

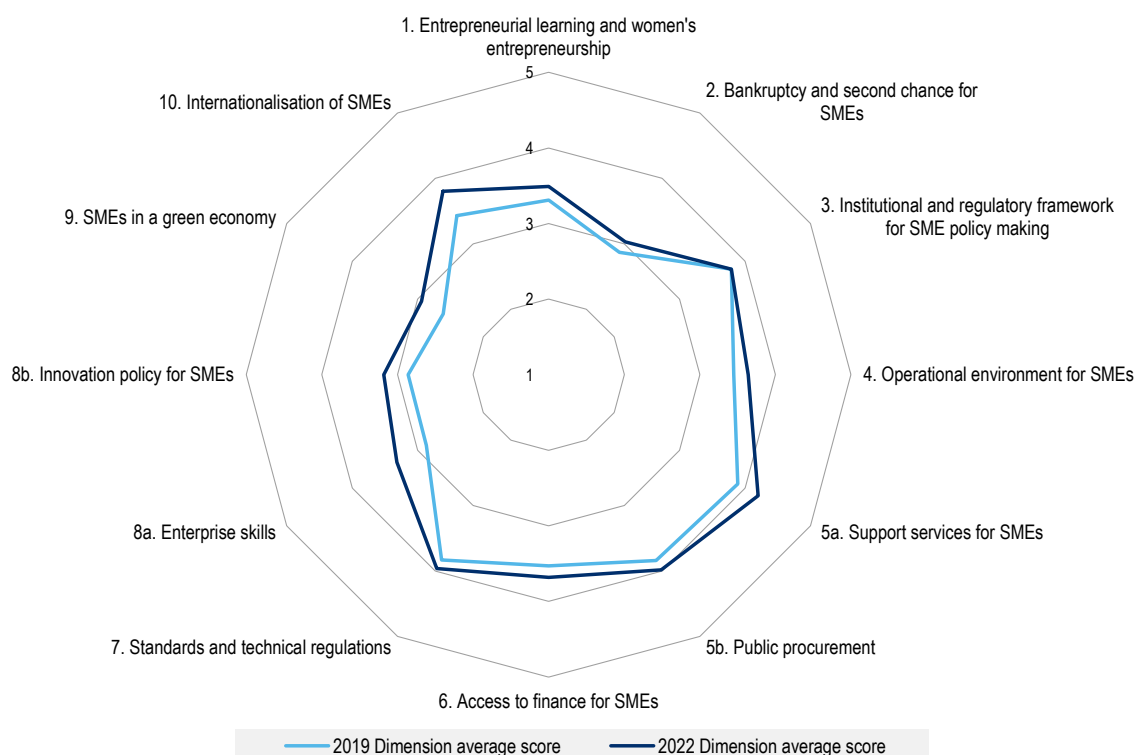
Overview of key findings

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This chapter provides an overview of the key findings of the 2022 Small Business Act (SBA) assessment for each of the 12 policy dimensions. Full details of the methodology and the background to this assessment are contained in Annex A.

This 2022 assessment reveals that the economies of the Western Balkans and Turkey (WBT) have improved their performance in 11 out of 12 policy areas, signalling their continuous dedication to creating an enabling business environment for small and medium-sized enterprises (SMEs) despite the difficult circumstances they have faced over the last three years (Figure 5). They have performed best in the areas of: institutional and regulatory framework for SME policy making; support services for SMEs; public procurement; access to finance; standards and technical regulations; and internationalisation. By contrast, despite advancements, there are still several policy areas in which the region as a whole has room for improvement. These include: bankruptcy and second-chance policies; enterprise skills; innovation policy for SMEs; and SMEs in a green economy.

Figure 5. Small Business Act average scores for the Western Balkans and Turkey (2019 and 2022)



Key findings by dimension

Dimension 1: Entrepreneurial learning and women's entrepreneurship

Dimension 1 assesses the existence and effectiveness of policies to support the development of entrepreneurial culture, as well as to allow women to make a greater contribution to the entrepreneurial economy.

Entrepreneurial learning is featured in national policies across the Western Balkan economies and Turkey and ranges from stand-alone strategies to being a component of wider strategic policy instruments. The use of EntreComp to underpin educational development has become more frequent, and practical entrepreneurial experiences for learners have become more diverse. Women's entrepreneurship has increased in prominence across the region. Both formal and informal policy partnerships can be seen in the region, with fewer formal multi-stakeholder partnerships led by government and more economies reporting informal partnerships led by stakeholder groups. Overall visibility of women's entrepreneurship appears to have increased with good evidence of national and transnational conferences and summits. At the same time, practical economy-level support and training for women entrepreneurs has expanded in most economies during this assessment period.

Going forward, the WBT economies should focus on developing multi-stakeholder partnerships for entrepreneurial learning, bringing together cross-government and relevant non-government stakeholders to strengthen co-ordination and coherence across policy areas. Governments should also look to reduce the implementation gap between policy commitments and practical implementation of the entrepreneurship key competence approach within the learner experience and assess learning outcomes more frequently. Regarding women's entrepreneurship, the collection of gender-disaggregated data, linked to economy-level statistics as well as government-funded monitoring data, should be strengthened across all economies.

Table 6. Progress in Dimension 1: Entrepreneurial learning and women's entrepreneurship

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Sub-dimension 1.1: Entrepreneurial learning								
Planning and design	2.62	3.13	2.75	3.11	4.75	3.46	4.19	3.43
Implementation	2.82	2.90	3.67	2.42	4.62	3.77	4.37	3.51
Monitoring and evaluation	1.22	2.17	2.34	1.00	4.34	4.01	4.06	2.73
Weighted average	2.44	2.82	3.13	2.34	4.61	3.72	4.25	3.33
Sub-dimension 1.2: Women's entrepreneurship								
Planning and design	3.80	4.20	3.40	2.60	5.00	4.60	4.20	3.97
Performance	4.02	3.49	3.49	2.96	4.11	3.76	5.00	3.83
Monitoring and evaluation	3.00	4.25	3.00	1.00	3.50	3.00	4.00	3.11
Weighted average	3.75	3.85	3.36	2.46	4.26	3.86	4.56	3.73
Dimension score 2022	2.96	3.23	3.22	2.39	4.47	3.78	4.37	3.49
Dimension score 2019	2.81	3.24	2.53	2.48	3.83	3.96	4.32	3.31

Dimension 2: Bankruptcy and second chance for SMEs

Dimension 2 assesses the efficiency of bankruptcy procedures for SMEs in the WBT economies, as well as the existence of tools for insolvency prevention and policies to support failed entrepreneurs who wish to make a fresh start.

All economies from the WBT region have formal bankruptcy reorganisation and liquidation procedures in place, with most economies having introduced hybrid restructuring procedures and some additional reorganisation procedures for SMEs. Several economies in the region recently introduced electronic bidding options for assets sold in bankruptcy liquidation proceedings.

The WBT economies should focus on establishing tools to prevent insolvency, such as early warning systems, and strengthening institutional support for insolvency prevention. Monitoring and evaluation systems for insolvency should be strengthened to ensure transparency and legal certainty of business

activities. Governments should also look to develop policies to promote second chance for failed entrepreneurs, as the cultural stigma related to business failure prevails.

Table 7. Progress in Dimension 2: Bankruptcy and second chance for SMEs

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Sub-dimension 2.1: Preventive measures	3.10	2.80	2.20	2.80	2.50	2.80	3.00	2.74
Sub-dimension 2.2: Survival and bankruptcy procedures								
Design and implementation	3.80	4.00	2.70	3.30	3.00	3.50	3.62	3.42
Performance, monitoring and evaluation	2.40	3.50	2.30	3.40	3.70	3.80	3.82	3.27
Weighted average	3.24	3.80	2.54	3.36	3.28	3.62	3.74	3.37
Sub-dimension 2.3: Promoting second chance	2.00	2.20	1.50	2.00	2.00	2.00	2.00	1.96
Dimension score 2022	2.98	3.38	2.30	3.03	3.02	3.21	3.32	3.03
Dimension score 2019	2.83	2.55	2.71	2.49	3.44	2.84	3.23	2.87

Dimension 3: Institutional and regulatory framework for SME policy making

Dimension 3 assesses the implementation of the SBA's core principle – “think small first”, meaning that governments should design economic policies with the needs of SMEs in mind.

The WBT economies have continued to develop and implement their already well-developed SME policy frameworks, with some economies making increased efforts to ensure inter-institutional co-ordination and monitoring and evaluation. The implementation of SME policies advanced well in the region, despite the COVID-19 pandemic prompting governments to reallocate resources to more immediate support to businesses. Efforts to improve the business environment have continued, and the use of regulatory impact assessments to measure the impact of policies on SMEs has improved in some economies.

It will be important for the WBT economies to strengthen the collection of SME-specific data, which is often missing and key to evidence-based policy making. They should also look to plan, monitor and evaluate regulatory reform efforts more systematically and further strengthen the use of regulatory impact assessment, specifically by further empowering oversight institutions for quality control and by strengthening the administrative and human capacities for conducting effective analysis. Governments could also look to improve monitoring and evaluation mechanisms for public-private consultations to better measure the participation and engagement of SMEs.

Table 8. Progress in Dimension 3: Institutional and regulatory framework for SME policy making

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Sub-dimension 3.1: Institutional framework								
Planning and design	4.30	3.50	3.80	4.70	4.44	4.60	4.60	4.28
Implementation	4.20	3.10	3.60	3.80	4.20	4.10	4.75	3.96
Monitoring and evaluation	4.10	3.00	2.80	3.28	4.84	4.00	4.65	3.81
Weighted average	4.21	3.20	3.50	3.97	4.40	4.23	4.69	4.03
Sub-dimension 3.2: Legislative simplification and regulatory impact assessment								
Planning and design	3.60	2.80	3.80	4.10	3.88	4.32	4.40	3.84
Performance	3.40	2.30	3.60	3.00	4.28	4.10	3.60	3.47
Monitoring and evaluation	2.55	2.00	2.80	2.70	3.24	4.10	3.25	2.95
Weighted average	3.29	2.39	3.50	3.27	3.95	4.17	3.77	3.48
Sub-dimension 3.3: Public-private consultations								

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Frequency and transparency of PPCs	3.90	3.00	4.30	4.56	4.76	4.24	3.24	4.00
Private sector involvement in PPCs	4.20	2.10	4.20	4.32	4.04	4.30	4.25	3.92
Monitoring and evaluation	4.15	1.90	3.70	2.60	2.60	3.50	3.24	3.10
Weighted average	4.07	2.42	4.14	4.07	4.04	4.12	3.64	3.79
Dimension score 2022	3.89	2.72	3.69	3.79	4.16	4.18	4.10	3.79
Dimension score 2019	3.55	2.62	3.92	3.86	4.24	4.24	4.12	3.79

Dimension 4: Operational environment for SMEs

Dimension 4 assesses the availability, quality and responsiveness of key government services for SMEs, focusing on digital government services, company registration, business licensing and tax compliance procedures.

The WBT economies have continued developing and implementing their policy frameworks for digital government services for businesses. Several economies have made efforts to increase inter-institutional co-ordination for these processes, which should allow them to accelerate and streamline the rollout of digital government services and improve standards for service delivery. All economies have continued the development of their online portals for digital government services, increasing their accessibility. Reforms to simplify and digitalise company registration processes and increase interoperability in this regard have been undertaken to reduce the number of days and procedures required to start a business. While business licencing has been centralised in all WBT economies, deregulation and digitalisation reforms are ongoing to reduce administrative barriers for businesses. Furthermore, comprehensive sets of tax measures to reduce liquidity constraints for SMEs have been introduced to mitigate the impact of the COVID-19 crisis. Simplified bookkeeping rules for SMEs are common throughout the region, and digital services are widely used for business taxation.

The WBT economies should ensure that digital government services are tailored to the needs of businesses, and increasingly integrate user feedback into the service design process, as digitalisation presents a unique window of opportunity to optimise and streamline services. There is also significant opportunity to be found in adopting proactive policies to encourage the use of open government data by businesses to create new products and services and drive innovation. Improving monitoring and evaluation systems for digital government services, company registration and business licensing will be key to measuring their success and identifying areas for improvement. Moreover, economies across the region should evaluate and simplify their tax regimes so they take the average profitability of business sectors into account, do not create hurdles to growing into the standard tax regime and do not take the number of employees as an eligibility criterion.

Table 9. Progress in Dimension 4: Operational environment for SMEs

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Sub-dimension 4.1: Digital government services for SMEs								
Planning and design	4.70	2.80	3.78	4.40	4.80	4.70	4.75	4.28
Implementation	3.91	1.73	3.27	3.27	3.27	3.64	4.20	3.33
Monitoring and evaluation	3.80	1.48	2.60	1.73	1.73	3.00	3.00	2.48
Weighted average	4.12	1.99	3.26	3.22	3.34	3.80	4.07	3.40
Sub-dimension 4.2: Company registration								
Design and implementation	4.90	3.50	4.60	4.85	4.70	4.80	3.60	4.42
Performance	4.50	2.80	4.80	3.80	3.73	4.30	3.60	3.93
Monitoring and evaluation	4.80	2.50	5.00	4.80	2.55	4.75	4.00	4.06

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Weighted average	4.78	2.96	4.80	4.62	3.65	4.68	3.76	4.18
Sub-dimension 4.3: Business licensing								
Licence procedures	4.55	3.75	3.75	3.65	4.00	3.80	3.66	3.88
Monitoring and streamlining of licence system	4.37	3.35	3.90	3.85	3.50	3.90	3.23	3.73
Weighted average	4.46	3.55	3.83	3.75	3.75	3.85	3.45	3.80
Sub-dimension 4.4: Tax compliance procedures for SMEs								
SME tax compliance and simplification procedures								n/a
Monitoring and evaluation of SME-specific tax measures								n/a
Dimension score 2022	4.32	2.49	3.68	3.49	3.61	3.98	3.88	3.64
Dimension score 2019	3.99	2.34	3.75	3.52	3.29	3.73	3.56	3.45

Dimension 5a: Support services for SMEs

Dimension 5a evaluates the prevalence of services to support SMEs in their operations and development by examining public policies both to provide business support services (BSSs) and to encourage provision of BSSs by the private sector.

New strategies prioritising government-provided BSSs to SMEs have been adopted across the WBT region. Governments expanded the range of provided BSSs, which have enjoyed a relatively high uptake in most economies. While efforts have been undertaken to assess the demand for BSSs among SMEs, as well as their training needs, more work is needed in this regard. Support for private BSSs has intensified since the last assessment cycle, with more economies prioritising a fair and competitive private sector of BSSs for SMEs. While co-financing the services of private-sector business consultants is the most prevalent form of support in the region, many economies have boosted their support for business incubators and accelerators with a dedicated focus on newly established SMEs and start-ups.

Going forward, WBT economies should further develop systematic training needs analysis to better match the supply of BSSs with the needs of SMEs. They should also look to strengthen monitoring and evaluation of BSSs' impact and effectiveness and the subsequent improvement in the performance of SMEs. Introducing quality assurance certifications for BSSs provided by the private sector could also help guarantee their effectiveness.

Table 10. Progress in Dimension 5a: Support services for SMEs

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Sub-dimension 5a.1: Business support services provided by the government								
Planning and design	4.43	3.17	3.86	3.57	4.71	4.43	5.00	4.17
Implementation	3.43	3.86	4.28	4.14	4.57	4.57	4.86	4.24
Monitoring and evaluation	4.11	3.06	3.56	3.89	3.89	4.33	4.33	3.88
Weighted average	3.86	3.49	4.01	3.92	4.48	4.48	4.80	4.15
Sub-dimension 5a.2: Government initiatives to stimulate private BSS development								
Planning and design	5.00	4.80	4.00	4.00	5.00	4.60	5.00	4.63
Performance	3.80	3.75	4.30	4.50	4.70	3.70	4.70	4.21
Monitoring and evaluation	4.20	2.50	3.80	3.40	4.20	4.20	4.60	3.84
Weighted average	4.24	3.82	4.11	4.13	4.69	4.07	4.77	4.26
Dimension score 2022	4.05	3.65	4.06	4.03	4.58	4.28	4.78	4.20
Dimension score 2019	3.61	3.41	3.64	3.96	4.03	4.12	4.42	3.89

Dimension 5b: Public procurement

Dimension 5b assesses the degree to which SMEs can participate in the public procurement market as equal players when compared to large companies. Public procurement markets often provide attractive business opportunities for SMEs that frequently face additional barriers compared to bigger enterprises.

Most WBT economies have significantly improved their public procurement legislation, in particular by adopting rules that are beneficial for SMEs. Public procurement procedures have been further simplified through the reduction of evidence requirements and other formal requirements, therefore diminishing the administrative burden on SMEs. The digitalisation of public procurement procedures has advanced, namely for submitting tenders and appeals electronically, therefore increasing efficiency and legal protection for economic operators.

Unlike in the previous assessment cycle, in most WBT economies, more emphasis has been put on selecting the most economically advantageous tenders instead of simply the lowest price. Applying the price-only criterion ceased to be a recommended option. However, in practice, the award of contracts is still mostly based on price alone, which governments should address by supporting non-price criteria. More should be done to provide advice, support and training to enhance SMEs' access to public contracts, particularly in economies where a recent overhaul of procurement rules took place.

Table 11. Progress in Dimension 5b: Public procurement

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Planning and regulatory framework	4.56	3.76	3.94	4.44	4.13	4.69	3.63	4.16
Implementation	4.72	3.36	4.00	3.92	4.80	4.32	3.92	4.15
Monitoring and evaluation	3.32	3.40	3.40	3.40	2.60	3.40	3.40	3.27
Dimension score 2022	4.39	3.49	3.86	3.97	4.16	4.25	3.73	3.98
Dimension score 2019	3.69	3.57	4.09	4.49	3.87	3.52	3.66	3.84

Dimension 6: Access to finance for SMEs

Dimension 6 assesses the legal and policy frameworks for ensuring SMEs have adequate access to finance through bank and non-bank sources and venture capital. Efforts to support financial literacy among businesses and the general population, as a key skill necessary for entrepreneurship, are also assessed.

Financial intermediation has remained resilient across the region, partially owing to solid macro-prudential measures across most WBT economies in the years preceding the COVID-19 crisis but also large-scale liquidity measures, coupled with subsidised credit lines and scaled-up state-backed credit guarantee schemes in response to the pandemic. As a result, SME lending has eased across the region, though the long-term effect of these temporary crisis response measures remains to be seen. All economies have a sound legal and regulatory framework to support lending, though some bottlenecks in enforcing creditors' rights continue to impact lending, particularly for SMEs. Even though conventional bank lending continues to be the main source of private-sector funding, market penetration for some non-bank financial instruments, such as microfinance, has increased. Venture capital remains at an early stage across the Western Balkan region. However, some economies have taken concrete steps to introduce dedicated legislation in support of developing ecosystems conducive to venture capital.

Further efforts are needed to ensure the enforcement of the well-defined legal frameworks for protecting creditors' rights. Building on the initial lessons learnt and the preliminary framework that helped establish temporary COVID-19 credit guarantee funds or expand public credit guarantee schemes across the region, more sustainable support mechanisms should be established in line with international best practices. There

is also room for improvement in raising awareness on alternative finance sources to ensure their increased uptake by SMEs. Frameworks to develop financial literacy should be designed or updated in close consultation with public and private stakeholders.

Table 12. Progress in Dimension 6: Access to finance

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Sub-dimension 6.1: Legal and regulatory framework								
Creditor rights	4.00	3.90	4.00	4.80	5.00	4.20	4.00	4.27
Register	4.60	4.50	4.80	4.60	4.90	4.40	4.60	4.63
Credit information bureau	4.00	4.50	3.30	5.00	4.00	5.00	4.80	4.37
Banking regulations	4.00	3.20	3.60	4.40	3.60	4.80	5.00	4.09
Stock market	2.00	3.00	2.00	3.80	4.00	3.80	4.00	3.23
Weighted average	3.86	3.94	3.68	4.60	4.40	4.47	4.48	4.20
Sub-dimension 6.2: Bank financing								
Banking lending practices and conditions	3.00	2.80	3.20	3.60	2.60	3.50	3.90	3.23
Credit guarantee schemes	2.80	2.40	3.10	2.40	1.40	2.60	3.60	2.61
Weighted average	2.92	2.64	3.12	3.14	2.12	3.15	3.79	2.98
Sub-dimension 6.3: Non-bank financing								
Microfinance institutions	4.90	4.40	4.00	2.00	4.00	2.00	2.30	3.37
Leasing	2.40	3.00	3.00	3.40	3.20	3.70	4.00	3.24
Factoring	2.90	1.60	2.00	2.00	3.00	3.50	4.00	2.71
Weighted average	3.38	2.99	2.98	2.45	3.38	3.04	3.42	3.09
Sub-dimension 6.4: Venture capital ecosystem								
Legal framework	2.00	2.00	2.10	2.30	2.00	3.70	5.00	2.73
Design and implementation of government activities	1.80	1.40	2.30	2.90	1.70	3.00	4.90	2.57
Monitoring and evaluation	1.00	1.00	1.00	1.00	1.00	1.00	4.30	1.47
Weighted average	1.71	1.53	1.97	2.31	1.65	2.83	4.81	2.40
Sub-dimension 6.5: Financial literacy								
Planning, design and implementation	2.40	1.40	3.00	3.60	3.20	3.00	3.20	2.83
Monitoring and evaluation	1.00	1.00	1.00	1.00	1.00	1.00	2.30	1.19
Weighted average	2.12	1.32	2.61	3.08	2.75	2.60	3.02	2.50
Dimension score 2022	3.43	3.34	3.37	3.90	3.63	3.89	4.18	3.68
Dimension score 2019	3.32	3.26	3.33	3.63	3.49	3.72	3.99	3.53

Dimension 7: Standards and technical regulations

Dimension 7 assesses the quality infrastructure systems and procedures required in the WBT region to facilitate SMEs' access to the EU Single Market.

Overall, quality infrastructure (QI) activities are centrally co-ordinated in most WBT economies. Regional co-operation happens at various levels (bilaterally and multilaterally) and has continued during the COVID-19 pandemic. Most economies have by now adopted national laws that are either fully or at least partially aligned with the EU *acquis* in the key areas of standardisation, accreditation, metrology and market surveillance. Governments have also continued to expand the recognition of their QI institutions by the relevant European and international institutions, which is important to improve their economies' access to the European or other foreign markets. Finally, financial support for SMEs that seek certification according

to European or international standards was expanded, and there exists at least one SME support programme related to standards in each WBT economy.

As QI requires various institutions to co-ordinate their activities, governments should develop a joint strategy or pillar-specific strategies and action plans to better monitor and evaluate the institutional performance of QI institutions. To ensure efficient implementation, the frequency of evaluation and comparison of national law with EU regulations should be increased. Going forward, SMEs should be further incentivised to participate in technical standards committees through specific measures, such as travel support, online participation or representation by associations.

Table 13. Progress in Dimension 7: Standards and technical regulations

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Sub-dimension 7.1: Overall co-ordination and general measures								
Weighted average	3.89	3.77	4.00	3.00	3.33	4.33	5.00	3.90
Sub-dimension 7.2: Harmonisation with the EU <i>acquis</i>								
Technical regulations	4.64	3.91	4.27	3.91	3.91	5.00	5.00	4.38
Standardisation	3.40	2.38	3.53	3.27	4.07	5.00	4.73	3.77
Accreditation	4.33	2.67	2.78	3.89	4.22	4.33	5.00	3.89
Metrology	4.24	2.86	4.71	4.43	3.86	4.71	4.71	4.22
Conformity assessment	5.00	3.97	3.62	3.31	4.85	4.38	3.77	4.13
Market surveillance	3.40	3.44	3.67	3.27	4.47	4.47	5.00	3.96
Weighted average	4.17	3.20	3.76	3.68	4.23	4.71	4.70	4.06
Sub-dimension 7.3: SMEs' access to standardisation								
Awareness-raising and information	4.07	3.53	3.80	3.80	2.87	4.47	4.60	3.88
SMEs' participation in developing standards	3.00	2.50	3.50	3.00	2.50	3.50	4.50	3.21
Financial support to SMEs	3.40	2.20	3.40	4.40	4.20	2.80	4.60	3.57
Weighted average	3.49	2.74	3.57	3.73	3.19	3.59	4.57	3.55
Dimension score 2022	4.02	3.22	3.77	3.58	3.94	4.44	4.73	3.96
Dimension score 2019	3.64	2.78	3.60	3.50	3.99	5.44	4.78	3.83

Dimension 8a: Enterprise skills

Dimension 8a assesses policies in the WBT economies to promote the skills SMEs need, from start-up and throughout their growth phases.

Skills intelligence has incrementally improved during this assessment period with some emerging examples of inspiring practice. The breadth of the support and training open to SMEs has increased across all WBT economies during this assessment period, with a significant shift towards online learning since the beginning of the pandemic, as all economies have recognised the importance of the digital economy. An additional focus was placed on social entrepreneurship since the last assessment through increasing policy support for development of the social economy sector.

There is nevertheless significant scope to further address gaps and support evidence-based policy and implementation. Governments should focus on establishing comprehensive monitoring and evaluation mechanisms, including a strong gender focus and fully gender-disaggregated data. Furthermore, governments should mainstream SME skills, including the gender perspective, into smart specialisation strategy development and implementation and prioritise training for SMEs that will support the green and circular transition.

Table 14. Progress in Dimension 8a: Enterprise skills

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Planning and design	2.17	2.04	3.58	1.17	3.17	3.75	4.17	2.86
Implementation	4.21	3.42	3.53	3.16	4.00	3.88	4.74	3.85
Monitoring and evaluation	3.67	2.00	3.00	1.67	1.67	3.00	3.67	2.67
Dimension score 2022	3.49	2.72	3.44	2.26	3.28	3.66	4.35	3.32
Dimension score 2019	3.40	2.70	2.78	1.40	2.35	3.95	3.54	2.87

Dimension 8b: Innovation policy for SMEs

Dimension 8b assesses the strategic framework, available infrastructure and measures taken to stimulate SME innovation to build a knowledge economy in the Western Balkans and Turkey.

Most WBT economies have a comprehensive framework for innovation policy, and smart specialisation is progressing across the region. Those economies with well-established, clearly mandated institutions to support innovation development have increased the scale and outreach of their support programmes. In contrast, the implementation of innovation policy has progressed slower in the remaining economies. Efforts to build an innovation ecosystem are progressing, with multiple incubators operating throughout the region, often supported by public funds or are self-sufficient. Acceleration programmes have also been established, but overall support for more mature enterprises continues to be limited, even in the more advanced economies, although it is increasing. Financial support has expanded, thanks to increased state budgets for innovation agencies and dedicated COVID-19 programmes introduced to mitigate the impact of the pandemic. While below potential, indirect financial support in the form of fiscal support or demand-side incentives is increasingly available.

Going forward, governments should increase regional linkages in the context of smart specialisation, as regional discrepancies are becoming increasingly apparent for the development of innovation policy. The innovation ecosystem should be built beyond start-up and include more targeted services to truly support innovative ideas and technology absorption capacity. As business-academia collaboration remains nascent across the region, governments should identify existing bottlenecks in this regard and emphasise the link between scientific research and academia in designing the institutional infrastructure for innovation and research and development.

Table 15. Progress in Dimension 8b: Innovation policy for SMEs

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Sub-dimension 8b.1: Policy framework for innovation								
Strategic approach	3.72	2.40	3.20	4.08	4.04	4.62	4.60	3.81
Co-ordination of innovation policy	2.60	1.92	2.52	4.32	3.00	4.40	4.44	3.31
Implementation of innovation policy	2.60	1.52	2.52	3.80	3.52	4.12	5.00	3.30
Weighted average	2.94	1.98	2.72	4.14	3.42	4.41	4.60	3.46
Sub-dimension 8b.2: Government institutional support services for innovative SMEs								
Incubators and accelerators	2.04	2.40	2.71	3.86	3.24	3.96	4.71	3.27
Technology extension services for established SMEs	2.33	1.00	1.40	3.00	1.04	2.55	3.67	2.14
Weighted average	2.16	1.84	2.19	3.51	2.36	3.40	4.30	2.82
Sub-dimension 8b.3: Government financial support services for innovative SMEs								
Direct financial support	3.09	2.60	3.26	4.60	3.56	4.68	4.88	3.81
Indirect financial support	1.80	1.60	1.20	2.70	2.32	2.60	3.60	2.26

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Weighted average	2.57	2.20	2.44	3.84	3.06	3.85	4.37	3.19
Sub-dimension 8b.4: SME and research institution collaboration and technology transfer								
Innovation voucher schemes and co-operative grants	2.00	1.72	2.00	3.50	2.52	4.00	4.20	2.85
Institutional infrastructure for industry-academia co-operation	2.36	1.68	2.48	3.04	2.92	3.88	4.60	2.99
Intellectual property rights	2.72	2.48	2.52	3.00	2.52	3.80	4.33	3.05
Weighted average	2.29	1.86	2.30	3.22	2.68	3.91	4.39	2.95
Dimension score 2022	2.58	1.97	2.47	3.77	2.99	4.00	4.45	3.18
Dimension score 2019	2.48	1.86	2.40	3.35	2.53	3.33	4.08	2.86

Dimension 9: SMEs in a green economy

Dimension 9 assesses the provision of policies that promote green behaviour among SMEs, as part of national SME, sectoral, energy and innovation frameworks and through incentives and instruments in place.

SME greening policies have continued to gain momentum in the region since the last assessment. They have been integrated into several strategic documents, with energy efficiency and eco-innovation at the forefront. These strategies have clearer targets and dedicated budgets and include awareness-raising and technical and financial support. Significant progress was achieved in introducing financial incentives for SME greening, most of which target energy efficiency and renewable energy projects. Information-based tools for the greening of businesses have also been scaled up in the region, with chambers of commerce and business associations continuously involved in providing green advice and guidance to SMEs.

Further efforts are required to ensure effective implementation of SME greening measures, particularly through cross-sectoral co-ordination and strengthened monitoring and evaluation tools. To ensure appropriate evaluation of measures, WBT economies should improve SME-specific greening data collection, which is lacking across the region. Policy makers could also consider introducing regulatory instruments, such as performance standards or special regimes for low environmental risk installations, to encourage SMEs' green transition. Green public procurement measures could also significantly create demand for green products and services and boost the market where private consumer demand for them is insufficient.

Table 16. Progress in Dimension 9: SMEs in a green economy

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Sub-dimension 9.1: Framework for environmental policies targeting SMEs								
Planning and design	3.82	3.55	2.70	3.70	4.32	4.11	4.87	3.87
Implementation	2.00	2.60	2.55	2.62	3.40	2.35	4.15	2.81
Monitoring and evaluation	1.75	2.25	1.58	1.89	3.86	1.95	4.00	2.47
Weighted average	2.50	2.82	2.40	2.80	3.77	2.80	4.34	3.06
Sub-dimension 9.2: Incentives and instruments for SME greening								
Planning and design	1.90	3.10	1.90	4.40	3.44	2.85	3.80	3.06
Performance	1.90	3.44	2.00	3.23	3.67	2.13	4.75	3.02
Monitoring and evaluation	1.00	1.80	1.00	2.60	3.40	1.91	3.10	2.12
Weighted average	1.72	3.01	1.77	3.46	3.55	2.30	4.14	2.85

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Dimension score 2022	2.07	2.92	2.05	3.16	3.65	2.53	4.23	2.94
Dimension score 2019	1.98	2.40	1.92	2.72	2.95	2.21	4.12	2.61

Dimension 10: Internationalisation of SMEs

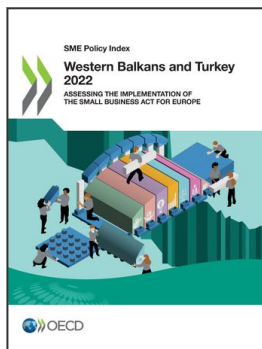
Dimension 10 provides a thorough assessment of SME internationalisation policies, looking at economies' export environments, efforts to integrate SMEs into global value chains (GVCs) and the promotion of e-commerce.

All WBT economies have highlighted export promotion in their strategic documents and have included broad support for increasing the volume of exports while also emphasising their improved complexity and sophistication. All economies aim to increase SME participation in GVCs by incentivising SME linkages with multinational enterprises (MNEs) and integrating local SMEs into supplier networks of domestically operating MNEs. Some economies have introduced new supplier development programmes, while others emphasise cluster formation and development.

As many economies struggle with raising awareness and communicating available schemes through online channels, governments should establish dedicated centralised export promotion portals containing data on all export promotion support. With priorities set on export promotion and GVC integration, few economies have a developed regulatory environment for the adoption and promotion of e-commerce. Further reinforcing the legislative framework for the promotion of e-commerce to increase the uptake of digital practices among SMEs would improve the economy's competitiveness, attract more investment and generate more inclusive international trade linkages.

Table 17. Progress in Dimension 10: Internationalisation of SMEs

	ALB	BIH	KOS	MKD	MNE	SRB	TUR	WBT average
Sub-dimension 10.1: Export promotion								
Planning and design	4.86	4.13	3.95	5.00	4.65	4.65	5.00	4.61
Implementation	3.81	4.20	3.95	4.58	3.88	4.37	4.93	4.24
Monitoring and evaluation	3.67	3.07	3.67	3.67	3.22	3.67	4.56	3.65
Weighted average	4.09	3.96	3.89	4.52	3.98	4.31	4.88	4.23
Sub-dimension 10.2: Integration of SMEs into global value chains								
Planning and design	3.72	2.52	3.89	4.67	4.28	4.00	4.11	3.88
Implementation	3.87	1.55	3.97	3.26	3.26	4.28	4.79	3.57
Monitoring and evaluation	3.00	1.89	3.00	1.67	3.33	3.00	3.00	2.70
Weighted average	3.65	1.91	3.75	3.36	3.58	3.94	4.23	3.49
Sub-dimension 10.3: Promoting the use of e-commerce								
Planning and design	3.67	2.48	3.67	3.67	3.22	3.67	5.00	3.62
Implementation	3.00	1.33	4.00	3.00	3.00	3.00	4.75	3.15
Monitoring and evaluation	3.67	1.00	4.33	3.67	2.33	3.00	5.00	3.29
Weighted average	3.33	1.61	3.97	3.33	2.93	3.20	4.88	3.32
Dimension score 2022	3.80	2.79	3.85	3.88	3.66	4.00	4.62	3.80
Dimension score 2019	2.68	2.57	3.74	3.54	3.08	4.02	4.40	3.43



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