



# EaP SME Flagship Initiative

**SME Panel**  
**Vilnius, 26-27 November 2013**

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# A difficult business environment

	Transparency International <i>Corruption Perceptions Index 2012</i>	World Bank <i>2012 Doing Business Economy Rankings</i>
Armenia	105	32
Azerbaijan	139	67
Belarus	123	58
Georgia	51	9
Moldova	94	83
Ukraine	144	137





# Objectives of the SME Flagship

- *Encouraging convergence with SME-related EU policies (Small Business Act at the first place)*
- *Establish networks between Business Support Organisations of the EU and the Partner Countries*
- *Provide cost effective advisory services to SMEs and develop local expertise capacity*
- *Improve access to funding for SMEs*



# What have we done so far?

## *Macro*

- **OECD**
- **World Bank**

## *Meso*

- **East Invest**
- **TA to financial institutions**

## *Micro*

- **Finance facilities through local Fis**
- **Participation to funding instruments**
- **TA to SMEs**



# Details of the programmes, I

<b>Name of the programme</b>	<b>Implementer</b>	<b>EU grant (M€)</b>
Identification and promotion of energy efficiency investments	EBRD	9,5
Framework for Capacity Building to support Financial Intermediaries in Azerbaijan and Georgia	EBRD	3
Regional Energy Efficiency Programme for Corporate sector	EBRD	2,1
Subscription and management on behalf of the European Commission of a participation in the European Neighbourhood Fund (ENBF) window of the European Fund for South East Europe (EFSE)	KfW	5,1
EAST INVEST - Eastern Partnership	Eurochambres	7



## Details of the programmes, II

<b>Name of the programme</b>	<b>Implementer</b>	<b>EU grant (M €)</b>
SME Finance Facility - EIB window	EIB	5,1
SME Finance Facility - EBRD / KfW window	EBRD	10,2
EGP-BAS Programme in the Eastern Partner Countries, phase I	EBRD	10
EGP-BAS Programme in the Eastern Partner Countries, phase II	EBRD	8



## ...and more to come

<b>Name of the programme</b>	<b>Implementer</b>	<b>EU grant (M €)</b>
Supporting the SMEs in Competitiveness Reforms	OECD	2,5
World Bank STAREP	WB	1
East Invest II	Eurochambers	6,5
Green for Growth	EIB	13,3
South Caucasus Sustainable Energy Facility (CEEP II)	EBRD	5,3
SME Direct Lending Facility	EBRD	10
SME Finance Facility - phase II	EBRD/ EIB/KfW	15



## Observations & comments

- *Streamline the approach (instruments, sectors of interventions, management aspect, etc.)*
- *2014-2020 new programming period is coming*
- *Link to policy dialogue has to be stronger*
- *Indicators of results to be homogenised and followed*
- *Impact measurements to be systematised*
- *Communication & Visibility: important for all of us!*



# A revised strategic framework for the SME flagship

- *Objectives: improvement of the competitiveness of EaP SMEs and sustainable jobs creation*
- *Indicators*
  - **Evolution of the contribution of the SMEs to the GDP in percentage and absolute figures**
  - **Number of jobs created**



# Results & indicators of achievements, I

Results	Indicators of achievements
Business climate improved	WB Ease of Doing Business, Transparency Intl ranking
SME policies established and implemented	Next editions of the OECD SME Policy Index
Improved access to finance for SMEs	Increase in the number of loan applications by SMEs Percentage of successful loan applications by SMEs
Development of business services	Increase in the number of operational credit bureaux, credit reference services, collateral registers, rating agencies
Regional & rural development	Number of SMEs in the regions Contribution of regional SMEs to the GDP



## Results & indicators of achievements, II

<b>Results</b>	<b>Indicators of achievements</b>
SMEs aligned with the relevant EU acquis	Next editions of the OECD SME Policy Index
Developed green economy sectors	Number of SMEs active in the green economy sectors and their growth over the period.
Corporate social & environmental responsibility for MSE	Number of companies having CSR in place
Support SMEs to trade with the EU and within the EaP	Trade statistics
SMEs moved from informal to formal sectors	Number of new SMEs registered



## Transversal issues to be addressed

- *Gender: more specific programme to support women entrepreneurship?*
- *Corruption: the main obstacle for SME development in the region*
- *Taxation: another important challenge for SMEs, a relevant topic for the SME Flagship?*
- *More and better involvement of the private sector in the policy dialogue*



# Possible approaches, for discussion

- *Country specific approach*
- *Regional trade related programmes*
- *Sector specific approach*
- *Size of companies targeted?*
- *Select a SME development phase as a priority?*
- *Differentiate the level of grants?*



# Possible approaches, for discussion

- *Co-financing is essential when working with the private sector (BSOs, SMEs, local banks...)*
- *Complementarity with bilateral support & with other donors support shall be demonstrated*
- *Sustainability of the interventions shall be highlighted by putting in place exit strategies*
- *Prioritise financing for investments and not for working capital.*



# The SME Flagship Governance Structure: formalising the link with the SME panel

## **SME Flagship – Governing body**

Meets back to back to the SME Panel

Participants:

- European Commission
- Partner countries representatives
- IFIs
- OECD
- Other project implementers

## **Mandate**

- Strategic orientation of the SME flagship initiative
- Give guidance on the instruments and sectors
- Monitoring of the flagship and evaluation of results
- Information on reforms and SME policies
- Coordination between the various lending facilities
- Discussion about projects pipelines



# Thank you

