

PRESS RELEASE

Western Balkans and Turkey: Business environment improving but further support for SMEs is needed for jobs and growth

Zagreb, Croatia, 23 October 2012 - The pre-EU accession economies of the Western Balkans and Turkey have improved their business climates in the past three years, but governments need to implement more targeted policies to support small- and medium-sized enterprises (SMEs) if they want to boost wider growth and employment, says a new joint report by the OECD, the European Commission, the European Training Foundation and the European Bank for Reconstruction and Development.

The *SME Policy Index: Western Balkans and Turkey 2012 – Progress in the implementation of the Small Business Act for Europe*, benchmarks the region's progress on SME development since 2009 and for the first time includes Turkey. The report was released today in Zagreb, Croatia, at an entrepreneurship summit co-hosted by the Croatian government, the European Commission and the South East European Centre of Entrepreneurial Learning.

"As a result of the global crisis, governments of the Western Balkans and Turkey have realised the key role SMEs can play in restarting growth and generating jobs," said Antonio Fanelli, Deputy Head of the OECD's Private Sector Development Division. *"This report, the result of a nearly two-year assessment process in partnership with governments and the private sector, supports policy makers in setting measurable targets to further improve the SME environment."*

While general improvements have been made in simplifying administrative and company registration procedures, strengthening the institutions that support SMEs, increasing inter-agency cooperation, and boosting skills development and export promotion, the report notes differences in performance across the region:

- **Croatia, Serbia and Turkey** are leaders in SME policy reform and convergence with the EU acquis.
- **Albania, the Former Yugoslav Republic of Macedonia, and Montenegro** have implemented business-friendly policies and improved their registration systems, but need to make a greater effort to boost innovation and provide support services to both start-ups and more established firms.
- **Bosnia and Herzegovina and Kosovo*** still need to develop an overarching policy framework for supporting SMEs and developing skills, ensure better cooperation between the state and local level of government and reduce dependence on donor assistance.

The SME Policy Index uses 108 policy indicators to help policy makers identify strengths and weaknesses in policy design and implementation; compare experiences and performance; set priorities; and measure convergence towards implementation of the policy principles promoted by the Small Business Act for Europe.

For more information and a summary of this report, go to: www.investmentcompact.org.

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The OECD Investment Compact for South East Europe was launched in 2000 to support governments of the region to improve their investment climate and foster private sector development. Its members include Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia, the Republic of Moldova, Montenegro, Romania and Serbia with Kosovo as an observer. www.investmentcompact.org

* "This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence."