



OECD EURASIA

COMPETITIVENESS PROGRAMME

Making reforms happen
in a dynamic region





BETTER POLICIES FOR BETTER LIVES

THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies. www.oecd.org





OECD EURASIA COMPETITIVENESS PROGRAMME



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EURASIA

The region at a glance...

“*Countries in Eurasia have great potential. To achieve it, they need to better leverage their comparative advantages, including their geographic location, their abundance of natural resources, and a hard-working and young labour force. They can count on the OECD to make the best out of these strengths.*”



Angel Gurría,
OECD Secretary-General

Eastern Europe and South Caucasus

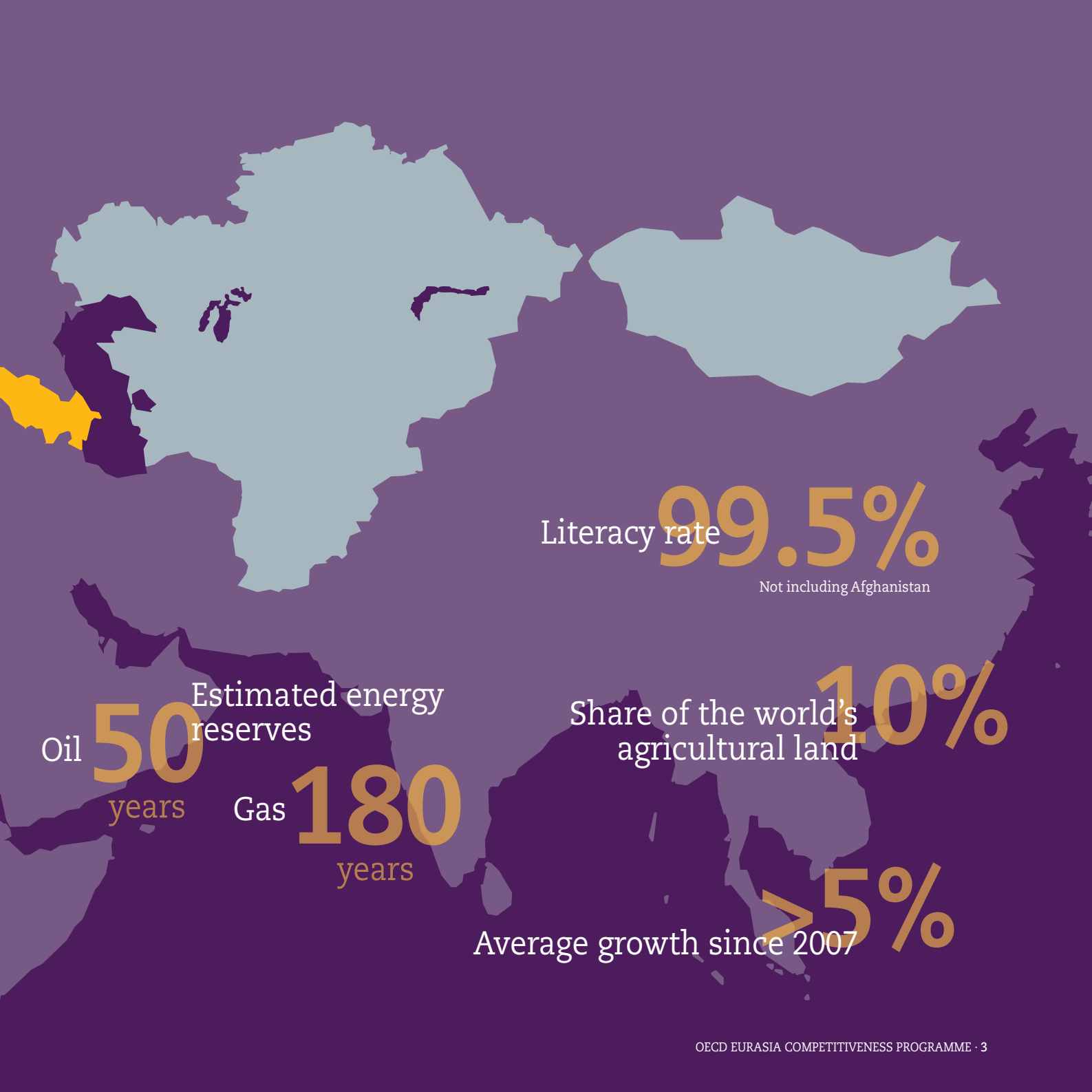
Armenia
Azerbaijan
Belarus
Georgia
Republic of Moldova
Ukraine

Central Asia

Afghanistan
Kazakhstan
Kyrgyz Republic
Mongolia
Tajikistan
Turkmenistan
Uzbekistan

Population

177
million



Literacy rate **99.5%**
Not including Afghanistan

Oil **50** years
Estimated energy reserves
Gas **180** years

Share of the world's agricultural land **10%**

Average growth since 2007 **>5%**

OECD EURASIA COMPETITIVENESS PROGRAMME

Leveraging OECD instruments and fostering dialogue with the private sector, the OECD Eurasia Competitiveness Programme works with countries of the region to help unleash their economic and employment potential.

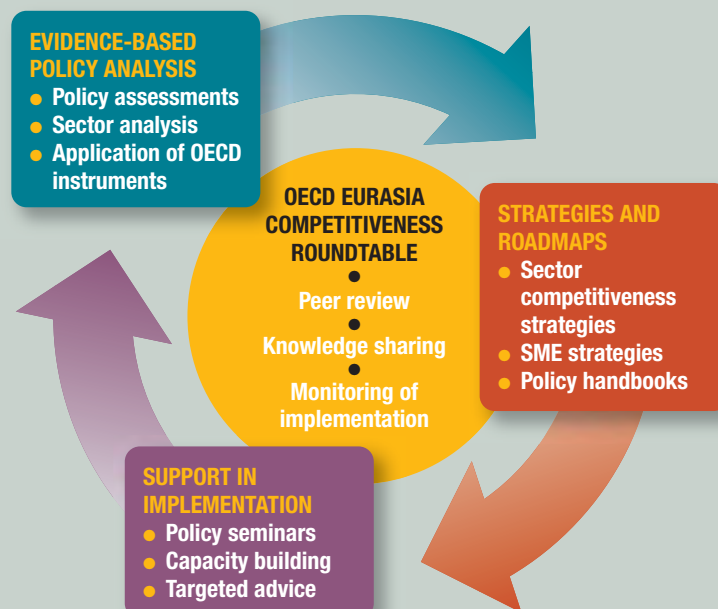
The Programme supports governments in three key areas:

- **BOOSTING COUNTRY AND REGIONAL COMPETITIVENESS**, a key driver of economic growth;
- **CAPTURING MORE AND BETTER INVESTMENT**, an important source of finance, know-how and technology transfer;
- **FOSTERING SME DEVELOPMENT**, to generate employment and raise living standards.

Key principles

- **INCLUSIVENESS**: The Programme brings together stakeholders from different ministries, agencies, the private sector and the OECD to design and implement policy reforms.
- **OWNERSHIP**: Analyses incorporate country perspectives through government self-assessments and private sector surveys, which shape final recommendations.
- **DIALOGUE**: The OECD Eurasia Competitiveness Roundtable provides a platform for peer review, knowledge sharing and monitoring of reform implementation among countries from the region.

A three-step approach





The OECD Eurasia Competitiveness Programme helps countries of the region improve their competitiveness by addressing critical policy challenges, including skills gaps, limited financing for SMEs and over-reliance on natural resources and agricultural commodities.



BOOSTING COUNTRY AND REGIONAL COMPETITIVENESS

To achieve this goal, the programme develops Sector Competitiveness Strategies (SCS) which serve as roadmaps for improving the business climate in specific sectors of the economy.

Although labour productivity in Eurasia doubled over the last decade, it is still only 35% of the OECD average.

Five Steps of a Sector Competitiveness Strategy



Ongoing projects in:

- Kazakhstan
- Tajikistan
- Kyrgyz Republic
- Ukraine



“ Today we face an ambitious and challenging task – to carry out the right reforms. I am convinced that implementation of the OECD project “Ukraine SCS” will support Ukraine to reach new levels of growth.

Iryna Akimova,
Representative of the
President at the Cabinet
of Ministers



PROJECT SNAPSHOT

UKRAINE SECTOR COMPETITIVENESS STRATEGY

Ukraine’s competitiveness remains constrained by policy barriers to the development of high-potential sectors. Obstacles include:

- Limited financing for SMEs and skills mismatch in agribusiness.
- Burdensome investment framework in renewable energies.
- Corporate governance challenges in the civilian aircraft industry.

The OECD Sector Competitiveness Handbooks for Ukraine provide detailed roadmaps to help policy makers remove these policy barriers and improve the competitiveness of each of these sectors. They provide step-by-step guidance on:

- **Establishing a credit guarantee scheme** for agribusiness SMEs to further develop risk-sharing mechanisms in the sector.
- **Fostering public-private partnerships** in education in the agribusiness sector and revamping the internship system in agricultural universities.
- **Attracting investment to the renewable energy sector** by creating a comprehensive renewable energy strategy, simplifying permitting procedures and providing firms with better access to the electricity market.
- **Modernising the corporate governance** of Antonov, a state-owned enterprise leading Ukraine’s aircraft sector.

The amount of FDI to the Eurasia region has been increasing steadily since 2000. However, at the same time, inflows are primarily directed towards the extractive industries and the region's share of global FDI stock remains low, at 1%.

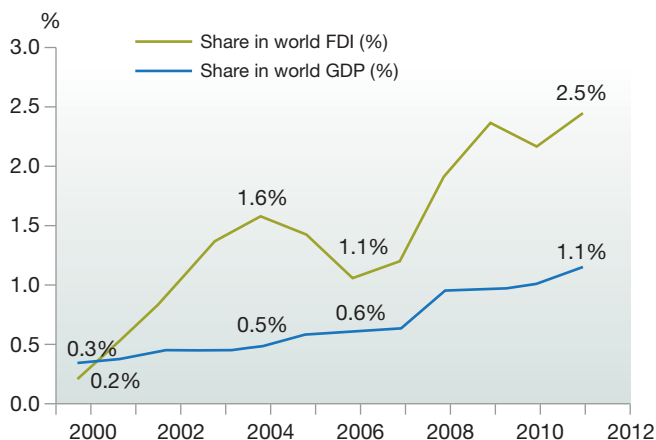


CAPTURING MORE AND BETTER INVESTMENT

The OECD Eurasia Competitiveness Programme advises governments on how to reform their investment climates based on the OECD Policy Framework for Investment.

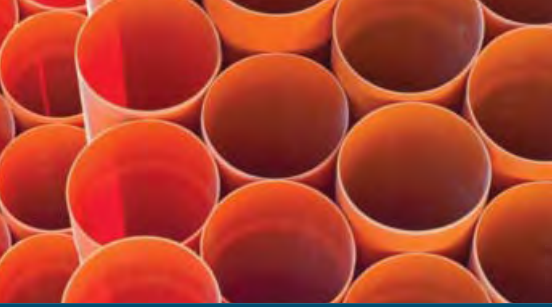
In only a decade, the share of global FDI inflows to Eurasia countries increased more than 12 times.

Eurasia's share in world FDI is growing quickly, but its share in world GDP is lagging behind



Ongoing projects on:

- Afghanistan
- Kazakhstan
- Kyrgyz Republic
- Mongolia
- Tajikistan
- Turkmenistan
- Uzbekistan



PROJECT SNAPSHOT

KAZAKHSTAN REGIONAL COMPETITIVENESS PROJECT

The Kazakhstan Regional Competitiveness Project aims to help improve the investment climate and support economic diversification in three pilot regions: Atyrau, Kyzylorda and East Kazakhstan.

To identify policy barriers hampering the development of key non-extractive industries, the OECD has worked with sub-national administrations in Kazakhstan to develop Regional Investment Promotion Strategies. These strategies contain policy recommendations to help attract further investment to the agribusiness, chemical and construction materials, and wood processing sectors.

In addition, the OECD has supported the establishment of business linkage programmes connecting foreign investors with local SMEs to build supply-chains, transfer know-how and create jobs.



“ Our joint project with the OECD aims to improve the competitiveness and investment attractiveness of Kazakhstan’s regions. Its ultimate goal is to create sustainable jobs and foster entrepreneurship throughout the country. ”

Yerbol Orynbayev,
Deputy Prime Minister of the Republic
of Kazakhstan

SMEs in Eurasia are an important source of job creation and income. However, their development is hampered by burdensome regulations, excessive administrative procedures and limited financing. SMEs also have few channels to make their voice heard at the government level.

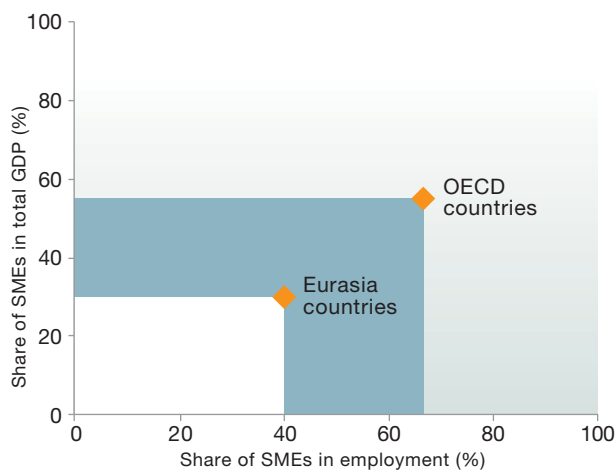


FOSTERING SME DEVELOPMENT

The OECD Eurasia Competitiveness Programme works closely with governments of the region and the private sector to identify roadblocks to SME development, and propose reforms that will create a more conducive business environment.

SMEs in the Eurasia region account for almost 99% of all enterprises, yet only provide about 30% of value added and 40% of employment, on average.

SME contribution to GDP and employment in Eurasia and OECD countries



Note: Averages are based on the national statistical data and definitions of SMEs in the respective countries.

Ongoing projects on:

- Armenia
- Georgia
- Azerbaijan
- Republic of Moldova
- Belarus
- Ukraine

INNOVATION

BETTER REGULATIONS

ACCESS TO FINANCE

BUSINESS SERVICES

TRADE

PROJECT SNAPSHOT

“ SMEs are the backbone of the Moldovan economy. The work with the OECD has helped us to develop and implement comprehensive SME policy reforms. ”

Valeriu Lazăr, Deputy Prime Minister and Minister of Economy, Republic of Moldova

THE 2012 SME POLICY INDEX FOR EASTERN PARTNER COUNTRIES

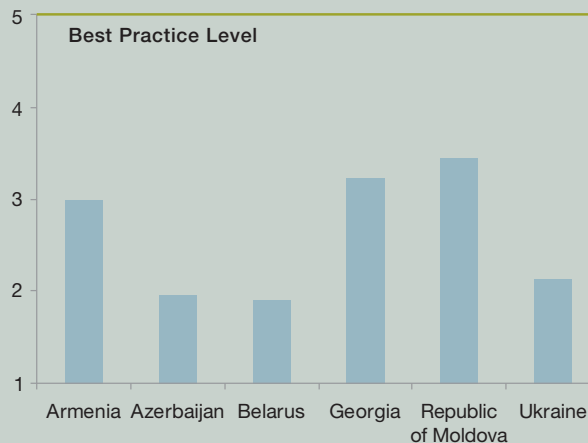
Built on a set of almost **100 policy indicators**, the **SME Policy Index** provides a unique framework to assess national SME policies against ten principles of the *Small Business Act for Europe*.

Over 2011-2012, the OECD Eurasia Competitiveness Programme together with the European Commission, the European Training Foundation and the European Bank for Reconstruction and Development assessed the SME policy environment in six Eastern Partner countries: Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine. This analysis resulted in a list of priority actions for reform:

- Improved co-ordination between government agencies;
- Development of targeted SME policy tools;
- Closer consultation between governments and the private sector to ensure that reforms take market needs into consideration;
- Collection of better data for better policies.

**SME Policy Index
2013: Dimension 3
– Regulatory
Framework for SME
Policy Making
(1-weakest,
5-strongest)**

Note: Dimension 3 assesses the institutional framework, legislative simplification and regulatory impact analysis and inclusiveness of public-private institutions.



OECD KEY PUBLICATIONS



Central Asia Competitiveness Outlook, 2011

Central Asia Policy Handbooks, 2013:

- Developing Skills in Central Asia through better Vocational Education and Training Systems;
- Promoting Investment and Job Creation in Central Asia through Business Linkage Programmes;
- Improving Access to Finance for SMEs through Credit Guarantee Schemes

Sector Competitiveness Strategy for Kazakhstan, OECD 2011

Policy Handbooks for Kazakhstan, 2012:

- Promoting Investment in Kazakhstan's Agribusiness Value Chain;
- Improving Access to Finance in Kazakhstan's Agribusiness Sector;
- Enhancing Skills through Public-Private Partnerships in Kazakhstan's Information Technology Sector



Investment Policy Review of Kazakhstan, 2011

Review of Agricultural Policies: Kazakhstan, 2013



Eastern Europe and South Caucasus Competitiveness Outlook, 2011

SME Policy Index: Eastern Partner Countries 2012, EU, ETF, EBRD and OECD 2012

Sector Competitiveness Strategy for Ukraine, OECD 2012

Policy Handbooks for Ukraine, 2012:

- Attracting Investment in Renewable Energy in Ukraine;
- Implementing Credit Guarantee Schemes in Ukraine: The Case of Agribusiness;
- Enhancing Skills through Public-Private Partnerships in Education in Ukraine;
- A Corporate Governance Assessment of Ukraine's State -Owned Aviation Sector: The Case of Antonov



Investment Policy Review for Ukraine, 2011

OECD
EURASIA
COMPETITIVENESS PROGRAMME

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OECD EURASIA

COMPETITIVENESS PROGRAMME



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