



EU4Business



High Growth Enterprises in Belarus

Promoting support policies for innovative, high-growth enterprises in Eastern Europe and South Caucasus

15 September 2020

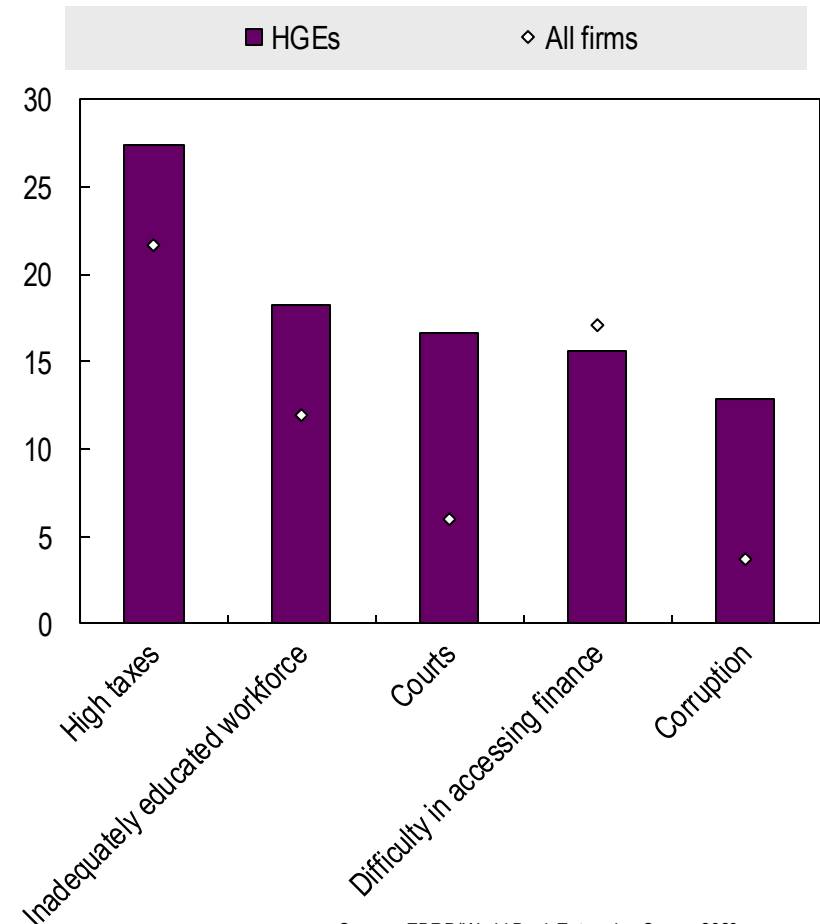
OECD Eurasia
Competitiveness Programme

What do we know about the HGEs in Belarus

Eurostat definition: “Enterprises with at least 10 employees in the beginning of their growth and having average annualised growth in number of employees greater than 10% per annum, over a three year period”

Prevalence	29 out of 441 firms (6.6%) in BEEPS 2018 qualify as HGEs.	
Age & size	Younger than other firms. HGEs are on average 13 years old, compared to the average age of 25 years of other firms. Similar size to other firms, most have under 100 employees.	
Sector	<ul style="list-style-type: none"> • Garments 9 • Food 8 • Retail 5 	<ul style="list-style-type: none"> • Uncategorised manufacturing 4 • Services 3
Ownership	Almost all privately owned: 26/29, only three HGEs majority state-owned; SOEs account for 22% of firms in the dataset.	
Innovation	HGEs are more innovative than other firms: 62% of HGEs have introduced a new product in the last three years, 38% have invested in R&D.	
Location	16/29 are located in Minsk or Minsk Oblast, compared to 38% of other firms.	

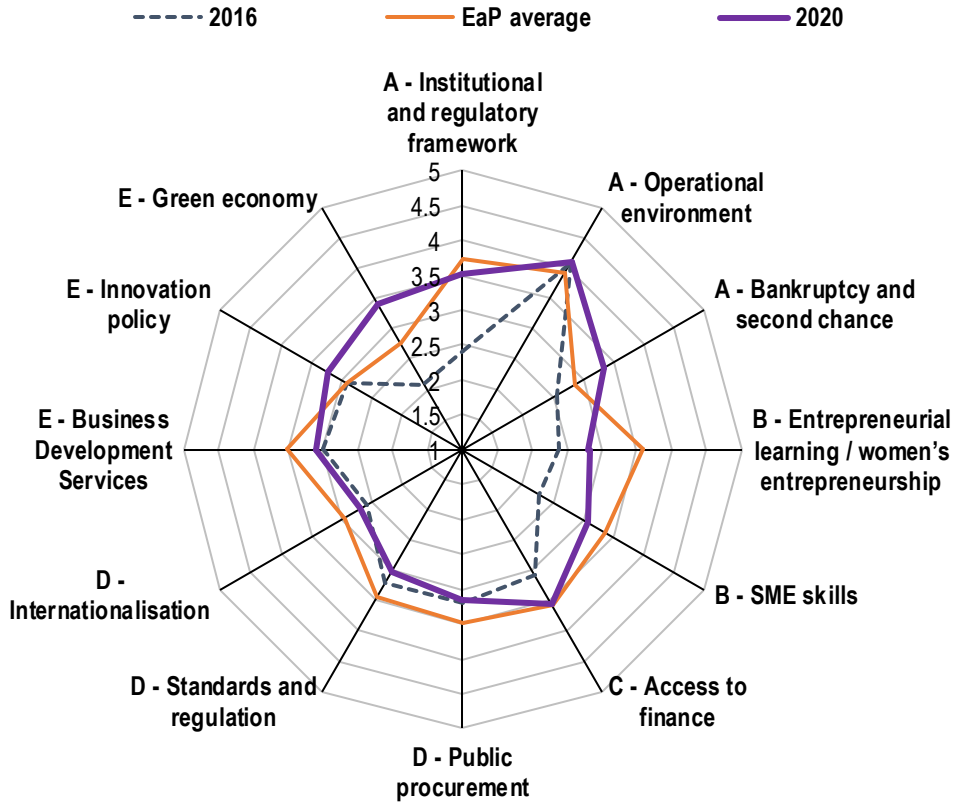
Business environment constraints



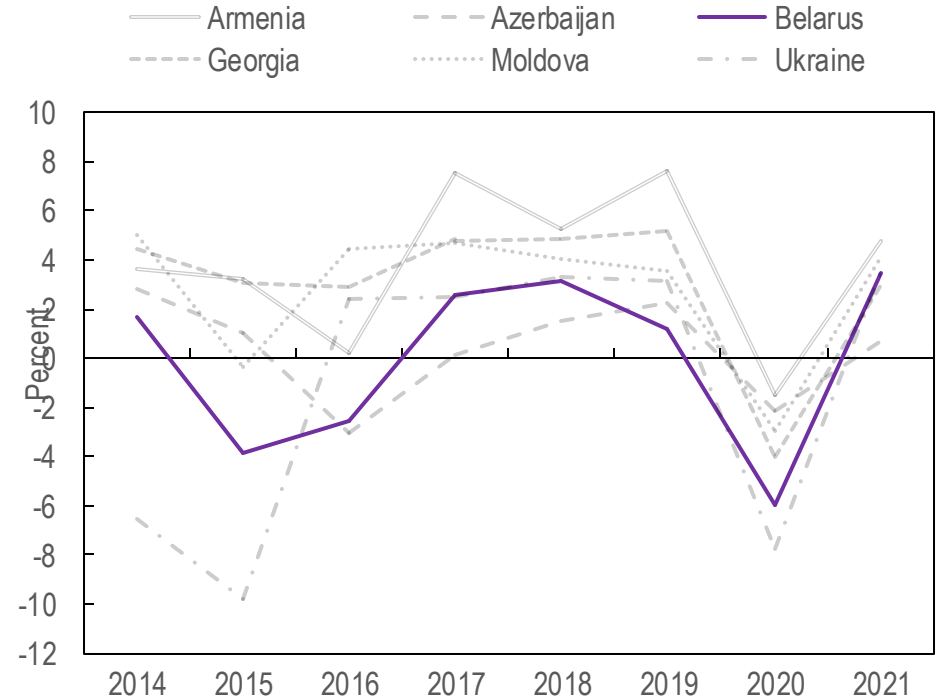
Source: EBRD/World Bank Enterprise Survey 2020

Belarus has made progress in building a supportive environment for SMEs but economic outlook is uncertain

Belarus in SME Policy Index: Eastern Partner Countries 2020



The IMF projects a sharp contraction this year as a result of the COVID-19 crisis.

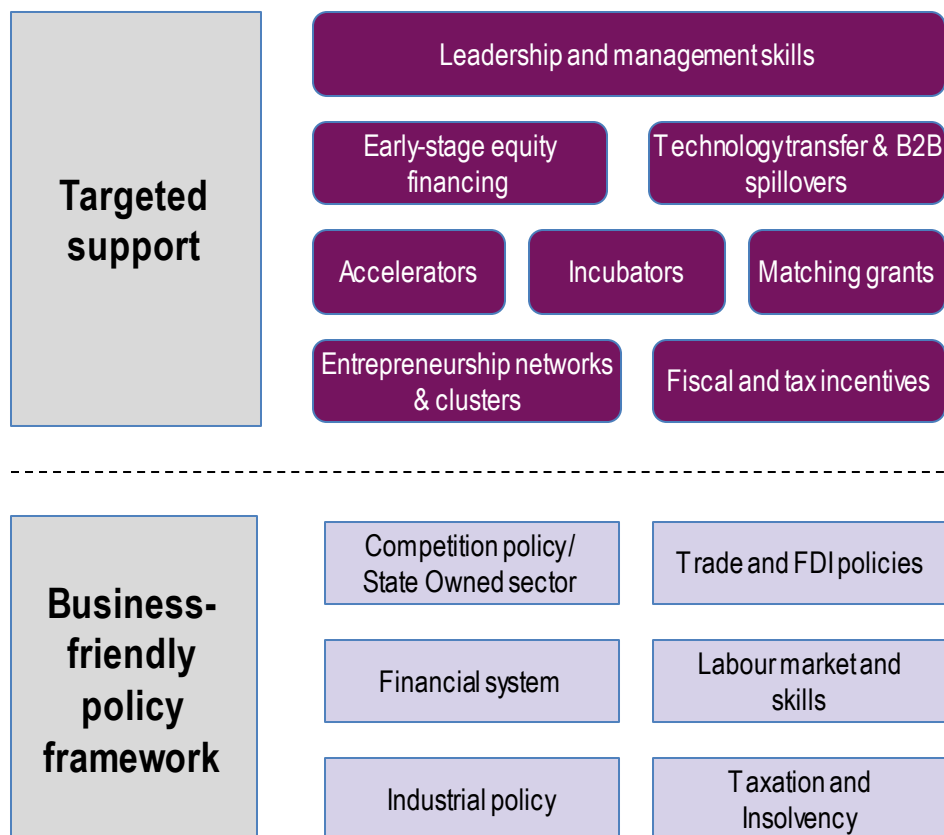


Key reforms implemented so far

SME strategy	Draft law on insolvency and bankruptcy	Entrepreneurship education	Strengthened banking regulation	Credit Guarantee Fund	Import-export agency	Expansion of innovation infrastructure
--------------	--	----------------------------	---------------------------------	-----------------------	----------------------	--

Targeted support for HGE needs to build on policies creating a conducive environment favouring firm entry and growth

Business-friendly framework conditions are a pre-requisite for effective targeted support policies



Different segments of the SME population demand instruments suited to their specific needs

Type	SME Policies	Start-up support	HGE Policies
Target of policy	Existing SMEs	Potential entrepreneurs and start-ups	SMEs with the potential and ambition to grow fast
Objective	Creating a level playing-field for SMEs	More start-ups in the economy	More high-growth firms in the economy
Nature of support	Financial incentives; regulatory simplification	Trainings, match-making, and facilities for incubation	Capacity building, growth strategy development, management advice, network development, peer learning, finance
Eligibility	All or most SMEs	All entrepreneurs; sometimes limited to ICT sector	Limited eligibility, enterprises with high growth potential
Processes	Standard processes, with long-term and yearly work plans and indicators such as number of SMEs/start-ups supported.		Focus on key account logic. Decisive performance criteria that, if not reached, lead to discontinuation of support.
Limitations	Deadweight costs and displacement effects	Most start-ups fail or never grow	Difficult to predict high-growth

OECD benchmarking exercise on good practice to design support programmes for HGEs

Dimension	Good practice	Design options		Example
		Base scenario	Good practice	
Programme governance	Design programme in co-operation with private stakeholders, business associations and regional governments	Designed by single ministry	Inputs from all stakeholders	Danish Growth Houses (DGH) follow principles of inclusive design, presence in all regions and clear accountability measures.
Selection of participating companies	Be highly selective in the choice of target companies (growth potential, motivation)	"First come, first served" principle	Qualitative and quantitative criteria	Scottish Enterprise recruits a small number of high-potential internationalised enterprises, based on growth ambition and capacity.
Business diagnostic	A business diagnostic exercise is performed in key areas to identify needs of the company with regard to its ambitions	No formal business diagnostic	Formal business diagnostic covering 4+ areas	DGHs focus on business concept, organisation, customer relations and operations to build a growth plan and redirect firms to the right intermediaries.
Delivery of support services	Closely co-operate with private sector service providers to carry tailored management development activities	All support is internalised	All support is externalised	The Netherlands' Growth Accelerator consists of five private consulting firms selected through a public tender. Participants of the "high-growth college" contribute financially, ensuring their commitment.
	External support is selected through competitive process, and requires co-financing on the part of the SME	Few intermediaries, not competitively selected	Large number of intermediaries, competitively selected	
Monitoring and evaluation	Carry out monitoring and evaluation procedures regularly	Based on activity / satisfaction	Econometric analysis, milestone-based support	DGHs programmes undergo yearly control group evaluations performed by independent evaluators that inform future programme design.
Firm performance	Assess growth of company's key business indicators (e.g. turnover, employment, export)	Lower than -2%	Higher than 20%	Clients of DGHs entering 2015 displayed 4 pp higher employment growth and 10.8 pp higher turnover growth. 8.7% of all screened firms became high-growth firms.



EU4Business



Access the report
[English](#) | [Russian](#)

Effective Support Services for SME Competitiveness in Belarus

The OECD and the Ministry of Economy of Belarus have worked together on strengthening SME capabilities through better business development services (BDS). In 2017, the OECD made a series of recommendations that focused on upgrading the institutional framework for the delivery of BDS, unlocking the latent demand for them, and promoting their market-orientated supply.

Based on joint work with the Ministry of Economy, this note summarises the key findings of the OECD assessment of Belarus's progress in implementing the 2017 recommendations, noting especially the progress in enhancing the institutional framework. Further, the note puts forward additional recommendations for the continued support of SMEs, including guidelines for a possible future programme to provide targeted support for high-growth SMEs.