce and industry has been created based on 155 territorial chambers, more than 100 business associations and near 400 regional unions and other types of NGOs. 75% of the members of the Chambers of commerce and industry are representatives of small businesses • Information services provided by the Russian SME Resource Centre (RCSME), a non-commercial foundation initially established under Tacis programme, performs excellent research in SME development, and is a great asset for provision of information support to small and medium business community 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • The Russian Federation still does not have a well-formulated and clear national policy on supporting SMEs • The government structure responsible for the development of national policy is not suitable for managing the creation of a sustainable private SME-sector in the Russian Federation • The Government prefers to concentrate on macroeconomic stability issues • The legislation and administrative barriers • The financial support for development of small business for the period of 2003-2005 is too small and not sufficient • Financing SBs is still in infant status in Russia • The former remained Soviet mentality of the entrepreneurs and proprietors hinders the growth of the SB sector, especially in countryside and in the regions • The existing Russian legislation as well as the practice of its application constitute a grave weakness for SBs • There is a large share of "shadow" economy
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • The current political leadership seems to be favourable for elaborating a clear and nation-wide SME policy • The favourable macroeconomic growth in GDP • More favourable environment for Russian small businesses will be created in case of the application of the whole package of measures of SB support and development in Russia • Strengthening the institutional framework of the market economy could lead to strengthening the cooperation among CIS countries and providing a good opportunity for the Russian SBs to develop their businesses in the majority of CIS States • WTO accession 	<p>THREATS</p> <ul style="list-style-type: none"> • Slow development of the SB sector could slow down the whole process of transition • Corruption, existence of racketeering and organized crime • The development of the SB sector in the Russian Federation has great effect on the development of the whole Commonwealth of Independent States. A weak SB sector could slow down the process of transition to a market economy in other CIS countries, including the Central-Asian economies as well as the South-Caucasian States • Opening the Russian market after WTO accession could create strong competition among small businesses even at their indigenous market, if they are not prepared to meet the challenges and quality requirements

7.18. SERBIA AND MONTENEGRO

STRENGTHS <ul style="list-style-type: none">• Old entrepreneurial traditions in comparison with other transitional economies• Considerably large number of registered SMEs and entrepreneurs• Relatively good financial results of the existing SMEs	WEAKNESSES <ul style="list-style-type: none">• Lack of financial resources• Unfavourable tax policy and administrative burdens• Lack of the new technologies and know-how in certain sectors• Limited number of large enterprises to cooperate with• Concentration on trade rather than on production
OPPORTUNITIES <ul style="list-style-type: none">• Privatization process• Opening of Serbia after the period of sanctions (export opportunities)• Relatively cheap and qualified labour force• Domestic market development (increase in demand)• Policy and measures undertaken by the Government of the Republic of Serbia to promote SME sector and entrepreneurial spirit	THREATS <ul style="list-style-type: none">• Lack of stimulating business environment• “Grey” economy• Liberalization of foreign trade and stronger competition on the domestic market• Foreign companies entering domestic market• Share of the population in poverty is high

7.19. SLOVAKIA

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Steady growth of the SMEs sector • Growing cooperation with foreign partners • Availability of qualified workforce, which is relatively cheaper than in EU countries • Improvements of legislative acts concerning SMEs • Continuation of restructuring of industrial sector in Slovakia 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Limited access to the financial resources • High administrative requirements to SMEs • Discriminatory income tax • High levy charge of SMEs • Intricate, confusing and often changing legislation • Legal insecurity • Non-functional capital market
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Tax reduction • Exerting of flat taxes for SMEs • Continuation of SMEs support through support programmes financed by PHARE and State Support Programmes • Introduction of entrepreneurial curriculum in the state educational system • Access to EU market • Growth of domestic capital market 	<p>THREATS</p> <ul style="list-style-type: none"> • Lack of competitiveness of Slovak SMEs with EU-SMEs after entering EU market • Continuing changes of related legislation • Weak enforceability of law • Insufficient decentralization of state administration

7.20. SLOVENIA

STRENGTHS <ul style="list-style-type: none">• Economic stability• A long standing tradition in craftsmanship and family business• Motivated and skilled workforce with a high degree of work ethics• High exports, advanced transport and trade links with the EU	WEAKNESSES <ul style="list-style-type: none">• Lack of business knowledge and lack of entrepreneurial attitude in private undertakings• SMEs are more production than market orientated• Partnership and business cooperation is still regarded as unnecessary• Lack of seed of venture capital• Obsolete technology and equipment
OPPORTUNITIES <ul style="list-style-type: none">• Development of capital market• New market opportunities in cross-border cooperation and in the sector of IT• Foreign direct investments• Supportive environment (EU structural funds, Stability Pact, adoption of the “Acquis” in small business sector)• Promotion of clusters• Tourism provides extent business activities for family-based enterprises	THREATS <ul style="list-style-type: none">• Tax burdens and labour costs• Vulnerability of small business sector• Lack of skilled workforce in growing companies; outflow of skilled workforce• Creation of new enterprises almost at a standstill• Lack of knowledge of the European standards

7.21. THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Growth potential • Flexibility of the population to adapt to business operations 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Weak Government commitment towards entrepreneurship • Weak managerial skills • Low technological development • Bad cash management • Bad internal information management system • Human resources (recruitment and training) <p>Low quality and absence of standardized products</p>
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Cheap labour force • Foreign donor support • Business network with the former Yugoslav countries (1% custom tax) • Unused capacity of service industry 	<p>THREATS</p> <ul style="list-style-type: none"> • Absence of legal and institutional stimulations for SMEs • Small domestic and closed international markets • Corruption and strong political influence • High internal debt (no legal protection of creditors) • Share of population in poverty is high

7.22. TURKMENISTAN

STRENGTHS <ul style="list-style-type: none">• New legislation that regulates in details the civil and legal relations in the entrepreneurial activity• Current revision of the Tax Code• Population's will to permanently raise the qualification	WEAKNESSES <ul style="list-style-type: none">• Low commitment of the Government towards entrepreneurship• Frequent changes in legislation• Weak spreading of information on statistics and international organizations activity• Lack of the SMEs activity planning, absence of innovations• Weak logistical basis of private companies and enterprises
OPPORTUNITIES <ul style="list-style-type: none">• Creation of Business Service Institutions could provide assistance for entrepreneurship development	THREATS <ul style="list-style-type: none">• Share of population in poverty is high

7.23. UKRAINE

<p>STRENGTHS</p> <ul style="list-style-type: none"> • State Committee of Ukraine for Regulatory Policy and Entrepreneurship incorporates issues of the entrepreneurship development and simplification of the administrative barriers faced by entrepreneurs • Since 2000, Public Colloquium provides feedback and advice to the State Committee concerning entrepreneurship • New Law on Licensing of entrepreneurial activities adopted by Verhovna Rada (Supreme Council) in 2002 creates a unified licensing register • Simplified system of taxation for small entrepreneurship • Strong emphasis on the creation of quality management systems due to active role of the Ukrainian Association of Quality 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Low share of SMEs in GDP • SME share in total employment is very low • Number of SMEs per 1,000 residents is very low • High shadow economy • High number of inspection bodies, hindering the development of entrepreneurship, is one of the sources of government corruption • Unrealistic high taxes • Bureaucracy and corruption • Low level of implementation of intellectual property rights • Low competitiveness of SMEs in manufacturing
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • The small business sector could act as an engine for the development and transition to a strong market economy • The economy of scale could provide good business opportunities for SMEs acting in the domestic market • Good business possibilities with the CIS countries 	<p>THREATS</p> <ul style="list-style-type: none"> • Slow development of the SME sector will slow down the process of transition to a market economy • Share of the population in poverty is growing

7.24. UZBEKISTAN

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Sound legal bases of entrepreneurship, including "Law on Guarantees of Freedom of Entrepreneurial Activity" as of May 2000 • Programme for the Development of SMEs and private entrepreneurship in the Republic of Uzbekistan for 2002-2003 approved by the Presidium of Cabinet of Ministers on 18.02.2002 • The Republican Coordinating Council for SME business support was created in order to better coordinate the activities of the ministries, agencies, local authorities (khokimiyats) and other entities, headed by the Deputy Prime-Minister • Wide range of business support infrastructure, including 330 specialized educational centres, 23 business-incubators, 207 information and consultation centres and 74 training and consulting centres • Significant number of projects on micro-crediting is carried out by the World Bank, Asian Development Bank, USAID (through Eurasia Foundation and Peace Corps, etc.), Open Society Institute and others • Low level of corruption 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Complicated procedure of registration based on the State Register of enterprises and organizations (EGRPO) • Lack of knowledge of entrepreneurs in areas such as accounting, financial analysis, and marketing • High unemployment rate • Difficult procedure of obtaining credit • There is large number of inspectors of various state authorities who hinder entrepreneurial activities (however, the new procedure introducing a Book of Registration of inspection might change the situation)
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Many international organization provide assistance for entrepreneurship development • Good possibility for rural agricultural business and tourism development on the path of the Silk Road. 	<p>THREATS</p> <ul style="list-style-type: none"> • Low GDP and income generation makes modernization of manufacturing facilities difficult

8. STATISTICS ON SMES

8.1. Number of Different Types of Economic Units, 2000 – 2001

<i>Economic Unit</i> <i>Country</i>	<i>Agricultural Farmers</i>	<i>Self-employed (individual entrepreneur / sole proprietor)</i>	<i>Partnerships, working teams without juridical personality</i>	<i>Incorporated enterprises with juridical personality, with 1- 249 employees</i>	<i>Incorporated enterprises with juridical personality, with over 250 employees</i>	<i>Other economic units considered as SMEs</i>
Albania						
2000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Armenia¹						
2000	235	52.406	1.387	28.672	n.a.	8.400
2001	244	56.866	1.405	32.597	n.a.	8.638
Azerbaijan		Total *				
2000	26.778	85.910	n.a.	53.520		n.a.
2001	27.050	106.873	n.a.	57.110 ²		n.a.
Belarus	Total number of small enterprises:					
2000	28.310					
2001	27.768					
Bosnia and Herzegovina³						
2000	91.000	75.400	n.a.	29.300	0.200	n.a.
2001	93.500	78.400	n.a.	30.000	0.200	n.a.
Bulgaria					Total *	
2000	n.a.	n.a.	n.a.	224.211	0.741	n.a.
2001	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Croatia					Total *	
2000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2001	n.a.	94.727	0.102	56.214	1.206	0.850 ⁴
Czech Republic					Total *	
2000	131.115	1,680.152	79.112	139.879	1.996	228.726
2001	132.533	1,732.074	83.687	138.502	2.017	248.961
Estonia	See remark for the Types of Entrepreneurship in Estonia by legal form in 2000 and 2001 ⁵					
2000						
2001						
Georgia						
2000	n.a.	18.134	n.a.	10.250	163	n.a.
2001	n.a.	19.940	n.a.	7.110	147	n.a.
Hungary						
2000	35.084	487.699	174.465	147.429	183.716	36.287
2001	37.594 ⁶	468.797 ⁷	181.752	153.107	188.924	35.817 ⁸
Kazakhstan						
2000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Small and Medium-Sized Enterprises in Countries in Transition

Kyrgyzstan						
2000	71.163	101.395	n.a.	18.866	n.a.	n.a.
2001	84.692	111.295	n.a.	20.969	n.a.	n.a.
Latvia						
2000	n.a.	8.161	0.032	32.075	n.a.	0.652
2001	n.a.	6.685 ⁹	0.033	32.571	n.a.	0.557
Lithuania	Total *				Total *	
2000	67.500	95.718	0.410	53.793	0.316	n.a.
2001	29.630 ¹⁰	n.a.	0.423	55.791	0.290	n.a.
Netherlands¹¹						
2000	1,881.000	2,500.100	464.000	n.a.	n.a.	71.400
2001	n.a.	2,666.900	469.700 ¹²	n.a.	n.a.	81.500 ¹³
Republic of Moldova	Total *					
2000	178.208	91.900	n.a.	19.996	n.a.	n.a.
2001	203.319	104.048	n.a.	20.518	n.a.	n.a.
Romania		Total *				
2000	7.041	130.128		402.799	2.642 ¹⁴	n.a.
2001	n.a.	151.635		402.359	2.490	n.a.
Russian Federation		Total number of small enterprises ** (including farmer enterprises and individual entrepreneurs):				
2000	262.000	5.377.900				
2001	265.500	5.601.900				
Slovakia	Total *				Total *	
2000	15.550	269.323	n.a.	60.310	610	11.647
2001	11.722	279.597	n.a.	61.689	590	12.187
Slovenia						
2000	86.336	61.677	n.a.	26.956	0	22.006
2001	n.a.	60.847	n.a.	27.630	0	20.911
Tajikistan		Individual entrepreneurs				
2000	12,344	62,200		1,342	n.a.	n.a.
2001	11,939	70,300		1,181	n.a.	n.a.
	n.a.	n.a.				
		n.a.				
The FYR of Macedonia					Total *	
2000	n.a.	49.066	n.a.	69.521	0.343	9.872
2001	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Turkmenistan						
2000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ukraine	Total *					
2000	38.400	1,203.000	n.a.	217.930	263.066	n.a.
2001	41.600	1,473.000	n.a.	233.607	279.275 ¹⁵	n.a.
Uzbekistan	Total *					
2000	51.750	286.425	264.000	182.962	20.700	n.a.
2001	66.260	279.051	279.000	201.887	21.213	n.a.

Small and Medium-Sized Enterprises in Countries in Transition

Federal Republic of Yugoslavia						
2000	n.a.	197.193	n.a.	61.397	1.031	n.a.
2001	n.a.	209.445	n.a.	63.729	983	n.a.

Source: *SMEs National Focal Points*

Remarks:

* Total number of economic units in the country;

** See <http://www.rcsme.ru/eng/lib/doc.asp?id=4283>

¹ All figures are estimated by experts;

² There are no separate data for enterprises with 1-249 and more than 250 employees;

³ These data (excluding Incorporated Enterprises with 1-249 employees) represent the total number of economic units in the country;

⁴ Cooperatives;

⁵

[thousands]	2000	2001
Sole traders	15.577	19.443
Companies, including:	47.446	52.834
general partnership	0.288	0.305
limited partnership	0.194	0.468
private limited company	38.135	43.266
public limited company	7.907	7.862
commercial association	0.922	0.933
Branches of foreign companies		0.331
Total	47.446	53.165

Source: *Commercial Register*

⁶ Number of active corporations and unincorporated enterprises;

⁷ Sole proprietor: besides those subject to the law on sole proprietorship (private ventures), natural persons carrying out economic activity and having tax numbers (e.g. free-lance professions)

⁸ Co-operative, other corporation with legal entity (legal adviser's, lawyer's office, partnership of teachers, water management association, association for water pipelines and drains establishing, forestry corporation), other partnership without legal entity (civil law society; community of artists; commercial representative, information and service office of foreign registered company; building community, residential building, ownership community, branch office of foreign registered company), company ceasing economic organization;

⁹ Individual enterprises – legal units;

¹⁰ Only registered agricultural farmers;

¹¹ Data presented is for total number of enterprises in Poland. Central Statistics Office (GUS) does not gather statistics for SMEs. However, by estimation of the Ministry of Economy, the share of SMEs in the total number of incorporated enterprises is 99.9%, with the following structure:

- 92% micro-enterprises;
- 6% small enterprises;
- 2% medium enterprises;

¹² Partnerships: commercial, incorporated, personal (not legal entities), civil (on the basis of civil law) and others;

¹³ State enterprises, cooperatives, foundations (running business), associations (running business);

¹⁴ The figures include all kind of enterprises and also: agricultural holding, financial and insurance companies, public administration, private entrepreneurs and private administration. (According to the National Institute for Statistics).

¹⁵ Total number of all economic units with 1-249 and over 249 employees.

8.2. Number of Incorporated SMEs, 2000 – 2001

Country	Total Number of Incorporated Enterprises and Partnerships ¹	Small and Medium-sized Enterprises with		
		0 – 9 employees	10 – 49 employees	50 – 249 employees
Albania		1 employee:	2-10	> 10
2000	63.670	52.072	employees:	employees:
2001	61.859	51.040	2.011	1.092
			2.051	1.051
Armenia		30.060 (1 – 100 employees)		
2000	33.404	34.000 (1 – 100 employees) ²		
2001	35.793			
Azerbaijan		32.930		22.869
2000	55.799	46.975 ³		11.648
2001	58.623			
Belarus⁴				
2000	25.706	17.685	7.422	0.599
2001	25.404	17.436	7.378	0.590
Bosnia and Herzegovina				
2000	29.500	25.000	3.300	1.000
2001	30.200	25.600	3.380	1.020
Bulgaria				
2000	224.952	207.643	12.927	3.641
2001	n.a.	n.a.	n.a.	n.a.
Croatia⁵				
2000	n.a.	n.a.	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.
Czech Republic				
2000	1,917.642	1,862.718	45.191	8.733
2001	1,988.974	1,933.367	43.799	9.838
Estonia				
2000	31.346	23.429	6.106	1.128
2001	33.179	25.532	6.134	1.135
Georgia				
2000	10.413	5.930	3.213	1.107
2001	7.404	3.531	2.774	0.952
Hungary				
2000	148.456	125.999	17.563	3.867
2001	154.120	130.238	18.731	4.138
Kazakhstan				
2000	n.a.	n.a.	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.
Kyrgyzstan				
2000	20.846	n.a.	n.a.	n.a.
2001	22.670	n.a.	n.a.	n.a.

Small and Medium-Sized Enterprises in Countries in Transition

Latvia				
2000	41.200	23.492	7.125	1.458
2001	40.111 ⁶	23.795	7.260	1.516
Lithuania				
2000	54.519	43.261	8.848	2.094
2001	56.506	45.133	9.001	2.080
Poland⁷				
2000	n.a.	n.a.	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.
Republic of Moldova⁸		0–19 employees:	20–75 employees:	
2000	21.423	17.837	2.159	n.a.
2001	22.955	16.479	4.039	n.a.
Romania				
2000	783.969 ⁹	370.321	26.672	5.806
2001	797.960	368.278	27.913	6.168
Russian Federation¹⁰				
2000	n.a.	n.a.	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.
Slovakia				
2000	60.310	48.662	8.585	3.016
2001	62.277	50.382	8.504	2.803
Slovenia				
2000	48.962	44.297	3.475	1.190
2001	48.871	43.608	3.735	1.198
The FYR of Macedonia				
2000	128.802	n.a.	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.
Turkmenistan				
2000	n.a.	n.a.	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.
Ukraine				
2000	217.930	217.930		n.a.
2001	233.607	233.607		n.a.
Uzbekistan				
2000	182.762	151.031	24.595	7.136
2001	201.887	169.550	24.865	7.472
Federal Republic of Yugoslavia				
2000	62.695	53.308	5.750	2.342
2001	65.115	55.428	6.034	2.270

Source

SMEs National Focal Points

Remarks:

¹ Excluding farmers and self-employed persons;

² Expert estimation;

³ There are no separate data for enterprises with 0 – 9 and 10 – 49 employees;

⁴ These data are only for those enterprises, which were not created on the state basis and/or which don't have State share in their equity;

⁵ Based on a new "Law on Small Business Development Encouragement" the State Statistical Office will be gathering and providing data on the above SME categories as of 1 January 2003;

⁶ Total number of enterprises in the country including individual enterprises (legal units);

⁷ Ministry of Economy does not gather any information on corporate SMEs in Poland;

⁸ In 2000, the data was gathered for the enterprises with 0 – 19 and 20 – 75 employees; whereas in 2001 for 0 – 9 and 10 – 50 employees;

⁹ The figures include all kind of enterprises and also: agricultural holding, financial and insurance companies, public administration, private entrepreneurs and private administration. (According to the National Institute for Statistics).

¹⁰ There are no data gathered for these categories;

8.3. Employment in Incorporated SMEs and in Total Economy, 2000 – 2001

Country	Total Number of Employment		Unemployment	
	In SMEs	In all types of economic units in the economy	Number	% of Total Number of employed
Albania				
2000	116.024.	1,068.104	228.083	21.4
2001	113.128.	1,069.300	191.500	17.9
Armenia *				
2000	364.400	1,411.927	153.900	10.9
2001	399.000	1,279.840	138.470	10.8
Azerbaijan¹				
2000	99.778	3,704.500	43.364	1.2
2001	112.395	3,715.000	46.917	1.3
Belarus				
2000	327.848	4,441.000	96.455	2.2
2001	323.938	4,417.400	102.500	2.3
Bosnia and Herzegovina				
2000	250.000	410.808	265.583	64.6
2001	255.000	407.500	266.417	65.4
Bulgaria				
2000	1,068.226	2,980.108	693.583	23.3
2001	n.a.	2,940.300	669.750	22.8
Croatia				
2000	n.a.	1,342.100	358.000	26.7
2001	533.513	1,334.000	380.250	28.5
Czech Republic				
2000	2,586.111	4,663.885	468.583	10.0
2001	2,606.915 ²	4,613.000	444.083	9.6
Estonia				
2000	312.713	572.500	46.333	8.1
2001	317.568	577.700	54.250	9.4
Georgia				
2000	274.203	1,748.800	109.273	6.2
2001	283.632	1,877.700	117.444	6.3
Hungary				
2000	1,029.000 ³	3,849.100	390.583	10.1
2001	no considerable change	3,859.500	363.583	9.4
Kazakhstan				
2000	n.a.	6,201.000	263.727	4.3
2001	n.a.	6,698.800	232.250	3.5
Kyrgyzstan				
2000	1,042.600	1,768.400	58.917	3.3
2001	1,112.200	1,787.000	61.000	3.4
Latvia				
2000	366.021	1,037.900	100.750	9.7
2001	379.510	1,038.000	93.333	9.0

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Lithuania				
2000	n.a.	1,586.000	204.900	12.9
2001	n.a.	1,521.800	224.000	14.7
Poland⁴				
2000	n.a.	15,017.500	2,522.500	16.8
2001	n.a.	14,974.400	2,912.167	19.4
Republic of Moldova				
2000	156.974	1,515.000	34.091	2.3
2001	122.954	1,499.000	32.167	2.1
Romania				
2000	1,797.206	10,764.000	1,067.250	9.9
2001	1,844.312	10,697.000	866.417	8.1
Russian Federation				
2000	12,800.000	64,327.300	7,519.833	11.7
2001	11,900.000	64,451.700	6,403.167	9.9
Slovakia				
2000	688.522	2,101.700	491.583	23.4
2001	710.381	2,123.700	492.083	23.2
Slovenia				
2000	382.820	768.472	106.500	13.9
2001	394.508	779.040	101.667	13.1
The FYR of Macedonia				
2000	n.a.	549.846 ⁵	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.
Tajikistan				
2000	12,583	n.a.	n.a.	n.a.
2001	11,699	n.a.	n.a.	n.a.
Turkmenistan				
2000	n.a.	n.a.	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.
Ukraine				
2000	2,913.000	21,268.500	1,174.545	5.5
2001	3,281.000	20,941.900	1,058.000	5.1
Uzbekistan				
2000	4,462.700	8,983.000	42.091	0.5
2001	4,842.800	9,136.000	37.491	0.4
Federal Republic of Yugoslavia				
2000	618.699	2,238.000	805.667	36.0
2001	584.770	2,242.000	849.917	37.9

Source: *Employment in SMEs - according to SMEs National Focal Points;*
Employment in all types of economic activity and Unemployment - according to the
UNECE Statistical Division

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Remarks:

* The number of employment in SMEs is estimation by national experts;

¹ Data provided is for small enterprises only, there are no statistics for medium enterprises;

² Preliminary quarterly data, including financial intermediations, include estimates for the un-surveyed group of 0 –19 employees;

³ These figures indicate the total number of employment in incorporated SMEs, the number of all SMEs employees is: 2,013.000 thousands

⁴ Ministry of Economy does not gather any information on corporate SMEs in Poland;

⁵ This data was provided by SME National Focal Point of the former Yugoslav Republic of Macedonia.

8.4. Structure of Incorporated SMEs by Sectors, 2000 – 2001

Country	Share of Small and Medium-sized enterprises (%)				
	Trade	Manufacturing	Construction	Services	Other activities ¹
Albania					
2000	51.6	9.8	3.3	18.8	16.5
2001	52.1	9.3	3.2	17.8	17.6
Armenia					
2000	47.7	18.5	6.8	5.7	21.3
2001	47.1	18.6	6.2	4.9	23.2
Azerbaijan²					
2000	33.6	11.2	9.2	7.2	38.9 ³
2001	38.9	9.0	8.7	14.0	29.4
Belarus⁴					
2000	42.7	20.8	11.5	0.8	24.2
2001	42.8	21.1	11.7	0.8	23.6
Bosnia and Herzegovina					
2000	48.5	16.5	9.5	10.5	15
2001	45	18	9	12	16
Bulgaria					
2000	50.80	14.41	3.60	28.85	2.34
2001	n.a.	n.a.	n.a.	n.a.	n.a.
Croatia					
2000	Companies: 37 Crafts: 23 Cooperatives: n.a.	15 12 6	10 8 n.a.	6 25 30	32 32 64
2001	Companies: 35 Crafts: 20 Cooperatives: n.a.	17 14 8	11 9 n.a.	7 27 32	30 30 60
Czech Republic					
2000	35.9	12.8	10.8	19.3	21.2
2001	35.0	13.1	10.8	19.9	21.3
Estonia					
2000	38.8	14.5	7.4	32.6	6.7
2001	37.4	14.5	7.4	35.1	5.6
Georgia					
2000	71.1	12	1.4	13.2	2.3
2001	76	9.7	1	11.1	2.2
Hungary					
2000	27.7	11.7	8.2	48.7	3.7
2001	26.0	11.4	8.5	50.2	3.9
Kazakhstan					
2000	n.a.	n.a.	n.a.	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.	n.a.

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Kyrgyzstan					
2000	37.6	21.8	9.4	25.4	5.8
2001	35.8	21.1	9.3	28.2	5.6
Latvia					
2000	44.1	13.3	6.3	33.3	3.0
2001	42.6	13.6	6.4	34.5	2.9
Lithuania					
2000	42.5	14.7	5.0	21.4	11.7
2001	39.1	15.4	4.3	23.2	13.4
Poland					
2000	36.2	22.8	11.9	25	4.1
2001	35.8	22.6	11.6	25.6	4.4
Republic of Moldova					
2000	49.5	13	6.2	27.6	3.7
2001	48.6	13	6	28.5	3.9
Romania					
2000	65.6	11.1	2.9	15.1	5.3
2001	63.0	11.6	3.3	16.1	6.1
Russian Federation					
2000	46.3	15.3	n.a.	n.a.	31.0
2001	46.0	14.8	n.a.	n.a.	31.2
Slovakia					
2000	43.5	14.7	7.8	28.3	5.7
2001	43.9	12.7	7.9	29.8	5.7
Slovenia					
2000	26.1	18.9	11.4	68.6	1.1
2001	25.3	18.4	11.7	68.8	1.1
The FYR of Macedonia					
2000	n.a.	n.a.	n.a.	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.	n.a.
Tajikistan					
2000	38.7	15.9	11.3	10.8	23.3
2001	38.4	15.0	12.1	11.0	23.5
Turkmenistan					
2000	n.a.	n.a.	n.a.	n.a.	n.a.
2001	n.a.	n.a.	n.a.	n.a.	n.a.
Ukraine					
2000	46.4	15.8	8.4	3.4	26
2001	42.9	16.1	8.5	3.6	28.9
Uzbekistan					
2000	35	42	7	9	7
2001	34	43	8	8	7

Small and Medium-Sized Enterprises in Countries in Transition

Federal Republic of Yugoslavia				
2000	47.8	20.4	5.3	26.5
2001	47.5	20.5	5.3	26.6

Source: SMEs National Focal Points

Remarks:

¹ The most common among them are: agriculture; fishing; production and leading of electricity, gas and water; transport; public administration; institutions of education; exterritorial organizations; financial mediation; real estate transactions; healthcare; arrangement of recreation and entertainment facilities;

² Data provided is for small enterprises only, there are no statistics for medium enterprises;

³ In this sector two main activities were:

- real estate transactions and commercial activity: in 2000 - 23.1% and in 2001 – 11%;

- agriculture: in 2000 – 4.3% and in 2001 – 18.4%;

⁴ These are data for both state and private small enterprises in the country.

8.5. Index of SMEs Development

<i>Country</i>	<i>Share of the private Sector in Total Economy [%]</i>	<i>Share of the SME Sector in Total GDP [%]</i>	<i>Share of number of employees in all SMEs as compared to total number of employees in the economy as a whole [%]</i>	<i>GDP [USD / capita]</i>	<i>Index of SME Development</i>
Albania	75	75	75	1.094	462
Armenia	80	30	25.8 ¹	503	31
Azerbaijan	71	41.3	2.7 ¹	652	31
Belarus	20	n.a.	n.a.	1.257	n.a.
Bosnia and Herzegovina	56	36	53	996	106
Bulgaria	70	30 ²	64.7	1.476	200
Croatia	60	50	67	4.179	840
Czech Republic	80	33.5	56.2 ³	4.797	723
Estonia	75	52	55.5	3.508	759
Georgia ⁴	60	24.4	12.0	682	12
Hungary	80	57	49.5	4.552	1027
Kazakhstan	60	n.a.	n.a.	1.225	n.a.
Kyrgyzstan	60	42.7	59	275	42
Latvia	65	63.2	69.9	3.019	867
Lithuania ⁵	70	32	31.6	3.064	217
Poland	70	49.4	65.4	4.108	929
Republic of Moldova	50	n.a.	n.a.	326	n.a.
Romania	60	55	20.8	1.644	113
Russian Federation	70	12 ⁶	20	1.697	29
Slovakia	80	46	57.7	3.556	755
Slovenia	65	56.6 ⁷	64.4	9.073	2150
The FYR of Macedonia	55	42	64.3	1.686	250
Turkmenistan	25	45	60	553	37
Ukraine	60	6.8	10.8	645	28
Uzbekistan	45	31	49.7	252	17
Federal Republic of Yugoslavia	40	46.6	32.4	942	57

Source: UNECE SME Databank, 2003.

Remarks:

¹ This data is for small enterprises only, there are no statistics gathered for medium-sized enterprises;

² Share of SME sector in Gross Value Added;

³ Share of enterprises (0-249 employees) as compared to total employment in civil sector of the Czech Republic economy;

⁴ According to current legislation in Georgia, self-employed persons are not included in the total number of employees in the economy – mostly 1.1 million people working in the agricultural sector.

⁵ Refers to the year 2000.

⁶ Official data for incorporated SMEs with juridical personality, registered as legal entities;

⁷ Share of SME Sector in total Value Added.

ANNEX I

**GOVERNMENT AUTHORITIES
RESPONSIBLE FOR FORMULATION OF SMES POLICY**

<i>Country</i>	<i>Name of contact person Government authority Division/Department</i>	
Albania	Mr. Bashkim Sykja Business Promotion Department / SME Sector Ministry of Economy	Blv. "Zhan D'Ark" No.3 Tirana
Armenia	Mr. Armen Gevorgyan Deputy Minister Ministry of Trade and Economic Development Mr. Rshtun Martirosyan Executive Director SME Development National Center of Armenia	5, Mher Mkrtchyan Street 375010 Yerevan 5, Mher Mkrtchyan Street 375010 Yerevan
Azerbaijan	Mr. I. Mansimov Director Entrepreneurship Development Department of Ministry of Economic Development SME Development Agency KOSIA-SMEDA	85, S. Askerova street 370002 Baku 85, S. Askerova street 370009 Baku
Belarus	Mr. Andrej Nikolaevich Tur Deputy Minister Ministry of Economy Mr. Alexandr Iaroslavovich Lihachevskij Director Entrepreneurship Department Ministry of Economy	14, Berson Street 220050 Minsk 14, Berson Street 220050 Minsk

Bosnia and Herzegovina	Ms. Lidija Topić Assistant to Minister Ministry of Foreign Trade and Economic Relations	Musala 9 Sarajevo
	Glamočić Ljubo Assistant to Minister Ministry of Industry and Technology	Vuka Karadžića 3 Banja Luka
	Prof. Neset Muminagic Director Federal Development Planning Institution The Federation of Bosnia and Herzegovina	Alipašina 41 71000 Sarajevo
Bulgaria	Ms. Sophia Kassidova Deputy Minister of Economy	8, Slavjanska street 1000 Sofia
	Mr. Angel Despotov Chairman Agency for SMEs	2, Triaditsa street 1000 Sofia
Croatia	Mr. Miljenko Leppee Assistant Minister Ministry of Small and Medium Enterprises	Ksaver 200 10000 Zagreb
Czech Republic	Mr. Zdenek Varliček State Secretary for Entrepreneurship Policy	Na Františku 32 110 15 Prague 1 – Staré Město
	Mr. Vaclav Polak Director Department for Support to SMEs Ministry of Industry and Trade	
Estonia	Ms. Signe Rats Deputy Secretary General Ministry of Economic Affairs	Harju 11 Tallinn, 15072
	Ms. Anne Jürgenson Enterprise Division Economic Development Department Ministry of Economic Affairs	Harju 11 Tallinn, 15072
Georgia	Mr. Zaza Urushadze Assistant to Minister Ministry of Economy, Industry and Trade	28, Gamsakhurdia Ave. 380060 Tbilisi
	Mr. Mevlud Tsiklauri, Director Centre for Small Enterprise Development and Assistance (CSEDA)	16, Zandukeli Street 380008 Tbilisi

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Hungary	Ms. Kornélné Apatini Undersecretary of State Ministry of Economy and Transport	1035 Budapest Honvéd u. 13-15
	Ms. Krisztina Magyar né dr. Szabó General Director (SME Policy) Ministry of Economy and Transport	1035 Budapest Honvéd u. 13-15
	Mr. László Szöllösi General Director (SME Support) Ministry of Economy and Transport	1035 Budapest Honvéd u. 13-15
Kazakhstan	Mr. Askar Ablavich Idrisov Chairman Agency of the Republic of Kazakhstan on Regulation of Natural Monopolies, Competition Protection and Small Business Support	36, Auezova Street 473000 Astana
Kyrgyzstan	Ms. Kamilya N. Kenenbaeva Chairperson The State Commission for Small and Medium Business Support under the Government of the Kyrgyz Republic	120, Tynystanova street 720002 Bishkek
Latvia	Mr. Andris Liepiņš Deputy State Secretary Ministry of Economy	55, Brivibas Street LV 1519 Riga
	Mr. Andrejs Buharins Director Entrepreneurship Department Ministry of Economy	55, Brivibas Street LV 1519 Riga
	Mr. Andris Lasmanis Member of the Board Latvian Chamber of Commerce and Industry Chairman of Committee on SMEs "Andris" Ltd.	35, Kr. Valdemara Street LV-1010 Riga
Lithuania	Ms. Lina Stanionyte Head of Small and Medium Business Division Ministry of Economy	Gedimino Avenue 38/2 LT-2600 Vilnius
	Ms. Violeta Makauskienė Head of Information and Analysis Division Director Lithuanian Development Agency for SMEs	Gedimino Avenue 38/2 LT-2600 Vilnius

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Poland	<p>Ms. Malgorzata Okońska-Zaremba Undersecretary of State Chairperson of the Supervisory Board of the Polish Agency for Enterprise Development Ministry of Economy</p> <p>Ms. Ewa Swedrowska Director Department of Craft, Small and Medium Enterprises Ministry of Economy</p> <p>Mr. Mirosław Marek Chief Executive Polish Agency for Enterprise Development</p>	<p>Pl. Trzech Krzyży 3/5 P.O. Box 22 00-950 Warsaw</p> <p>Pl. Trzech Krzyży 3/5 P.O. Box 22 00-950 Warsaw</p> <p>Al. Jerozolimskie 125/127 02-017 Warsaw</p>
Republic of Moldova	<p>Mr. Piotr Timofeevich Bulat Director Department of Development of Small Business Ministry of Economy and Reforms</p>	<p>1, Piața Marii Adunării Naționale 2033 Chisinau</p>
Romania	<p>Ms. Silvia Ciornei Minister Ministry for Small and Medium-sized Enterprises and Cooperatives</p>	<p>11, Poterasi 75134 Bucharest</p>
Russian Federation	<p>Mr. Andrey Gennadeevich Tsyganov Deputy Minister Ministry of Antimonopoly Policy and Support of Entrepreneurship</p> <p>Mrs. Nadezhda Afinogenovna Kallina Head of the Department of State Support of Entrepreneurship Ministry of Antimonopoly Policy and Support of Entrepreneurship</p> <p>Mr. Evgeny Vladimirovich Egorov Head of Department Department of Small Business Development and Support of the Moscow Government</p>	<p>11, Sadovaya-Kudrinskaya street 123995 Moscow</p> <p>11, Sadovaya-Kudrinskaya street 123995 Moscow</p> <p>2, Shmitovskij pr. 123100 Moscow</p>

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Slovakia	<p>Ms. Eva Simkova State Secretary for Economic Policy, Industry and Trade Ministry of Economy</p> <p>Mr. Martin Kapko Designated Director Department of Business Environment Ministry of Economy</p> <p>Mr. Juraj Majtán Ing General Director National Agency for Development of Small and Medium Enterprises (NADSME)</p>	<p>19, Mierová 827 15 Bratislava</p> <p>19, Mierová 827 15 Bratislava</p> <p>30, Prievozská 821 05 Bratislava</p>
Slovenia	<p>Ms. Darja Osvald Department of Promotion of Entrepreneurship Undersecretary of State Ministry of Economy</p> <p>Ms. Alenka Marovt Chairperson of the CEI Working Group on SMEs Ministry of Economy</p> <p>Ms. Zdenka Kovač Director Small Business Development Centre</p>	<p>Trubarjeva 11 SI 2000 Maribor</p> <p>Trubarjeva 11 SI 2000 Maribor</p> <p>Dunajska 156 SI 1000 Ljubljana</p>
Tajikistan	<p>Mr. Rakhmonali Amirov Director State Agency for Antimonopoly Policy and Support of Entrepreneurship (GAAPPP)</p>	<p>20, Rudaki ave, 734012 Dushanbe</p>
The former Yugoslav Republic of Macedonia	<p>Ms. Marija Zarezankova – Potevska Head of Department of SMEs and Crafts Ministry of Economy</p> <p>Ms. Beti Delovska – Vasilevska Head of Training Department National Enterprise Promotion Agency</p>	<p>Jurij Gagarin street 15 1000 Skopje</p> <p>Dame Gruev 14 P.O. Box 210 1000 Skopje</p>
Turkmenistan	<p>State Property and Privatization Department Ministry of Economy and Finance</p> <p>Mr. Serdar Babev Director SMEDA</p>	<p>4, Pomma street 744000 Ashgabat</p> <p>8, Sokolovskovo street 744000 Ashgabat</p>

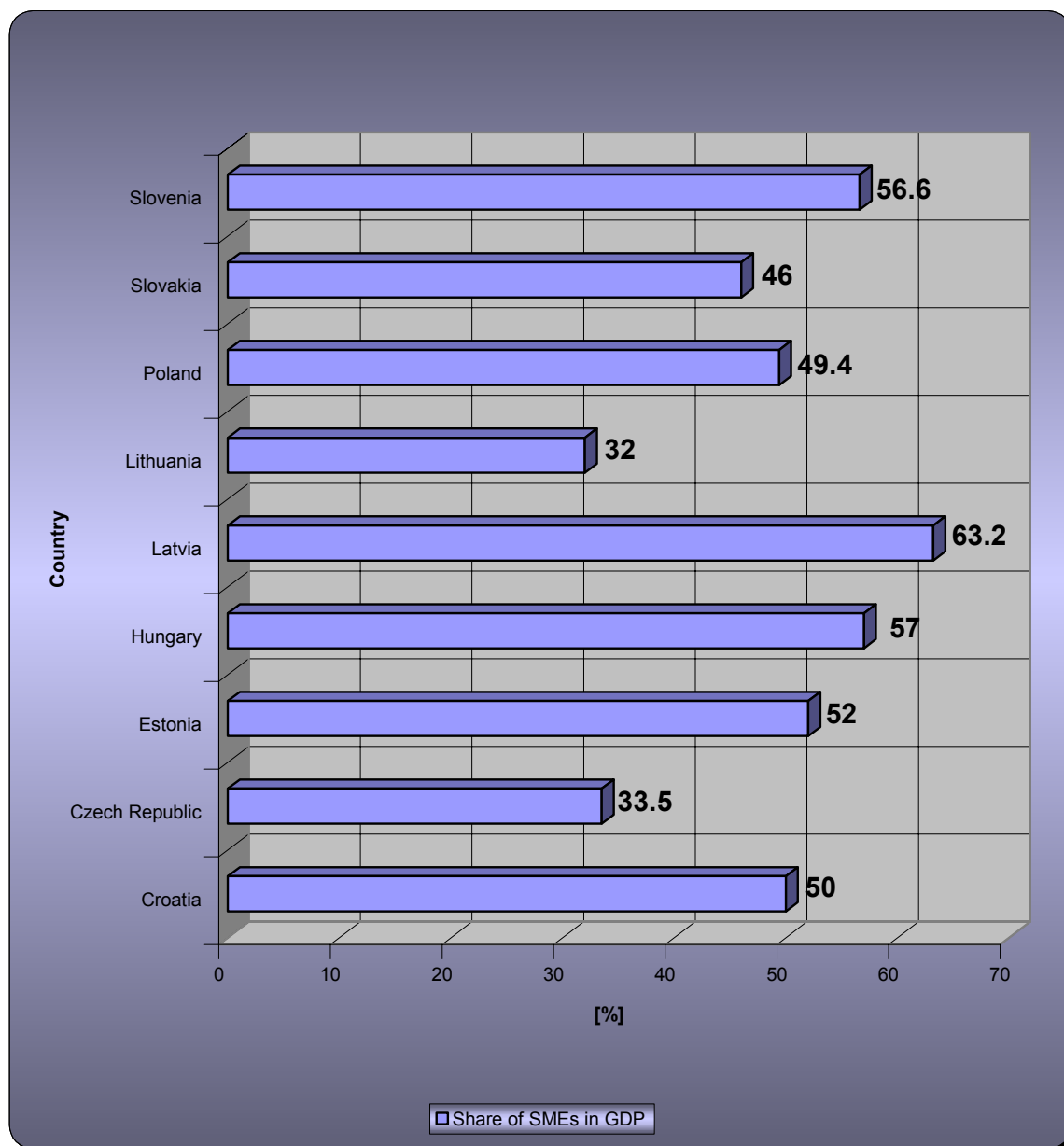
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Ukraine	Ms. Olexandra Volodimirovna Kuzhel Head State Committee of Ukraine for Regulatory Policy and Entrepreneurship	73, Artema street 04053 Kiev
Uzbekistan	Mr. I. Yakovlev Deputy Chairman Committee for State Property Management and Entrepreneurship Support	55, Uzbekistan Street 700003 Tashkent
Federal Republic of Yugoslavia (Responsible only for the Republic of Serbia)	Mr. Blagoje Paunovic Assistant to Minister Department for SME Development and Entrepreneurship Ministry of Economy and Privatization Mr. Dragan Janjic Assistant to Minister Department for SME Development and Entrepreneurship Ministry of Economy and Privatization	Nemanjina 22-26 11 000 Belgrade Nemanjina 22-26 11 000 Belgrade

ANNEX II

SHARE OF SME SECTOR IN GDP

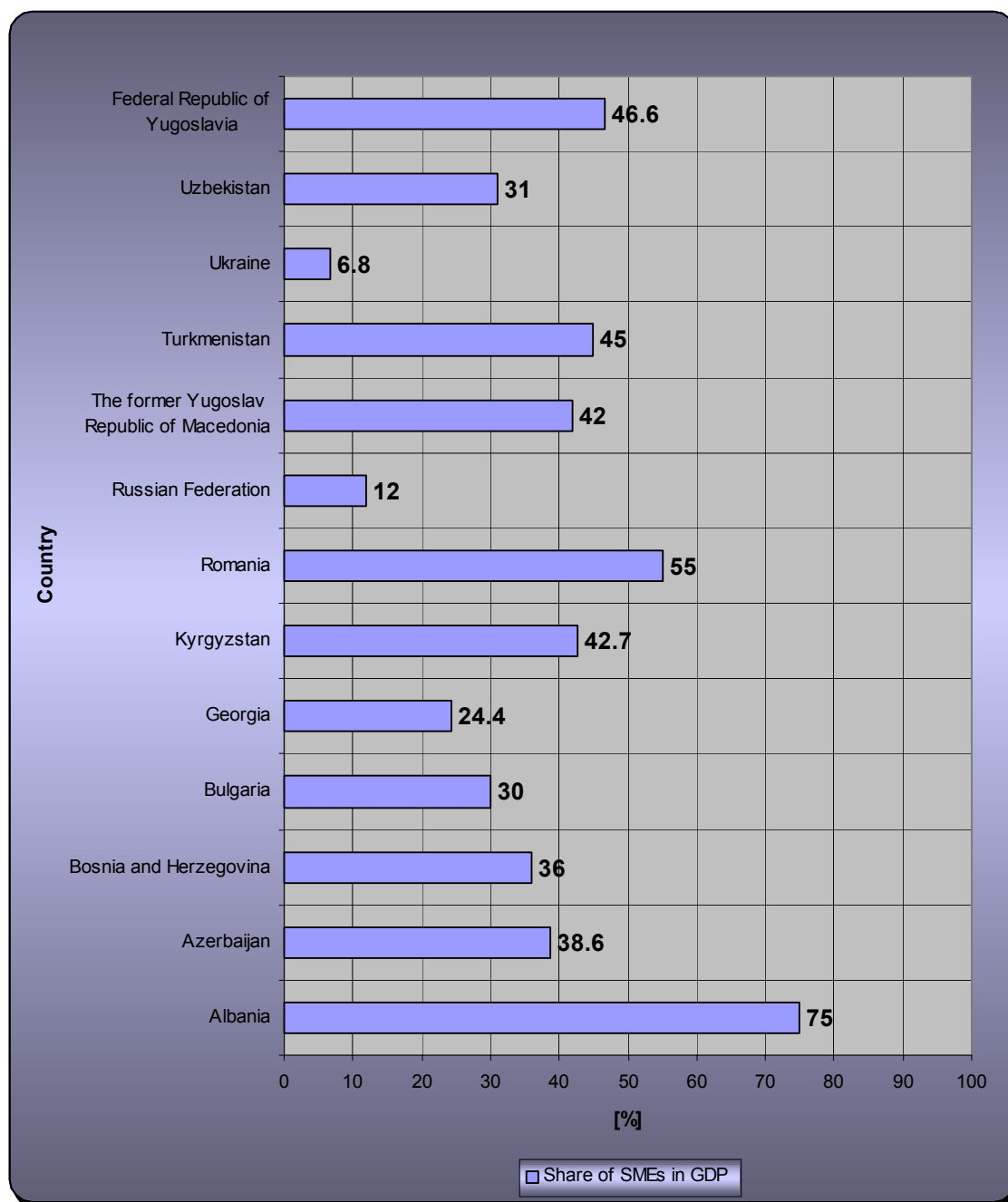
Countries Making Rapid Progress



ANNEX III

SHARE OF SME SECTOR IN GDP

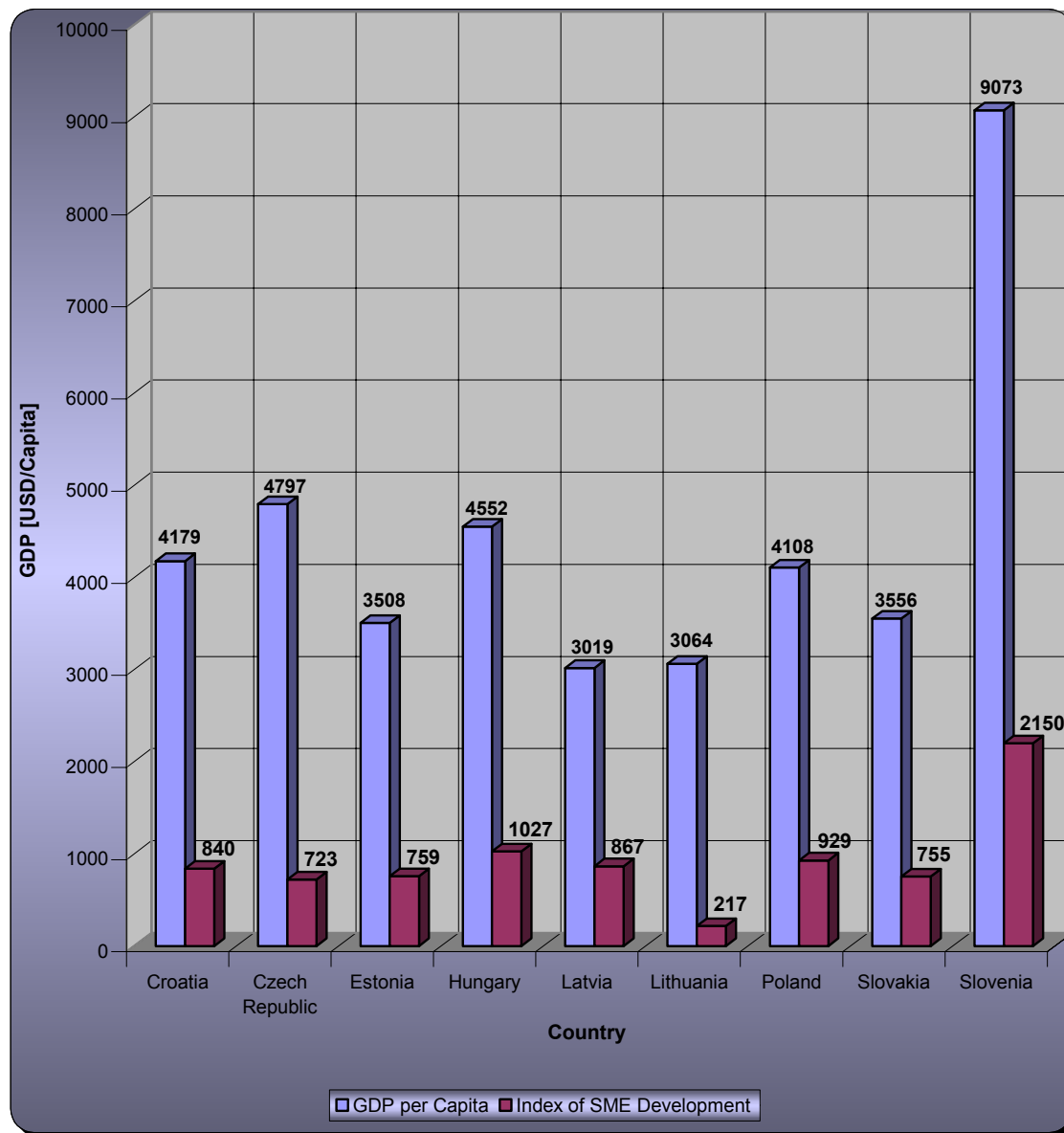
Countries with Intermediate Stage of Transition
and Countries Making Slow Progress



ANNEX IV

INDEX OF SME DEVELOPMENT

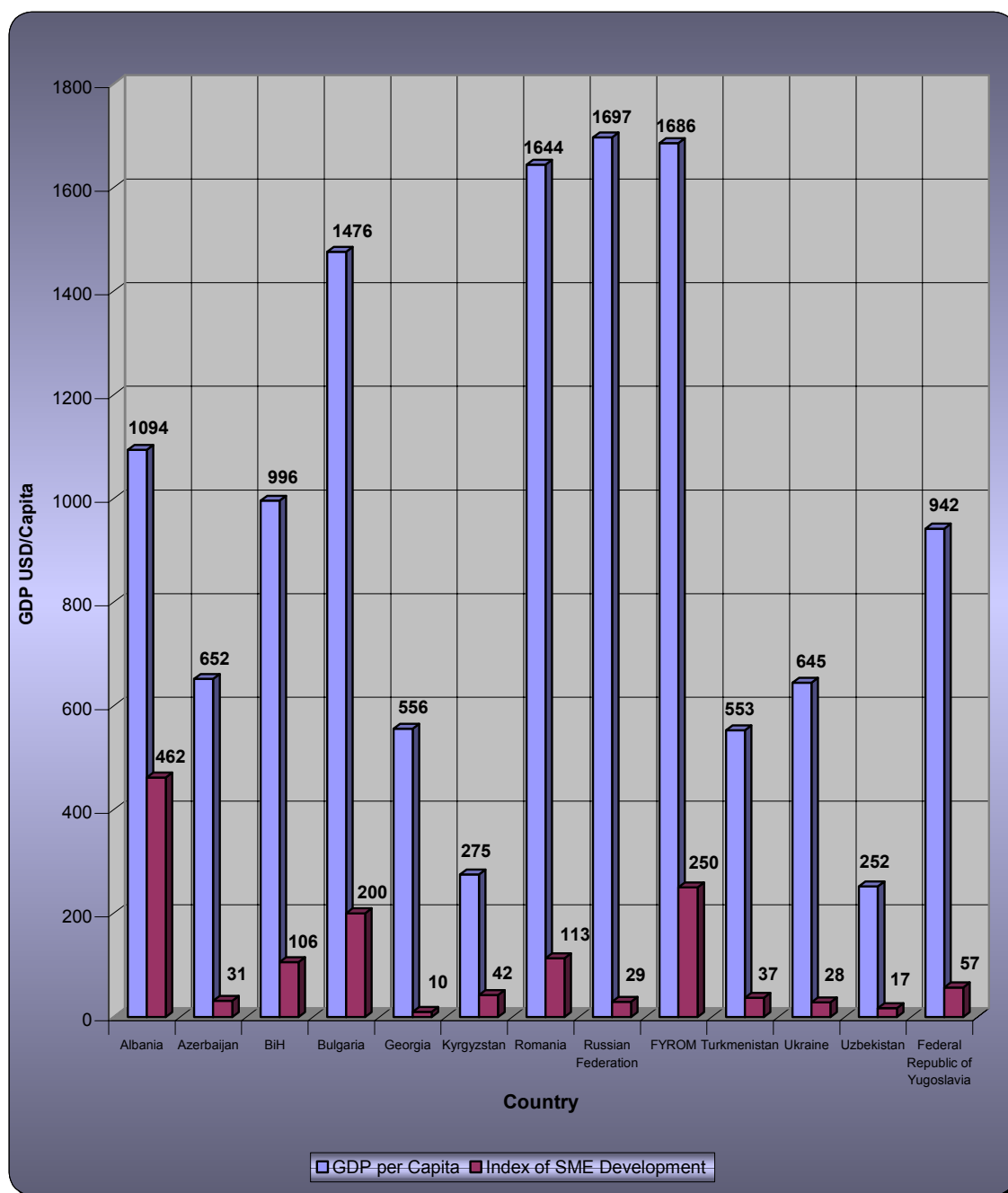
Countries Making Rapid Progress



ANNEX V

INDEX OF SME DEVELOPMENT

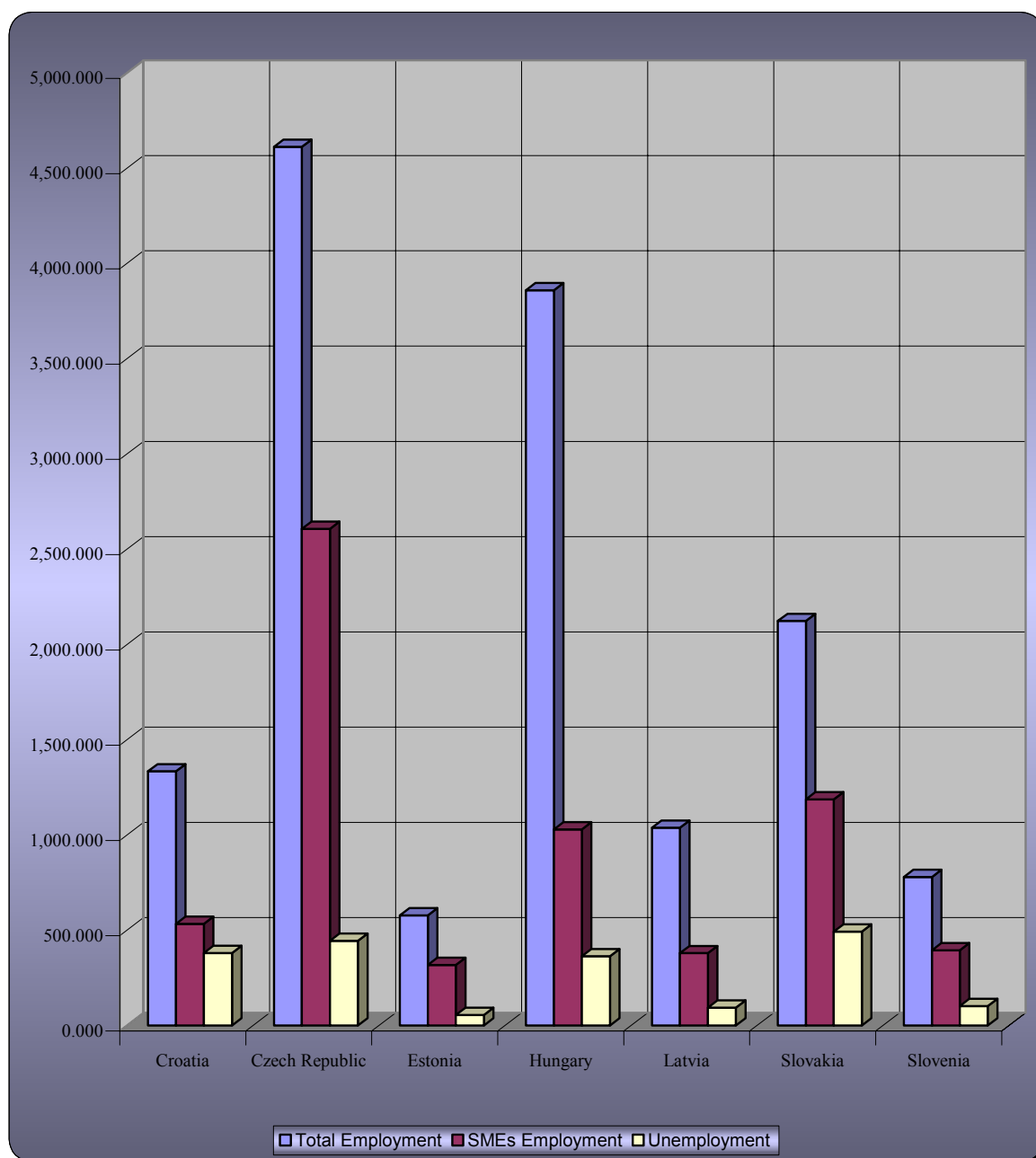
Countries with Intermediate Stage of Transition
and Countries Making Slow Progress



ANNEX VI

EMPLOYMENT IN THE SME SECTOR

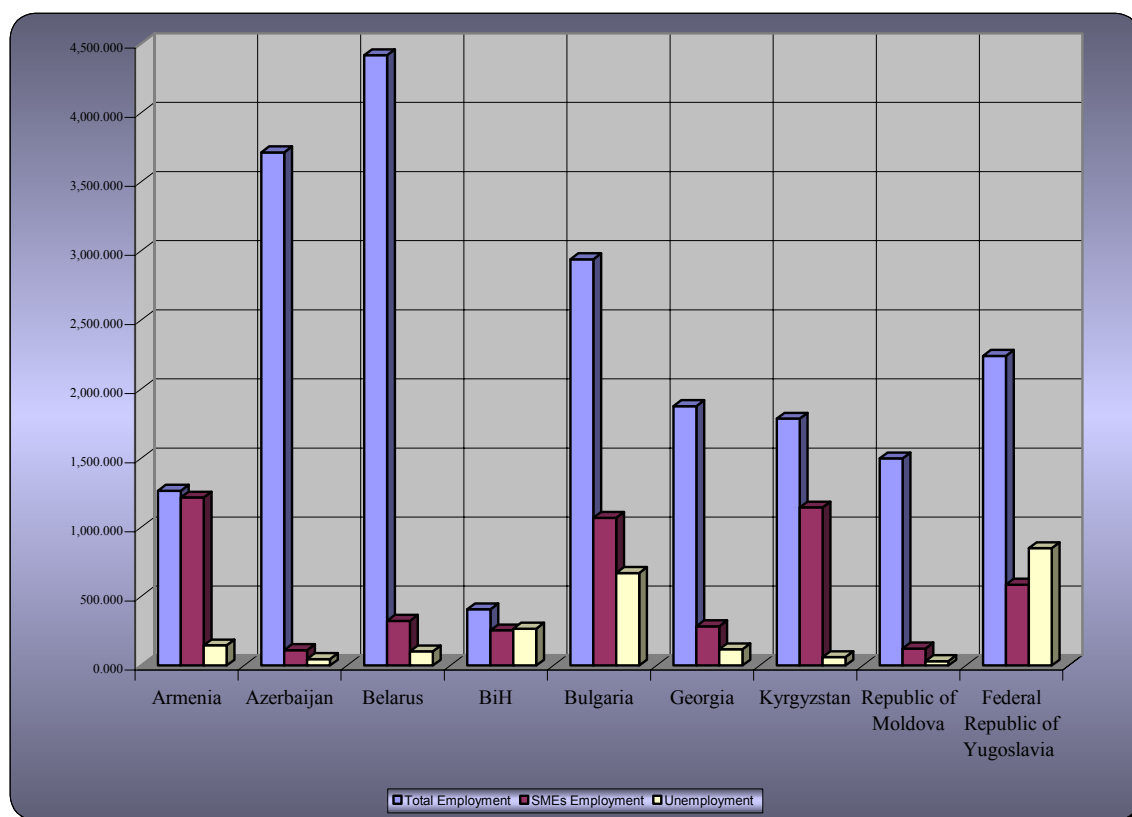
Countries Making Rapid Progress



ANNEX VII

EMPLOYMENT IN THE SME SECTOR

Countries with Intermediate Stage of Transition and Countries Making Slow Progress



Note: in case of Azerbaijan, the column of SMEs Employment shows only the share of the employment in the sector of the small entrepreneurship for 2001 without medium entrepreneurship.

ANNEX VIII

EMPLOYMENT IN THE SME SECTOR

Countries with Intermediate Stage of Transition
and Countries Making Slow Progress

