



SME Policy Index

# Western Balkans and Turkey 2022

ASSESSING THE IMPLEMENTATION OF  
THE SMALL BUSINESS ACT FOR EUROPE

Pocketbook



## Dimension 4 – OPERATIONAL ENVIRONMENT FOR SMES


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From registering a company and obtaining a business license to filing and paying taxes, SMEs interact with public institutions, physically or digitally, at all stages of their development. The operational environment in which SMEs must navigate is determined by the ease of using digital services, the number of procedures and the costs associated with their interactions with the government.

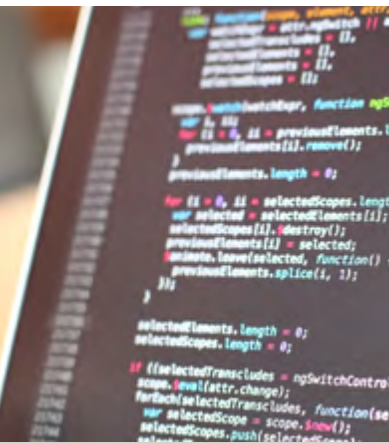
When the COVID-19 pandemic broke out, much of the world moved on line, accelerating a digital

transformation that has been underway for decades. While the pandemic has demonstrated the tremendous potential of the digital transformation it has also accentuated the gaps that remain.

For WBT economies heavily impacted by the pandemic, increasing the availability of digital services for SMEs and improving the efficiency of administrative procedures will be key to improving the operational environment by saving time and resources.



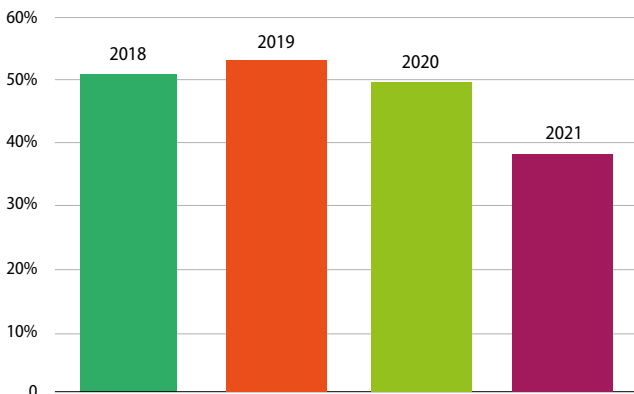
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## KEY STATISTICS

The satisfaction of businesses with available digital government services has declined since 2019 (from a regional average satisfaction rate of 54% to 39% in 2021), with this decline possibly being exacerbated by the increased need for digital services brought on by the COVID 19 pandemic. The only exception to this trend is Serbia, where the rollout of digital services saw more progress during the assessment period, and was accelerated by the pandemic.

### Business satisfaction with digital government services in the Western Balkans (Western Balkans Six average)



Notes: The WB6 includes Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia. Data for Turkey are not available, since Turkey is not included in the Balkan Business Barometer Survey.

Source: Regional Cooperation Council, 2021

Reforms to ease the process of starting a business have been undertaken in the majority of WBT economies to reduce the number of days and procedures required. The rollout of electronic registration services has also progressed, albeit as an uneven pace across the region, as online portals were only available in Albania, Kosovo and North Macedonia in the previous cycle.

### Status of online company registration in the Western Balkans and Turkey

	ALB	BIH		KOS	MKD	MNE	SRB	TUR
		FBiH	RS					
Electronic storage of registration records	X		X	X	X	X	X	X
Online registration portal available	X		X	X	X	X	X	
Electronic payment available	X				X	X	X	
E-signature mechanism in place	X				X	X	X	
Qualified electronic signature required					X	X	X	
Registration available to all types of companies	X			X	X			

Source: Information provided by the respective governments in the SME Policy Index 2022 questionnaire.

## ACHIEVEMENTS

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- **The WBT economies have continued developing and implementing their policy frameworks for digital government services for businesses.** Several economies have made efforts to increase inter-institutional co-ordination for these processes, which should allow them to accelerate and streamline the rollout of digital government services and improve standards for service delivery.

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- **All economies have continued the development of their online portals for digital government services, increasing their accessibility.**

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- **Reforms to simplify and digitalise company registration processes and increase interoperability have been undertaken to reduce the number of days and procedures required to start a business.**

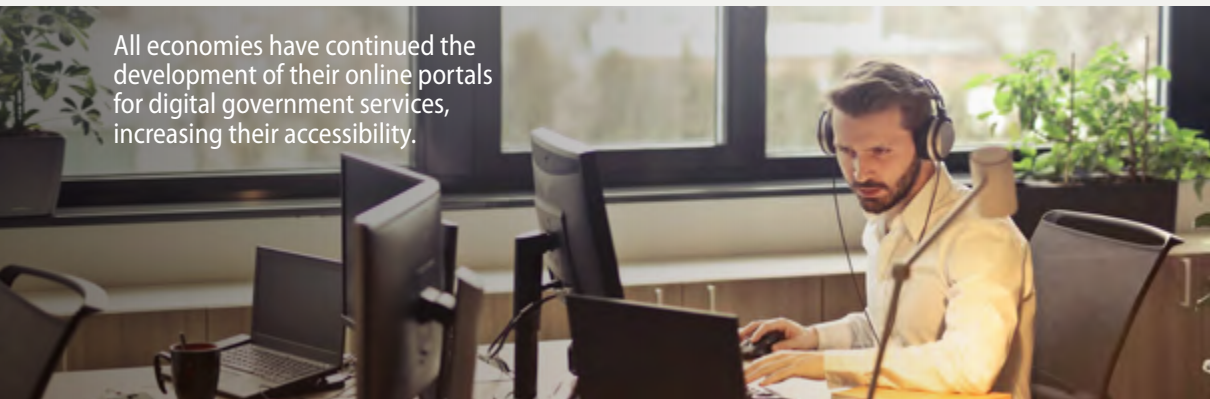
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- **While business licensing has been centralised in all WBT economies, deregulation and digitalisation reforms are ongoing to reduce administrative barriers for businesses.**

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- **Comprehensive sets of tax measures to reduce liquidity constraints for SMEs have been introduced to mitigate the impact of the COVID-19 crisis.** Simplified bookkeeping rules for SMEs are common throughout the region, and digital services are widely used for business taxation.

All economies have continued the development of their online portals for digital government services, increasing their accessibility.



## THE WAY FORWARD

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- **Adopt user-driven approaches to service delivery.** While ensuring the rollout of digital government services, WBT economies would benefit from ensuring that services are designed around the needs of the user, and specifically SMEs.
- **Promote and facilitate the use of electronic signatures.** Those WBT economies which have established legal frameworks for e-signature use should focus on implementation, specifically on reducing the cost and technical barriers that many SMEs face when confronted with adopting e- signatures.
- **Improve monitoring and evaluation systems for digital services.** WBT economies should focus on developing monitoring and evaluation systems that allow the performance of digital services to be continuously measured according to key performance indicators.
- **Continue to digitalise company registration processes.** Western Balkan economies should continue to further digitalise their registration processes.
- **Streamline the process of electronic licensing and strengthen co-ordination between institutions in charge of issuing business licences**
- **Tax administrations throughout the region could assess whether stamp duties are burdensome for SMEs** and whether there is scope to reduce or abolish them. Abolishing stamp duties is key to maintaining the neutrality of the tax system with respect to business size.