

Scores and methodology

Small Business Act scores

The following table displays the Small Business Act (SBA) scores in the Eastern Partner (EaP) countries based on the SBA assessment. The cut-off date for the assessment process was 31 March 2012. The assessment framework is derived from the ten principles of the Small Business Act and further broken down into 12 policy dimensions, 20 sub-dimensions and 92 indicators. Each indicator is structured around five levels of policy reform, with 1 being the weakest and 5 being the strongest. For further details please see the methodology (next section).

Table 13. **Small Business Act scores**

Name of indicator	Scores							Weights
	ARM	AZE	BLR	GEO	MDA	UKR	EaP	
I) Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded								
1. Entrepreneurial learning and women's entrepreneurship	2.40	2.45	1.60	3.15	2.10	1.65	2.23	
<i>Policy framework for entrepreneurial learning (EL)</i>								
1.1.1. Policy partnership	2	2	1	4	2	2		3
1.1.2. Good practice exchange	1	1	1	3	1	1		1
1.1.3. Non-formal learning	1.5	2	1.5	1.5	1	1		1
<i>Upper secondary education (ISCED 3)</i>								
1.1.4. ISCED 3 Entrepreneurial learning	4	4	3	3	2	2		2
<i>Women's entrepreneurship</i>								
1.1.5. Policy support framework for promotion of women's entrepreneurship	2.5	2.5	1.5	3	3	1.5		3
II) Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance								
2. Bankruptcy and second chance for SMEs	3.17	2.50	2.11	2.94	2.53	1.94	2.53	
2.1. Bankruptcy procedures	4.00	3.25	2.00	3.00	3.13	2.00		2
2.1.1. Laws and procedures on distressed companies, receivership and bankruptcy	4	3	3	3	3.5	3		1
2.1.2. Bankruptcy time (DB indicator)	4	3	1	2	3	3		1
2.1.3. Cost (% of the estate) (DB indicator)	5	5	2	5	4	1		1
2.1.4. Recovery rate (cents on the dollar) (DB indicator)	3	2	2	2	2	1		1
2.2. Second chance	1.50	1.00	2.33	2.83	1.33	1.83		1
2.2.1. Promoting positive attitude towards giving entrepreneurs a fresh start	1	1	1	1	1	1		1
2.2.2. Discharge from bankruptcy	1	1	4	5	1	2		1
2.2.3. Debt settlement	2.5	1	2	2.5	2	2.5		1

Table 13. **Small Business Act scores** (cont.)

Name of indicator	Scores							Weights
	ARM	AZE	BLR	GEO	MDA	UKR	EaP	
III) Design rules according to the "think small first" principle								
3. Regulatory framework for SME policy making	3.00	1.95	1.89	3.23	3.45	2.13	2.61	
3.1. Institutional framework	3.43	2.25	2.00	2.61	3.25	2.07		3
3.1.1. SME definition	5	2.5	3.5	3	5	4		2
3.1.2. Availability of statistical data on SMEs	2	2	2.5	4.5	3	1.5		1
3.1.3. Inter-governmental co-ordination in policy elaboration	3.5	3	3	3	3.5	2.5		3
3.1.4. SME development strategy	2.5	2	1.5	2	2.5	1		3
3.1.5. SME policy implementation agency or equivalent	4	2.5	1	1	3.5	2		3
3.1.6. Measures to tackle the informal economy	3	1	1	4	2	1.5		2
3.2. Legislative simplification and regulatory impact analysis	2.85	1.60	1.45	3.55	4.05	2.35		2
3.2.1. Review and simplification of current legislation	4	2	1.5	5	4	3		3
3.2.2. Legislative guillotine	3	2	1.5	4.5	4.5	2.5		3
3.2.3. Use of regulatory impact analysis (RIA)	2	1	1.5	2	4	2		3
3.2.4. The SME test	1.5	1	1	1	3	1		1
3.3. Public-Private Consultations (PPCs)	2.50	1.83	2.17	3.83	3.17	2.00		2
3.3.1. Frequency and transparency of public/private consultations (PPCs)	3	2	2	4.5	3.5	2		1
3.3.2. Formal influence of PPCs	2	1.5	2	4	3	2		1
3.3.3. Representativity of PPCs	2.5	2	2.5	3	3	2		1
IV) Make public administration responsive to SMEs								
4. Operational environment for SMEs	3.64	3.70	3.73	4.30	3.28	3.41	3.68	
4.1. Company registration	3.89	4.16	3.98	4.20	3.63	3.74		
<i>Issuing of company registration certificate</i>								2
4.1.1. Number of days for obtaining a company registration certificate	4	3	4	5	4	3		1
4.1.2. Number of administrative steps for obtaining a company registration certificate	4	4	4	5	4	4		1
4.1.3. Official cost of obtaining the company registration certificate	4	5	4	3	4	4		2
<i>Company Identification Numbers</i>								1
4.1.4. Administrative identification numbers in dealing with the public administration	4	5	4	5	4	5		1
<i>Completion of the overall registration process and entry in operations</i>								1
4.1.5. Number of days for completing the overall registration process, including compulsory licenses for standard business activities (WB, Cost of Doing Business Index)	3	3	4	4	3	2		1
4.1.6. Costs connected with registration (% of GNI per capita) – (WB, Cost of Doing Business Index)	3	3	4	3	2	3		2
4.1.7. Minimal capital requirements (% of GNI per capita) – (WB, Cost of Doing Business Index)	5	5	5	5	4	4		2
<i>Advanced company registration process</i>								1
4.1.8. Progression to one-stop-shop (OSS)	4	4	5	5	4	4		3
4.1.9. Online registration	4	3.5	2.5	2	2	1.5		2
4.1.10. Silence-is-consent principle	2	2	1	5	3	3		1
4.2. Interaction with government services (e-government)	3.33	3.13	3.42	4.42	2.83	3.00		
<i>E-government services</i>								2
4.2.1. Tax returns	4	4	4	5	4	4		2
4.2.2. Social security returns	4	2	4	5	2	3		2
4.2.3. Extension to other services (i.e. pensions, procurement, cadastre, etc.)	2	2.5	2	4	3	2		1
4.2.4. Reporting on enterprise statistics	2	1	1	3	3	4		1
<i>E-government infrastructure</i>								3
4.2.5. Electronic signature (or equivalent)	4	4	4	4	3	3		2
4.2.6. Connection between the databases of different public administrations, companies providing information only once, unless for updates	2	3	3	5	2	2		1

Table 13. **Small Business Act scores** (cont.)

Name of indicator	Scores							Weights
	ARM	AZE	BLR	GEO	MDA	UKR	EaP	
V) Adapt public policy tools to SME needs								
5a. Support services for SMEs and start-ups	3.28	2.12	2.41	2.92	3.79	1.77	2.71	
5a.1. SME support services	3.00	1.90	1.20	2.50	3.20	1.60		3
5a.1.1. Government action plan on business services	3	1.5	1	1.5	3	1		3
5a.1.2. Range of business services	3	2.5	1.5	4	3.5	2.5		2
5a.2. Business information for SMEs	3.50	2.75	4.50	3.50	4.75	1.50		2
5a.2.1. Business information	4	2	5	5	5	2		1
5a.2.2. Quality of online portal	3	3.5	4	2	4.5	1		1
5a.3. Support services for start-ups	3.67	1.50	1.83	3.00	3.67	1.00		1
5a.3.1. Business incubators	3	2	3.5	4	4	3.5		1
5a.3.2. Advisory services support for start-ups	4	1.5	1	2.5	3	2.5		1
5a.3.3. Financial services support for start-ups (vouchers, grants, etc.)	4	1	1	2.5	4	2.5		1
5b. Public procurement	2.14	2.29	3.14	4.14	1.43	2.57	2.62	
5b.1.1. Cutting tenders into lots	3	3	5	5	1	3.5		1
5b.1.2. Information and publication of public procurement	4	4	5	5	3	4		1
5b.1.3. Penetration of eProcurement	1	2	1	5	1	1		1
5b.1.4. Ensuring that payments are made on time	1	1	1	2	1	1		1
5b.1.5. Openness to foreign enterprises, either SMEs or large	4	1	3	5	2	5		1
5b.1.6. Setting proportionate qualification levels and financial requirements	1	4	4	3	1	1		1
5b.1.7. Allowing SMEs to bid jointly, <i>i.e.</i> to rely on the economic and financial standing and technical ability of other undertakings	1	1	3	4	1	2.5		1
VI) Facilitate SME access to finance and develop a legal framework and business environment supportive of timely payments in commercial transactions								
6. Access to finance for SMEs	3.00	2.74	2.50	3.52	2.65	2.59	2.83	
6.1. Sources of external finance for SMEs	2.29	2.50	2.36	2.64	2.43	2.50		
6.1.1. Credit guarantee schemes	3	2.5	2	2	3	3		1
6.1.2. Public start-up funding	2.5	2.5	2	2	3	1		1
6.1.3. Business angels network	1	1	2.5	2.5	1	1		1
6.1.4. Microfinance facilities (including credit unions)	3	4	2.5	4	3	3		1
6.1.5. Leasing	2.5	3	3.5	3	3	3.5		1
6.1.6. Availability of risk capital (<i>e.g.</i> venture capital, private equity funds)	2	2.5	2	3	2	3		1
6.1.7. Access to stock market	2	2	2	2	2	3		1
6.2. Legal and regulatory framework	3.40	2.90	2.60	4.00	2.80	2.60		
6.2.1. Cadastre	4	3.5	3.5	4.5	4	3		3
6.2.2. Credit information services	5	3.5	2	4.5	2	3		3
6.2.3. Registration systems for moveable assets	3	2.5	3	5	4	3.5		3
6.2.4. Collateral and provisioning requirements	3	2	2.5	3	2	2		3
6.2.5. Creditor rights	2	3	2	3	2	1.5		3
6.3. Other factors that affect demand and supply of finance	2.00	2.00	2.00	2.50	2.00	3.00		
6.3.1. Financial literacy	2	2	2	2.5	2	3		1
VII) Help SMEs to benefit more from the opportunities offered by the Single Market								
7. Standards and technical regulations	2.38	2.13	3.75	2.88	3.38	3.25	2.96	
7.1.1. Technical regulations	2	2	3	3	3	3		1
7.1.2. Standardisation	2	2	3	3	2	2		1
7.1.3. Accreditation	2	2	3	3	3	4		1
7.1.4. Conformity assessment	2	2	4	2	4	3		1
7.1.5. Metrology	2	2	5	3	3	4		1
7.1.6. Market surveillance	2	2	5	2	3	4		1
7.1.7. Administrative and regulatory information	3	2	3	3	5	2		1
7.1.8. Sanitary and phytosanitary standards (SPS) – institutional framework	4	3	4	4	4	4		1

Table 13. **Small Business Act scores** (cont.)

Name of indicator	Scores							Weights
	ARM	AZE	BLR	GEO	MDA	UKR	EaP	
VIII) Promote the upgrading of skills and all forms of innovation								
8a. Enterprise skills	2.13	2.19	1.69	2.69	1.75	2.44	2.15	
8a.1.1. Training needs analysis (TNA)	2	2	1	2	2	2		3
8a.1.2. Access to training	2.5	3.5	2.5	3.5	2	2.5		1
8a.1.3. Quality assurance	2	2	2	3.5	1	3.5		2
8a.1.4. Start-ups	2	2	2	2	2	2		1
8a.1.5. Enterprise growth	2.5	2	2	3	2	2		1
8b. Innovation policy for SMEs	1.79	1.29	2.83	1.91	2.13	2.37	2.05	
<i>Policy framework for innovation</i>								
8b.1.1. Delegation of competencies and tasks	1	1	3	1.5	2	3		2
8b.1.2. Strategic approach to broad innovation policy	2	1	3	2	2	2		3
<i>Support services for innovative companies</i>								
8b.1.3. Establishment of innovation and technology centres	2	2	2	2	2	2		1
8b.1.4. Innovation support services	2	1	2	2	2	2		2
8b.1.5. Financial support services	2	2	3	2	2.5	2.5		3
IX) Enable SMEs to turn environmental changes into opportunities								
9. SMEs in a green economy	2.57	2.57	3.14	2.86	2.14	2.57	2.64	
9.1.1. The "greening" of the current strategies in the field of SMEs, industry and innovation	2	2	2	2	2	2		3
9.1.2. Availability of expertise to SMEs on environmental issues	3	3	4	4	3.5	3		2
9.1.3. Promoting the use of environmental management systems and standards	3	3	4	3	1	3		2
X) Encourage and support SMEs to benefit from growth markets								
10. Internationalisation of SMEs	2.50	2.07	1.86	3.14	2.29	1.93	2.30	
10.1.1. Export promotion programmes	2.5	3	2	3	2.5	2		3
10.1.2. Financial support for export promotion activities	3	1	1.5	3	1.5	2		3
10.1.3. National SME promotion events	1	2.5	2.5	4	4	1.5		1

Note: Indicators are structured around five levels of policy reform, with 1 being the weakest and 5 being the strongest. For further information please see the methodology.

Source: Small Business Act assessment conducted in Eastern Partner countries (2012); see Scores and Methodology for further information.

Methodology

The *SME Policy Index* is a set of indicators that measure progress in the implementation of SME policy based on the principles of the EU Small Business Act. It also measures the level of convergence of the SME policy conducted by each of the EaP countries to the policy standards and good practices promoted by the EU and the OECD. The index allows comparing performances across the countries by transforming qualitative information into quantitative indicators. At country level it can be used as an instrument to identify strong and weak points as well as synergies and inconsistencies in policy development.

The index has been developed by the OECD Private Sector Development Division, in collaboration with the European Commission (DG Enterprise), the European Training Foundation and the EBRD. The index has already successfully been applied in other regions of the European Neighbourhood Policy (ENP), namely the Western Balkans and Turkey and the Middle East and North Africa. The original methodology has been adapted to the EaP context, following two regional workshops involving the country SBA co-ordinators.

Small Business Act assessment framework

The SME Policy Index indicators are derived from the ten principles of the EU Small Business Act listed in Table 14. Each principle has been broken down into policy dimensions and sub-dimensions that capture the critical feature of policy development in each specific area relevant for EaP countries. Specifically, the following dimensions and sub-dimensions have been assessed:

Table 14. **SBA principles, policy dimensions and sub-dimensions**

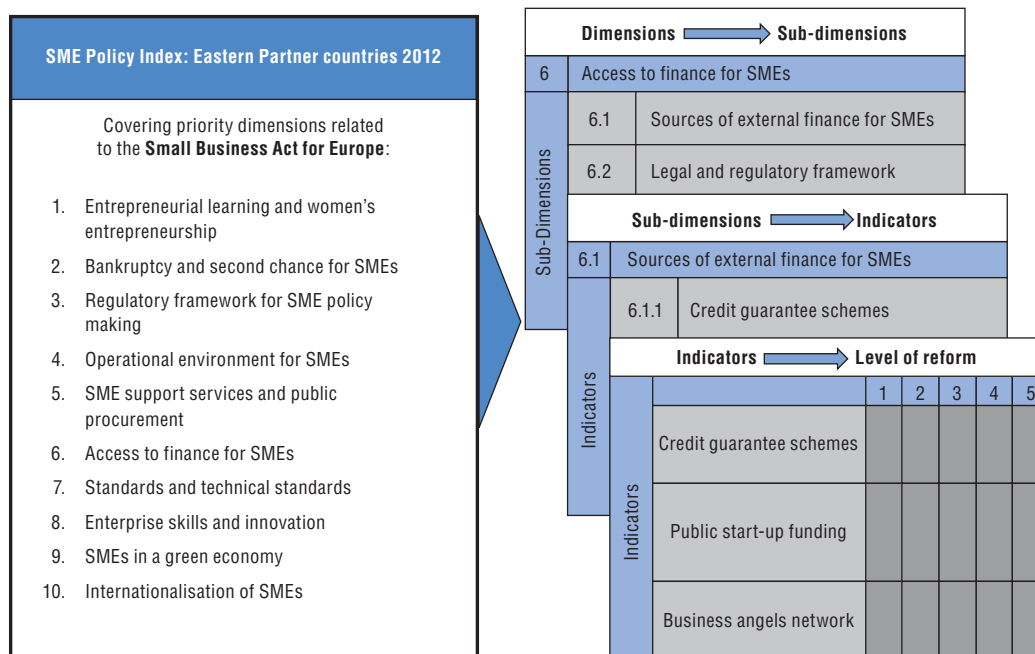
SBA principle	Policy dimension	Sub-dimension
I) Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded	1. Entrepreneurial learning and women's entrepreneurship	<ul style="list-style-type: none"> ● Policy framework for entrepreneurial learning. ● Upper secondary education (ISCED 3). ● Women's entrepreneurship.
II) Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance	2. Bankruptcy and second chance for SMEs	<ul style="list-style-type: none"> ● Bankruptcy procedures. ● Second chance.
III) Design rules according to the "think small first" principle	3. Regulatory framework for SME policy making	<ul style="list-style-type: none"> ● Institutional framework for SME policy development. ● Legislative simplification and regulatory impact analysis. ● Public-private consultations (PPCs).
IV) Make public administrations responsive to SMEs' needs	4. Operational environment for SMEs	<ul style="list-style-type: none"> ● Company registration. ● Interaction with government services (e-government).
V) Adapt public policy tools to SME needs	5a. Support services for SMEs and start-ups	<ul style="list-style-type: none"> ● SME support services. ● Business information for SMEs. ● Support services for start-ups.
	5b. Public procurement	<ul style="list-style-type: none"> ● Public procurement.
VI) Facilitate SMEs' access to finance and develop a legal and business environment supportive of timely payments in commercial transactions	6. Access to finance for SMEs	<ul style="list-style-type: none"> ● Sources of external finance for SMEs. ● Legal and regulatory framework. ● Other factors that affect demand and supply of finance.
VII) Help SMEs to benefit more from the opportunities offered by the Single Market	7. Standards and technical regulations	<ul style="list-style-type: none"> ● Standards and technical regulations.
VIII) Promote the upgrading of skills in SMEs and all forms of innovation	8a. Enterprise skills	<ul style="list-style-type: none"> ● Enterprise skills.
	8b. Innovation policy for SMEs	<ul style="list-style-type: none"> ● Policy framework for innovation. ● Support services for innovative companies.
IX) Enable SMEs to turn environmental changes into opportunities.	9. SMEs in a green economy	<ul style="list-style-type: none"> ● Green economy.
X) Encourage and support SMEs to benefit from the growth markets.	10. Internationalisation of SMEs	<ul style="list-style-type: none"> ● Export promotion.

Sub-dimensions have then been further broken down into 92 measurable policy indicators which are structured around five levels of policy development, with 1 being the weakest and 5 being the strongest (see Annex A for further information).

Allocation of scores

There are two types of indicators: quantitative and qualitative. The quantitative indicators give a score based on the value of a certain figure. For example, most of the indicators from Dimension 4 (Operational environment) are based on specific indicators such as the number of days for obtaining a company registration certificate or the number of administrative identification numbers in dealing with the public administration.

Figure 2. **Assessment framework based on the EU Small Business Act**



Qualitative indicators give a score based on the level of policy development in a certain area and transform qualitative information into quantitative indicators to measure progress in reform implementation. The policy development path of qualitative indicators is typically structured along the following lines:

- **Level 1:** There is no framework (e.g. law, institution, project, initiative) in place to cover the area concerned.
- **Level 2:** There is a draft or pilot framework and there are some signs of government activity to address the area concerned.
- **Level 3:** A solid framework is in place for this specific policy area.
- **Level 4:** Level 3 + some concrete indications of effective policy implementation of the framework.
- **Level 5:** Level 4 + some significant record of concrete and effective policy implementation of the framework. This level comes closest to good practices as identified by OECD standards.

To provide an example of a qualitative indicator, Table 15 shows the measurement for indicator 6.1.1 (credit guarantee schemes), which is a part of sub-Dimension 6.1 (Sources of external finance for SMEs), Dimension 6 (Access to finance for SMEs), based on SBA principle VI (Facilitate SME access to finance and develop a legal and business environment supportive of timely payments in commercial transactions).

A score of 4 or 5 is provided to countries that have privately operated credit guarantee facilities in place either funded by the state or through fees. However, countries that have one or several credit guarantee schemes in place that are established and controlled by the government receive a score of 3. A score of 2 is given if a scheme is under consideration. Finally, a score of 1 is given to countries that do not have any credit guarantee facilities and are not planning to have one.

Table 15. **Example of indicator**

	Level 1	Level 2	Level 3	Level 4	Level 5
6. Access to finance for SMEs					
6.1. Sources of external finance for SMEs					
6.1.1. Credit guarantee schemes	No credit guarantee scheme in place.	Credit guarantee scheme facility under consideration.	Credit guarantee facilities in place. (government initiative and state controlled).	Credit guarantee facility operating under contract to the private sector but state-funded.	Number of mutual or mixed credit guarantee schemes in place under private managers able to finance themselves out of fees alone.

Weighting system

In order to create aggregated scores for each dimension, each indicator, and in some cases each sub-dimension, is allocated a certain weight according to its relative importance within a dimension. The weights are assigned through a process of expert consultation.

The highest weight of 3 is typically given to so-called driver indicators, which set the basis for policy development across a dimension. Secondary indicators, which typically measure the existence and sophistication of additional policy instruments, are given a weight of 2 or 1. An example of a driver indicator is the “policy partnership” indicator in Dimension 1 on entrepreneurial learning and women’s entrepreneurship. Policy partnership measures the coherence between developments in entrepreneurial learning and wider policies in the country, and therefore is a fundamental condition for more specific entrepreneurial learning tools to be effective. Other examples of driver indicators are the indicators in sub-Dimension 6.2 on access to finance which measure the legal and regulatory framework for SME financing.

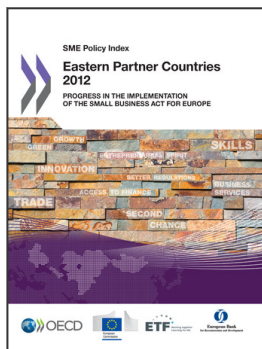
The weighted average is calculated as the sum of individual scores weighted with the share of the allocated weight in the total sum of weights for the dimension (or sub-dimension). The aggregation is done up to the level of dimensions, as they represent distinct policy areas.

The assessment process

The scores assigned to each indicator are the result of a process that is both participative and analytical. In order to reduce bias and mis-measurements in assigning a score to each indicator, the *SME Policy Index* approach is to conduct two assessments in parallel based on the same assessment grid. The first assessment is provided by the government as a self evaluation of the SME policy framework. It includes inputs collected from the different agencies and ministries involved in SME policy development and implementation under the responsibility of the country SBA co-ordinator, an SME policy senior official.

In parallel to the government self-assessment, an independent assessment is carried out by the OECD and the international and multilateral partner organisations. The independent assessment is based on inputs from a team of local experts that collect data and information and conduct interviews with key stakeholders and, in particular, with private sector representatives and business associations.

The country score for each indicator is the result of a consolidation of these two assessments, enriched with further desk research by the four partner organisations and additional inputs received through interviews and public-private reconciliation meetings including government officials and private sector representatives to ensure consensus on the scoring.



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