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Findings and recommendations emerging from
UNECE COVID-19 impact assessments targeting
micro, small and medium enterprises in selected
countries



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PREFACE

With funding from the United Nations Development Account (UNDA) and drawing on the experience gained from the United Nations Economic Commission for Europe (ECE) studies on regulatory and procedural barriers to trade, the ECE assessed the impact of the new coronavirus disease (COVID-19) pandemic on trade and structural transformation in the Republic of Armenia, the Republic of Belarus, Georgia, the Republic of Moldova and the Republic of Serbia.

Undertaken in May–December 2020 upon the request of the Governments, the assessments traced the way that non-tariff measures (NTMs) governing trade in goods influenced end-to-end supply chains. The assessments also highlighted the lingering effects for trade and economic development that should be considered for building stronger and more resilient economies post-pandemic and the achievement of the 2030 Sustainable Development Goals (SDGs).

The ECE shared the findings and recommendations emerging from the assessments with the UN Resident Coordinator Offices in the five countries for integration into the United Nations Country Teams' (UNCTs) planning processes. The assessments were also shared with the United Nations Department of Economic and Social Affairs (UNDESA) as part of the ECE contribution to the United Nations effort to address the COVID-19 pandemic.

This document provides the main findings emerging from the assessments

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1. INTRODUCTION

As the COVID-19 pandemic continues to spread, its disruptive impact is becoming more pronounced, posing unprecedented challenges for all countries. Governments have seen their priorities shift overnight towards upscaling public health preparedness and emergency support measures to cater for the vulnerable segments of their populations. The challenges facing Governments are further complicated by supply chain disruptions, which have left enterprises struggling to survive. Pay cuts and furloughs have been increasing, so that losses in lives are compounded by livelihood crisis.

If anything, countries across the globe are suffering setbacks that are akin to complex humanitarian emergencies associated with disasters. Businesses and State agencies have been exhausting their coping strategies, with lingering effects on productive capacities, institutional flexibility and business confidence. These effects have also heightened conditions of economic vulnerability. It, therefore, stands to reason to avoid treating the pandemic as a temporary shock whose effects can be swiftly reversed once normality is attained.¹

It is from this perspective that the impact of the pandemic on trade and structural transformation in Armenia, Belarus, Georgia, the Republic of Moldova and Serbia was assessed. Consistent with the SCTCS mandate², the assessments focused on NTMs governing trade in goods. In particular, NTMs underpinning trade facilitation and quality infrastructure systems (technical regulations, standardization, conformity assessment and metrology), drawing on the experience gained from ECE studies on regulatory and procedural barriers to trade.³

The assessments, titled “The impact of COVID-19 on trade and structural transformation: Evidence from UNECE’s survey of MSMEs”, were survey-based and targeted micro, small and medium enterprises (MSMEs) belonging to the agriculture, manufacturing and trade sectors.⁴ The focus on MSMEs is consistent with their important contribution to income generation, as they account for more than 90 per cent of active registered enterprises in each of the five countries.

¹Development experiences show that coping strategies often aggravate economic vulnerability by transforming assets into liabilities, as is the case when loans become unmanageable. To arrive at a clear understanding of economic vulnerability, the capital base in the broadest sense to include five types of capital: financial capital, natural capital (e.g. land), physical capital (i.e. infrastructure), human capital (i.e. skills), and social capital (social networks). For a concise overview of vulnerability analysis, see, for example, Cannon, Terry (2008) Reducing People’s Vulnerability to Natural Hazards: Communities and Resilience, UNU-WIDER Research Paper No. 2008/34.

²https://www.unecce.org/fileadmin/DAM/trade/documents/ToR_SCTCS_Appendix5.pdf.

³ECE studies on regulatory and procedural barriers to trade in Armenia, Belarus, Georgia, the Republic of Moldova and Serbia are available at <https://unece.org/trade/studies-regulatory-and-procedural-barriers-trade>.

⁴The assessments were published in English. Informal versions of the assessments in Armenia, Belarus and the Republic of Moldova are available in Russian. The assessments are available at <https://unece.org/trade/studies-regulatory-and-procedural-barriers-trade>.

The surveys were carried out by enterprise support institutions, using an ECE questionnaire that was pilot tested in individual countries in May 2020 to take into account the differences in national socioeconomic contexts. The questionnaire aimed at capturing:

- The transmission channels of the COVID-19 pandemic effects and the influence of NTMs governing international trade in goods on these channels
- Supply chain disruptions and their impact on international trade activities
- The MSMEs' coping strategies, understood in terms of the way in which they used their assets to maintain operations
- The ripple effects of the pandemic, particularly those generated by the MSMEs' coping strategies

In total, close to 2,000 MSMEs from across the five countries participated in the surveying process⁵ that was implemented in June-December 2020. The results were cross-referenced through telephone interviews with major freight forwarders operating in the five countries. The findings were also shared with relevant State agencies, which worked closely with the ECE in developing the recommendations.

The assessments showed the Governments of the reviewed countries as integrating NTMs into their COVID-19 response effort. In particular, NTMs were used to complement expansionary monetary and fiscal policies (including inflation targeting, tax deferrals and tax exemptions on imports of essential products such as medical equipment and pharmaceutical products) and relief measures (such as credit schemes for supporting the hardest-hit sectors). Among other things, the Governments used NTMs to generate supply chain efficiencies in the form of cost savings.

However, efficiency gains were undermined by legislative and capacity shortfalls within State agencies, most of which reflected incomplete reforms, COVID-19-induced challenges to regional coordination and inflated transport costs. These factors created downward pressures on MSMEs, with negative consequences for their resilience and future development prospects.

⁵This includes 373 MSMEs in Armenia, 325 in Belarus, 330 in Georgia, 235 MSMEs in the Republic of Moldova, and 726 MSMEs in Serbia, a total of 1,995 MSMEs.

2. KEY FINDINGS

2.1 NTMs leveraged for generating supply chain efficiencies

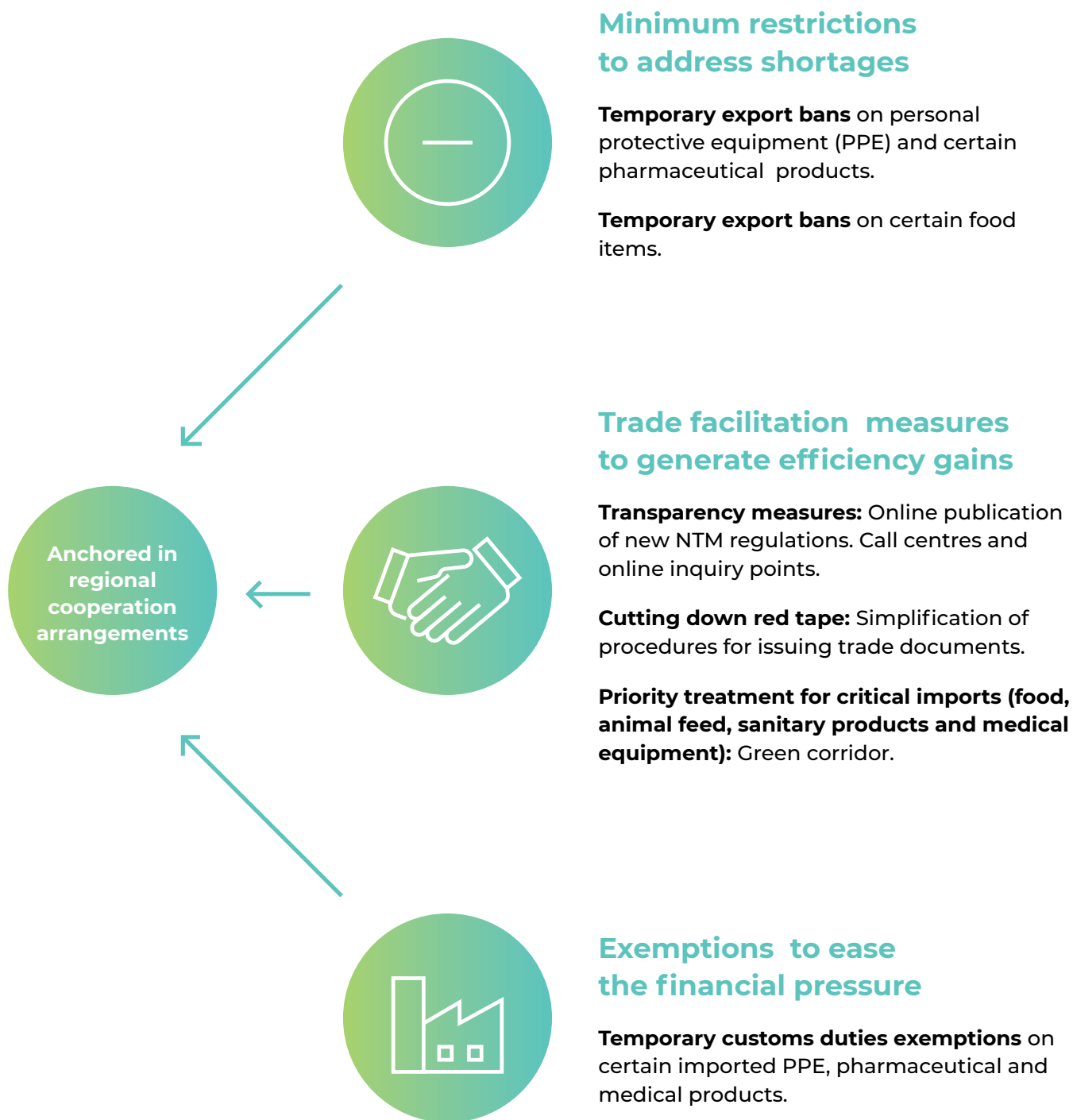
The Governments of the countries reviewed used restrictive NTMs on a limited basis to address shortages in certain pharmaceutical products, particularly personal protective equipment (PPE), and essential food items. The restrictive measures involved temporary export bans, which, in the cases of Armenia and Belarus, were introduced jointly with the Eurasian Economic Union (EAEU) members.⁶

Otherwise, the Governments upscaled trade facilitation measures to generate supply chain efficiencies (Figure.1). Consistent with the World Trade Organization (WTO) Agreement on Trade Facilitation, these measures were aimed at achieving three main objectives:

- Bolstering transparency through broad dissemination of up-to-date information on safety measures as well as new/revised regulatory and procedural trade measures
- Cutting down red tape through simplification and streamlining of documentary requirements
- Streamlining border control, particularly those associated with customs clearance

⁶The members of EAEU are Armenia, Belarus, Kazakhstan, Kyrgyzstan and the Russian Federation.

Figure 1. NTMs Harnessed for Curbing Supply Chain Disruptions



As shown in table 1, trade facilitation measures introduced by the countries under review were based on international best practices. Several measures were anchored in regional cooperation arrangements.

Table 1 Main trade facilitation measures introduced by the countries reviewed

Area	Measures
Transparency	<p>Online publication of new/revised regulatory and procedural trade measures. This includes the publication of health and safety protection measures with direct bearing on trade activities. In addition, trade partners were kept abreast of new/revised regulatory and procedural trade measures through prompt notifications to the WTO⁷ and through the ECE Observatory on Border Crossings⁸ (all the reviewed countries).</p> <p>Call centres and online inquiry points. These were established for addressing the concerns and emergency needs of supply chain actors (all the reviewed countries).</p>
Trade documents	<p>Online systems for cutting red tape. All reviewed countries continued to rely on online systems for issuing customs declarations for exports, imports and goods in transit. In some countries, these systems also enabled submission of requests for permits, licences and hygiene (veterinary and phytosanitary) certificates (Georgia).</p> <p>Reduction of documentary requirements. Documentary requirements related to obtaining conformity certificates for importing PPE and certain pharmaceutical products were reduced (Belarus).</p> <p>Simplification of procedures for submitting documentary requirements. For example, Armenia lifted the requirement of providing original certificates of origin at border-crossing points (BCPs) and streamlined certificate of origin submission procedures for products destined to the European Union (EU).</p>
Border control	<p>Integrated border management systems. These systems continued to form the basis for national inter-agency coordination (all the reviewed countries).</p> <p>Reallocation of physical inspection areas. These areas were reallocated to pre-empt congestion at BCPs (Georgia).</p> <p>Priority clearance. Priority clearance was granted for inbound shipments of food, sanitary products and medical equipment (Republic of Moldova).</p> <p>Online systems. These systems continued to be used for facilitating customs and tax payments (all the reviewed countries).</p> <p>Introduction of simplified procedures. Simplified tax procedures were introduced for tax refunds (Georgia).</p>
Cross-border trade	<p>Priority clearance. Priority clearance was granted for inbound shipments of food, sanitary products and medical equipment within the context of the EAEU green corridor arrangements (Belarus).⁹</p>

⁷https://www.wto.org/english/tratop_e/covid19_e/trade_related_goods_measure_e.htm.
⁸<https://wiki.unecce.org/display/CTRB5BC>.
⁹Detailed information on the green corridor arrangements is available at <http://www.eurasiancommission.org/ru/covid-19/Pages/green.aspx>.

Table 1

Main trade facilitation measures introduced by the countries reviewed

Area	Measures
Cross-border trade	<p>Priority clearance. Priority clearance was granted for essential goods (including certain food items, animal feed), PPE and humanitarian goods within the context of the Central European Free Trade Agreement (CEFTA) green corridor arrangements¹⁰ (Serbia).</p> <p>Electronic data exchange. Electronic exchange systems with neighbouring countries enabled the Governments to maintain effective coordination and facilitate cargo traffic (Georgia).¹¹</p> <p>Regulatory harmonization and cooperation arrangements. These arrangements were maintained within the context of ECE international transport conventions and protocols (all the reviewed countries).</p> <p>Simplification of export procedures for products destined to the EU. This was established within the context of the Generalized System of Preferences Plus (GSP+) scheme¹² “Registered Exporter System” (Armenia).</p>

2.2 NTM efficiency gains undermined by capacity shortfalls

The assessments showed that efficiency gains from trade facilitation measures were undermined by capacity shortfalls within State agencies; pandemic-induced challenges to regional coordination, particularly the health protection arrangements at BCPs; and inflated transport costs.

Capacity shortfalls

Although the Governments are committed to removing regulatory and procedural barriers to trade, they lack the institutional capacity. They were still in the process of implementing development and reform initiatives, so that the impact of the pandemic was amplified by the below capacity shortfalls.

Transparency measures were undermined by:

The fragmentation of online information sources: All the MSMEs surveyed were abreast of applied trade-related regulations and administrative procedures, thanks to the timely publication of new/revised NTMs and health and safety guidelines. An issue for MSMEs was the time spent in piecing together information from different sources.

Increased uncertainty: The imperative of ensuring compliance with the World Health Organization guidelines meant that State agencies were not able to hold proper consultations with the private sector. State agencies had to also introduce COVID response measures under short notice. Unpredictable lockdown measures in partner countries resulted in a high degree of uncertainty, making it difficult to plan.

¹⁰As of 2020, CEFTA brings together Albania, Bosnia and Herzegovina, UNMIK-administered Kosovo (on whose behalf CEFTA was signed by the United Nations Interim Administration Mission in Kosovo), the Republic of Moldova, Montenegro, North Macedonia and Serbia. Information on CEFTA's green corridor arrangements is available at <https://www.carina.rs/lat/Stranice/CEFTACovid19.aspx>.

¹¹The Revenue Service of Georgia exchanges information electronically with its counterparts in Azerbaijan, Turkey and Ukraine. As of September 2020, efforts were underway for establishing electronic data exchange with the Armenian customs authorities.

¹²The EU GSP+ scheme grants Armenian enterprises zero or reduced tariffs market entry for 6,400 tariff lines. For further details, see the Official Journal of the European Union, Regulation (EU) No 978/2012 (trade.ec.europa.eu/doclib/docs/2012/october/tradoc_150025.pdf).

Issuance of trade documents was slowed down by continued reliance on paper-based procedures: Most of the Governments were yet to fully transition to paperless trading environments (Armenia, Belarus, Republic of Moldova¹³ and Serbia).

Customs clearance was slowed down by:

- **The special safety and health protection arrangements at land BCPs**, particularly COVID-19 testing of drivers arriving from countries included in the list of highly affected countries (Serbia).
- **Staffing shortages at BCPs** caused by the reduction of working hours across State agencies (Republic of Moldova), by the wide spread of the virus (with staff contracting the virus or having to self-isolate following exposure to affected individuals) (Belarus).
- **Overreliance on physical inspection**, continuing, in most cases, a practice from the pre-pandemic period. Most inbound consignments were assigned to physical inspection, even when accompanied by the required trade documents. Consignments containing medical supplies were also subjected to rigorous documentary checks (Armenia).
- **The lack of basic infrastructure at land BCPs**, including separate facilities for perishable goods, terminal facilities, and non-intrusive inspection equipment such as X-ray and gamma-ray scanners (Armenia, Belarus, Republic of Moldova and Serbia).

Pandemic-induced challenges to regional coordination

Although regional coordination mechanisms provided the Governments with numerous tools for facilitating cross-border trade, the health protection measures implemented by trade partners made the implementation of these tools challenging as follows:

- **Outbound consignments were hindered by the special health and safety arrangements at land BCPs in destination countries:** This was the case of cargo destined for the Russian Federation and some other countries, particularly Austria, Belgium, Croatia, France, Hungary, Italy, Poland, Romania and Spain. For goods destined for the EU, the impact of safety and health protection measures was aggravated by discrepancies in COVID-19 testing measures within the EU.
- **Changes in working time, including reduced work schedules, of control agencies in neighbouring countries:** This concern was raised by Belarusian forwarders, who noted that this was particularly the case of customs and other control agencies on the Lithuanian, Polish and Ukrainian sides of the borders.

¹³As noted in a previous survey-based assessment by the ECE, in 2021, work was underway to reconstruct and further develop the Moldovan customs offices at BCPs with Romania (i.e. Leuseni- Albita, Sculeni-Sculeni, Giurgiulesti-Galiti), and the Giurgiulesti-Reni BCP with Ukraine continued with the support of the EU (The impact of COVID-19 in trade and structural transformation in the Republic of Moldova: Evidence from UNECE's survey of MSMEs).

- **Lack of clarity over applied safety and health measures at land BCPs of neighbouring countries:** Belarusian forwarders noted that they were struggling with what they described as shifting EAEU measures, particularly those applied to third-party countries.
- **Discrepancies in customs procedures between EAEU members, depending on their status with regard to the EAEU e-customs declaration system:** Armenian forwarders were unable to route outbound cargo via Belarus, an option that the forwarders pursued for the first time to connect to Europe, as Armenia has yet to join the EAEU e-customs declaration system. MSMEs were, therefore, unable to meet the EAEU documentary requirements, which stipulate that cargo should be accompanied by EAEU-compliant e-customs declarations.
- **Lack of interoperability between e-declaration systems of EAEU members.** Even though both, Belarus and the Russian Federation have joined the EAEU e-customs declaration system, Belarusian forwarders reported that they are required to submit customs declarations to the customs authorities of the Russian Federation in paper form.

Inflated transport costs

The MSMEs in the five countries reviewed relied heavily on road transport, which they used in combination with maritime transport, depending on the distance and the type of cargo carried. The MSMEs' transport preferences, which were consistent with national trends, reflected weaknesses in national rail networks given, among other things, slow progress in implementing national and regional transport development initiatives. Under such conditions, the enterprises were unable to mitigate the impact of travel restrictions and health protection measures at BCPs.

More specifically, the assessments showed that:

- **Shipment by trucks became a complicated and expensive undertaking:** Forwarders had to deal with border closures and travel restrictions to/from countries included in national lists of highly affected countries. Forwarders had to make long detours and struggled to find carriers willing to make the journey to/from these countries, even at higher fees, as drivers were worried about contracting the virus and the business ramifications of the 14-day quarantine rule. It was also difficult to find drivers willing to make the journey to/from Armenia.

- **Shipment by air was severely disrupted** under the weight of the travel bans, as major airlines cut back on commercial flights, particularly to small countries. Armenia was hard hit by this cut, as major airlines, which haul the lion's share of commercial cargo, cancelled flights to/from the country. MSMEs in the remaining countries lamented the rising costs, as most of the airlines hiked their prices. The majority avoided shipment by air altogether, even if this meant foregoing export opportunities requiring fast delivery.
- **Shipment by sea became an expensive undertaking:** Shipping lines introduced additional fees, such as the peak season surcharge, to finance the additional costs associated with ensuring compliance with the special health and safety arrangements that came to regulate port operations across the globe.¹⁴ In Georgia, the rise in maritime costs meant that modal choices based on trade-offs between financial costs and delivery times were no longer possible. Rather, such choices became a function of the MSME's financial capacity, triggering a shift towards increased reliance on trucks. However, the long detours that trucks made to avoid border closures and restrictions on drivers meant that Georgian MSMEs were isolated from mainstream transport routes by distance and high transport costs. These dynamics rendered the conditions of achieving connectivity with international supply chains similar to those prevailing in landlocked countries.

2.3 Impact on MSMEs

The factors described above caused severe supply chain disruptions. To mitigate the impact of these disruptions, MSMEs used the following coping strategies:

- **Combined shipments with other MSMEs** to reduce the costs of road transport
- **Refocused exports towards new destinations** that do not include Armenia, Belarus, Georgia, the Republic of Moldova in national lists of highly affected countries
- **Renegotiated delivery deadlines**, though this was possible only for contracts with long-standing international buyers with whom the MSMEs enjoyed strong relations of trust
- **Arranged shipments in January-February 2020 proactively**, before the pandemic placed stress on transport operations
- **Benefited from government support measures** (Armenia, Georgia and Serbia)

¹⁴These charges were introduced to finance the increased costs associated with ensuring compliance with the special arrangements introduced by ports across the globe. See UNCTAD compilation of such measures at tft.unctad.org/ports-COVID-19/

However, these strategies proved to be insufficient in the face of dwindling international demand. Many MSMEs also had to deal with the cancellation of international orders. This was particularly the case of enterprises involved in the textiles and beverages industries. International buyers, particularly European buyers, were quick to cancel orders placed before the outbreak of the pandemic. Several also backed out of their financial commitments and refused to pay for goods ordered, which the MSMEs had already produced.

These conditions dealt a blow to the MSMEs' participation in international trade, with negative effects on their productive capacities:

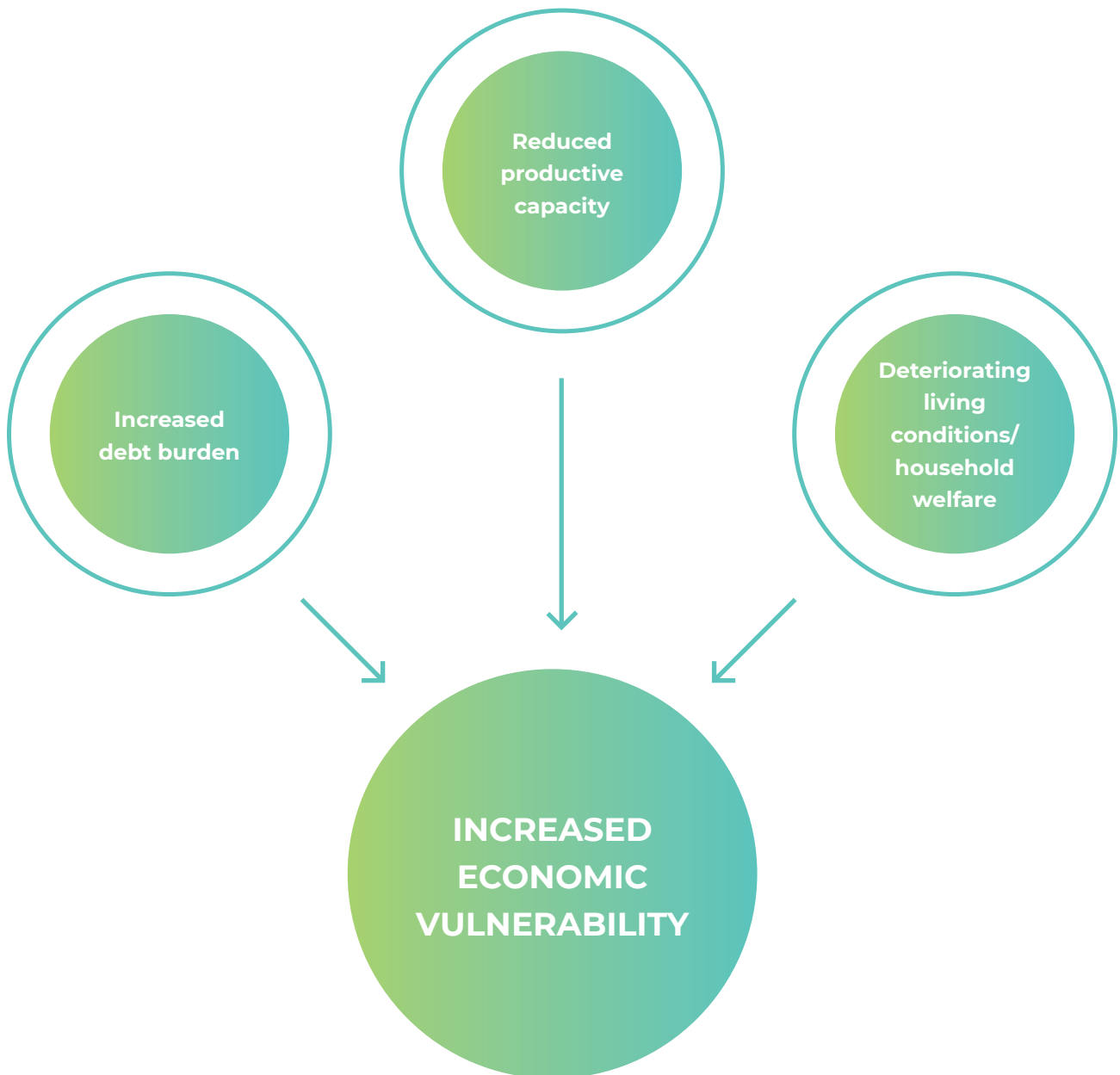
- **Reduced productive capacity:** The MSMEs surveyed scaled down or suspended production altogether under the weight of dwindling demand and supply shortages.
- **Sharp increase in the MSMEs' debt burden:** The MSMEs surveyed deferred business payments, particularly loan repayments, utility bills (including electricity, Internet and phone bills), wages and rent payments.
- **Marked deterioration in the living conditions of the MSMEs' households:** MSME owners used their personal savings to cover business expenses, to the detriment of their households' welfare. The owners had to cut back on, among other things, school tuition, medical bills and food expenditures.

These lingering effects have aggravated the MSMEs' economic vulnerability (Figure 2). They also reflected the MSMEs' limited use of growth-enabling coping strategies:

- **Limited repurposing of production:** Less than 10 per cent of the enterprises surveyed repurposed part of their production lines to respond to, among other things, shortages in PPE, particularly cloth face masks. In Serbia, repurposing was fuelled by an upsurge in construction activities, induced by infrastructure development projects and a rise in demand for buildings and housing units.
- **Limited engagement in e-commerce:** About 30 per cent of the MSMEs surveyed in each country increased their engagement in e-commerce to maintain operations. The majority focused on boosting sales in domestic markets as opposed to boosting exports.¹⁵

¹⁵The assessments do not look into the individual countries' e-commerce readiness. For an assessment of the five countries' e-commerce readiness see, UNCTAD (2019) business-to-consumer (B2C) e-commerce index (https://unctad.org/system/files/official-document/tn_unctad_ict4d14_en.pdf).

Figure 2. MSMEs' Increased Economic Vulnerability



3. POLICY IMPLICATIONS

There is no doubt that the return to normality will breathe new life into the countries reviewed. However, the course of recovery is dependent on addressing the lingering effects of the pandemic. These effects should be addressed within the context of whole-of- government approaches that are guided by the following policy imperatives (Figure 3):

- ➔ **Establishing paperless trading environments should be based on a detailed plan that is geared to create the building blocks for a sustained transition to a digitalized economy.** The focus should be on bringing existing information and communication technology (ICT) systems up to digitalization standards and international best practices and on engaging national ICT providers. Such an approach is also important for ensuring the sustainability of established paperless trading systems.

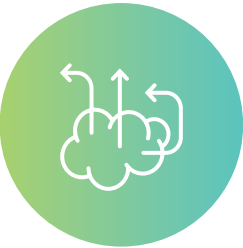
- ➔ **Transitioning to paperless environments is insufficient for generating supply chain efficiencies.** There is a need for complementary initiatives to develop, among other things, the below requirements:
 - National transport systems, with priority given to developing national railway lines and regional transport corridors.
 - Border infrastructure, including separate facilities for perishable goods, parking facilities and non-intrusive inspection equipment such as X-ray and gamma-ray scanners.
 - National quality systems, particularly conformity assessment and metrology, with a view to earning international recognition of conformity and hygiene certificates issued nationally.

- ➔ **Reaping the expected benefits from regional cooperation arrangements requires complementing regulatory harmonization with capacity-building initiatives.** The emphasis should be on equipping State agencies with the required expertise, skills and systems for implementing harmonized NTMs. It is of equal importance to speed up the implementation of regional transport corridor initiatives.

→ **Increasing the contribution of trade to structural transformation requires going beyond trade reforms.** It requires maintaining a continued focus on strengthening the production capacity of enterprises, particularly MSMEs. The emphasis should be on:

- Enabling MSMEs to meet the safety, health and environmental conservation requirements in domestic and destination countries. In this respect, helping MSMEs implement standards, including regional harmonized standards and international ones, gains much importance as a requisite for improving production methods, transitioning to circularity and ensuring inclusive growth.
- Equipping enterprises with the required ICT systems and skills on, among other things, supply chain management and international trade laws, so that they can use trade facilitation measures and engage in e-commerce
- Linking enterprises with regional and global value chains, so as to promote, among other things, the transfer of technology.

Figure 3. Policy implications



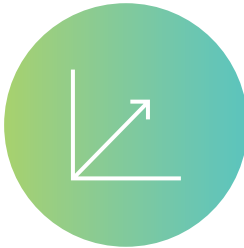
Establishing paperless trading environments should be based on a detailed plan that is geared to create the building blocks for a sustained transition to a digitalized economy.



Transitioning to paperless environments is insufficient for generating supply chain efficiencies.



Reaping the expected benefits from regional cooperation arrangements requires complementing regulatory harmonization with targeted efforts to strengthen the institutional capacity of State agencies.



Increasing the contribution of trade to structural transformation requires expanding the range of enterprise support services.

4. KEY RECOMMENDATIONS

Table 2 provides the main recommendations emerging from the assessments, which were adopted by the Governments. The recommendations, which address the policy implications listed in the previous section, are geared towards enabling dynamic synergies between emergency relief measures and long-term development objectives. They involve action-oriented policy measures aimed at:

- Addressing the MSMEs' financial crisis
- Bolstering transparency in trade
- Speeding up border control and customs clearance
- Strengthening regional cooperation
- Developing national systems of quality infrastructure
- Improving the MSME's production capacity
- Enabling the MSMEs to benefit from trade facilitation measures

Consistent with the Governments' long-term strategic goals, the recommendations are geared towards bolstering the contribution of trade to structural transformation and the achievement of the 2030 SDGs. They directly contribute to achieving SDGs 1 (no poverty), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure), 11 (sustainable cities and communities), 16 (peace, justice and strong institutions) and 17 (partnerships for the goals).

5. CONCLUDING REMARKS

The COVID-19 pandemic and associated lockdown measures have significantly affected the economies and societies of ECE member States. This includes countries with economies in transition, such as the five countries subject to analysis in the studies summarized in this paper. Supply chain disruptions and the resulting challenges to international trade have particularly affected MSMEs, which account for more than 90 per cent of active registered enterprises in each of the five countries.

ECE, through its three core functions – development of norms, standards and legal instruments; hosting of a convening platform; and technical cooperation across a number of relevant sectors – supports countries in their efforts to achieve a sustainable, inclusive and resilient post-pandemic recovery¹⁶ and transition to a circular economy.¹⁷

For the challenges summarized in this paper, the tools developed under the ECE Economic Cooperation and Trade Division are particularly relevant. They include standards and best-practice recommendations for trade facilitation and electronic businesses (UN/CEFACT), regulatory cooperation, agricultural quality standards, public-private partnerships (PPPs) and innovation policies. Several give particular attention to issues of relevance to MSMEs.

As Governments continue their efforts to “build back better”, ECE’s wide range of normative tools and technical cooperation-related support activities are at their disposal.

¹⁶See UNECE “Responding to the socio-economic impacts of the COVID-19 pandemic in the UNECE region” (https://unece.org/DAM/UNECE_COVID_Brochure_EN.pdf).

¹⁷See UNECE “Circular economy and the sustainable use of natural resources: Toolbox of instruments of the Economic Commission for Europe” (https://unece.org/sites/default/files/2021-03/E_ECE_1496-2101396E.pdf).

Table 2

Key policy measures for stronger and more resilient MSMEs adopted by the countries reviewed

Area	Challenge	Measure	Contribution to SDGs
Emergency Measures			
Financial support	MSMEs are struggling with tax payments.	Extend tax exemptions until 2021.	SDG 1.1: By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day
	MSMEs are experiencing shortages in working capital.	Expand the scope of emergency credit schemes to address the MSMEs' liquidity crunch and publish detailed information on application procedures.	SDG 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
	Small road freight forwarders are experiencing a liquidity crunch.	Establish emergency credit schemes in the form of subsidized loans to support small freight forwarders.	SDG 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
Legal support	MSMEs are ill-equipped to resolve commercial disputes with international buyers.	Establish legal advisory facilities to help MSMEs resolve commercial disputes with international suppliers and buyers. Such facilities can be hosted by enterprise support organizations.	SDG 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
Transparency	MSMEs invest significant time and effort in piecing together a clear understanding of applicable rules and procedures from public sources.	Improve and keep up to date State agencies' institutional websites to offer detailed information, in one international language, on applied regulations and associated administrative procedures, including fees and forms. Publish brief online explanatory brochures on the steps that MSMEs engaged in trade should follow to ensure due diligence in fulfilling the legislative requirements. These brochures should be prepared in close cooperation with the private sector to ensure that they respond to the enterprises' needs.	SDG 16.10: Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements SDG 17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda
Border control	Control of inbound cargo is complicated by lack of synchronization in control processes.	Synchronize working hours across customs offices and extend them as needed (some of the delays were due to carriers arriving late in the day).	SDG 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

Table 2

Key policy measures for stronger and more resilient MSMEs adopted by the countries reviewed

Area	Challenge	Measure	Contribution to SDGs
Emergency Measures			
Regional cooperation	<p>Outbound cargo destined to and/or transiting through partner countries is delayed by the lack of clarity over applied safety and health protection arrangements at BCPs.</p> <p>Outbound cargo to/through countries with which the reviewed countries have quota-based road transport arrangements is constrained by the existing permits-issuance system.</p>	<p>Intensify the exchange of information with relevant authorities on situational awareness and applied safety and health protection procedures at BCPs by, among other things, organizing consultations and scaling up existing information-sharing and coordination mechanisms.</p> <p>Bring existing road freight permits-issuance systems, which are linked to quota-based arrangements, up to international best practices. The permits should be issued based on forwarders' actual cargo traffic (volume and direction).</p>	<p>SDG 16.10: Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements</p> <p>SDG 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p>
Structural Measures			
Border control and customs clearance	Trade-related procedures are still paper based.	<p>Give priority to establishing a Single Window facility following UN/CEFACT Recommendations 33 on establishing a Single Window, 35 on establishing a legal framework for an international trade Single Window,¹⁸ 36 on Single Window interoperability to ensure interoperability with trade partners, and 37 on single submission to ensure interoperability with the private sector.¹⁹</p>	<p>SDG 17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda</p> <p>SDG 17.6: Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries</p>

¹⁸https://www.unece.org/fileadmin/DAM/trade/Publications/ECE-TRADE-401E_Rec35.pdf.

¹⁹<https://unece.org/trade/standards/trade-and-uncfact/trade-facilitation-recommendations>.

Table 2

Key policy measures for stronger and more resilient MSMEs adopted by the countries reviewed

Area	Challenge	Measure	Contribution to SDGs
Structural Measures			
	Border control features continue to rely on physical inspection	<p>Undertake a thorough review of risk parameters and profiles to reduce the amount of cargo assigned to physical control.</p> <p>Develop support services to enable MSMEs to achieve compliance with the Authorized Economic Operator eligibility criteria. Such services could feature, among other things: (a) training programmes (and guidelines) for enabling enterprises to conduct self-assessment and self-policing and (b) financial assistance to encourage MSMEs to invest in improving their supply chain management skills.</p> <p>Consider increasing reliance on post-clearance audits, especially for enterprises with a good track record.</p>	SDG 17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda
	At the border customs terminals lack the required infrastructure.	<p>The refurbishment of border-crossing points should focus on basic infrastructure for clearing perishable goods – in particular:</p> <ul style="list-style-type: none"> – Adequate facilities for physical inspection of cargo, including non-intrusive inspection equipment (e.g., X-ray and gamma-ray scanners) – Refrigeration points for perishable cargo – Quarantine facilities at or close to the BCPs – Parking and waiting areas for trucks and other vehicles – Traffic management to ensure the segregation between commercial and private traffic as well as creating separate lanes for transit and “fast track” consignments. 	SDG 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

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Key policy measures for stronger and more resilient MSMEs adopted by the countries reviewed

Area	Challenges	Recommendations	Contribution to sustainable development goals (SDGs)
Structural Measures			
Quality infrastructure	MSMEs obtain conformity certificates with significant delays, and the certificates are MSMEs obtain conformity certificates with significant delays, and the certificates are not recognized internationally.	<p>Give priority to supporting national accreditation bodies in their efforts to join the International Accreditation Forum Multilateral Recognition Arrangement, the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement and the European Accreditation Multilateral Agreement.</p> <p>Develop legal metrology:</p> <ul style="list-style-type: none"> – Consolidation of the legal requirements for measurement instruments in all areas (industries, health and safety, environmental protection, etc.). – International metrological harmonization. – Supervision of regulated products and activities. – Traceability of regulated measurements and measuring instruments. 	SDG 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors.
Enterprise support	MSMEs are having difficulties in finding new international buyers and suppliers.	<p>Establish sector-specific market intelligence services to help enterprises identify export opportunities and efficient supply sources.</p> <p>Equip existing enterprise support organizations with training facilities that offer practical support in marketing, strategic planning and choosing appropriate embodied technologies for scaling up productivity.</p> <p>Consider the development of online help desks to facilitate the integration of national enterprises into regional and global supply chains in collaboration with regional and global networking initiatives such as the Global Entrepreneurship Network and the Enterprise Europe Network.</p>	<p>SDG 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p> <p>SDG 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors.</p>
	MSMEs are ill-equipped to meet regulatory requirements in destination countries.	Develop training programmes on implementing international standards to enable MSMEs to achieve compliance with health, safety and environmental regulatory requirements in destination markets. Implementing international and regional harmonized standards also enables MSMEs to modernize production and transition to circular production systems.	<p>SDG 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors</p> <p>SDG 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>

Table 2

Key policy measures for stronger and more resilient MSMEs adopted by the countries reviewed

Area	Challenges	Recommendations	Contribution to sustainable development goals (SDGs)
Structural Measures			
	MSMEs are ill-equipped to meet regulatory requirements in destination countries.	Launch linkages programmes to integrate MSMEs with regional and global value chains. Such programmes should target both labour-intensive industries and those with technology-intensive activities, and could be tailored to create (a) horizontal collaboration, such as sharing the costs of expensive equipment or research and development; (b) vertical collaboration through facilitating the decentralization of the production process; and/or (c) exchange of information on technology and common problems.	
	MSMEs are struggling to find skilled workers.	<p>Strengthen vocational training institutions with resources to develop targeted training for (a) existing MSME employees, to improve their skill sets within their areas of work and (b) unemployed individuals, whose skills could be upgraded to the specific requirements of the demanding jobs within their areas of work. The emphasis should be on enabling the individuals to acquire the necessary skills for engaging in production activities with high value added.</p> <p>Develop advanced, forward-looking curricula and programmes within the higher education institutions, which tailor both the content and approaches to industry needs.</p> <p>Establish a national skills-matching strategy (or sectoral/field-specific matching strategies) for guiding the curricular and resource work.</p>	<p>SDG 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors.</p> <p>SDG 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p>
	MSMEs are ill equipped to engage in e-commerce	<p>In addition to the measures listed above:</p> <p>Launch awareness-raising campaigns to address public concerns over e-commerce and familiarize consumers with the benefits of online shopping.</p> <p>Launch credit schemes to enable MSMEs to procure the necessary ICT equipment and skills.</p>	<p>SDG 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p> <p>SDG 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p>

Note: The table lists key recommendations emerging from the five COVID-19 impact assessment studies, which were carried out in Armenia, Belarus, Georgia, the Republic of Moldova and Serbia. Not every recommendation listed in the table is relevant for each country. The recommendations were developed jointly with relevant State agencies in the individual countries.

Findings and recommendations emerging from the COVID-19 impact assessments targeting micro, small and medium enterprises in selected countries

The disruptive impact of the new corona virus disease (COVID-19) on all aspects of everyday life poses unprecedented challenges for all countries. Governments have seen their priorities shift towards upscaling public health preparedness to contain the spread of the highly infectious disease and, later, to mitigate the effects of those measures on the economy and on vulnerable segments of the population. The challenges are further complicated by supply chain disruptions that have left enterprises struggling to survive. Pay cuts and furloughs have become the norm, and some of the steepest drops in output of the past century indicate that an economic crisis is compounding this public health emergency.

This paper summarizes the findings and recommendations emerging from UNECE COVID-19 assessments in the Republic of Armenia, the Republic of Belarus, Georgia, the Republic of Moldova and the Republic of Serbia. Undertaken in May–December 2020 upon the request of the Governments, the assessments traced the way that non-tariff measures (NTMs) governing trade in goods influenced end-to-end supply chains. The assessments also highlighted the lingering effects for trade and economic development that should be considered for building stronger and more resilient economies post-pandemic and the achievement of the 2030 Sustainable Development Goals (SDGs).

UNECE supports closer economic relations among its 56 member States in the pursuit of the UN Sustainable Development Goals (SDGs) and the 2030 Agenda. Its Trade and Economic Cooperation and Integration programmes assist member States in better integrating their economies into the world economy and in promoting enabling and promoting a better policy, financial and regulatory environment conducive to inclusive economic growth, innovative and sustainable development and higher competitiveness in the UNECE region.

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