

# SMEs in Economies in Transition: Challenges, Opportunities and UNECE Tools

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**75 YEARS OF ECONOMIC INTEGRATION  
AND COOPERATION IN THE REGION**

# This research paper



## Objective

- Provide a general overview of SMEs in the economies in transition in UNECE region,
- Outline challenges for SMEs and supporting UNECE tools.



## Key questions

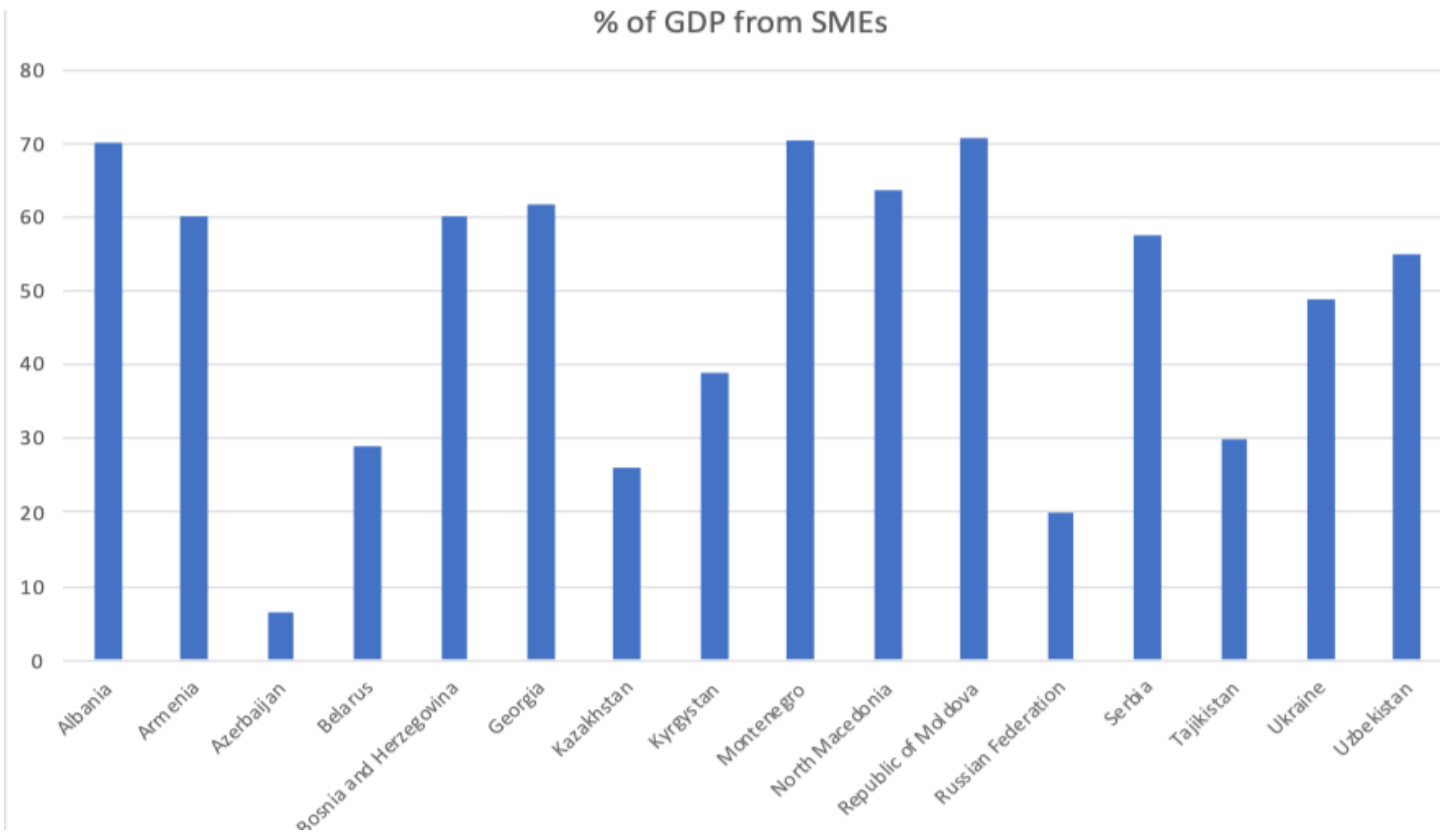
- What are the key challenges for SMEs in the economies in transition in UNECE region?
- How to support SMEs in the economies in transition, including through the use of UNECE tools?



## Approach

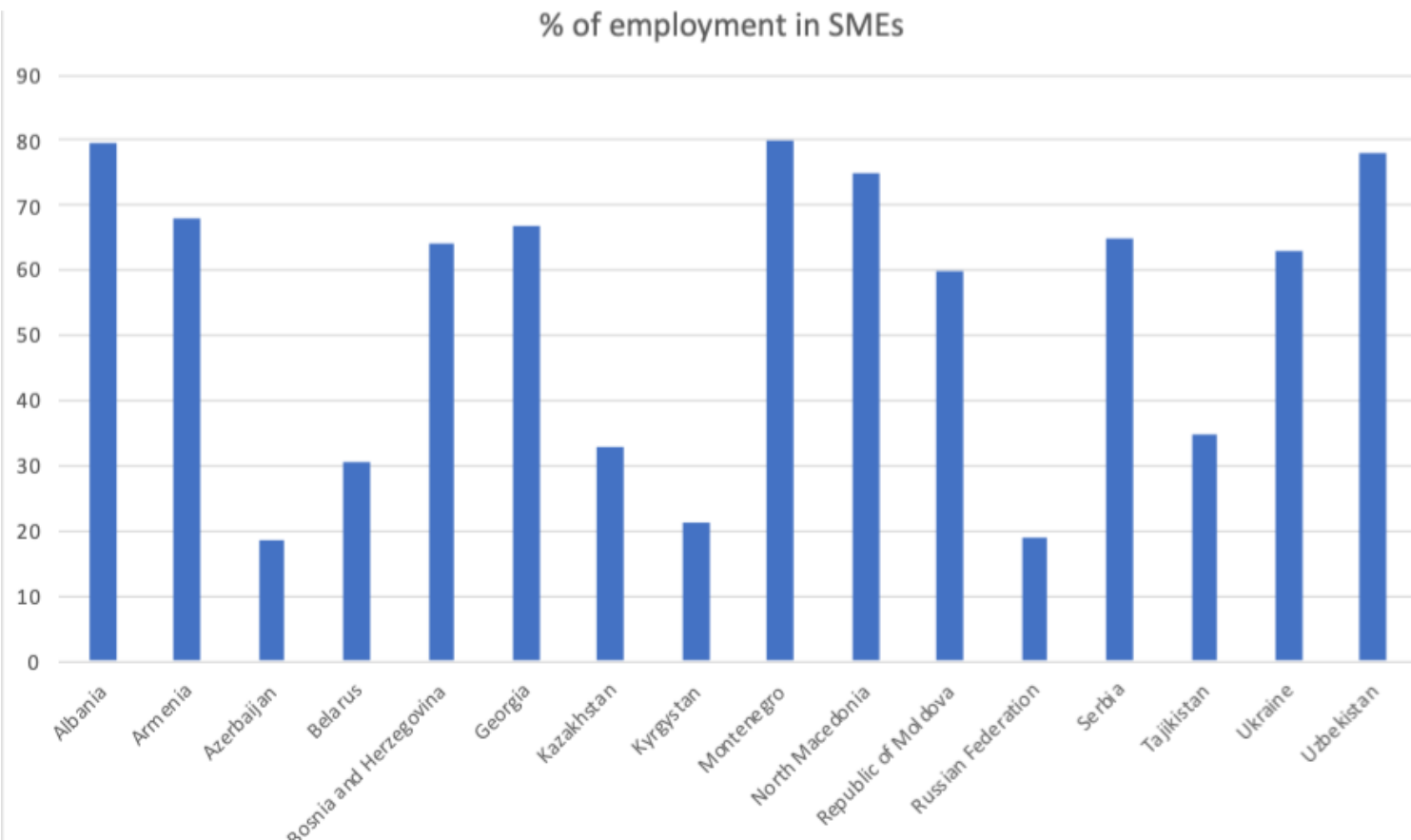
- Desk research based on articles and public policy documents

## Figure 2: Percentage of GDP derived from SMEs, in selected UNECE member States with economies in transition



Source: UNECE based on OECD, Asian Development Bank Institute, European Bank for Reconstruction and Development, Albanian statistical report on SMEs and Report of the Commissioner for the Protection of the Rights of Entrepreneurs concerning SMEs in the Russian Federation. Data are not available for Turkmenistan.

# Figure 1: Percentage of employment in the SME sector in selected UNECE member States with economies in transition



Source: UNECE based on OECD, Asian Development Bank Institute, European Bank for Reconstruction and Development, Albanian statistical report and Report of the Commissioner for the Protection of the Rights of Entrepreneurs concerning SMEs in the Russian Federation. Data are not available for Turkmenistan SMEs.



## Key challenges for SMEs

# Challenges and opportunities: human capital

75



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## Actions

- 1 Support of women's entrepreneurship (gender-responsive partnerships in Armenia, Azerbaijan, Moldova, Georgia)
- 2 Promotion of skills development and entrepreneurial learning
- 3 Business and financial literacy

## Human capital

- Human capital is central for innovation and economic modernization of SMEs
- Specific challenges for economies in transition:
  - Emotional challenges (fear of failure)
  - Less attractive than 'traditional' employment
  - A dominant role of SOEs (Belarus, Kazakhstan)

# UNECE tools to address the key challenges

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Specific attention to challenges and further research:



Entrepreneurial spirit and  
female-owned SMEs  
UNECE inter-agency  
trainings



Agricultural sector  
UNECE hosts over  
100 agricultural  
quality standards



Supporting the green agenda

- Role of circular economy
- Climate change mitigation policies

Challenges	UNECE SME-specific tools
Weaknesses in regulatory and institutional framework	<ul style="list-style-type: none"> <li>• Economic and Social COVID-19 Impact Assessments on MSMEs in selected countries</li> <li>• Toolkit on Enhancing Transparency and Traceability of Sustainable Value Chain in the Garment and Footwear Sector</li> </ul>
Challenges with access to domestic and foreign markets, including trade facilitation	<ul style="list-style-type: none"> <li>• White Paper on Integrated Services for MSMEs in International Trade (ISMIT)</li> <li>• White Paper on Blockchain in Trade Facilitation</li> <li>• Regional Report on Digital and Sustainable Trade Facilitation</li> <li>• Report on Post-pandemic COVID-19 Economic Recovery: Harnessing E-commerce for the UNECE Transition Economies</li> </ul>
Lack of an innovation culture/system	<ul style="list-style-type: none"> <li>• Policy Handbook on Supporting IHGEs in Eastern Europe and South Caucasus (EESC)</li> <li>• Handbook on Business Incubators for Sustainable Development in the sub-region of the Special Programme for the Economies of Central Asia (SPECA)</li> </ul>
Shortages in human capital (skills, gender, and financial literacy)	<ul style="list-style-type: none"> <li>• Online training on the use of international standards to help MSMEs better recover from COVID-19</li> <li>• Online training course on agricultural quality and food loss (forthcoming)</li> <li>• Inter-agency training and interventions highlighted in the Economic and Social COVID-19 Impact Assessments on MSMEs in Central Asia</li> </ul>