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**DEVELOPMENT OF SMALL AND MEDIUM-SIZED BUSINESSES IN UKRAINE -
A STRATEGIC CHOICE FOR YOUTH EMPLOYMENT**

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State policy on support for small business in Ukraine began to take shape with the adoption in 1991 of the Business Act and the establishment of the State Committee for Support to Small Business and Businessmen. The Business Act lays down the general legal, economic and social principles and conditions governing business activity and provides the legal underpinnings for State regulation and support of business and for relations between business entities and the State. In March 1993 the Cabinet of Ministers approved the first Programme of State support for business in Ukraine in furtherance of State policy on the subject.

The State Support for Small Business Act defines the macroeconomic goals of that policy. The purpose of State support for small business is, thus:

- To enable positive structural changes to take place in Ukraine economy;
- To support the evolution and development of small-scale business activity, and its emergence as a preferred means of overcoming undesirable developments in the economy and bringing about steady, positive social development;

- To support national producers;
- To shape conditions conducive to employment for the inhabitants of Ukraine, create new jobs and prevent unemployment.

Accordingly, the Act defines the broad aims of State support for small business activity in Ukraine as follows:

1. Creating infrastructure to support and develop small business activity, introducing State training, retraining and advanced training for managerial staff at small business entities;
2. Introducing a system of small business benefits;
3. Introducing a simplified taxation, bookkeeping and accounting system;
4. Providing financing and lending support for small businesses;
5. Enlisting small business activities in technological and socio-economic programmes and providing labour and services to meet State and regional needs.*

The National Programme for the Support and Development of Small Business Activity in Ukraine, which was drawn up on the basis of the Act, sets more specific goals. Its main objectives are:

- To create a State system for the support and development of small business activity;
- To enable small business to develop in the regions;
- To help small business entities to create new jobs;
- To support business and investment activity and promote competition on the market for goods and services;
- To attract women, young people, retirees etc. into business activity;
- To activate financing, lending and investment mechanisms and look for new forms of financial and lending support for small businesses;
- To establish regional infrastructure for the development and support of small business activity;

* State Support for Small Business Act, 19 October 2000.

- To establish conditions in which small businesses can develop;
- To enable small businesses to develop in the productive sector, for example on the basis of restructured enterprises.

Expected outcomes of the Programme include: faster development of small businesses, turning their potential to advantage and making them an effective means of addressing economic and social problems; encouragement of structural change in the economy; a steady tendency for the number of small businesses to rise; a reduction in the level of off-the-books trading by small businesses; a greater contribution by small businesses to the Ukrainian economy; a positive impact on the unemployment problem; saturation of the domestic market with goods and services; and a stronger economic base in the regions.

Regional programmes addressing key issues relating to State support for small business in the regions, in particular local-level legislative backing, financial support, infrastructure creation, staff training and provision of resources, are an important instrument of State policy. They are discussed and approved at meetings of the local government boards concerned. They are financed out of regional and local budgets, the nationwide and regional business-support and other funds, the resources available to regional employment centres, bank loans, the proceeds of privatizing State property, foreign investment, international funds, resources from regional business associations, and resources provided by those carrying out individual projects and subprogrammes.
