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SECTOR/PROGRAMME EVALUATION

Evaluation of the Small Business Initiative

Phase 2

IEvD ID: SS25-199

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This report was prepared by IEvD independently and is circulated under the authority of Gabriele Fattorelli and Samer Hachem, covering for the Chief Evaluator, Head of IEvD role at the time of publication. It was prepared under the supervision of Samer Hachem, Director of Sector, Country, and Project Evaluations division, by a team led by Beatriz Perez Timermans (Senior Evaluation Manager), including Alper Dincer (Principal Evaluation Manager), Piril Ozgercin and Nikolina Balta (Associates), and Sofia Keenan (Analyst), with support from Harvey Susser (Senior Evaluation Manager). The External Reviewer was Boubacar Ly (Principal Evaluation Officer, Independent Development Evaluation of the African Development Bank Group).

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Abbreviations

ABI	Annual Business Investment
ARC	Audit and Risk Committee
ASB	Advice for Small Businesses
ATQ	Assessment of Transition Qualities
BEEPS	The Business Environment and Enterprise Performance Survey
COVID	The corona virus disease
CRM	Concept Review Memorandum
CSEE	Central and Southeastern Europe
CSRF	Country Strategy Results Framework
DCFTA	Deep and Comprehensive Free Trade Area
DFF	Direct Finance Framework
DIF	Direct Investment Facility
DLF	Direct Lending Facility
EBRD	European Bank for Reconstruction and Development
EEC	Eastern Europe and Caucasus
EIB	European Investment Bank
ENIF	Enterprise Innovation Fund
ESG	Environmental, social and governance
ESIF	Early-Stage Innovation Facility
ETC	Early Transition Countries
ETI	Expected Transition Impact
EU	European Union
FI BG	Financial Institutions Business Group
FIF	Financial Intermediaries Framework
FRM	Final Review Memorandum
GA	Group advisory
GEFF	Green Economy Financing Facilities
GET	Green Economy Transition
IA	International advisory
ID	identification
IEvD	Independent Evaluation department
KPI	Key Performance Indicator
LC	Local consultancy
LEF	Local Enterprise Facility
MCFF	Medium-Sized Co-Financing Facility
MDA	Market Development Activity
MIS	Management Information System
MSME	Micro, Small and Medium Enterprises
MSPF	Medium-Sized Project Facility
NPL	Non-Performing Loans
ODI	Overseas Development Institute
PB	Partner Bank
PD	Probability of Default
PFI	Partner Financial Institution
PSD	Policy, Strategy and Delivery
RSF	Risk Sharing Framework
SBI	Small Business Initiative
SBIF	Small Business Impact Fund
SBRF	Small Business Resource Framework
SBS	Small Business Support
SCF	Strategic and Capital Framework
SDA	Sector Development Activity
SEE	South-eastern Europe
SEMED	Southern and Eastern Mediterranean
SIDA	Swedish International Development Cooperation Agency
SME	Small and medium-sized enterprises

SME F&D	SME Finance and Development Business Group
SSF	Shareholder Special Fund
TC	Technical Cooperation
TI	Transition Impact
TQ	Transition Quality
VCIP	Venture Capital Investment Programme
WiB	Women in Business
YiB	Youth in Business

Evaluation Snapshot

<table>
<tr><td>Objective</td><td>
This evaluation assesses the effectiveness and impact of the EBRD's Small Business Initiative (SBI) over the period 2015–2023.
It is a follow-up on Phase I of the same study, which delved into the relevance, coherence and efficiency of the SBI (published 2024). Phase II precedes key strategic changes within the SBI, and analyses outcomes.
<table>
<tr><th>Phase</th><th>Description</th><th>Scope</th></tr>
<tr><td>1</td><td>An evaluation focused on the assessment of how internal organisation supports the efficient delivery of the SBI business and keeps it relevant to the Bank's mandate, its clients, and to the countries where we operate.</td><td>Pillars 1-4, Relevance and Efficiency</td></tr>
<tr><td>2</td><td>An evaluation of the effectiveness and impact of the Small Business Initiative focusing on results and, when possible, on how the SBI drives systemic change from individual interventions.</td><td>Pillars 1-5, Outcomes and Impacts</td></tr>
</table>
</td></tr>
<tr><td>Scope</td><td>The scope of this evaluation encompasses Pillars 1 to 5 of the Small Business Initiative between 2015 – 2023.</td></tr>
<tr><td>SBI Portfolio</td><td>

The cumulative ABI of Pillars 1-3 in 2023 year-end was approximately 1.3 billion EUR, which was 10.2 per cent of EBRD's ABI of that year. *
In total, for advisory, between 2015 and- 2023, – 18,704 local consultancy, 1,350 international advisory and 64 group advisory projects have been delivered.
During this timeframe, there were 3,206 market development activities with SMEs, consultants, and other stakeholders.
(Source: SME F&D team)

</td></tr>
<tr><td>Evaluation Questions</td><td>
This evaluation addresses two central questions:

Q1: Effectiveness – How effectively has the SBI expanded SME's access to finance and advisory services?
Q2: Impact – To what extent has the SBI driven long-term impact by promoting green practices, improving financial inclusion and enhancing competitiveness and resilience through digitalisation among SMEs?

</td></tr>
</table>

* *Pillar 1 is the primary vehicle delivering SME financing under SBI with over 81,000 sub-loans for nearly EUR 1.2 billion on-lent in 2023 alone (accounting for estimated 92% of ABI under Pillars 1-3).*

Executive Summary

This evaluation assessed the effectiveness, impact and sustainability of the European Bank for Reconstruction and Development's (EBRD) Small Business Initiative (SBI) over the period 2015–23. The SBI consolidates the Bank's instruments in support of small and medium enterprises (SME) across five pillars: indirect financing through partner financial institutions (PFIs), individual SME finance risk-sharing, direct finance, advisory services, and policy dialogue. Its objective is to expand SME access to finance and advisory, and advance systemic transition outcomes.

The evaluation addressed two central questions:

1. Effectiveness: How effectively has the SBI expanded SMEs' access to finance and advisory services?
2. Impact: To what extent has the SBI driven long-term impact by promoting green practices, improving financial inclusion, and enhancing competitiveness and resilience through digitalisation?

To answer these questions the Independent Evaluation Department (IEvD) used a mixed-methods approach, combining a portfolio analysis, a desk review of project and Technical Cooperation documentation, a text analysis of partner bank reports, bank lending data, and primary data collection (PFI and SME surveys and Market Development Activity evaluations). Targeted country-level work focused on Bosnia and Herzegovina, Kazakhstan, Kosovo, Kyrgyz Republic, Tajikistan and Tunisia to deepen contextual understanding.

Key findings

SBI expanded SME access to finance and played a counter-cyclical role.

EBRD finance, risk-sharing instruments and donor-supported facilities materially expanded partner financial institutions' SME portfolios in many markets. Evidence from PFIs and bank lending surveys show EBRD financing often increased when domestic credit supply tightened. This provided stabilising, medium- to long-term liquidity where commercial markets had shortened tenors. Nevertheless, structural constraints — most notably collateral requirements and limited long-term local finance — persist in many countries, restricting the extensive margin of new borrower outreach.

Findings from bank lending surveys further point to the importance of unfunded risk-sharing instruments in markets where EBRD's funded lending represents only a small share of SME credit. In these markets, between one-third and one-half of PFIs report collateral requirements and perceived credit risk as binding constraints on SME lending, even during periods of adequate liquidity. These risk-sharing instruments can help reduce risk perceptions and enable PFIs to extend finance to SMEs that are otherwise unable to absorb traditional credit.

The evaluation also highlights that the SBI has delivered strong results across individual pillars, with clear evidence of improved access to finance and enterprise-level performance. However, these gains have not translated into systemic market transformation, largely due to persistent demand-side constraints. Evidence from PFIs and SMEs points to limitations in firms' absorptive capacity, readiness to borrow, and ability to convert finance into sustained growth, despite improved supply conditions.

Partner financial institutions strengthened SME capabilities, but gaps remain. Digital SME lending is weak.

Many PFIs report improved SME tracking, faster loan processing and the introduction of green and gender-targeted products. Analysis of PFIs' annual reports shows growing institutional emphasis on SMEs and that several banks have established dedicated SME business lines. Across the region, countries like Bosnia and Herzegovina and Türkiye have shown strong progress in SME-focused initiatives and dedicated business lines, while others such as Kosovo, Serbia, and Tunisia have seen more modest or limited advances, highlighting significant disparities in institutional emphasis and product development. However, while PFIs have strengthened lending practices and data systems, the provision of non-financial services remains limited and uneven, constraining the capacity of SMEs to scale. Also, few partner banks developed SME-specific digital finance products. This gap limits the SBI's ability to leverage digitalisation to strengthen transition impact.

EBRD advisory services deliver strong enterprise-level outcomes but insufficient for market-level transformation. Across the countries studied, advisory beneficiaries reported significant improvements: 72–84 per cent cited higher turnover and profitability and a majority reported employment gains. Market Development Activity and Women in Business initiatives improved visibility and local capacity. Yet advisory results are seldom tightly coupled with financing instruments and policy reforms, reducing opportunities to scale firm-level gains to systemic market change.

Policy dialogue produced selective wins but remains fragmented.

EBRD's work with Investment Councils and technical cooperation (TC) projects contributed to meaningful regulatory changes. However, policy dialogue is dispersed across teams, while documentation and results tracking are inconsistent. Political ownership remains the decisive factor for success. Several TC-supported reforms (for example, factoring law drafting in Tunisia) stalled in the absence of government continuity or institutional champions. There is a need for more consistent and robust tracking of SME policy dialogue at the country-level, establishing links to country needs and other SBI instruments.

The SBI advanced green and inclusion objectives but progress is uneven; digitalisation is nascent.

Green lending and the integration of environmental, social and governance (ESG) principles rose in many PFIs, Women in Business mobilised substantial finance, and advisory projects raised environmental and inclusion awareness among SMEs. Digital adoption among SMEs increased through advisory support, especially outside capitals. However, in most cases, changes were incremental rather than transformative.

Overall, while the SBI has delivered tangible results, SME ecosystem transformation at the country level remains limited.

Achieving access to finance at scale requires coordinated action on both the supply and demand sides. Policy engagement has supported meaningful reforms to improve SME access to finance and markets, but efforts remain fragmented for meaningful transformation and could be more closely aligned with country priorities and investment operations. Similarly, advisory services have generated positive firm-level changes, yet these gains have not been sufficiently scaled or systematically linked to financing incentives to drive broader market-level transformation.

The findings from this evaluation also carry important implications for EBRD's expansion into Sub-Saharan Africa, where similar structural barriers—especially demand-side constraints and limited SME readiness—are likely to shape the effectiveness of SME support.

Recommendations

Drawing on the evidence above, the evaluation proposes three interlinked operational recommendations aimed at informing the implementation of the new SME Offer.

Recommendation 1: Strengthen risk-sharing and access to long-term finance for first time and/or riskier SME borrowers.

To extend SME lending beyond the current client base, EBRD should prioritise unfunded and hybrid risk-sharing instruments, explicitly targeting first time and/or riskier SME borrowers. This could for example include expanding partial guarantees and unfunded portfolio risk-sharing instruments and addressing structural gaps in SME finance through long-term, affordable financing in local currency.

Recommendation 2: Strengthen demand-side support through partner financial institutions

To enhance SME resilience and improve lending practices, EBRD should strengthen demand-side support through partner financial institutions (PFIs). This could for example include supporting PFIs in developing, scaling, and professionalising non-financial services such as advisory, training, and capacity-building, and enhancing the monitoring of how such services improve SMEs' effective access to and use of finance.

Recommendation 3: Accelerate digital transformation across SBI operations

To ensure digitalisation becomes a catalyst for broader SME transformation and transition impact, EBRD should accelerate digital transformation across SBI operations. This could for example include partnering with PFIs to co-develop digital lending products and integrate digital tools and advisory into the SME offer and developing unified digital platforms for SMEs to access financial products and advisory services.

In addition, this evaluation reiterates recommendations from past evaluations, all of which were agreed upon by Management. These include: (i) the *Evaluation of the EBRD Policy Dialogue Performance and Results (2024)*, which recommends that the Bank adopts consistent, cross-sector criteria to estimate ex-ante transition impact and to monitor and report ex-post results for all policy activities, and consolidates policy dialogue data into a single system, while strengthening tools for capturing lessons learned and conducting systematic self-evaluations; with an action plan that should cover SBI-related activities, and (ii) the *Evaluation of SBI Phase 1 (2023)*, which recommends that the Bank reviews the country strategic planning process to strengthen the integration and coherence of the response to SME needs across the organisation in order to enhance systemic impact.

Conclusion

The SBI has demonstrably expanded SME outreach, strengthened partner institutions, and achieved meaningful firm-level outcomes that align with the EBRD's green, inclusive and digital transition objectives. To convert these operational successes into sustained systemic change, the new SME offer should strengthen synergies based on country needs, reinforce policy dialogue, expand risk-sharing mechanisms, accelerate digitalisation, and place greater emphasis on demand-side constraints by supporting PFIs to provide advisory, training, and other non-financial services that strengthen SMEs' ability to absorb finance. Implementing these recommendations will help ensure that SBI's next phase delivers deeper, more durable transition impact for SMEs across the Bank's regions.

1. Context and background

1.1. Context and rationale for this evaluation

1. **The Small Business Initiative (SBI) is EBRD's flagship programme to support small and medium-sized enterprises (SMEs) across its countries of operations.** Launched in 2015, the SBI consolidated the Bank's previously fragmented SME-related products into a unified framework, combining indirect and direct financing, risk-sharing, business advisory, and policy dialogue. This approach was designed to address the persistent challenges faced by SMEs, including limited access to finance, skills gaps, and regulatory barriers, while supporting the Bank's transition mandate. Details of the history of the SBI can be found in Phase I of the evaluation.

2. **The SBI operates through five pillars** (Figure 1).

Figure 1: SBI – 5 Pillars

Pillar 1 *Indirect Financing*	**Pillar 2** *Co-financing/ Risk-sharing*	**Pillar 3** *Direct Financing*	**Pillar 4** *Business Advisory*	**Pillar 5** *Policy Dialogue*
Financing for financial intermediaries for on-lending to MSMEs; investments in equity funds with a focus on SMEs	Co-financing of or risk-sharing on SMEs with local partners, whether banks or equity funds (for corporate)	Direct, tailor-made debt and equity financing of SMEs with strong post-investment value creation potential	Various business advisory activities in support of MSMEs	Policy dialogue initiatives aimed at improving SMEs' business environment and access to finance

Source: BDS15-050 (Regional: Small Business Initiative - Restructuring and Consolidating EBRD Operational Facilities for SME)

3. **As the SBI approaches its ten-year milestone, the EBRD is undergoing a strategic transformation, including expansion into new regions and renewing its focus on systemic impact and private sector development.** This evaluation comes at a pivotal moment and provides an opportunity to take stock of the SBI's achievements, challenges, and lessons, and to inform the refinement and implementation of the Bank's newly designed SME support offer.

4. **To maximise the usefulness of the evaluation and align with the Board's timeline for the SBI's Annual Review and strategic priorities, IEvD adopted a phased approach.** Phase 1 focused on the efficiency and relevance of the SBI's internal organisation and delivery mechanisms. Phase 2 extends the analysis to effectiveness, impact, and sustainability, and particularly how the SBI drives systemic change and supports the Bank's broader strategic objectives.

5. **In 2024, IEvD completed the first phase of the evaluation of the SBI**, that the ARC discussed on 3 October 2024. It focused on the internal organisation, coherence, and efficiency of SBI delivery. It found that the consolidation led to substantial efficiency gains, particularly in indirect financing and risk-sharing mechanisms. However, it also highlighted areas needing improvement. These include formulating an integrated response to address country-level SME needs and a vision on how to achieve systemic change through the entire SBI toolbox, addressing the outdated SME transition gap assessment, and upgrading fragmented data systems. Section 1.2 provides more details on the findings under Phase 1.

1.2. Scope and objectives of the evaluation

6. **SBI Phase I found that while the 2015 consolidation improved efficiency—particularly in indirect financing and risk-sharing—the Initiative lacked a fully integrated, country-level approach that could bring financing, advisory, and policy tools together to address SME market failures in a coherent way.** Planning processes referenced SME activities but remained siloed, with outdated transition gap assessments, fragmented data systems, and limited linkage between upstream diagnostics and downstream operations, ultimately weakening the Initiative's ability to chart clear impact pathways. Phase I therefore recommended strengthening country-level strategic planning and governance so the SBI toolkit could be deployed in a coordinated, systemic manner aligned with country needs and enabling conditions (Table 1).

Table 1: List of key findings under the SBI evaluation Phase 1

Key Finding	Summary	Recommendations
1. Efficiency gains from consolidation	• Consolidation streamlined processes and harmonised definitions. • Efficiency gains strongest in indirect financing and risk-sharing but limited in direct financing. • Donor funding remained fragmented.	If the Bank continues to consider the Direct Financing Framework SME as an important pillar of the SBI, it should streamline internal processes to improve efficiency
2. Stronger alignment with Bank priorities	• SBI increasingly aligned with green, inclusion, and digitalisation.	To enhance its systemic impact, the Bank should review the country strategic planning process to strengthen the integration and coherence of the response to SME needs across the organisation.
3. Partial integration in strategies	• SME work integration into country strategies is incomplete. • Transition gap assessment is outdated.	To maximise relevance to country context, the Bank should regularly update the SME sector transition gap assessment and associated transition impact scoring method.
4. Incomplete SME data systems	• Management Information Systems (MIS) improved but still rely on partial reporting from PFIs. • Data fragmentation hampers reporting and decision-making.	To improve transparency, reporting and decision-making, the Bank should upgrade the existing management information system for SME business and, in particular, for indirect financing.

Source: SBI evaluation Phase 1 Report

7. **This evaluation builds on these findings by examining whether, in practice, the SBI's support to the demand-side (advisory), supply-side (finance), and enabling-environment (policy dialogue) instruments now work together to expand SME access, enhance capabilities, and support market-level change.** Assessing effectiveness requires understanding not only how each pillar performs individually, but how well they reinforce one another to achieve the market-level impact originally envisioned for the Initiative.

8. **Overall, the evaluation examines SBI's effectiveness in improving SMEs' access to finance and know-how, as well as its contribution to advancing green practices, financial inclusion, digitalisation, and the sustainability of results at both the client and systemic levels.** The main focus areas of the evaluation are summarised in Table 2. The evaluation questions are:

1. How effectively has the SBI expanded SMEs' access to finance and advisory services (Effectiveness)?

2. To what extent has the SBI driven long-term impact by promoting green practices, improving financial inclusion, and enhancing competitiveness and resilience through digitalisation among SMEs (Impact)?

Table 2: Evaluation focus areas per SBI pillar

Pillar	Focus areas
Pillar 1: Indirect Financing	• Improved access to finance and financial inclusion for SMEs: Ensuring SMEs benefit from greater access to funding, tailored financial products, and inclusive financial systems that support their growth. • Accelerated Green and Digital transitions: Facilitating SME adoption of sustainable practices and digital technologies to enhance competitiveness and align with global transitions.
Pillar 4: Business Advisory	• Increased turnover of SMEs benefiting from advisory services • Increased jobs of SMEs benefiting from advisory services • Increased productivity of SMEs benefiting from advisory services • Increased exports of SMEs benefiting from advisory services
Pillar 5: Policy Dialogue	• Strengthened Ecosystem, removing barriers to accessing finance • Strengthened capacity of public and private institutions to serve SMEs • Increased participation of SMEs in policymaking

Source: IEvD elaboration

9. **The evaluation reviewed projects and activities implemented under the SBI from its launch in 2015 through end-2024, covering most SBI-supported operations that had been completed by that time.** It focuses primarily on indirect financing, advisory services, and risk-sharing instruments, where sufficient data and evidence are available to support robust analysis. Policy dialogue interventions are assessed more selectively, reflecting data availability and the nature of these activities.

10. **It draws on data that extend beyond 2023 in many cases (including SME survey responses, partner bank indicators, bank lending surveys, and annual reports covering 2024 and, where available, 2025). However, a 2023 cut-off was applied specifically to the analysis of SME advisory projects.** This cut-off was necessary to ensure the inclusion of completed advisory interventions with sufficient post-completion time to generate reliable self-evaluation data, as at least one year after completion is required to assess short-term outcomes and early signs of sustainability. The evaluation therefore balances depth and timeliness by applying the cut-off selectively where methodologically required, while incorporating the most recent available evidence elsewhere to reflect current conditions.

11. **The geographical scope of the SBI II evaluation spans the entire EBRD region**, covering projects and activities implemented under the SBI. While the evaluation did not aim to produce country-specific assessments, it incorporated targeted primary data collection in selected countries to enhance analytical depth.

1.3. Approach, Methodology and Limitations

12. **The evaluation employed a mixed-methods approach**, combining qualitative and quantitative tools to ensure a comprehensive and triangulated assessment of the SBI. The methodology is

structured around the OECD-DAC evaluation criteria — particularly effectiveness, impact, and sustainability — and is adapted to EBRD's results management framework, including its Transition Qualities and ex-ante transition impact assessment (TOMS 2.0).

13. **The evaluation employed a wide array of tools to gather data, aiming to achieve a broad and diversified perspective on SBI clients, PFIs, and SMEs operating in various regions.** By utilising resources such as PFI and SME surveys, bank lending surveys, external studies, and policy dialogue desk reviews, the approach was designed to capture insights from multiple angles and ensure that the views collected reflected a comprehensive understanding of the situation on the ground. Table 3 summarises the methodology. More details are available in Annex 1.

Table 3: Methodology of the evaluation

- ✓ IEvD selected five countries — Bosnia and Herzegovina, Kazakhstan, Kosovo, Tajikistan, and Tunisia — for **PFI surveys** due to their smaller market size and multiple EBRD transactions with large PFIs (see Annex 2 for details). **SME surveys** were conducted in Kosovo, Tunisia, and Kyrgyz Republic, chosen for their varied implementation of SBI instruments and the availability of relevant secondary data (see Annex 3 for details).
- ✓ **Data collection methods** included document review, structured and semi-structured interviews with EBRD staff, PFIs, consultants, SMEs, and other stakeholders, and targeted surveys. The PFI survey addressed SME definitions, tracking systems, competing financing products, lending trends, and bottlenecks. The SME survey, conducted using computer-assisted telephone interviewing, gathered responses from 300 SMEs about the impact of advisory services on business practices.
- ✓ **Quantitative analysis** was based on Bank Lending Surveys, focusing on pricing, tenor, and lending conditions, and compared with EBRD offerings (aww Annex 4 for details). **Text analysis** of PFIs' annual reports examined references to SMEs over time, including aspects like green finance, economic inclusion, and digitalisation (see Annex 2). Triangulation of survey data, interviews, document reviews, and lending trends enabled assessment of market-level impacts and systemic changes in the SME finance ecosystem across the EBRD region.
- ✓ Market Development Activities (MDA) were evaluated through **self-evaluations which are delivered 6 to 9 months after country teams complete such activities.**
- ✓ The evaluation also used **a variety of documents such as** Country Strategies, Country Strategy Delivery Reviews, Country Diagnostics, SME F&D Operational Plans, Policy Compacts, Priority Policy Objectives, **as well as internal databases and conversations with relevant operation leaders** to analyse policy dialogue activities, ensuring alignment with broader SBI objectives and providing structured insights into policy engagement.

14. **The SBI evaluation faced several limitations**, particularly in attributing observed changes in SMEs' outcomes to the initiative itself. The challenges stem from factors outlined in Table 4.

Table 4: Limitations of the evaluation

- **Dependency on banking teams' collaboration**: During the evaluation, the absence of a comprehensive PFIs list impeded identification and survey distribution. Collaboration with SME F&D and FI teams proved essential, and regular communication helped mitigate these challenges.
- **Geographical scope of the evaluation**: The evaluation ultimately covered five countries through the PFI survey, three countries with the SME survey, and nine countries through central bank lending surveys. While this multi-layered approach broadened the analytical

base, the partial coverage in each survey type did affect the breadth of the analysis. Nevertheless, the selection criteria and supplementary analyses were applied to extract meaningful lessons and actionable insights that operational teams across the region could use.

- **Representativeness of the SME sample**: Resource limitations restricted the SME sample size, resulting in risks of unrepresentative findings and biases. IEvD conducted follow-ups and targeted outreach, including piloting surveys, to refine methodologies and improve representativeness.
- **Fragmentation of policy dialogue efforts**: Policy projects varied in level and objective, and lack of central coordination complicated attribution. IEvD worked with teams to take stock of activities that fall under Pillar 5.
- **Internal policy dialogue or TC databases**: The internal record-keeping for policy dialogue and TC activities are being transformed. Old systems demonstrate gaps in adequate record keeping and results tracking especially if the team composition working on a particular project changed or if documents had not been uploaded in the appropriate repositories.
- **Limitations in relation to Pillars 3 and 5**: For direct financing (Pillar 3), challenges in the implementation of the SME survey, including sample limitations and uneven coverage across countries, have restricted the evaluation's ability to draw reliable conclusions about firm-level effects attributable to SBI support through direct financing. With respect to policy dialogue (Pillar 5), the evaluation encounters fundamental evaluability challenges, including the absence of systematic tracking, limited outcome indicators, and the inherently long-term, indirect nature of policy influence. As a result, analysis of Pillar 5 relies primarily on document reviews, internal databases, and interviews. This allows for structured descriptive insights but constrains the ability to assess outcomes or impacts robustly.

2. Key finding 1: EBRD intermediated financing supported SME credit supply during tightening conditions, but demand constraints limit impact

15. This chapter evaluates the effectiveness and additionality of the SBI in improving SME access to finance by integrating evidence from market-level data, PFIs, end-borrowers, and institutional behaviour. Key findings are summarised in Table 5.

Table 5: Summary of key findings – Improving access to finance

Key Findings	Supporting Evidence	Implications for SME offer
SBI financing expanded SME access across regions, especially through PFIs.	PFI survey confirmed increased SME portfolios and new product development; 89 per cent of surveyed PFIs across 5 countries reported portfolio growth.	Maintain and scale indirect and risk-sharing models.
EBRD financing played a counter-cyclical role during market tightening.	Negative correlation (–0.26) between worsening credit supply standards and increased EBRD lending; strongest in smaller markets (for example, Albania, Serbia, Kosovo).	Position the new SME offer as a resilience instrument supporting SMEs during crises.
Institutional capacity of PFIs improved, especially in SME data systems.	84 per cent of PFIs track SME clients separately; 41 per cent reported faster loan processing and 31 per cent improved alignment with SME needs.	Support partner banks' provision of non-financial services

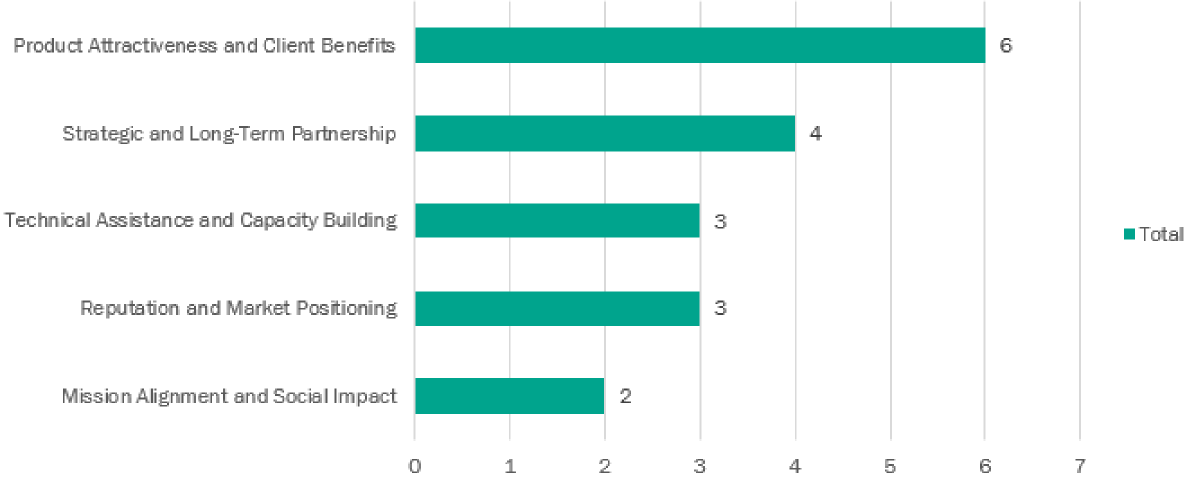
2.1. Visible changes in lending patterns for PFIs but structural constraints remain

16. **Most PFIs surveyed (89 per cent) reported growth in their SME portfolios.** The evaluation team conducted a survey of 23 PFIs across 5 countries (see Annex 2 for details). In markets with scarce SME funding, such as Bosnia and Herzegovina, Kazakhstan, and Tajikistan, EBRD financing gave PFIs like ProCredit Bank Bosnia and Herzegovina and Arnur Credit Kazakhstan (KZ-Arnur) a competitive edge, enabling SME portfolio growth and regional outreach. This access spurred diversification, integration of environmental, social and governance (ESG) principles, and sharper SME targeting, alongside operational improvements like faster loan processing and better customer service. Collectively, these changes elevated SME lending as a strategic priority and intensified market competition. Only two institutions surveyed reported experiencing a decline in credit quality.

17. **PFIs consistently cited the attractiveness of EBRD's products, the value of strategic partnerships, and the provision of technical assistance as key motivations for their involvement.** A significant proportion of respondents emphasised the importance of long-term partnerships (around one-quarter), while approximately one-third highlighted reputation and market positioning as key factors. In contrast, only a small share of respondents considered mission alignment and social impact as priorities (see Figure 2 for details). EBRD was described by PFIs as a "process catalyst," with one respondent noting:

"The partnership with EBRD brings us credibility and access to new markets, and the technical assistance helps us improve our products and services for SMEs."

Figure 2: Reasons for Applying for EBRD SME Facilities (Grouped)



Source: PFI Survey, the scale is expressed in number of total PFI respondents, grouped by reason category[1]

18. In several markets, including Bosnia and Herzegovina, Kazakhstan, and Tajikistan, **EBRD facilities were recognised as one of the few sources of medium- to long-term funding (3–5 years) available for SME lending.** Institutions such as ProCredit Bank Bosnia and Herzegovina (BA-PCB) and KZ-Arnur directly linked these facilities to the expansion of their SME portfolios and regional outreach.

19. **Most PFIs perceived EBRD products as more competitive than government or other development programmes**, with 76 per cent expressing positive views. In several cases, the combination of technical assistance and client incentives created a distinctive value proposition, strengthening PFIs' reputations as providers of sustainable finance.

20. **Across countries surveyed, PFIs reported that EBRD financing contributed to notable changes in SME lending practices.** These included the expansion of product offerings (as reported by three institutions in Tajikistan), the integration of ESG and green finance principles (by seven PFIs across four countries), and a sharpened focus on SME segments with improved targeting of smaller clients. Overall, PFIs acknowledged that EBRD facilities enhanced the strategic visibility of the SME segment, helping to align institutional priorities around SME lending as a core business line.

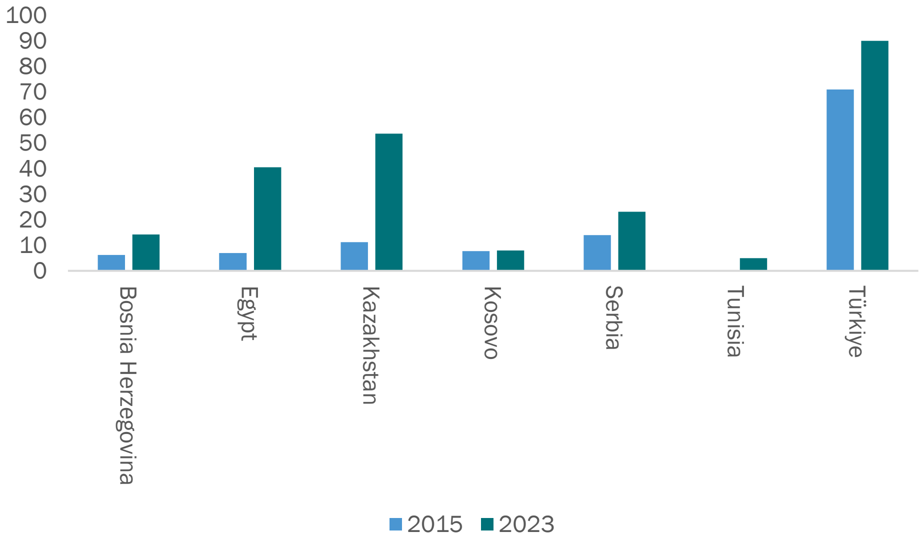
21. **Survey results revealed tangible improvements in operational processes.** Specifically, 41 per cent of PFIs prioritised shorter loan processing times, 28 per cent reported enhanced customer service, and another 31 per cent noted better alignment of products with SME needs. These outcomes were supported by qualitative feedback describing the EBRD as a "process catalyst," introducing efficiency and client-oriented methodologies.

22. **The analysis of annual reports of partner banks confirms this trend, with references to SMEs growing consistently over the last decade, signalling an increasing recognition of this segment.** However, the pace and depth of this growth vary significantly across countries. In Türkiye, SME mentions were already high in 2015 and continued to expand, while Kazakhstan and Egypt have gradually approached Türkiye's early levels, reflecting a strong upward trend. By contrast, Kosovo shows little change over time, which is unsurprising given that its economy is already heavily dominated by SMEs, leaving limited scope for further emphasis in reporting. In the Western Balkans overall, the increase in SME references is meaningful but modest, suggesting incremental progress rather than transformative shifts in narrative. These patterns provide important context for

[1]PFI Survey Q: Why did you decide to work with the EBRD MSME facilities?

interpreting behavioural change, as they highlight both convergence in some markets and structural constraints in others (Figure 3).

Figure 3: References to SMEs per annual report (average, 2015 and 2023)



Source: Analysis from annual reports of partner banks

23. **The references to SMEs have increased in annual reports and partner banks have also expanded their organisational resources dedicated to serving this segment.** Many banks established standalone SME business lines, specialist branches, and service centres, alongside dedicated credit committees and governance frameworks to streamline SME lending decisions. Relationship managers and credit specialists focused exclusively on SMEs became common, supported by extensive staff training programmes tailored to SME risk assessment and product development. Several banks invested in digital platforms to improve accessibility and efficiency for SME clients, while others introduced structured onboarding academies to build internal capacity. These developments indicate a shift from ad hoc SME support toward institutionalised structures and processes designed to strengthen engagement with SMEs (Box 1).

Box 1: Changing structures and processes to strengthen engagement with SMEs

Dedicated business lines and segments

- National Bank of Egypt structured its SME support within a discrete “Corporate and SME” business segment in 2019, complete with a specialised relationship-manager team and standalone reporting and balance-sheet allocations for SMEs. Several other banks also have a similarly named “Corporate and SME” divisions, including Halkbank AD, Banca Intesa AD Beograd, Bank of Alexandria SAE, Halyk Bank, and NLB Banka SHA.
- VakıfBank explicitly identified “SME Banking” as its own business line in 2021, with a dedicated division responsible for product design, field- and virtual visits, and end-to-end consultancy for SMEs. SME Banking is also mentioned in the annual reports of other institutions, most often other Turkish banks, although some Kazakh and Egyptian banks also have similarly named business lines.
- Bank CenterCredit formalised its “Small and Medium Business” unit within Corporate Banking by 2022, appointing an SME Director at the head office and creating clear organisational charts for product development and risk management.

Specialisation of SME-serving branches and centres

- Banque Misr grew its SME-serving branch network from 188 branches in 2015 to 257 branches by 2016, covering 25 of Egypt's 27 governorates to ensure "creditworthy SMEs have access to finance".
- Bank CenterCredit designated 15 regional branches as official "SME Service Centres" in 2022, each with specialised Relationship Managers, and upgraded five of them into "SME Hubs" featuring co-working spaces and digital kiosks to streamline onboarding and loan applications.

Specialised credit committees and governance bodies

- Banque Misr established multiple SME Credit Committees and Central/Non-Central Small Enterprises Financing Committees by 2016, ensuring both local and central approval authorities for SME credit schemes.
- ProCredit Holding employs dedicated credit committees for all SME lending decisions, with approval limits calibrated to committee members' expertise, centralising risk assessment while tailoring processes to SME needs. Similar credit committees are also present in several Kazakh banks, including Halyk Bank, Forte Bank and Bank CenterCredit.

Widely deployed relationship managers and specialist staff

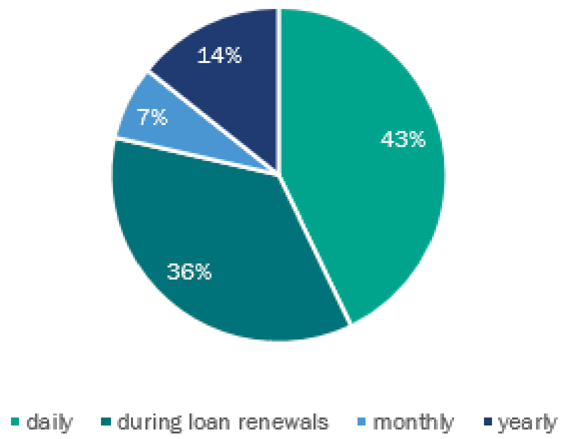
- Bank CenterCredit assigns both Relationship Managers and Credit Managers exclusively to SME clients and created a "Растущий бизнес" ("Growing Business") product team in 2021 to focus on SME product development and servicing.
- VakıfBank ensures each branch, especially in SME-dense regions, employs dedicated Relationship Managers who undergo specialised credit-assessment and risk-analysis training to tailor financing packages for local SME sectors.

Employee training programmes

- National Bank of Egypt provided over 7,000 training opportunities to 1,786 employees in its Corporate and SME segment by mid-2019, covering risk assessment, CBE-initiative structuring, and client engagement via both in-person and e-learning modules.
- ProCredit Holding invested heavily in its ProCredit Academy onboarding programme and a one-year Banker Academy, ensuring both new recruits and middle management receive tailored training on SME lending, leadership, and sustainable banking practices. Similar academies have been set up by Banca Intesa AD Beograd, Turk Ekonomi Bankası, Türkiye Halk Bankası, Yapı Kredi, Attijariwafa Bank Egypt, and the Commercial International Bank.

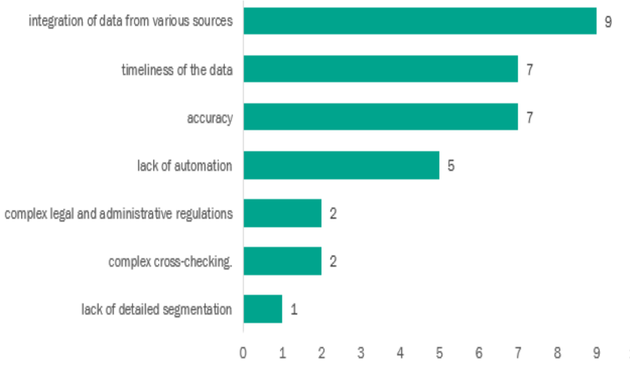
24. **Of the PFIs surveyed, 84 per cent indicated that they track SME clients separately and use this data to inform strategic decisions.** The frequency of data updates varied, with 43% reporting daily updates or updates triggered by loan renewals 36 per cent (Figure 4). Key challenges included integrating data from various sources, ensuring timeliness, accuracy and addressing the lack of automation (Figure 5). These findings suggest that SBI financing not only enhanced lending capacity but also prompted upgrades in management information systems (MIS), contributing to systemic institutional improvements.

Figure 4: SME Data Update Frequency in Surveyed PFI Systems (Grouped)



Data source: PFI Survey[2]

Figure 5: Challenges or Limitations in Tracking SME Data



Data source: PFI Survey[3]

25. **Persistent structural constraints, especially collateral requirements and information gaps, continue to limit SME access to finance.** While PFIs broadly valued EBRD's support and reported a range of operational and strategic benefits, they continued to report persistent constraints. Collateral requirements were identified as the top bottleneck by 41 per cent of respondents, while high credit risk and limited access to financial information were cited by 13–33 per cent. Regulatory and economic uncertainties were also noted by 20 per cent of PFIs.

2.2. EBRD financing through PFIs played a stabilising role during periods of SME credit tightening

26. **EBRD financing is generally counter cyclical, supporting SME finance when market conditions worsen, particularly in countries where the Bank's share of SME lending stock is relatively large.** Using bank lending survey data across nine economies — Albania, Armenia, Azerbaijan, Kazakhstan, Kosovo, Montenegro, Serbia, Türkiye, and Ukraine (see Annex 4) — the evaluation situates EBRD's interventions within diverse baseline conditions and crisis environments. In markets where the Bank has a relatively large share of SME lending stock (for example, Albania and Serbia), EBRD financing appears to play a stabilising role by maintaining credit availability for medium-sized enterprises during periods of tightening supply. However, the data also show that EBRD lending does not significantly mitigate increases in non-interest charges or collateral requirements, which remain key barriers for micro and small enterprises even when EBRD provides counter-cyclical support:

27. **EBRD lending tends to increase when SME credit supply conditions worsen, providing counter-cyclical support.** In countries where EBRD invested regularly, such as Albania, Montenegro, and Serbia, there is a strong negative correlation (–0.8 to –0.5) between EBRD investment volumes and worsening SME credit supply conditions (Figures 6 and 7). Where EBRD investment was irregular, such as in Azerbaijan, Kazakhstan, and Ukraine, this pattern was not observed. Across all nine countries combined, there is still a modest negative correlation (–0.26) between worsening supply conditions and increased EBRD investments; the associated t-statistic (1.63) indicates statistical significance at the 90 per cent confidence level. With respect to credit terms and conditions[4], comparable data were available for Montenegro, Serbia, Türkiye, Ukraine, and Kosovo (Figure 8). In these countries, EBRD investment under Pillar 1 is strongly associated with tightening

[2] PFI Survey Q: How frequently is the data on SMEs updated in your system?
[3] PFI Survey Q: Are there any challenges or limitations you face in tracking SME data?
[4] Credit terms and conditions describe the loan's contractual elements — interest rate, maturity, size, collateral, and fees.

terms and conditions — especially higher interest rate spreads and smaller loan sizes — in all except Türkiye

Figure 6: SME credit supply in Montenegro

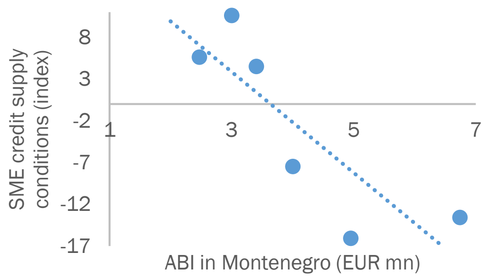
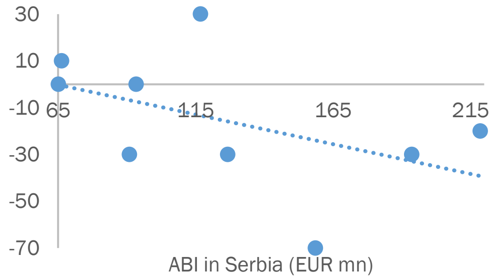
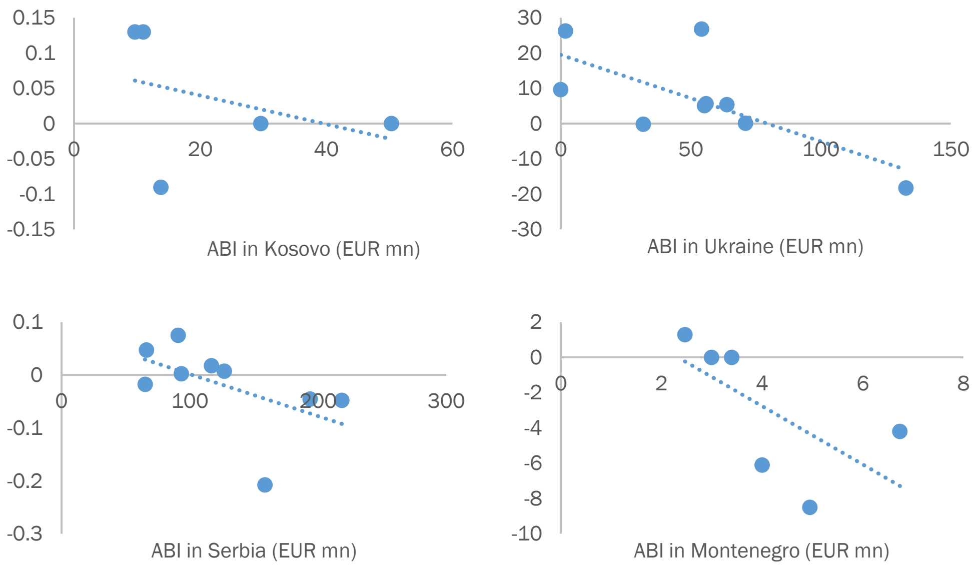


Figure 7: SME credit supply in Serbia



Source: Consolidated database from bank lending surveys – IEvD elaboration

Figure 8: Terms and conditions for SMEs based on the size of the loan



Source: Consolidated database from bank lending surveys – IEvD elaboration

28. **The case of Türkiye illustrates the general tendency whereby EBRD lending under SBI Pillar 1 is more counter-cyclical in countries where the Bank's share of total SME lending stock is relatively large and more pro-cyclical where its relative footprint is small.** In Türkiye, EBRD investment appears pro-cyclical, rising when market terms become more favourable. However, the data does not present a clear-cut distinction between counter-cyclical and pro-cyclical behaviour across all countries; rather, the pattern is nuanced. The general tendency broadly aligns with the size of economies: EBRD's share in SME lending tends to be highest in smaller markets, where its counter-cyclical contribution is more visible, and much smaller in larger economies, where its influence naturally aligns more closely with prevailing market conditions.

29. **EBRD lending does not vary observably in response to SME demand changes.** EBRD investments and SME credit demand conditions do not exhibit any association in the data with a correlation coefficient of -0.02. This is an expected finding given that the EBRD's interventions under SBI Pillar 1 primarily target the supply side, encouraging partner financial institutions to

extend more and longer-term credit to SMEs. While EBRD tends to increase financing when credit supply tightens (as seen in the negative correlation with supply standards), it does not act in response to SME demand changes. In fact, during downturns when demand weakens, the EBRD may still maintain or increase supply to sustain market access, further weakening any observed relationship.

30. **The absence of observable correlation between EBRD lending under SBI Pillar 1 and SME credit demand conditions is noteworthy for two reasons**:

- First, as mentioned above, several partner banks have increasingly invested in non-financial services such as advisory, training, and digital tools to stimulate SME demand for credit. Yet in this domain, EBRD's contribution appears far less pronounced, suggesting that the **Bank's support has remained predominantly supply-side in nature.**

- Second, evidence from rigorous impact evaluations reviewed later in this section indicates that demand-side constraints are often more binding for SMEs than supply-side factors. This implies that, while SBI financing has played an important role in easing supply constraints, greater attention to stimulating SME demand through complementary advisory, capacity-building, and risk-sharing measures may be necessary to unlock the full impact of intermediated lending.

31. Beyond its counter-cyclical role, evidence suggests that in smaller markets—particularly in Early Transition Countries (ETCs)—EBRD's intermediated financing is more likely to generate systemic financial sector effects. In these economies, the Bank's share of SME lending stock is proportionally larger, and the financial institutions portfolio is predominantly concentrated in SME finance. Moreover, the composition of partner financial institutions in ETCs is more heavily weighted towards SME-focused banks and non-bank financial institutions. Taken together, this combination of sizeable footprint, sustained engagement during downturns, and institutional concentration in SME finance increases the likelihood that EBRD-supported operations influence sector-wide lending standards, risk practices, and market structures beyond the immediate volume of credit extended.

2.3. Lack of data constrains the assessment of impact on the sub-borrowers

32. **Institutional behaviour provides important signals about the sustainability of SBI's effects but the ultimate test of impact concerns sub-borrowers: the SMEs that receive financing through PFIs.** Due to data gaps, direct evidence on end-borrowers is unavailable across most countries. The analysis therefore draws on rigorous external research conducted in comparable contexts to infer the likely effects of SBI-finance on SME growth, inclusion, and employment. To this end, this evaluation relies on two impact studies: one conducted by EBRD's Office of the Chief Economist and another by the European Investment Bank. These offer rigorous analysis of similar intermediated lending programmes and provide important lessons about the reach and impact of SME finance at the beneficiary level and are particularly relevant because:

i) EBRD's WiB Programme in Türkiye was a component of SBI Pillar 1. The study, "Blended Finance and Female Entrepreneurship" (Aydın, Bircan and De Haas, 2023), analyses the impact of the WiB programme implemented in Türkiye between 2014-20. The programme combined EBRD credit lines with a first-loss risk-sharing mechanism and technical assistance to partner financial institutions, aiming to increase access to finance for women-led SMEs.

ii) The EIB's intermediated lending programmes in the Western Balkans are, in principle, identical in structure and purpose to EBRD's SME finance under SBI Pillar 1. The study, "The Impact of the EIB's Intermediated Lending to Businesses in the Western Balkans" (EIB, 2023), evaluates the employment and investment impact of EIB's SME credit lines in Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia during the 2015–22 period.

The instrument analysed is structurally equivalent to EBRD's SBI finance: liquidity support channelled through local banks to SMEs, accompanied by technical assistance and risk-sharing mechanisms.

33. **The WiB study finds that the programme durably increased lending to female entrepreneurs, both in absolute terms and relative to male borrowers, with a meaningful share of lending reaching previously unbanked women-led SMEs.** Lending by participating banks to women rose by about 23 per cent on average. The authors decompose this increase into three channels:

- Intensive margin: Existing female borrowers received larger or more frequent loans (≈50 per cent of the total increase).
- Extensive margin (poaching): Participating banks attracted female clients from other banks, accounting for roughly 31 per cent of the increase.
- Extensive margin (first-time borrowers): Around 19 per cent of new lending went to women entrepreneurs with no previous bank loans, representing genuine financial inclusion.

34. **However, the paper finds no significant short-term impact on employment in women-led firms.** Access to finance primarily improved firms' stability and investment capacity rather than immediate job creation. At the regional level, there was no measurable increase in female labour-force participation.

35. **On the contrary, the EIB study finds that employment in beneficiary firms increased by 15 per cent immediately after receiving an EIB-supported loan, rising to around 20 per cent after two years.** This corresponds to roughly 15 new jobs per €1 million lent. Effects were strongest in Montenegro and Serbia, where financial constraints were most binding. However, this effect is primarily a result of reaching out to first-time borrowers. Firms without prior access to credit generated almost twice as many jobs as those that were already banked, highlighting the importance of reaching new borrowers.

36. **Taken together, these two studies suggest that EBRD's financing under SBI Pillar 1 has potential to contribute to SME growth, financial inclusion, and job creation** — particularly when operations reach previously unbanked or credit-constrained firms. Their results demonstrate that when extensive margin effects are strong, intermediated SME finance can have large and measurable employment impacts. In contrast, where programmes mainly serve existing borrowers, the short-term employment effects tend to be modest, as observed in the WiB study. The main lesson is that expanding the extensive margin through targeted risk-sharing, sustained technical assistance, and complementary advisory programmes is key to increasing impact.

37. **However, the evidence base remains limited to Türkiye and the Western Balkans. There is no systematic data yet available to evaluate end-borrower impacts across the broader set of SBI economies.** A future impact evaluation covering a representative sample of participating financial institutions would be needed to establish the extent to which these findings generalise to other EBRD countries of operation.

38. **The findings presented above are particularly relevant for EBRD's expansion into Sub-Saharan Africa,** where SME finance markets are typically characterised by shallow financial systems, high risk aversion among lenders, and pronounced demand-side constraints. In such contexts, limited SME readiness—reflected in weak financial management, informality, low investment planning capacity, and constrained collateral—may further limit the effectiveness of supply-side financial interventions alone. This underscores the importance of embedding demand-side support, capacity-building, and targeted risk-sharing alongside financial instruments as EBRD scales its SME offer in Sub-Saharan Africa (Annex 10).

3. Key finding 2: EBRD support delivered strong firm-level results, yet gains have not translated into market-level change

39. **This section evaluates the effectiveness of EBRD's support under the SBI in improving SMEs' access to know-how and strengthening their performance, competitiveness, and resilience.** This includes support through advisory services and policy dialogue. SBI's advisory offer spans individual advisory projects (implemented through the Advice for Small Businesses (ASB) programme), Market Development Activities (MDAs), and the more recent Group Advisory Projects (GAPs). Together, these instruments aim to address firms' managerial gaps including but not limited to operational capabilities, investment readiness, export, digitalisation and to strengthen the broader ecosystem of service providers. With respect to SME policy dialogue, the review focused on EBRD interventions related to investment councils, non-bank financing instruments (notably factoring), and SME e-procurement technical cooperation. These interventions are consistently identified in country diagnostics, strategies, SBI annual reviews, and other strategic documents as key levers for alleviating SME constraints. Together, they span efforts to enhance an enabling environment (investment councils), access to finance (factoring), and access to markets (procurement) for SMEs. These areas have also shown the most visible delivery over 2015–25 (Annex 5). Key findings are summarised in Table 6.

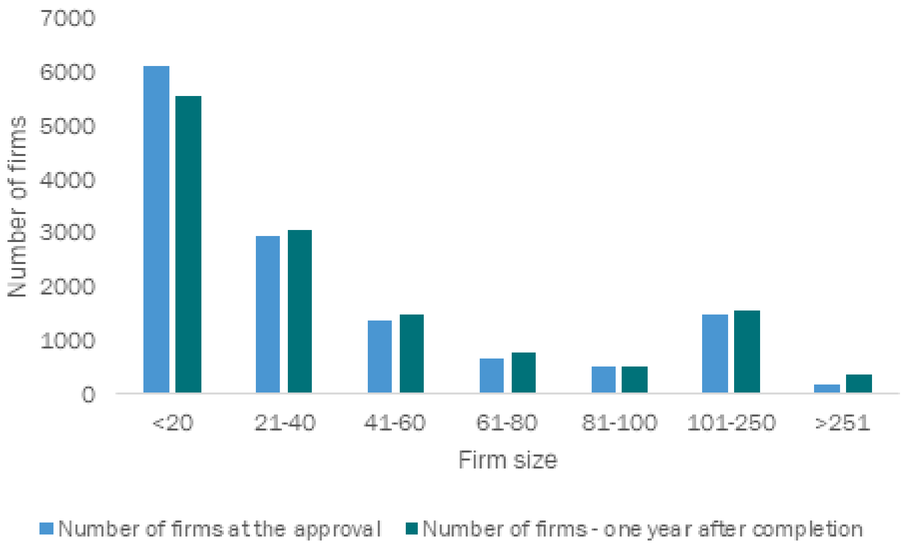
Table 6: Summary of Key Findings – Effects on SME performance

Key Findings	Supporting Evidence	Considerations for SME offer
Advisory services for SMEs delivered positive enterprise-level effects but were not sufficient to generate market-level transformation.	72–84 per cent of SMEs reported higher turnover and profitability. 65 per cent+ reported employment growth. Gains were largely incremental and did not translate into accelerated firm growth or widespread shifts in firm size distribution.	Prioritise more systematic targeting of SMEs with high growth potential, focusing advisory support on firms most likely to scale and generate spillover effects, rather than expanding coverage alone.
MDAs raised EBRD's visibility, built a client and consultant pipeline, and strengthened SME and consultant skills though impact on SME internal processes is more mixed.	Self-evaluations of MDAs indicate a positive outlook. However, assessments were less favourable regarding the introduction of new services, and improvements to internal processes.	More targeted MDA design and delivery, better integrated with other instruments, and focused on sustainable, systemic change; not just outreach or short-term skills.
Policy dialogue interventions are strategically relevant and can expand SME access to finance and markets, but effectiveness is often partial and constrained by country ownership.	Investment councils in Armenia and Kyrgyz Republic facilitated legal reforms and supported SME-friendly policies. E-procurement and factoring TCs in Tunisia and Kyrgyz Republic simplified procedures but faced implementation setbacks.	Prioritise interventions with strong country ownership and multi-actor engagement. Ensure policy dialogue is tailored to local needs and context.
Regulations and platforms open doors, but complementary enablers (for example, digital literacy, phased approaches) are needed for sustainable SME benefits.	E-signature frameworks, user-centred design, and digital skills are critical for effective e-procurement; phased approaches help build momentum for reforms (for example, factoring in Tunisia).	Pair regulatory reforms with capacity-building and phased implementation. Monitor and adapt based on feedback and outcomes.
Inclusion and reach remain challenges, especially for SMEs outside capital cities.	Regional councils in Kyrgyz Republic lack resources and authority; digital and infrastructure gaps in Tunisia limit rural SME participation in e-procurement.	Design policy dialogue and TC to address regional disparities and digital divides. Support capacity-building for local actors.

3.1. The ASB programme supported SMEs improve their performance, with value recognised by beneficiaries

40. **At approval, the firm-size distribution from the SME F&D advisory project database shows that advisory services predominantly reach smaller enterprises**: 46 per cent of all beneficiary firms employ fewer than 20 workers, and a further 22 per cent fall within the 21–40 employee range. Mid-sized SMEs make up the next largest groups, with firms employing 41–60 and 61–80 workers representing 10 per cent and 5 per cent of beneficiaries, respectively, while those in the 81–100 range account for 4 per cent. Medium-sized firms with 101–250 employees constitute 11 per cent of the portfolio, and only 1 per cent of beneficiaries employ more than 250 workers. One year after project completion, the distribution remains broadly similar, though with a slight shift toward larger size brackets: the share of firms with fewer than 20 employees declines from 46 per cent to 42 per cent, while the shares of firms in the 21–40, 41–60, 61–80, and 101–250 categories increase marginally (Figure 9).

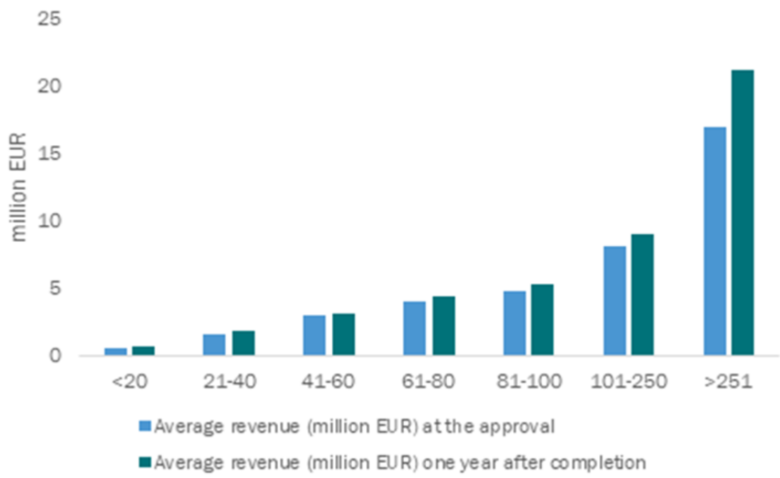
Figure 9: Employment before and after advisory services



Source: IEvD analysis from SME F&D database

41. **At approval, average revenue increases steadily with firm size, reflecting the expected relationship between scale and turnover.** Firms with fewer than 20 employees reported average annual revenue of €0.6 million, rising to €1.6 million for those in the 21–40 employee category. This trend continues among larger SMEs. Medium-sized firms with 101–250 employees had significantly higher turnover, averaging €8.1 million. One year after the completion of advisory projects, average revenues increased across all firm-size categories, though the magnitude of growth varied. The smallest firms — those with fewer than 20 employees and those with 21–40 employees — recorded revenue increases of 15 per cent, reflecting modest but broad-based improvements among micro and small enterprises. Mid-sized firms experienced more varied outcomes: firms with 41–60 employees saw only a 4 per cent increase, while those employing 61–80 and 81–100 workers registered more pronounced gains of 9 per cent and 10 per cent, respectively. Revenue growth was also significant among larger SMEs, with firms in the 101–250 employee range recording an 11 per cent increase (Figure 10).

Figure 10: Revenue before and after advisory services

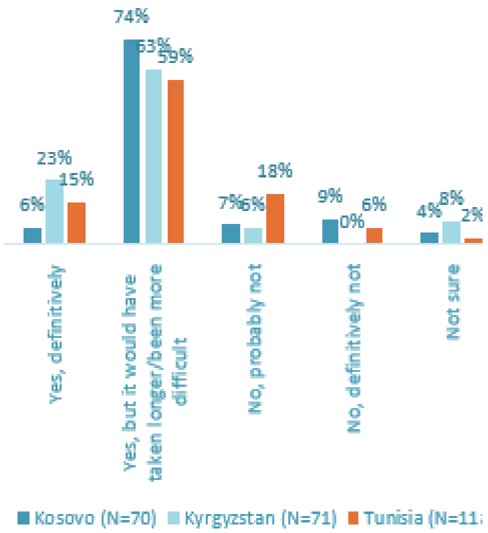


Source: IEvD analysis from SME F&D database

42. **The analysis of firm-level outcomes one year after the completion of advisory projects shows consistent and positive improvements among beneficiary SMEs.** Both employment and revenues increase across the full-size spectrum, indicating that advisory support is associated with tangible operational gains. Moreover, revenue growth systematically outpaces employment growth, pointing to rising labour productivity. This suggests that advisory projects contribute to strengthening firm-level competitiveness — beneficiaries become more efficient. It should be noted however that comparing the SME F&D data with data from the external ORBIS database suggests that revenue data are highly reliable whereas employment figures should be interpreted with greater caution (see Annex 3 for details).

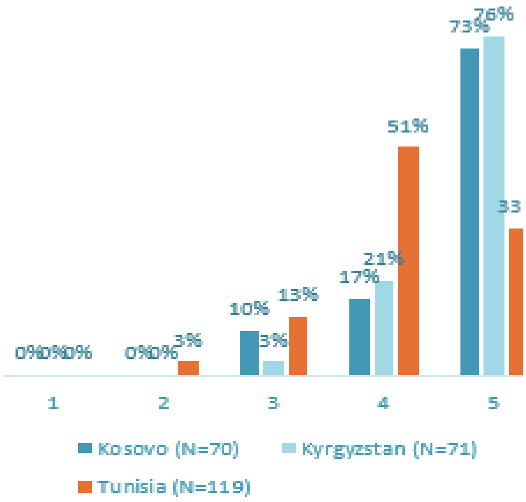
43. **Perceptions of the effectiveness of the ASB programme are overwhelmingly positive, confirming the effect noted above.** Over 90 per cent of SMEs in Kosovo and Kyrgyzstan rated the advisory services' long-term effectiveness highly, and most firms agreed that they would not have achieved the same results without EBRD's support, or at least not as quickly. Key improvements included stronger competitiveness, resilience to shocks, and measurable gains in turnover, profitability, and exports (Figures 11 and 12).

Figure 11: Counterfactual – Perceived necessity of EBRD interventions[5]



Data source: SME Survey

Figure 12: Overall long-term effectiveness ratings of ASB advisory services (scale 1 to 5)[6]



Data source: SME Survey

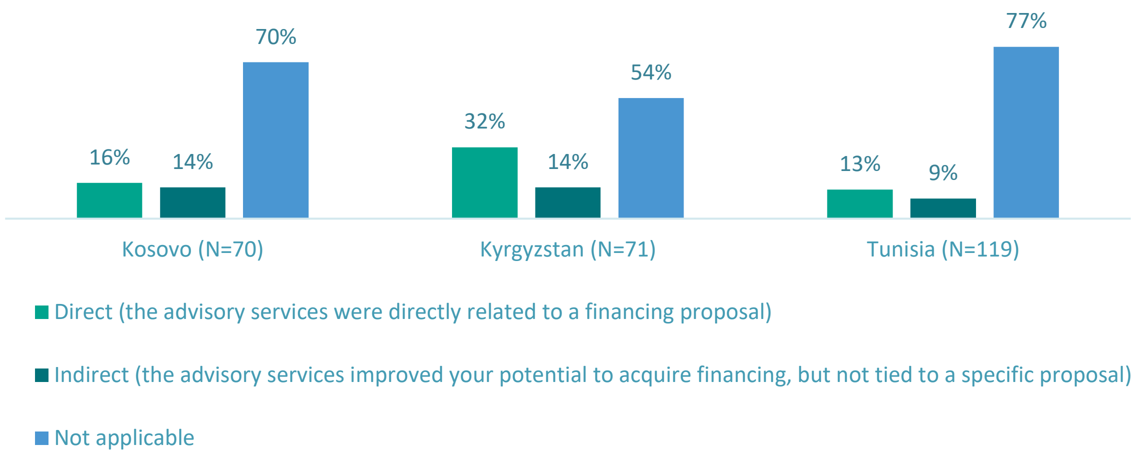
44. **Across all countries, between 72 per cent and 78 per cent of SMEs reported increased annual turnover and sales, highlighting the substantial impact of SBI-supported interventions.** Additionally, 76–84 per cent of firms indicated improved profitability, underscoring both the breadth and depth of programme effectiveness. Notably, exports grew for roughly one-third of surveyed firms, reflecting enhanced competitiveness in international markets.

45. **The same survey highlights that employment effects were significant**, with 65 per cent of Kyrgyz and 62 per cent of Tunisian SMEs reporting workforce growth. The growth was especially notable in skilled labour and technical professional roles, reflecting the program's emphasis on capacity building and operational strengthening. In Kosovo, 41 per cent of firms reported increases in skilled labour, while Tunisia followed closely at 38 per cent. Kyrgyzstan, meanwhile, saw the largest gains in middle management positions (39 per cent), suggesting a shift toward more structured organisational development.

46. **Access to external financing improved** most markedly in the Kyrgyz Republic (46 per cent) and Kosovo (30 per cent), indicating a positive shift in the local finance ecosystem (Figure 13). Tunisia, however, saw only 23 per cent of firms report easier access to finance, suggesting persistent challenges that may require targeted interventions.

[5] Question: Think about all the positive changes that happened with your company because of the most recent EBRD intervention. If the EBRD had not provided this intervention, would your company still have experienced these changes or achieved these results?
[6] Question: On a scale of 1 to 5, how would you rate the overall long-term effectiveness of the EBRD advisory services for your company?

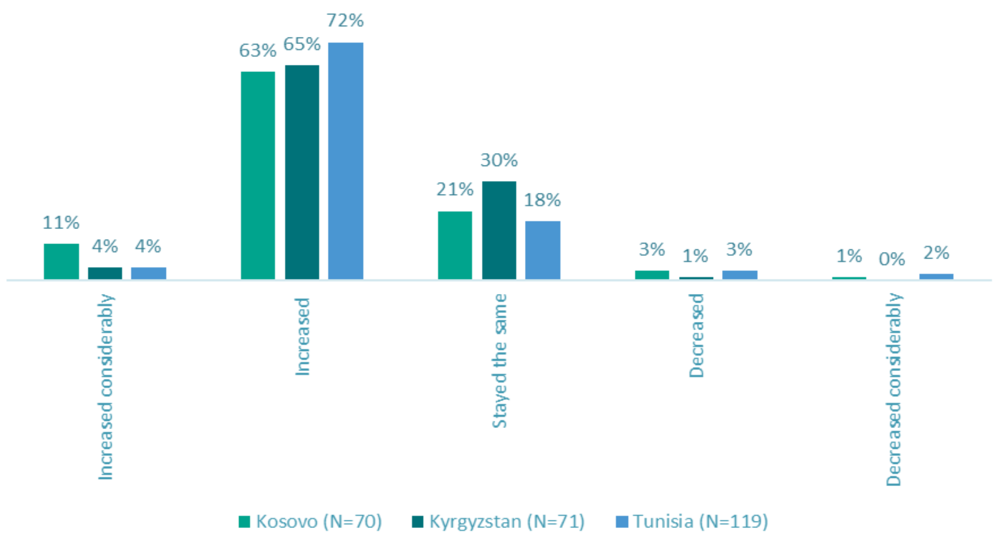
Figure 13: Financial impact[7]



Data source: SME Survey

47. **A strong proportion of firms, approximately 70–76 per cent, reported gains in market share, signalling improved competitive positioning (Figure 14).** Over half of SMEs noted enhanced resilience to shocks, attributing this to strengthened processes, upgraded risk management practices, and accelerated digitalisation, all of which contribute to long-term stability. This finding is confirmed by focus group discussions with SME beneficiaries in Morocco and Kazakhstan during the Early-Stage Evaluation of EBRD's Digital Approach (2022-24)[8]. Participants reported that, as a result, they developed new products, optimised data usage, enhanced business competencies and strategic focus, increased sales, and expanded their networks.

Figure 14: Market share

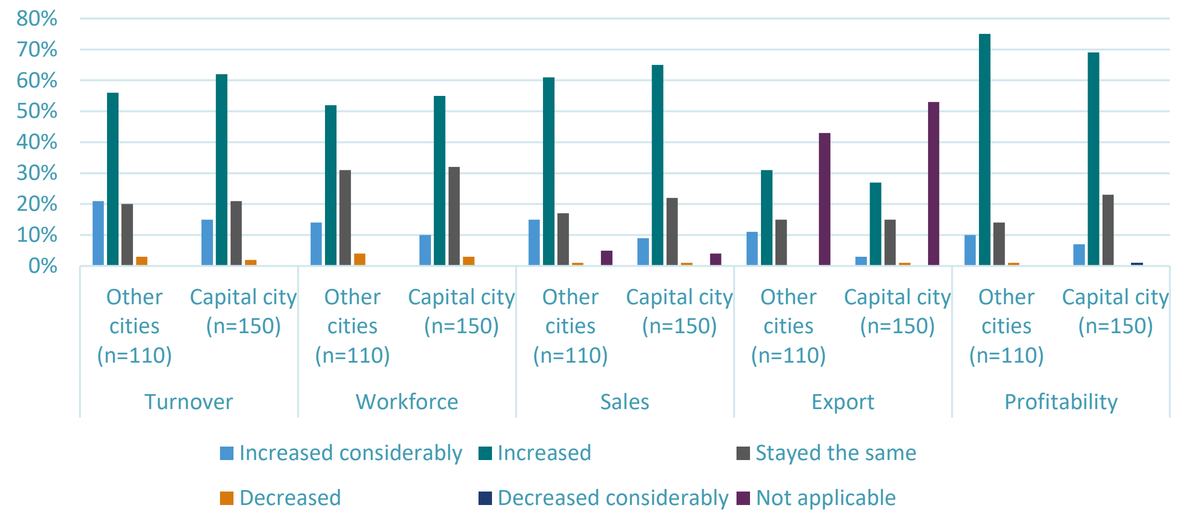


Data source: SME Survey

[7] Question: What was the financial impact of the EBRD intervention?
[8] IEvD: Evaluation of the EBRD's Digital Approach

48. **Based on the survey, SMEs located outside capital cities experienced notably stronger and more sustained improvements in productivity, turnover, employment, and access to finance** because of EBRD interventions. These businesses often valued the credibility and structured approach of EBRD support and reported that the advisory services had a more pronounced impact on their operational outcomes compared to their counterparts in capital cities (Figure 15).

Figure 15: Changes in metrics by location

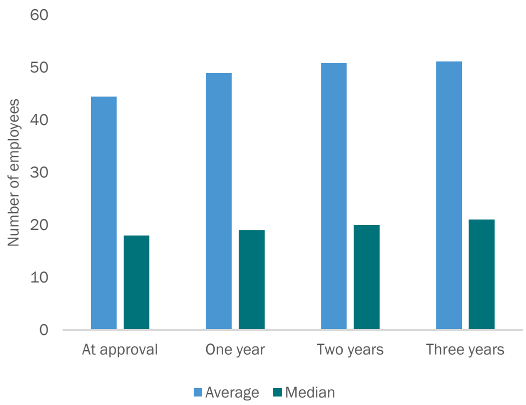


Data source: SME Survey

49. **Extending the analysis to a three-year horizon shows that employment growth continues modestly during the second year but plateaus thereafter.** To examine whether the performance gains observed one year after project completion persist or accelerate over time, the evaluation extended the analysis using ORBIS data for more than 1,000 advisory beneficiaries with employment records and over 1,100 firms with revenue data up to three years after completion. Average employment increases from 44 workers at approval to 49 after one year and 51 after two years but remains unchanged between the second and third year. Median employment rises more steadily from 18 workers at approval to 19, 20, and 21 over the first, second, and third years, indicating that small firms continue to add workers gradually even as the larger firms in the sample stop expanding. Thus, while small enterprises show ongoing incremental gains, the overall pattern suggests that employment growth stabilises rather than accelerates.

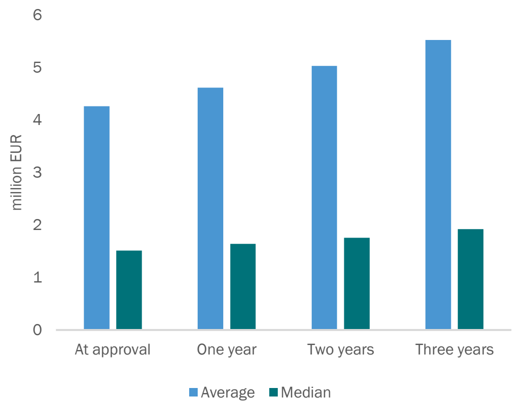
50. **In contrast, revenue growth continues throughout the three-year horizon**. Average revenue increases from €4.3 million at approval to €4.6 million after one year, €5.0 million after two years, and €5.5 million after three years. Median revenue shows a similarly steady rise from €1.5 million at approval to €1.6 million, €1.8 million, and €1.9 million, respectively, indicating that revenue improvements persist both for small firms and medium-sized firms alike. However, despite continued revenue growth, the pattern remains linear and incremental, with no evidence of acceleration in either revenue or employment trajectories (Figures 16 and 17).

Figure 16: Employment – three years after



Source: IEvD analysis from ORBIS databases

Figure 17: Revenue – three years after



Source: IEvD analysis from ORBIS databases

51. **Survey responses show a very strong willingness among SMEs to re-engage with the EBRD's advisory services.** Across all three countries, the majority of companies expressed a desire to participate again, with over 80 per cent in Kosovo and Tunisia responding "yes, without hesitation," and 68 per cent in Kyrgyzstan giving the same response. This enthusiasm is echoed in both capital and non-capital cities, with 88 per cent of SMEs in capital cities and 83 per cent in other locations stating they would re-engage "without hesitation."

52. **Despite these encouraging performance improvements, the overall profile of beneficiaries remains largely unchanged. Small firms remain small, medium firms remain medium, and very few show signs of transitioning towards the scale thresholds associated with large firms.** Large firms fulfil distinct economic functions such as innovation, export capability, productivity spillovers, ecosystem shaping, that smaller firms rarely achieve without transitioning across major size thresholds. Therefore, unless SMEs grow substantially and cross into the "large-firm" segment, their firm-level gains, however positive, are unlikely to translate into market-level systemic effects.[9]

53. **Overall, findings suggest that while advisory beneficiaries continue to improve their performance over a longer horizon, the pace of growth remains modest and does not exhibit the type of rapid scaling, discontinuous jumps, or threshold effects associated with systemic impact.** Firms continue to grow, but not fast enough or far enough to shift into new size categories at scale or to influence market structures. As such, the extended observation window reinforces the conclusion that advisory services generate meaningful firm-level benefits but do not produce the scale dynamics necessary to trigger market-level systemic change.

3.2. Policy dialogue can enable SME access to finance and markets, but depends on country ownership and SME capacity

54. **The evaluation found TC projects and investment council interventions reviewed strategically relevant and partially effective in expanding SME access to finance and markets.** IEvD reviewed TC projects supporting SME participation in e-procurement systems in Kyrgyz Republic, Tunisia and Tajikistan, and the factoring regulatory reform in Tunisia, drawing on the available project documentation and previous evaluations where relevant.[10] EBRD's work with investment councils was also reviewed, benefitting from several existing independent assessments. For each

[9] Ciani, Andrea, Marie Caitriona Hyland, Nona Karalashvili, Jennifer L. Keller, Alexandros Ragoussis, and Trang Thu Tran. 2020. Making It Big: Why Developing Countries Need More Large Firms. Washington, DC: World Bank. doi: 10.1596/978-1-4648-1557-7. License: Creative Commons Attribution CC BY 3.0 IGO

[10] Such as IEvD's Evaluation of EBRD's Policy Dialogue Activities and the Evaluation of the Legal Transition Programme

intervention, the evaluation was able to establish strategic relevance and, to varying degrees, effectiveness in expanding SME access to finance and markets (Annex 6).

55. **EBRD's work with Investment Councils was effective in facilitating the adoption of reforms beneficial to SMEs in Armenia and Kyrgyz Republic.** In both countries, EBRD helped fund the Investment Council Secretariat. In Armenia, legal reforms endorsed by the Investment Council enabled sub-leasing and opened public procurement to 40,000+ SMEs. Subsidised loans supported equipment upgrades for over 50,000 SMEs. Labour Code amendments introduced flexible work conditions. EU Late Payments Directive integration helped 10,000 SMEs access retail chains, benefiting 80,000 small farmers.[11] In Kyrgyz Republic, the Investment Council has played a significant role in shaping legislation and regulation, such as tax administration improvements, PPP law, establishing a high-tech park and strategies for industry development. They have also absorbed activities of other independent bodies, such as the Business Ombudsman and PPP Centre.[12]

56. **E-procurement TCs initially introduced simplified procedures and regulatory measures to boost SME access to markets.** Efforts to expand SME access to e-procurement in Tunisia, through Phase I of the TC project, initially helped simplify key procedures, including registration, bidding and e-signatures within the Tunisian e-procurement system, and introduced an e-shopping mall to support low-value procurement between 2016-17. The reform aligned Tunisia's procurement legislation with UNCITRAL model law principles. However, the outcomes for SMEs remain difficult to determine for reasons outlined in subsequent paragraphs. A similar pattern was observed in Kyrgyz Republic, where the 2017 e-procurement reform, launched with strong international support, made early progress in improving transparency through regulatory measures and electronic bidding, but these gains were later reversed following a change of government in 2021 (Annex 8).

57. **The TC on the factoring regulation in Tunisia reform was initiated after a formal request of the Tunisian Ministry of Finance, signalling a direct country need. Following a government reshuffle, the factoring law was not ultimately adopted.** The project deliverables were completed, and a draft regulation has been prepared in accordance with international standards. However, the lack of participation from key government stakeholders after a cabinet reshuffle prevented the project from reaching its main KPI which was the adoption of the factoring law (Annex 7).

58. **The reviewed TCs underscore the central importance of sustained country ownership and broad, multi-actor engagement as critical drivers of results for SMEs.** This is illustrated by the procurement TC in Kyrgyz Republic and the factoring TC in Tunisia. In Kyrgyz Republic, EBRD committed €593,500 through the SSF for developing e-procurement regulatory frameworks, systems and processes in 2017. Early progress in procurement transparency and SME access through electronic bidding was initially promising but proved fragile later: a subsequent change in government in 2021 led to the shutdown of systems and the cessation of data publication, effectively reversing access gains for SMEs.[13] In Tunisia, despite a formal request from the ministry of finance to launch the project in 2016 and the preparation of a draft factoring law by the EBRD consultant, the disengagement of the Ministry of Justice compounded by government reshuffles in 2019 stalled the adoption of the reform, delaying improved SME access to non-bank finance.

59. **IEvD's recent Local Currency Finance Evaluation similarly highlighted that EBRD-assisted policy platforms' potential to boost SME access to finance was dependent on government buy-in.** This evaluation found that structured policy platforms such as Money Market Working Groups and the Money Market Diagnostics Framework proved effective in identifying and sequencing reforms that reduce frictions in local currency (LCY) funding for banks that lend to SMEs. Their impact, however, depended entirely on sustained engagement from authorities: reform-minded

[11] (FCDO) Evaluation of Investors Council Projects in the Eastern Neighbourhood Good Governance Fund (2024)
[12] IEvD Policy Dialogue Evaluation (2024)
[13] Ibid

counterparts in Georgia, Kazakhstan and Uzbekistan translated diagnostics into concrete market changes, while countries with limited or inconsistent participation such as Albania, Tunisia and Egypt after the Covid-19 period saw far weaker follow-through.

60. **Reviewed TCs demonstrated that SMEs outside of capital cities may need tailored pathways.** The Independent Review of the Investment Council in Kyrgyz Republic underscores the need to push public–private dialogue beyond Bishkek by professionalising and resourcing Regional Investment Councils (RICs). Another concern about regional inclusion is identified through reviewing EBRD project documents and other organisations' assessment of TUNEPS (Annex 5), which point to issues related to gaps in internet connectivity and digital infrastructure in various regions of Tunisia limiting access for rural SMEs to e-procurement, with risks to reinforce pre-existing geographic and economic inequalities. Yet, EBRD's technical cooperation assignment in Tunisia did aim to bridge some of these digital gaps through digital training components, contributed to reforms enabling mobile-based e-signature and online bidding, and leveraged chambers of commerce to expand internet access.

61. **The review also finds that regulations open doors while complementary enablers such as capacity and market building turn these efforts into actual SME benefits.** The EBRD project documents as well as other reviews of the Tunisian E-Procurement System (TUNEPS) demonstrated the need to adopt e-signature frameworks, user-centred platform design, and boosting the digital literacy for both contracting authorities and SMEs. EBRD implemented these steps as part of or to complement its TC efforts, as outlined in Annex 5. Where these are missing (e.g., upload constraints and uneven digital skills), participation stays limited despite formal rules. The experience with the factoring TC in Tunisia also demonstrates the importance of using a phased approach for large-scale interventions to build momentum and stakeholder engagement before drafting legislation.

3.3. Market Development Activities and newer Group Advisory Projects show SBI's growing reach to SMEs and consultants but questions about impact and sustainability remain

62. **MDAs, a long-standing pillar of SBI's advisory offer, have evolved into a core mechanism for expanding entrepreneurial skills, strengthening advisory services, and enhancing the visibility of EBRD's SME support offering.** Their reach has expanded dramatically over recent years. Throughout 2020-23, a period of multiple crises, the number of 3.3. Market Development Activities (MDAs) and Sector Development activities (SDAs) as well as other non-project activities increased significantly. In 2021, 31 per cent of all non-project activities were in fact dedicated to crisis response with a total of 9,648 SMEs reached. Between 2021-23, a significant percentage of non-project activities were delivered digitally (2021: 33 per cent; 2022: 32 per cent, 2023: 22 per cent). This was possibly to meet the challenge of the pandemic. SBI is increasingly using this tool as a core component of its SME offer to deliver impact at scale. The following analysis is based on the evaluation team's review of MDA self-evaluations[14], as provided by the SME F&D team. It focused on MDAs started between 2015-23, in Kosovo, Kyrgyz Republic and Tunisia.

63. **The evaluation evidence confirms that MDAs are generally effective in meeting their immediate objectives.** Across Kosovo, Kyrgyz Republic and Tunisia, around 69 per cent of responses to key true/false evaluation questions were positive, indicating that most MDAs achieved what they set out to do[15]. The strongest performance relates to expanding EBRD's pipeline, reaching new clients, identifying new consultants, and enhancing visibility across different

[14] MDA evaluations are completed 6 to 9 months after country teams complete MDAs. For MDAs that started between 2015-23, 396 MDA evaluations were completed for Kosovo, Kyrgyz Republic and Tunisia (IEvD's countries of focus for this chapter). Questions cover true/false types of responses to whether specific MDA objectives have been accomplished, the overall impact and evaluation impact, lessons learned, recommendations and other qualitative descriptions. This represents good practice from ASB. Below is an analysis representing the responses.

[15] Between 2015-23, out of 957 times an MDA evaluation question was posed with a true or false answer, 662 were true and 295 false.

media channels. Likewise, consultants frequently reported applying newly acquired skills, an encouraging sign that capacity-building efforts are translating into practical use.

64. **However, the MDA self-evaluations also reveal areas where outcomes are more mixed. Beneficiary organisations were less likely to report introducing new services, strengthening internal processes, engaging more robustly with the private sector, or hiring new staff.** These categories account for roughly 41 per cent of negative responses[16], signalling persistent challenges in translating short-term advisory support into deeper organisational change. Access to finance, while not a central objective of most MDAs, performs well when explicitly targeted, and several qualitative lessons highlight the importance of closer coordination with PFIs, particularly in programmes like WiB.

65. **The reflections captured in the "lessons learned" reinforce the importance of tailoring interventions to local needs and ensuring strong stakeholder engagement. Trainings** that use real cases, interactive elements, and sector-specific groupings tend to resonate most with participants. Similarly, communication efforts, networking events, and targeted initiatives — especially those aimed at women entrepreneurs — enhance both relevance and reach.

66. **GAPs, introduced more recently to expand advisory support to micro-enterprises, show a similarly positive yet distinct pattern of results.** GAPs deliver advisory services to three or more enterprises through one or more consultants. They combine local and international expertise or training to address shared business needs. The standardised design of GAPs allows advisory services to be delivered more to smaller and less mature enterprises that are not yet ready for fully customised consultancy. As per the 2023 Operational Manual, GAP evaluations conducted by SME F&D take place once a year after project completion as a follow-up with the client. Thirty GAP evaluations were available in total.

67. **Despite the smaller sample of 30 evaluated projects, the findings suggest that GAPs offer meaningful, tangible improvements at the enterprise level.** Nearly all SMEs that completed GAPs reported improvements in business functioning, and the majority fully implemented the advice received. Importantly, GAPs also foster continuity: over half of SMEs re-engaged consultants after the project and maintained peer connections. This is an indication that GAPs help build networks that extend beyond the life of the intervention.

68. **The qualitative evidence further underscores GAPs' contribution to digitalisation, with nearly half of the impact-related responses highlighting benefits in areas such as e-commerce and digital marketing.** Sustainability themes, particularly certification and energy efficiency, appear repeatedly as well, suggesting that GAPs can support SMEs in adopting forward-looking practices. While some challenges emerged, these were largely related to external constraints such as political instability or limited internal resources, rather than weaknesses in project design.

[16] 121 out of 295.

4. Key finding 3: EBRD support has enabled greener, more inclusive and digital practices, but adoption remains uneven

69. **The analysis across the green, inclusion, and digitalisation dimensions demonstrates that the SBI has advanced the Bank's transition objectives in concrete and complementary ways.** Green practices have become increasingly mainstreamed through credit lines and advisory programmes, supporting EBRD's Green Economy Transition (GET 2.0) objectives of accelerating decarbonisation, resource efficiency and environmental resilience across its regions. Financial inclusion has deepened through WiB and Youth in Business programmes, aligning with the equality-of-opportunity transition quality. Progress in digitalisation, while uneven, has positioned both SMEs and partner banks to operate more efficiently and transparently. Key findings are summarised in Table 7.

Table 7: Summary of key findings - Long-term impact

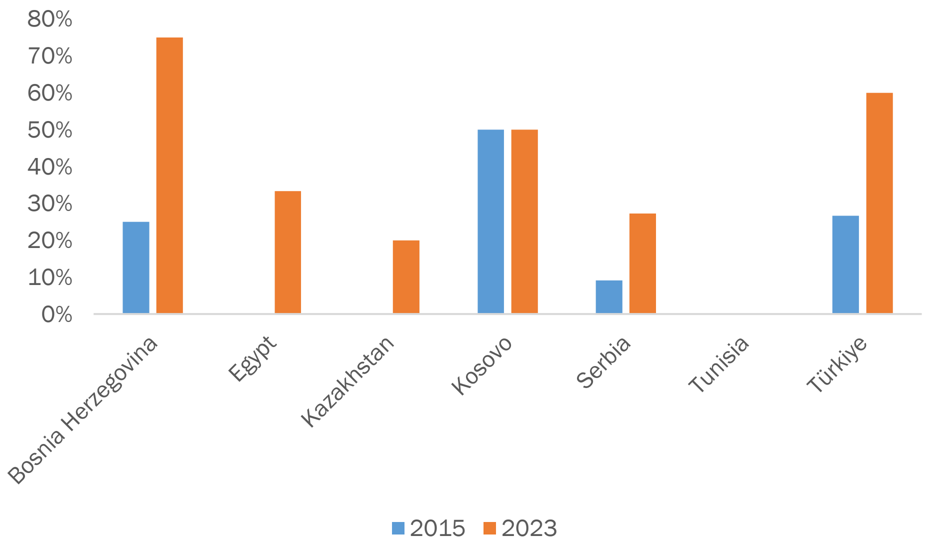
Key Finding	Supporting Evidence	Considerations for SME offer
Among PFIs, EBRD's contribution is strongly recognised in green and gender finance, less so in digitalisation and non-financial services.G	11 PFIs integrated ESG or green lending; examples include ProCredit Bosnia and Herzegovina's GoDigital and KMF Kazakhstan's green schemes. Annual reports and surveys attribute green/gender progress to EBRD; digitalisation and non-financial services less so.	Deepen green product development and expand green transition finance. Strengthen the emphasis on digitalisation and provision of non-financial services by PFIs
PFIs increasingly view inclusion-oriented products as commercially viable, not just donor-driven. Financial inclusion improved, particularly through WiB and regional outreach.	WiB mobilised over €1bn; increased access to finance in Kyrgyzstan and Kosovo. PFI survey responses.	Maintain inclusion as a core dimension of Pillar 1. Leverage the shift in perception to further mainstream inclusive finance.
Digitalisation gained traction mainly in PFI operations and advisory delivery, but SME-targeted digital lending remains limited.	PFIs upgraded internal systems; SME advisory and MDAs shifted to digital delivery (Know-How Academy, online trainings).	Integrate digital platforms across all SME services; accelerate SME-targeted digital finance products.
Non-financial services expanded modestly but remain supplementary.	Advisory, training, and networking services increased, but are not yet core to SME strategies.	Scale up non-financial services and integrate with financial products for systemic impact.
SBI proved flexible in crisis response, but sustainability mechanisms need strengthening.	Demonstrated adaptability to COVID-19 and Ukraine crises; limited continuity post-project.	Design the new SME offer for adaptive programming and continuous learning loops.

4.1. PFIs acknowledge improved green and inclusion practices, but digitalisation is yet to scale

70. **The review of PFIs annual reports assessed whether partner banks introduced SME-specific products and services aligned with EBRD's climate and green finance priorities. The findings show a clear but uneven progression across countries.** Bosnia and Herzegovina demonstrates the strongest improvement, with the share of banks reporting SME-exclusive green or sustainability

initiatives rising from 25 per cent in 2015 to 75 per cent in 2023. Türkiye also shows significant growth, increasing from 27 per cent to 60 per cent over the same period, reflecting a steady integration of climate objectives into SME offerings. Egypt and Kazakhstan exhibit more modest progress, reaching 33 per cent and 20 per cent respectively by 2023, while Kosovo remains unchanged at 50 per cent suggesting early adoption but limited expansion. Serbia records incremental growth from 9 per cent to 27 per cent, and Tunisia reports no SME-specific green initiatives in either year. Overall, while the trend indicates growing attention to climate-focused SME finance, the pace of adoption varies widely, with Western Balkans showing slower progress compared to Türkiye and Bosnia and Herzegovina (Figure 18).

Figure 18: Share of banks – SME-specific climate/green/sustainability products



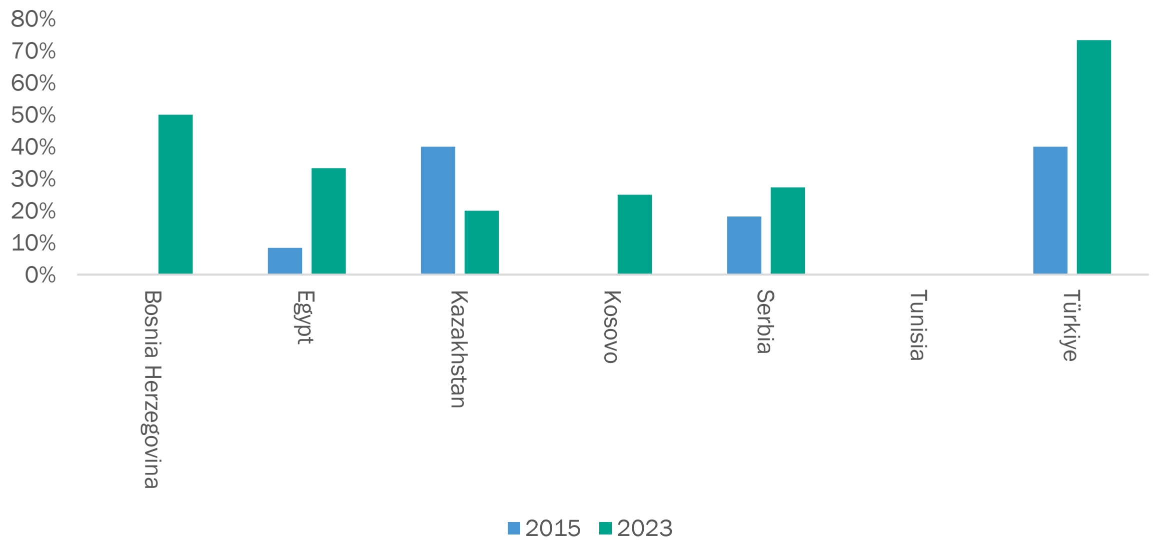
Source: Analysis from annual reports of partner banks

71. **PFIs' self-perception of EBRD's influence on environmental sustainability has however been positive across all surveyed countries.** Overall, the survey findings suggest that SBI financing served as a systemic entry point for mainstreaming ESG principles, with PFIs now actively developing internal frameworks to support green lending. Eleven PFIs explicitly referenced the integration of ESG or green lending practices. In Bosnia and Herzegovina and Tajikistan, banks such as BA-Sparkasse and TJ-Eskhata reported the direct adoption of green finance and energy-efficient financing. In Kazakhstan, institutions like KMF and Arnur Credit went a step further by establishing internal ESG units and piloting green financing initiatives, despite limited market incentives. ProCredit Bank Bosnia and Herzegovina's GoDigital facility supported 61 SMEs between 2022 and 2025 with a focus on energy-efficient machinery and automation. Similarly, KMF Kazakhstan developed WiB and green finance schemes under EBRD's guidance.

72. **The analysis of annual reports also explored whether partner banks introduced SME-specific products and services aimed at supporting women entrepreneurs, in line with EBRD's gender strategy. The results show notable progress in some markets, though the trend is uneven.** Türkiye leads with a significant increase from 40 per cent of banks reporting such initiatives in 2015 to 73 per cent in 2023, reflecting strong engagement through dedicated credit lines, guarantee schemes, and mentorship programmes for women-led SMEs. Bosnia and Herzegovina shows meaningful improvement, rising from 0 per cent to 50 per cent, while Egypt moves from 8 per cent to 33 per cent, indicating growing attention to gender-focused finance. Serbia records a modest increase from 18 per cent to 27 per cent, and Kosovo reaches 25 per cent by 2023 after starting at zero. In contrast, Kazakhstan declines from 40 per cent to 20 per cent, and Tunisia reports no gender-specific SME initiatives in either year (Figure 19). These programmes typically include preferential loans for women-owned businesses, guarantee facilities, and capacity-building initiatives such as

training and accelerator programmes designed to strengthen women's participation in entrepreneurship. Overall, while gender alignment has advanced in several countries, progress remains uneven and concentrated in Türkiye and parts of the Western Balkans.

Figure 19: Share of banks – SME-specific gender products

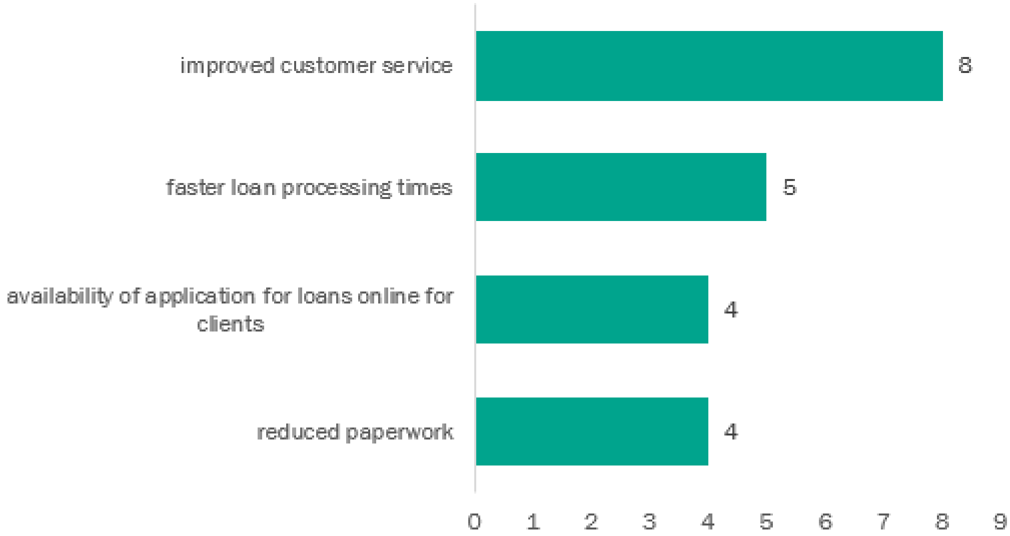


Source: Analysis from annual reports of partner banks

73. **By contrast, the PFI survey highlights specific examples of inclusion efforts, even in markets where overall reporting trends are weak. Gender and youth inclusion emerged as key themes in Kazakhstan and Tajikistan, where PFIs leveraged EBRD facilities to reach underbanked groups.** KMF and Arnur Credit launched dedicated programmes targeting young entrepreneurs (under 30) and women-led enterprises, offering preferential loan terms and tailored advisory services. In Tajikistan, PFIs such as Arvand Bank and IMON International adopted inclusive lending practices aligned with EBRD's WiB standards. Although quantitative evidence remains limited, qualitative responses indicate a behavioural shift among PFIs. Increasingly, inclusion-oriented products are viewed not merely as donor-driven initiatives but as commercially viable offerings that align with institutional goals.

74. **Digitalisation has emerged as a major outcome of EBRD engagement in the PFI survey primarily in terms of PFIs' own operational improvements.** Eight PFIs reported that EBRD had a direct or indirect influence on their digitalisation agendas, while five PFIs highlighted improvements such as faster loan processing and enhanced online client interfaces. Examples of digital transformation include ProCredit Bank Bosnia and Herzegovina's upgraded e-banking and m-banking platforms, Sparkasse Bank's introduction of Business Intelligence tools for portfolio analysis and ESG tagging, and the expansion of digital credit scoring systems by Tajikistan's HUMO and IMON following EBRD advisory projects. These developments reflect a broader trend toward increased competitiveness and resilience through digital innovation (Figure 20).

Figure 20: Impact of Digital Enhancements on PFI's Efficiency and Customer Service



Data source: PFI Survey

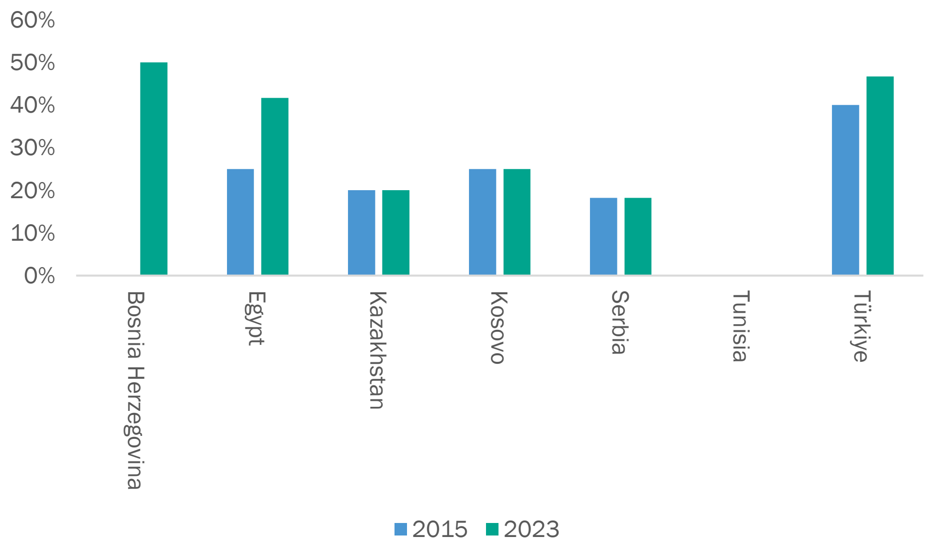
75. **However, this does not translate into SME-specific lending products for digitalisation. Analysis of annual reports shows no evidence of credit products aimed at financing SME digital transformation.** The only references found were in eight reports mentioning EBRD's "SME Go Digital" programme, and these were linked to non-financial services such as advisory and training rather than credit products. This indicates that, while partner banks increasingly report on green and gender-focused activities, they do not appear to view lending for digitalisation as part of their SME strategy. The absence of SME-specific digital finance suggests a gap between EBRD's strategic priorities and the current practices of partner banks, highlighting an area for potential future engagement.

76. **Although partner banks do not report SME-specific lending products aimed at digitalisation, the analysis shows that they have actively pursued their own digital transformation to improve outreach and service delivery for SMEs.** Over the years, banks have moved from basic online portals and SMS-based loan applications to comprehensive digital ecosystems that integrate onboarding, payments, lending, and analytics. Many institutions now offer mobile-first applications, real-time transaction tools, and automated credit decisioning, significantly reducing turnaround times for SME clients. In addition, several banks provide non-financial digital advisory services, helping SMEs adopt e-commerce solutions, digital marketing strategies, and online business management tools. These efforts indicate that while digitalisation is not yet embedded in SME lending products, partner banks recognise its importance for client engagement and operational efficiency and increasingly incorporate it into advisory and service platforms.

77. **Banks are also using digitalisation to enhance the delivery of non-financial services, though this remains modest and largely supplementary.** The analysis of non-financial services offered by partner banks shows a modest upward trend over the evaluation period. These services include advisory, training, workshops, and networking opportunities designed to strengthen SME capabilities beyond access to finance. Türkiye leads with an increase from 40 per cent of banks reporting such services in 2015 to 47 per cent in 2023, while Egypt moves from 25 per cent to 42 per cent, indicating gradual progress. Bosnia and Herzegovina shows the most significant improvement, rising from zero to 50 per cent, whereas Kazakhstan and Kosovo remain unchanged at 20 per cent and 25 per cent respectively. Serbia records no growth, staying at 18 per cent, and Tunisia reports no activity in either year (Figure 21). Overall, while non-financial services are becoming more common, the pace of expansion is slow and uneven, suggesting that these offerings remain supplementary rather than a core component of SME strategies. This highlights

an opportunity for deeper engagement, as such services, when scaled, can play a critical role in addressing gaps in SME's access to finance from demand side.

Figure 21: Share of banks – non-financial services to SMEs



Source: Analysis from annual reports of partner banks.

78. **While annual report analysis indicates that SME-specific lending for digitalisation is not yet mainstream among partner banks, recent IEvD evaluation of EBRD's Digital Approach highlights emerging initiatives designed to close this gap.** Most digital products and services supporting SME finance and development are delivered via PFIs, with some provided directly through the ASB Programme. Key instruments include the Digital Transformation Financing Facility, the Digital Technology Selector piloted in Morocco for WiB, the Green Technology Selector under GEFF projects, the Supply Chains Solutions Framework, and the Go Digital financing facility in the Western Balkans. Looking ahead, tools such as the Digital Barometer — a maturity assessment for SMEs in Türkiye — will be integrated into PFI finance, signalling EBRD's strategic commitment to embedding digitalisation in SME finance.

79. **An important question is whether the observed changes can be attributed to EBRD's engagement under SBI Pillar 1. The evidence from annual reports suggests a strong link in certain areas.** Whenever SME-specific climate or green finance is mentioned, EBRD is referenced in 46 per cent of cases, and for gender-focused SME initiatives, the figure is 35 per cent. Mentions of other development institutions are far less frequent and not comparable to EBRD's presence, reinforcing the perception of EBRD as a key contributor in these domains. By contrast, this attribution is absent for digitalisation, as there is virtually no SME-specific lending aimed at supporting digital transformation. For non-financial services, EBRD is referenced in only 15 per cent of cases, indicating that even if there is some contribution, it is challenging to detect with the methods applied.

80. In summary, **the review of partner banks' annual reports and PFI survey responses indicates that EBRD engagement under SBI Pillar 1 has driven progress in green and gender-focused SME finance, with notable gains in markets like Türkiye and Bosnia and Herzegovina, though adoption remains uneven.** PFIs report strong internal digitalisation improvements, but SME-specific lending for digital transformation is absent, highlighting a strategic gap. Non-financial services such as advisory and training have grown modestly but remain supplementary, suggesting opportunities for deeper integration and systemic impact.

4.2. SMEs report sustained progress across green, inclusive and digital practices

81. **Across all three countries where IEvD conducted the SMEs survey, a significant majority of firms not only experienced positive changes during the intervention but also reported that these improvements were maintained over time.** For example, 66 per cent of firms in Kosovo, 82 per cent in Kyrgyzstan, and 83 per cent in Tunisia indicated that they had built upon the improvements introduced by the EBRD's advisory services, suggesting that the knowledge, processes, and standards gained were embedded into their ongoing operations.

82. **The SME survey responses also highlight that the durability of these outcomes is particularly strong in non-capital city SMEs,** which generally reported a more sustained positive effect on key metrics such as productivity, turnover, and employment (Table 8).

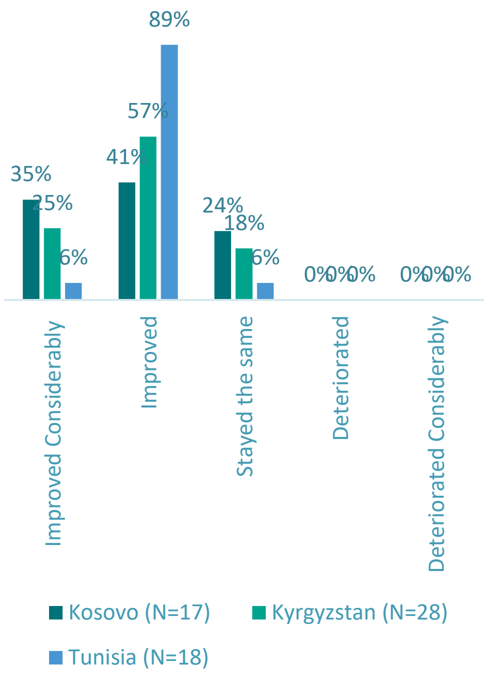
Table 8: Country-level highlights from the 2025 SME survey

Country	Green practices	Financial inclusion	Women & Youth inclusion	Digitalisation	Other notable points
Tunisia	89% of SMEs improved environmental practices; 50% obtained green certificates; 44% adopted renewable energy.	23% of SMEs reported improved access to finance (lowest among the three countries).	70% increased women's employment; 55% increased women's leadership; 82% increased youth employment.	75% of participants improved digital practices; 89% improved digital standards (mostly incremental).	Widespread but incremental change; delays in project pace noted by some SMEs.
Kosovo	82% of participants in green programs improved standards (vs. 25% of non-participants).	30% of SMEs reported improved access to finance.	66% increased women's employment; 41% increased women's leadership; 86% increased youth employment.	80% of participants improved digital practices; strong adoption of new technologies and skills.	Highest "considerable" improvement in female participation; strong social inclusion gains.
Kyrgyzstan	57% of SMEs improved environmental standards (more modest progress).	46% of SMEs reported improved access to finance (highest among the three countries).	66% increased women's employment; 38% increased women's leadership; 67% increased youth employment.	85% of participants improved digital practices; strong gains in digital skills and adoption.	Balanced but less dramatic improvements; lowest "considerable" improvement rates.

Data source: SME Survey

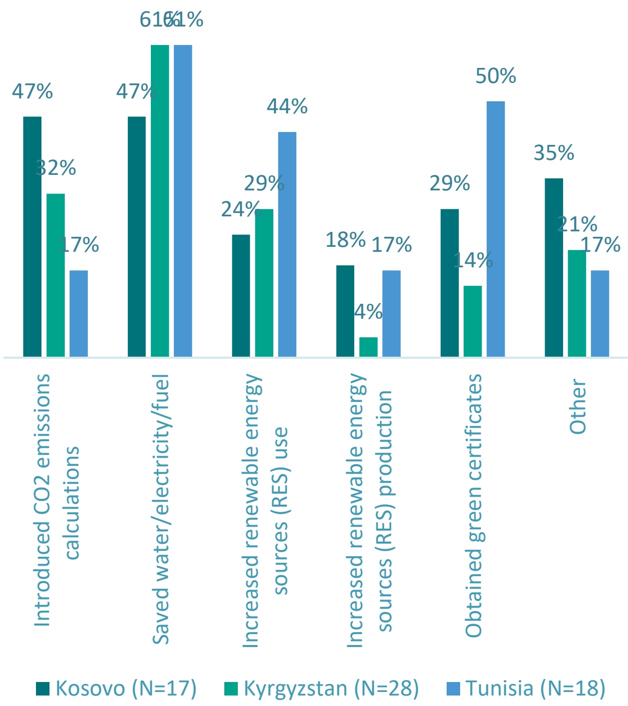
83. **The SMEs survey results shows that the EBRD's advisory services have driven substantial progress in the promotion of green practices** among SMEs in Kosovo, Tunisia, and the Kyrgyz Republic (Figures 22 and 23). Tunisia stands out as a leader, with 89 per cent of surveyed SMEs reporting improvements in environmental practices; notably, half of these firms obtained green certificates and 44 per cent adopted renewable energy sources. In Kosovo, the impact of targeted green interventions is clear: 82 per cent of SMEs that participated in environmental programs improved their standards, compared to just 25 per cent among non-participants. Kyrgyzstan also saw positive, though more modest, results, with 57 per cent of SMEs reporting improved environmental standards.

Figure 22: Green practices changes compared to before EBRD[17]



Data source: SME Survey

Figure 23: Green practices adoption[18]



Data source: SME Survey

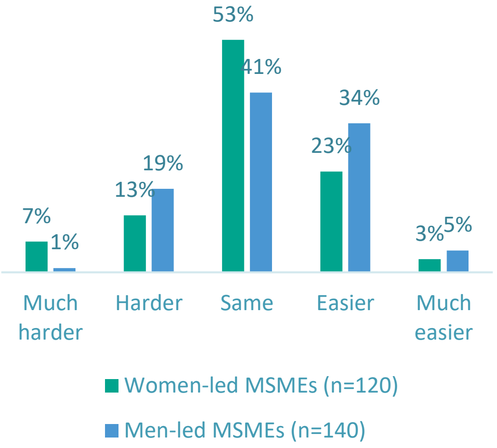
84. **Across all three countries, the promoted practices included energy and resource efficiency, emissions tracking, and recycling initiatives**, reflecting a broad commitment to sustainability and climate-friendly business operations. These outcomes highlight both the effectiveness of EBRD's advisory support and the varying levels of uptake and transformation across different national contexts.

85. **According to the SME survey responses, the EBRD's SBI has also contributed to notable improvements in financial inclusion among SMEs**, particularly in Kyrgyzstan and Kosovo, where 46 per cent and 30 per cent of firms, respectively, reported improved access to external financing (Figure 24). In Tunisia, the impact was more limited, with only 23 per cent of SMEs experiencing better access to finance. Women-led SMEs stood out for their willingness to recommend EBRD support to others, with 93 per cent expressing this compared to 80 per cent of men-led businesses. This demonstrates the perceived value of the advisory services for underserved groups. The SBI program has helped reduce barriers for these groups, though the direct link between advisory support and improved access to finance remain weak especially in Tunisia. Kosovo demonstrated strong progress in fostering inclusive employment: improvements in female participation ranged from 66-70 per cent, while youth employment rose for 67–86 per cent of surveyed firms (Figures 25 and 26).

[17] Question How have your business standards on environmentally friendly practices changed compared to before the EBRD intervention?

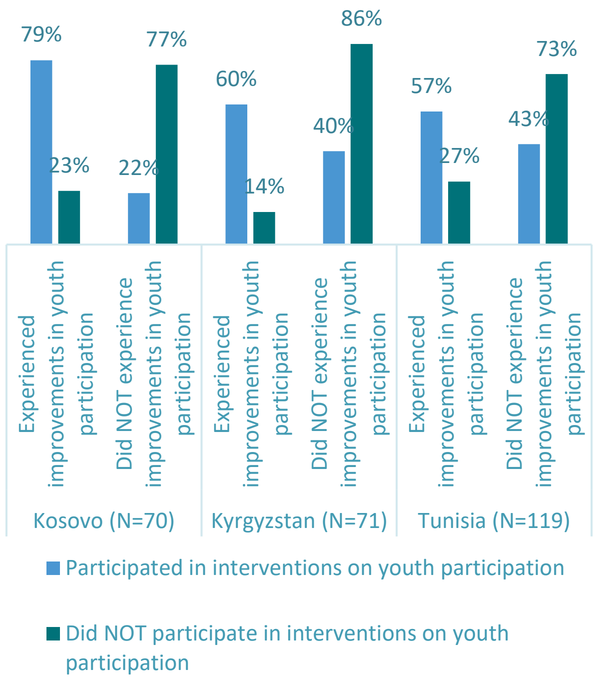
[18] Question: With relation to the improvement in Environmentally Friendly Practices as a result of the EBRD consulting services/advisory project, which of the following apply?

Figure 24: Ease of accessing finance by gender[19]



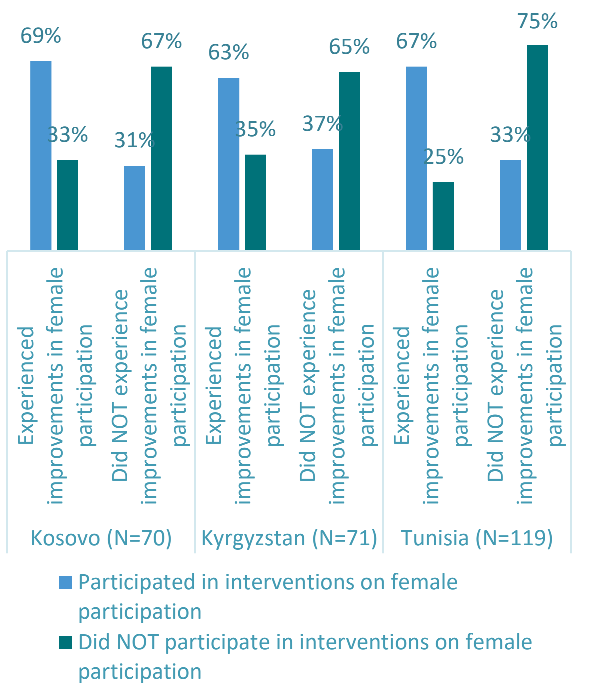
Data source: SME Survey

Figure 25: Improvements in youth participation[20]



Data source: SME Survey

Figure 26: Improvements in female participation[21]



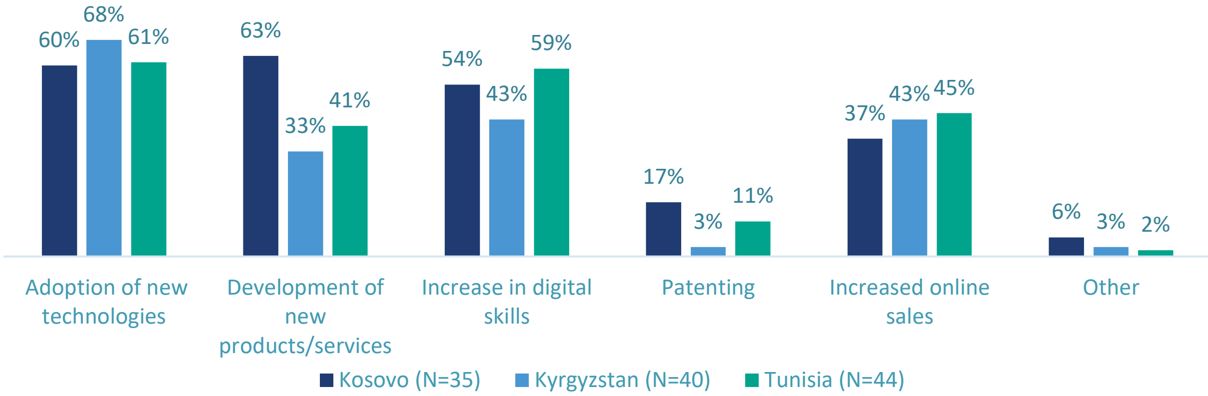
Data source: SME Survey

86. **Based on the SME survey, the EBRD's advisory program has driven high rates of digitalisation among participating SMEs**, with adoption rates reaching 80 per cent in Kosovo, 85 per cent in Kyrgyzstan, and 75 per cent in Tunisia. The most frequent outcomes of these digitalisation efforts included the adoption of new technologies, increased online sales, and significant improvements in digital skills across all three countries. Tunisia, in particular, led the way in raising digital

[19] Question: Compared to before the intervention, how would you rate the ease of accessing finance for your business?
[20] Question: Relationship between participation in the EBRD consulting services/advisory project on youth participation practices and reported improvement in such practices.
[21] Question: Relationship between participation in the EBRD consulting services/advisory project on female participation practices and reported improvement in such practices.

standards, with 89 per cent of SMEs reporting improvements; however, the responses analysis notes that many Tunisian firms described these changes as incremental rather than transformational, indicating that while digitalisation is widespread, the depth of change varies (Figure 27).

Figure 27: Digitalisation improvements[22]



Data source: SME Survey

87. **Importantly, digitalisation was found to strengthen both resilience and competitiveness, especially for SMEs located outside capital cities.** These firms benefited from enhanced ability to adapt to market disruptions and leverage digital tools for growth, underscoring the role of digital transformation in building more robust and competitive businesses in diverse contexts.

[22] Question: With regard to the improvement in digitalisation as a result of the EBRD consulting services/advisory project, which of the following apply?

5. Key finding 4: SME ecosystem transformation remains limited, highlighting the need for better orchestration

88. **The SBI 2015 consolidation paper underscored the different pillars as an interlocking set of tools, rather than parallel lines of work, to achieve market-level SME impact.** The pillar structure is a natural response to SME ecosystems in EBRD economies being heterogeneous and structurally complex, including businesses ranging from micro and informal firms to innovative SMEs integrated into global value chains. However, only an interconnected and synergetic response across pillars, including financing and policy work, can drive systemic transformation of the SME ecosystem. This section examines various aspects of such synergies, building on previous sections and with emphasis on policy dialogue. Key findings are presented in Table 9.

89. **Policy Dialogue (Pillar 5) is an essential part of the SBI's integrated vision to tackle the market failures that constrain SMEs.** Policy dialogue is critical for anchoring SBI interventions in a coherent, country-specific framework: it connects upstream reforms with downstream finance and advisory tools, enabling individual SME gains to translate into broader and more sustainable market-level impact. This was captured in the "integration across the three critical components" diagrams reproduced in the 2017 and 2019 Reviews, indicating an impact pathway for SBI to achieve its intended results (Figure 28).

Figure 28: SBI Impact Pathways in SBI Annual Reviews

Source: SBI Annual Reviews

Table 9: Summary of key findings on SME ecosystem transformation

Key Finding	Supporting Evidence	Considerations for SME offer
Systemic impact is constrained by weak synergies and integration of tools at country level.	Despite increased supply, access to finance is constrained by structural demand constraints (e.g. limitations in firms' absorptive capacity or readiness to borrow).	Review the country strategic planning process to strengthen the integration and coherence of the response to SME needs across the organisation to enhance its systemic impact (Box 2).
High-impact results are achieved when policy dialogue, investment, and technical cooperation are combined, but such synergies are rare.	A small subset of SBI projects with policy-related transition impact indicators show high PTI scores (for example, Guarantee for Growth in Ukraine and Albania, Resilience Framework with gender policy dialogue).	Promote integrated approaches that combine policy dialogue, investment, and TC for systemic impact. Scale up successful models.
Fragmentation, data gaps, and weak performance monitoring limit the ability to assess and scale Pillar 5 effectiveness.	Activities are dispersed across teams; documentation is incomplete; monitoring systems focus on activities, not outcomes; knowledge loss due to staff turnover.	Develop a unified framework for planning, tracking, and reporting policy dialogue. Strengthen monitoring, evaluation, and institutional learning (see Box 3 below).

5.1. Achieving systemic impact requires improved coordination at the country level

90. **As noted as part of the first key finding of this evaluation, the full impact of EBRD's support, through intermediated financing, to the supply of SME finance ultimately depends on better supporting demand.** The experience under the SBI suggests that, while intermediated financing can play an important stabilising and catalytic role, achieving meaningful outreach and impact will depend on complementary efforts, in the specific context of the market considered, to strengthen SMEs' ability to absorb finance and engage productively with formal financial institutions. Embedding demand-side support through advisory and targeted risk-sharing alongside financial instruments is key to reaching market-level effect.

91. **Similarly, the second key finding points to the conclusion that advisory services generate meaningful firm-level benefits but do not produce the scale dynamics necessary to trigger market-level systemic change.** While advisory beneficiaries continue to improve their performance over a relatively long horizon, the pace of growth remains modest and does not exhibit the type of rapid scaling, discontinuous jumps, or threshold effects associated with systemic impact. As already mentioned, achieving such impact would imply better systematic targeting of SMEs with high growth potential in the specific market, focusing advisory support on firms most likely to scale and generate spillover effects, rather than expanding coverage alone.

92. **An enabling policy environment is critical for the success of advisory and financing instruments. Still, across the Bank, SME-related policy dialogue activities are dispersed among several teams without a centralised mechanism to prioritise, record, or consolidate results.** References to policy dialogue appear anecdotally in SBI Annual Reviews, Operational Plans, Country Strategies, Country Strategy Delivery Reviews, the Impact Report, and legal transition reporting. Yet, there is no country-level document that articulates a consistent vision for impact for SBI's five pillars or takes stock of activities. This was also a finding of Phase I of this evaluation for advisory and finance.

93. **The 2013 SBI Annual Review already acknowledged the difficulty of "providing a comprehensive picture of the Bank's policy dialogue in support of SMEs" noting that only a small subset of activities directly target SMEs, while the majority have a broader scope.** It also highlighted that SME-related policy dialogue tended to be "ad hoc, opportunistic," and implemented through disparate channels and initiatives. Subsequent Annual Reviews attempted to respond to this fragmentation. From 2013 onward, policy dialogue was assessed qualitatively, drawing on examples from investor councils, SME linked Legal Transition Team (LTT) projects, and TC success rates. By 2016, coordination across Country Teams, Financial Institutions, and LTT was emphasised as a corrective step, and the 2017–2018 reviews showcased targeted reforms—including leasing and factoring legislation, SME listings, procurement access, and the SME Policy Index—along with a growing set of initiatives such as industrial parks, crowdfunding regulations, digital services, online small claims courts, and refugee enterprise support.

94. **The evaluation of the Small Business Initiative Phase I findings confirmed that this integration has not materialised fully at the country level.** Integration here refers to an integrated vision for impact based on country-level SME needs (rather than combined delivery). While planning processes incorporate SME elements into country strategies and operational plans, they do not provide a Bank-wide, cross pillar view of how financing, advisory, and policy interventions can be sequenced or combined to address country specific market failures. This results in policy dialogue being neither systematically linked to upstream diagnostics nor consistently tied to downstream investment and advisory operations. The absence of country-level integration also weakens the ability to chart impact pathways from policy reforms to firm-level outcomes and market-level change—an essential step if the SBI's ambition is to move beyond incremental improvements in individual SMEs toward the structural transformation of SME markets.

Box 2: Evaluation of SBI Phase 1
Phase I of the SBI Evaluation recommended that the Bank should review the country strategic planning process to strengthen the integration and coherence of the response to SME needs across the organisation to enhance its systemic impact. The evaluation found that country strategy planning for SMEs remains underdeveloped, with only partial integration of the Bank's SME-related activities. Available instruments are listed, but lack the governance needed for coordinated delivery, resulting in fragmented interventions and an unclear impact pathway.
In response, the Bank agreed to strengthen strategic planning to better integrate SME support across financing, advisory, and policy tools. Actions include submitting the new SME offer approach for Board approval, increasing awareness among country teams, ensuring new country strategies reflect the SBI toolbox, and reviewing SME delivery during Country Strategy Delivery Reviews.

95. A **final point to note is the opportunity provided by digitalisation as a theme to provide consistent, synergetic support across pillars.** The evaluation has noted the role of advisory services in improving digitalisation rates among SMEs and its impact on strengthening both resilience and competitiveness, especially for SMEs located outside capital cities. At the same time, changes, often related to technology adoption for internal processes, were of varying depth even if widespread, and described as incremental rather than transformational. On the PFI side, digitalisation has been mostly focused internally. While digitalisation is not yet embedded in SME lending products, partner banks recognise its importance for client engagement and operational efficiency and increasingly incorporate it into advisory and service platforms. These findings point to the opportunity of looking holistically at supporting digitalisation across actors of the SME ecosystem based on a clear understanding of countries digital maturity and needs.

5.2. Policy dialogue and investment are most effective when intentionally aligned

96. **Besides TC projects, the SBI portfolio also includes financial operations with policy dimensions. These provide an interesting opportunity to comment on the synergies between investments and policy work.** Operations with policy-related transition impact monitoring indicators[23] make up 4.2 per cent (29) of SBI operations (679) for which TI monitoring reviews have been completed as of October 2025.[24] This provides an indication of how much policy dialogue features in SBI transactions (see Annex 9 for details).

97. **While ex-ante estimations are more conservative, SBI operations with policy indicators show strong transition impact.** On average, SBI projects with policy-related TI monitoring indicators show high PTI (82.9) performance based on the last TI review. Although, this is a small subset of the total number of SBI projects with TI monitoring reviews and the total number of projects in general, there are a few high impact projects driving this score up.

98. **A few high impact projects combine policy dialogue and SBI investments, driving scores up and showing potential synergies between investments and policy dialogue.** For example, the Unfunded Guarantee for Growth Programme shows strong transition impact in Ukraine and Albania, building on the Vienna Initiative and supported by TC assignments to harmonise local banking regulations with EU standards. Other high impact examples combining investments with policy dialogue are under the Resilience Framework. Complementing SME loans, clients are encouraged to develop and adopt their first policy on the promotion of gender equality, given their participation in EBRD-led nation-wide policy dialogue activities. These projects exemplify high impact initiatives with synergies between investments, policy dialogue and TCs.

[23] Please see Annex 5 for the type of indicators selected
[24] Mon101 report with Month End 10/2025 downloaded in mid-October.

99. **IEvD's recent Local Currency Finance Evaluation similarly highlighted the importance of non-financial elements in EBRD's offer of local currency SME credit lines.** Non-financial additionality plays a pivotal role in strengthening the attractiveness and uptake of LCY SME credit lines, often proving just as important as pricing or tenor. In many markets, PFIs and SMEs are drawn to EBRD's LCY offer not simply because it mitigates currency-mismatch risks, but because it is bundled with targeted technical cooperation such as gender-focused lending programmes or the Green Economy Financing Facility (GEFF) and accompanied by investment incentives for sub-borrowers. These packages help banks develop new products, improve risk management and expand outreach to underserved SME segments, while incentives lower the effective cost for SMEs and make LCY borrowing more viable. As a result, the non-financial elements frequently become the decisive factor driving PFI participation and sustaining SME demand in markets where pure LCY pricing cannot compete with local banks' deposit-funded lending.

5.3. Policy dialogue's potential is undermined by lack of clarity and systematic monitoring

100. **The absence of a robust performance monitoring framework for Pillar 5 limits the ability to assess effectiveness and hinders institutional learning.** Although the 2015 Consolidation Paper identified SME-related policy dialogue impact assessment as a core element of the SBI performance monitoring framework, this was not implemented. The Consolidation Paper highlights the need to demonstrate improved SME laws and regulations resulting from policy dialogue TC projects, supported by TCRF and team insights. However, evidence from internal systems is inconsistent[25] and changes in the composition of relevant teams hinder continuity. Donor reports and consultant files are often held internally by OLs and are not accessible via shared repositories.[26] Capturing and consolidating this knowledge is essential for institutional learning. This issue was highlighted in IEvD's 2020 Evaluation of the Legal Transition Programme, which notes that the weaknesses in results frameworks, internal visibility, document management, and uneven sustainability, particularly in cases where political will wanes or institutional capacity is low, prevents establishing a full account of effectiveness (see Annex 5 Table 14). EBRD is currently transforming its policy dialogue management information systems.

101. **If Pillar 5 is part of the causal chain leading to improved SME access to finance and opportunities alongside advisory support and finance, its operationalisation and contribution require greater clarity and coherence.** Given the cross-functional nature of the SBI, some fragmentation in governance and reporting is expected. However, for Policy Dialogue to remain central to SBI, a more coherent approach to prioritising, capturing and reporting SME-related policy activities is needed. This could include a dedicated document, like CSD's Green Policy Scripts[27], or an enhanced and more accessible version of the SME F&D Operational Plans through BPN, outlining planned and completed SME policy dialogue efforts by country with associated reasons. IEvD also recommends more frequent updates and systematic results tracking in internal systems like Monarch, which may require additional resourcing. These improvements would also enhance the prioritisation of PD activities according to country needs. This is in line with Recommendation 1 of SBI Phase I (Box 2).

[25] Although intended output and outcome indicators are listed within internal systems, corresponding results are often missing. For example, TC #8264 on facilitating SME access to public contracts notes the presence of a validated completion report, yet this is missing on internal platforms. In some cases, it's unclear whether intended outcomes were achieved. TC #6882 on factoring regulation in Tunisia is marked as closed, but there's no indication that the key outcome—adoption of the draft law—was not realised. Additionally, project timelines and statuses are sometimes inaccurate. TC #627 is listed as ending in 2023 but remains active, while TC #7399 in Kyrgyz Republic is marked "approved" despite being closed. Overall, tracking project stages and outcomes remains challenging.

[26] Such as TCRSLink or TCRS

[27] Green Policy Scripts provide an overarching narrative and overview of EBRD's green policy activities in its COOs, including identifying priority green policy and related activities on-going and planned in the short-term (12-18 month). GPS also serve as the main input for the green section of EBRD's own documents, including policy compacts, country diagnostics, country strategies and others.

102. **This evaluation reiterates the importance of recent IEvD recommendations, including from the evaluation of SBI Phase 1 (Box 2) and Policy Dialogue (Box 3).** Across evaluations, a recurring message is the need to consolidate fragmented policy data into a unified system, apply consistent criteria for assessing transition impact, and strengthen self-evaluation, learning, and reporting. Going forward, clearer impact pathways, long-term results frameworks, and improved governance—particularly through better country-level integration (in terms of prioritisation and planning) of policy, financing, and advisory tools—will be essential.

Box 3: Evaluation of the EBRD Policy Dialogue Performance and Results (2024)
Identifying gaps in results management, IEvD's Policy Dialogue evaluation recommended consolidating policy dialogue data into a universal system, improving tools to capture lessons learned, and conducting systematic self-evaluations. Management agreed in principle and noted its intention to integrate policy and non-transactional TC data into the Monarch platform via the Donor Funds Transformation Programme to support results tracking and evaluation. **To enhance policy engagement impact, IEvD recommended EBRD to adopt consistent criteria across sectors to estimate ex-ante, monitor, and report ex-post transition impact for all policy activities, while incentivizing impactful engagement.** It also suggested including systemic policy efforts in corporate and departmental scorecards, possibly via an "ETI-like" approach for non-transactional work. Management agreed and committed to establishing consistent impact criteria, linking policy to investments, integrating into TOMS 2.0, and adopting a Theory of Change—while exploring recognition mechanisms for non-transactional policy work.

6. Insights and Recommendations

103. **Based on the findings developed in the report, the evaluation proposes three operational recommendations aimed at informing the implementation of the new EBRD SME Offer.** The three recommendations are presented below, together with related insights and findings. In addition, the evaluation reinforces recommendations from past evaluations, also presented below, without reiterating them.

Recommendation 1: Strengthen risk-sharing and access to long-term finance particularly for first time and/or riskier SME borrowers

104. **Insight 1 - Structural constraints limit the reach of EBRD financing to SMEs.** EBRD's risk-sharing and indirect financing have expanded the supply of financing to SMEs, especially in smaller and more vulnerable markets, and played a stabilising, counter-cyclical role during crises. However, persistent barriers, such as collateral requirements, high credit risk, and limited long-term funding, continue to restrict outreach, particularly for micro and small firms. Addressing these constraints and targeting first-time borrowers is essential for greater impact.

Findings	Recommendation
• PFI survey responses show that limited collateral and high credit risk remain persistent barriers to SME lending. PFIs welcomed EBRD's partial guarantees and advocated for broader risk-sharing schemes. • Evaluation findings from bank lending surveys further highlighted the need for unfunded risk-sharing instruments in markets where EBRD's direct lending has limited reach (where EBRD's funded operations do not constitute a meaningful share of SME lending).	To extend SME lending beyond the current client base, **EBRD should prioritise unfunded and hybrid risk-sharing instruments, explicitly targeting first time and/or riskier SME borrowers.** This could include: • **Expand partial guarantees and unfunded portfolio risk-sharing instruments, especially in larger or more developed markets.** • **Prioritise long-term, affordable financing in local currency to address structural gaps in SME finance.[28]** • **Pilot innovative financial products (for example, supply chain finance, flexible collateral schemes) tailored to high-risk segments.**

POTENTIAL RISK FOR EBRD: If this recommendation is not implemented, the EBRD risks limited impact on SME finance, as collateral and credit risk barriers persist. Failure to expand risk-sharing and long-term local currency financing could reduce outreach, weaken private sector leverage, and undermine EBRD's strategic goals for inclusive and sustainable development.

Recommendation 2: Strengthen demand-side support through partner financial institutions

105. **Insight 2 - Demand-side constraints limit systemic impact.** The SBI has delivered strong results across individual pillars, with clear evidence of improved access to finance and enterprise-level performance. However, these gains have not translated into systemic market transformation, largely due to persistent demand-side constraints. Evidence from PFIs and SMEs points to limitations in firms' absorptive capacity, readiness to borrow, and ability to convert finance into sustained growth despite improved supply conditions. While PFIs have strengthened lending

[28] IEvD: Evaluation of EBRD's Local Currency Operations (2016-23).

practices and data systems, the provision of non-financial services remains limited and uneven, constraining SMEs' capacity to scale. The evaluation highlights that addressing demand-side gaps — particularly through stronger support to PFIs to expand and embed non-financial services — will be critical to translating firm-level gains into broader market-level impact.

Findings	Recommendation
• PFIs stressed the importance of technical assistance, capacity building, and advisory services to strengthen credit-risk analysis, product design, and ESG integration. • Evaluation findings reinforced the need to build on the proven effectiveness of SBI's individual instruments by placing greater emphasis on addressing demand-side constraints to SME finance.	To enhance SME resilience and improve lending practices, **EBRD should strengthen demand-side support through PFIs.** This could include: • **Supporting PFIs in developing, scaling, and professionalising non-financial services such as advisory, training, and capacity-building, using improved SME data systems to better identify and target firms facing readiness gaps.** • **Enhancing monitoring of demand-side outcomes to assess how such services improve SMEs' effective access to and use of finance.**

POTENTIAL RISK FOR THE EBRD: If EBRD does not strengthen demand-side support, increasing PFI business volumes will primarily benefit already bankable SMEs, limiting outreach to new (more recently established) and smaller businesses. Expanded demand-side support is needed to help reach currently underserved market segments. Not doing so would constrain SBI's impact potential to leverage business-level gains into systemic market-level impact.

Recommendation 3: Accelerate digital transformation across SBI operations

106. **Insight 3 - Digitalisation can be better leveraged as a systemic driver of SME transformation.** Digitalisation is progressing within SMEs and partner banks but remains fragmented and under-leveraged as a systemic transition driver. Partner banks have advanced their own digitalisation but offer very few SME-specific digital finance products. The only references to digitalisation in annual reports are linked to non-financial services such as advisory and training, rather than credit products. This indicates a gap between EBRD's strategic priorities and the current practices of partner banks, highlighting an area for potential future engagement. EBRD can play a catalytic role by integrating digital tools, credit scoring, and advisory into its SME offer.

Findings	Recommendation
• PFIs and SMEs identified digital infrastructure as critical for efficiency and outreach. • PFIs called for IT upgrades, mobile platforms, and CRM tools, while SMEs highlighted the need for accessible digital channels. • The 2025 evaluation of EBRD's Digital Approach highlights that digitalisation is advancing within SMEs and partner banks but is not yet fully leveraged as a driver of systemic change. Both the Digital Approach and SBI evaluations find that most digital efforts focus on internal improvements or advisory services,	**To ensure digitalisation becomes a catalyst for broader SME transformation and transition impact, EBRD should accelerate digital transformation across SBI operations.** This could include: • **Partnering with PFIs to co-develop digital lending products and integrate digital tools and advisory into the SME offer.** • **Developing unified digital platforms for SMEs to access financial products and advisory services.**

with few SME-specific digital finance products available.[29]	• **Partnering with PFIs and financial technology companies to automate loan processing, credit scoring, and advisory delivery.** • **Using data analytics to identify underserved segments and proactively offer targeted support.**

POTENTIAL RISK FOR THE EBRD: If this recommendation is not implemented, EBRD risks falling behind in digital innovation, limiting its ability to catalyse SME digital transformation through PFIs and reducing transition impact.

107. **Insight 4 – SME ecosystem transformation requires higher synergies and integration at country level.** The various SBI pillars have demonstrated effectiveness on their own, but transformation requires interconnected action. Further increasing access to finance requires reinforcing supply (PFI) and demand (SME) side actions. Advisory services need targeting and scaling, with tools available to facilitate access to finance. Policy dialogue plays a noticed and appreciated but difficult-to-measure role in improving SME access to finance and markets but its contribution to SME outcomes is weakened by fragmentation in data, results frameworks, and country-level integration.

108. **From this perspective, and besides the specific recommendations above, this evaluation stresses the importance of specific ongoing recommendations:**

- **The evaluation of the EBRD Policy Dialogue Performance and Results (2024)** recommends that EBRD adopts consistent criteria across sectors to estimate ex-ante, monitor, and report ex-post transition impact for all policy activities, while incentivizing impactful engagement. Identifying gaps in results management, it also recommends consolidating policy dialogue data into a universal monitoring system, improving tools to capture lessons learned, and conducting systematic self-evaluations. This evaluation assumes actions taken in response to these recommendations would cover SBI-related activities and propose meaningful solutions to issues identified in this scope.
- **The evaluation of SBI Phase 1 (2023)** recommends that the Bank should review the country strategic planning process to strengthen the integration and coherence of the response to SME needs across the organisation to enhance its systemic impact.

[29] IEvD: Evaluation of the EBRD's Digital Approach CS/ARC/25-65.

ANNEXES

Annex 1. Summary of lines of evidence

Table 10: Methodological tools, evaluated countries and time

Methodological Tool	Countries Targeted	Time Period
PFI survey (Annex 2)	Bosnia & Herzegovina, Kazakhstan, Kosovo, Tajikistan, Tunisia	2016–2023
Analysis of annual reports (Annex 2)	Bosnia & Herzegovina, Egypt, Kazakhstan, Kosovo, Serbia, Tunisia, Türkiye	2015-2023
SME survey (Annex 3)	Kosovo, Kyrgyz Republic, Tunisia	2016–2023
Bank lending surveys (Annex 4)	Albania, Armenia, Azerbaijan, Kazakhstan, Kosovo, Montenegro, Serbia, Türkiye, Ukraine	2015–2023
MDA self-evaluations	Kosovo, Kyrgyz Republic, Tunisia	2015–2023
Group advisory (Desk review)	Kyrgyz Republic (textile sector)	2022–2023
Document review	All EBRD countries of operation	2015–2023
External studies (e.g., EIB, ORBIS, OCE)	Türkiye, Western Balkans	2014–2022
Policy Dialogue desk review	Bosnia & Herzegovina, Kazakhstan, Kyrgyz Republic, Kosovo, Tajikistan, Tunisia	2015–2025

Annex 2. PFI data

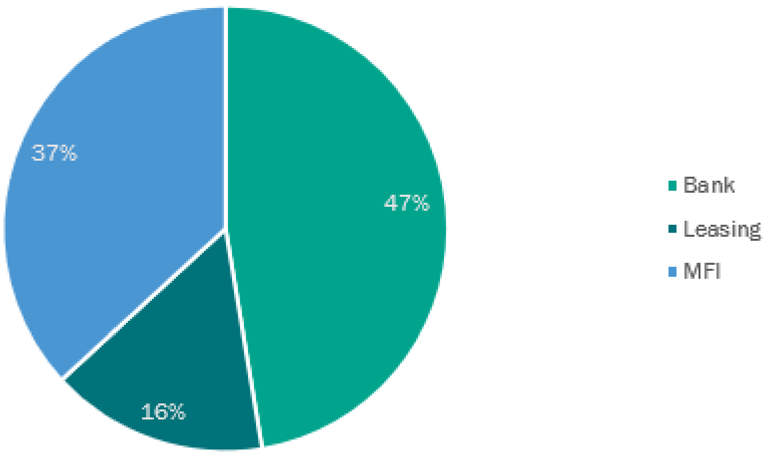
PFI Survey

Understanding the effectiveness of EBRD's support also requires examining the views and experiences of the partner financial institutions that implemented these operations. The PFI survey provides direct insights into how SBI Pillar 1 was perceived, how it influenced operational practices, and where PFIs encountered constraints.

The PFI survey was conducted to assess the effectiveness and long-term sustainability of the Small Business Initiative's Pillar 1 (indirect financing). The survey was designed to gather systematic feedback from Partner Financial Institutions (PFIs) that benefited from EBRD financing between 2016 and 2023 across five countries: Bosnia and Herzegovina, Kazakhstan, Kosovo, Tajikistan, and Tunisia.

The survey targeted 23 PFIs, of which 19 completed the questionnaire and/or participated in interviews (completion rate: 83%). The sample covered banks, microfinance institutions (MFIs), and leasing companies, distributed as follows: 9 banks (47%), 7 MFIs (37 %), 3 leasing companies (16%). Please refer to Figure 29 below.

Figure 29: Breakdown of PFIs by Type



Source: PFI Survey

The survey instrument, developed by the IEvD and validated by the consultant, contained 30 structured and semi-structured questions. Interviews were conducted in English, French, or Russian, according to institutional preference. The questionnaire was shared in advance, allowing PFIs to consult internal records before the discussion.

Analysis of partner banks' annual reports

Understanding whether SBI support translated into lasting institutional changes requires going beyond the perceptions reported in surveys. This is why the evaluation team systematically reviewed annual reports of partner banks to capture both quantitative indicators and qualitative dimensions of banks' engagement with SMEs. By doing so, the evaluation moves beyond measuring outputs to assessing whether SBI has influenced partner banks' practices in a way that supports sustainable improvements in SME financing.

To this end, the evaluation team analysed EBRD partner banks' annual reports, combining quantitative and qualitative techniques to assess their engagement with SMEs. The quantitative analysis focused on measuring the frequency of SME-related terms across reports. To achieve this, the team ensured all documents contained searchable text, applying Optical Character Recognition to image-based files where necessary. A multilingual list of SME-related terms was compiled, covering variations in languages such as Turkish, Serbian, Arabic, and French, and regular expressions were used to capture suffixes and grammatical variations. The counting process was automated using R scripts (a statistical programming tool commonly used for data processing), which extracted text and tallied occurrences of these terms for each report.

The qualitative analysis aimed to extract richer insights into banks' strategies and services for SMEs. Large language models (LLMs) were employed to answer structured questions on topics such as sentiment, organisational resources, non-financial services, gender and climate-focused products, digitalisation, and partnerships with international financial institutions. Prompts were iteratively refined and tested across several AI tools before selecting the most reliable model. Extracted information was manually verified for accuracy, and longitudinal summaries were generated to capture trends over time. This semi-automated approach allowed the team to process a substantial dataset while maintaining quality through manual checks.

The scope of the analysis was extensive, covering 379 annual reports from 50 banks operating in seven countries: Türkiye, Serbia, Egypt, Kazakhstan, Kosovo, Bosnia and Herzegovina, and Tunisia. Country and partner bank selection prioritised institutions with multiple transactions under SBI Pillar 1 and high lending volumes, ensuring relevance to the evaluation objectives. The final list was further determined by the availability of annual reports containing information pertinent to SME strategies and lending practices. While automation streamlined parts of the workflow, manual intervention remained essential to mitigate LLM limitations such as hallucinations and to address language barriers, as 16% of reports were in non-English languages. These additional steps ensured factual accuracy and completeness. The list of partner banks and availability of annual reports is provided in Table 11 below.

Table 11: Annual reports reviewed by the evaluation

Partner Bank	Country	Availability
PROCREDIT BANK	BiH	2018 N/A
RAIFFEISEN BANK	BiH	Complete
SPARKASSE BANK	BiH	2017-2018 N/A
UNICREDIT BANK MOSTAR	BiH	Complete
AHLI UNITED BANK EGYPT SAE	EGYPT	2015-2017 N/A
AL AHLI BANK OF KUWAIT EGYPT	EGYPT	2015-2019 N/A
ARAB AFRICAN INTERNATIONAL BANK SAE	EGYPT	2015 N/A
ARAB INVESTMENT BANK	EGYPT	Only 2023
ATTIJARIWAFA BANK EGYPT SAE	EGYPT	2015, 2016, 2021 and 2022 N/A
BANK OF ALEXANDRIA SAE	EGYPT	2015-2016 N/A
BANQUE DU CAIRE	EGYPT	2015-2017 N/A
BANQUE MISR SAE	EGYPT	Complete
COMMERCIAL INTERNATIONAL BANK - EGYPT CIB SAE	EGYPT	Complete
EXPORT DEVELOPMENT BANK OF EGYPT	EGYPT	2015-2019 N/A
NATIONAL BANK OF EGYPT	EGYPT	2023 and 2022 N/A
QATAR NATIONAL BANK	EGYPT	2015-2017 N/A
BANK CENTERCREDIT JSC	KAZAKHSTAN	2018 N/A
BEREKE BANK	KAZAKHSTAN	2015-2016 N/A;
FORTE BANK JSC	KAZAKHSTAN	2015-2017 N/A

HALYK SAVINGS BANK OF KAZAKHSTAN	KAZAKHSTAN	Complete
KASPI BANK JSC	KAZAKHSTAN	2015-2019 N/A
BANKA PER BIZNES SHA	Kosovo	Complete
KEP TRUST	Kosovo	2015-2020 N/A
NLB BANKA SHA	Kosovo	Complete
RAIFFEISEN BANK KOSOVO JSC	Kosovo	Complete
RAIFFEISEN BANK KOSOVO JSC	Kosovo	Complete
3 BANKA AD	SERBIA	Complete
ADDIKO BANK AD BEOGRAD	SERBIA	Complete
BANCA INTESA AD BEOGRAD	SERBIA	Complete
BANKA KOMBETARE TREGTARE SHA	SERBIA	Complete
ERSTE BANK AD	SERBIA	Complete
HALKBANK AD	SERBIA	Complete
NLB KOMERCIJALNA BANKA AD BEOGRAD	SERBIA	Complete
OTP BANKA SRBIJA AD	SERBIA	2015-2020 N/A
PROCREDIT HOLDING AG	SERBIA	Complete
RAIFFEISEN BANK INTERNATIONAL AG	SERBIA	2015 N/A
UNICREDIT BANK SRBIJA AD	SERBIA	Complete
BANQUE DE TUNISIE	Tunisia	2015-2018 N/A; 2023 N/A
AKBANK T.A.S.	TÜRKIYE	Complete
DENIZBANK AS	TÜRKIYE	Complete
FIBABANKA AS	TÜRKIYE	2015 N/A
ING BANK AS	TÜRKIYE	Complete
ODEA BANK AS	TÜRKIYE	Complete
QNB BANK AS	TÜRKIYE	Complete
SEKERBANK TAS	TÜRKIYE	Complete
TURK EKONOMI BANKASI	TÜRKIYE	Complete
TURKIYE GARANTI BANKASI AS	TÜRKIYE	Complete
TURKIYE HALK BANKASI AS	TÜRKIYE	Complete
TURKIYE IS BANKASI AS	TÜRKIYE	Complete
TURKIYE SINAI KALKINMA BANKASI AS	TÜRKIYE	2015 N/A
TURKIYE VAKIFLAR BANKASI TAO	TÜRKIYE	Complete
YAPI VE KREDI BANKASI AS	TÜRKIYE	Complete

Annex 3. SME data

SME Survey

A SME survey was conducted to **assess the effectiveness and long-term sustainability** of the EBRD's advisory services under the Small Business Initiative. The survey covered three countries – Kosovo, Kyrgyzstan, and Tunisia – and examined how ASB interventions contribute to enterprise performance, competitiveness, and resilience, while advancing the Bank's strategic priorities of green economy transition, equality of opportunity, and digital transformation.

The evaluation used a consultancy company to carry out **computer-assisted telephone interviews with Micro, Small and Medium Enterprises (MSMEs)** that received **ASB support between 2016 and 2023**. The consultancy company implemented the fieldwork between June and August 2025 by local teams in the three countries. Questionnaires were piloted and translated into relevant local languages. Quality control was applied at all stages (translation, interviewer training, real-time supervision, and post-survey data cleaning). Annex 3 provides the details of the fieldwork.

Initially, stratification was planned based on financing type (beneficiaries with/without EBRD finance). Due to small numbers, **the sample was stratified by gender of enterprise owner and location** (capital vs. non-capital). A quota-based approach was adopted to ensure sufficient diversity after issues were found with the quality of the SME database.

A total of 260 MSMEs were interviewed: 70 in Kosovo, 71 in Kyrgyz Republic, and 119 in Tunisia. Response rates varied by country (Kosovo: 20%, Kyrgyz Republic: 13%, Tunisia: 8%). The majority of firms were small enterprises with turnover below €2 million and fewer than 50 employees.

The survey responses showed that the **most common types of interventions** recorded by participating MSMEs were those focused on **Business Strategy, Digitalisation, and Operations**. These areas often involved support with developing strategic plans, adopting new technologies, and improving core business processes, all of which are considered essential for growth and competitiveness.

Smaller shares of respondents also mentioned interventions related **to Governance, Labour, and Gender/Youth-focused initiatives**. Governance initiatives typically addressed improvements in management structures and decision-making processes. Labour-focused interventions included workforce development, skills training, and human resources management. Projects with a Gender or Youth focus were designed to promote inclusivity, empower women entrepreneurs, and support opportunities for young people within their firms.

SME databases

The first source of evidence is the SME F&D advisory project database, which provides the core administrative record of firms supported through the EBRD's Advice for Small Businesses (ASB) programme. The dataset covers advisory interventions implemented between 2015 and 2023 and includes key firm-level indicators such as revenue and employment at project start and one year after completion. With more than 15,000 unique beneficiary firms, the dataset offers a rich and comprehensive basis for assessing short-term changes in firm performance following advisory support.

To extend and validate the administrative data, the evaluation team links firms in the SME F&D database to ORBIS, a commercial database containing independently sourced financial and employment information. Of the more than 15,000 ASB beneficiary firms, over 4,000 were successfully matched to ORBIS, and approximately 1,500 of these matches include complete and consistent financial data. ORBIS enables two analytical enhancements: first, it provides an external benchmark for validating the accuracy of SME F&D self-reported figures; and second, it allows the evaluation to examine medium-term outcomes—beyond the one-year post-completion window—by tracking firm performance for up to three years after project completion for nearly 500 companies. This extended time horizon is essential for assessing whether advisory impacts persist, strengthen, or diminish over time.

To assess the reliability of firm-level performance data in the SME F&D advisory project database, the evaluation cross-checked employment and revenue figures against ORBIS, an independent commercial database widely used for enterprise analysis. The evaluation team successfully identified more than 1,400 advisory beneficiary firms with employment and revenue data in ORBIS at the time of project approval and over 1,200 firms with corresponding data one year after project completion. This overlap provides a robust basis for assessing the consistency between the two data sources.

A comparison of the median figures indicates that employment and revenue data at approval are broadly comparable across the two datasets. Median employment at approval is 18 employees in ORBIS, compared with 22 employees in the SME F&D database, while median revenue stands at €1.51 million in ORBIS versus €1.37 million in SME F&D. These differences are modest and fall within a range that can reasonably be attributed to variations in reporting standards, timing of data collection, and differences in definitions across the two systems.

The comparison one year after project completion shows a similarly close correspondence for revenue. Median revenue in ORBIS increases to €1.64 million, which is almost identical to the €1.65 million reported in the SME F&D database. This high level of alignment—differing only at the second decimal place—provides reassurance that revenue performance data are captured consistently across both systems.

However, employment data one year after completion diverge more substantially. ORBIS shows a median of 19 employees, while the SME F&D database reports 26 employees, a difference large enough to suggest potential measurement issues in the SME F&D dataset. This discrepancy may reflect inconsistencies in how employment is reported by firms, differences in reference dates, or data-entry limitations in the advisory project database. The results highlight the need for caution when interpreting post-project employment figures from SME F&D without external validation (Figure 30 and 31). These findings are consistent with the results of a 2023 analysis by the Office of the Chief Economist, which reported a correlation coefficient of 0.65 between SME F&D and ORBIS data for employment and an even stronger correlation of 0.91 for annual operating revenue, reinforcing the conclusion that revenue data are highly reliable whereas employment figures should be interpreted with greater caution.[30]

Figure 30: Median employment

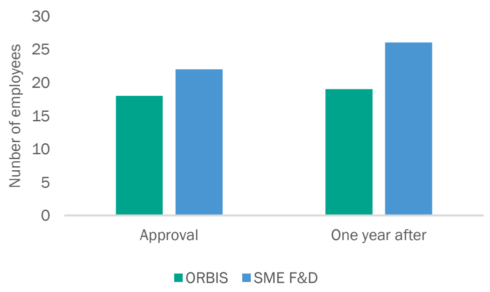
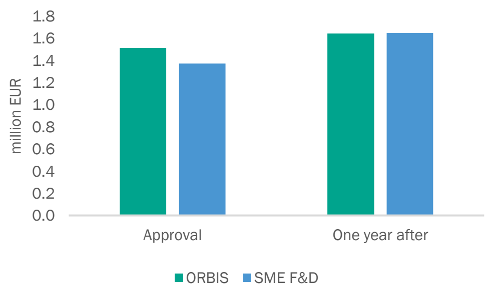


Figure 31: Median revenue



Source: IEvD analysis from SME F&D and ORBIS databases

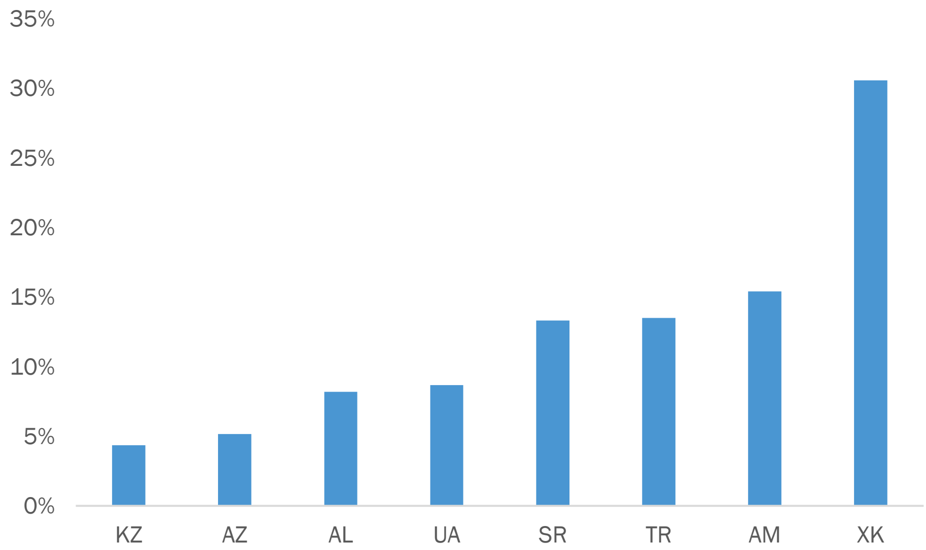
[30] https://www.ebrd.com/home/news-and-events/publications/economics/impact-briefs/small-business-and-job-creation-evidence-ebrd-regions.html

Annex 4. Bank lending surveys

Synthesis analysis

SME lending as a share of GDP across the economies reviewed show substantial variation. The evaluation team analysed SME lending across nine economies: Albania, Armenia, Azerbaijan, Kazakhstan, Kosovo, Montenegro, Serbia, Türkiye, and Ukraine. In Azerbaijan and Kazakhstan, SME lending stock mounts around 4 to 5 per cent of GDP whereas this ratio reaches to 31 per cent in Kosovo (Figure 32). This variation reflects structural and institutional factors. For instance, Kosovo's economy is dominated by SMEs and has a retail-focused banking sector, while Azerbaijan and Kazakhstan have resource-based economies and concentrated banking sectors that constrain SME lending.

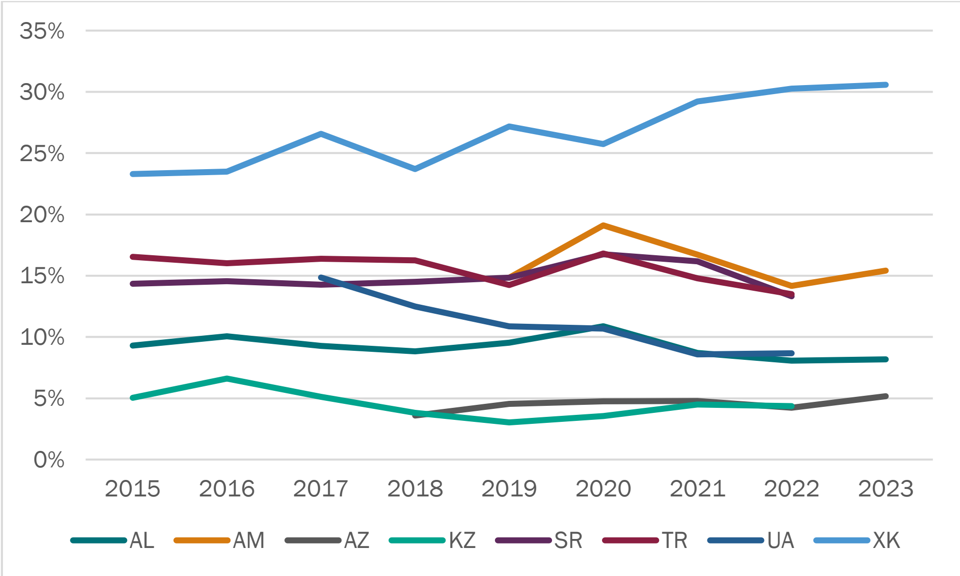
Figure 32: SME lending stock (% GDP)



Source: Consolidated database from bank lending surveys – IEvD elaboration

Despite large cross-country differences, SME lending stock as a share of GDP remained relatively stable between 2015 and 2023 in Albania, Armenia, Azerbaijan, Kazakhstan, and Serbia. This stability reflects both the influence of underlying structural factors — such as banking-sector composition, credit infrastructure, and economic structure — and the absence of major economic disruptions in these countries. By contrast, more pronounced changes occurred where unusual circumstances shaped lending dynamics: Kosovo's ratio increased from 23% to 31% of GDP due to donor-supported credit lines and guarantee schemes, while Türkiye and Ukraine saw declines — from 17% to 13% and from 15% to 9%, respectively — driven by macroeconomic shocks and exchange-rate depreciation, with Ukraine further affected by conflict and banking-sector consolidation. This suggests that SME lending levels over time are jointly influenced by structural characteristics and country-specific macroeconomic or institutional events (Figure 33).

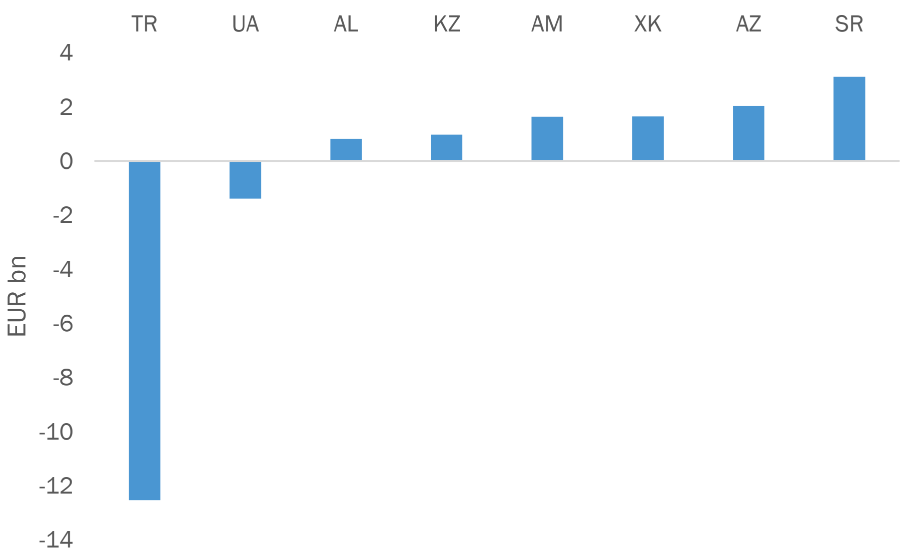
Figure 33: SME lending stock (% GDP, 2015-2023)



Source: Consolidated database from bank lending surveys – IEvD elaboration

On the other hand, in absolute terms, SME lending has grown in most countries where comparable data exist — except Türkiye and Ukraine, which recorded declines of EUR 12.5 billion and EUR 1.4 billion, respectively. These declines, however, represent modest shares of their 2015 GDPs (1.5% and 0.9%). In contrast, the rise in SME lending in Albania, Armenia, Azerbaijan, Serbia, and Kosovo reflects significant progress, even if small compared to larger economies. For instance, Armenia's EUR 1.7 billion increase equates to 7% of its 2015 GDP, indicating meaningful growth (Figure 34).

Figure 34: Change in SME lending stock (2015-2023)



Source: Consolidated database from bank lending surveys – IEvD elaboration

Taken together, these patterns show that SME financing trajectories vary significantly across countries, influenced by a combination of structural factors, market maturity, and macroeconomic conditions. This underscores the importance of situating EBRD's contribution within an environment where baseline conditions, external shocks, and institutional characteristics differ markedly across economies.

EBRD financing under Pillar 1 has been most influential in smaller SME markets. For example, it amounted for 17% of SME lending stock in Albania, and 11% in Serbia. By contrast, in larger markets such as Türkiye (1%) and Ukraine (3%), the relative contribution is lower.

EBRD's focus is on long-term financing, while most market lending is short-term. SME lending flow data (i.e. new loans) are available only for Kazakhstan, Serbia, and Ukraine. In these countries, EBRD's share in annual SME loan flows is much smaller than its share in outstanding stocks — around 4% in Serbia, 1% in Kazakhstan, and 0.3% in Ukraine, which reflects the focus on long-term financing.

Modus operandi

To assess the contribution of the EBRD's financing under SBI Pillar 1, it is essential to use data on the SME financing landscape across the EBRD's economies of operations that is comparable across countries and over the evaluation period 2015–2023. The analysis examined how EBRD financing interacted with national SME lending dynamics, including its role during crisis periods and its counter-cyclical behaviour across different market contexts. Taken together, the PFI survey and annual report analysis show that EBRD support under SBI Pillar 1 has driven visible changes in lending practices, institutional capacity, and strategic orientation toward SMEs, even as structural constraints persist. To assess whether these institution-level changes translated into broader market effects—particularly during periods of stress—the analysis now shifts from PFI perceptions and behaviours to market-level evidence.

The evaluation team prioritised publicly available international and national bank survey data, focusing first on surveys from international organisations due to their regional or global coverage and greater consistency across countries. National central bank lending surveys were also reviewed, as they provide valuable insights into SME lending trends, credit conditions, and demand, though their scope, data quality, and accessibility vary widely, and methodological changes over time can affect comparability. Using these criteria, the team compiled data from key sources including the IMF Financial Access Survey, the EIB CSEE Bank Lending Survey, the ADB Asia SME Monitor, the OECD Financing SMEs and Entrepreneurs Scorecard, and central bank surveys from Azerbaijan, Kazakhstan, Kosovo, Montenegro, Serbia, Türkiye, and Ukraine.

This resulted in a consolidated dataset covering nine economies: Albania, Armenia, Azerbaijan, Kazakhstan, Kosovo, Montenegro, Serbia, Türkiye, and Ukraine. These countries together account for 40% of Annual Business Investment under SBI Pillar 1 during the evaluation period. The dataset provides aggregated information on SME financing trends, including changes in lending volumes, loan terms, and credit conditions.

The tables below summarises the availability of relevant bank lending surveys across all EBRD countries of operations as well as details available data by country/indicator breakdowns. In countries lacking a dedicated SME survey, central banks often publish general lending statistics. However, these usually do not distinguish SME lending from corporate lending, limiting their usefulness for SME-specific analysis.

Table 12 List of Bank Surveys in EBRD's economies of operation

COUNTRY	BANK LENDING SURVEY AVAILABILITY
Albania	Conducts its own bank lending survey, with quarterly frequency, include SME specific statistics. https://www.bankofalbania.org/Publications/Surveys/Bank_Lending_survey/?utm_source=chatgpt.com
Armenia	Conducts its own bank lending survey, with quarterly frequency. Data and questionnaire info only available in the Armenian version. https://www.cba.am/en/SitePages/statssbankslending.aspx
Azerbaijan	Conducts its own bank lending survey, with quarterly frequency. Data and questionnaire info only available in the Azerbaijani version. https://www.cbar.az/page-188/credit-institutions
Bosnia Herzegovina	Conducts its own bank lending survey, with quarterly frequency. No SME specific data available, only corporate. https://www.cbbh.ba/Content/Read/8?lang=en
Bulgaria	Data on bank survey not identified
Croatia	Participates in the ECB's Euro Area Bank Lending Survey
Cyprus	Participates in the ECB's Euro Area Bank Lending Survey
Czech Republic	Conducts its own bank lending survey, with quarterly frequency, include SME specific statistics. https://www.cnb.cz/en/statistics/bank-lending-survey/
Egypt	*No relevant bank lending survey identified.*
Estonia	Participates in the ECB's Euro Area Bank Lending Survey
Georgia	Conducts its own bank lending survey. SME specific data not identified. https://nbg.gov.ge/en/page/statistics
Greece	Participates in the ECB's Euro Area Bank Lending Survey
Hungary	Conducts its own bank lending survey, with quarterly frequency, include SME specific statistics. https://www.mnb.hu/en/financial-stability/publications/lending-survey
Jordan	*No relevant bank lending survey identified.*
Kazakhstan	Conducts its own bank lending survey, with quarterly frequency, include SME specific statistics. https://www.nationalbank.kz/en/news/predydushchie-publikacii-opros/rubrics/2225
Kosovo	Conducts its own bank lending survey, with quarterly frequency, include SME specific statistics. https://bqk-kos.org/stabiliteti-financiar/anketa-e-kreditimit-bankar-ne-kosove/?lang=en
Kyrgyz Republic	*No relevant bank lending survey identified.*
Latvia	Participates in the ECB's Euro Area Bank Lending Survey
Lebanon	*No relevant bank lending survey identified.*
Lithuania	Participates in the ECB's Euro Area Bank Lending Survey
Moldova	*No relevant bank lending survey identified.*
Mongolia	*No relevant bank lending survey identified.*
Montenegro	Conducts its own bank lending survey, with quarterly frequency, include SME specific statistics. https://www.cbcg.me/en/publications/regular-publications/report-on-bank-lending-survey-results
Morocco	*No relevant bank lending survey identified.*
North Macedonia	*No specific bank lending survey identified.*
Poland	Conducts its own bank lending survey, with quarterly frequency, include SME specific statistics. https://nbp.pl/en/financial-system/senior-loan-officer-opinion-survey/
Romania	Conducts its own bank lending survey, with quarterly frequency covering the 10 major credit institutions, include SME specific statistics. https://www.bnro.ro/Bank-lending-survey-18957.aspx
Serbia	Conducts its own bank lending survey, with quarterly frequency, include SME specific statistics. https://www.nbs.rs/en/drugi-nivo-navigacije/publikacije-i-istrazivanja/anketa-kreditna-aktivnost/
Slovak Republic	Participates in the ECB's Euro Area Bank Lending Survey
Slovenia	Participates in the ECB's Euro Area Bank Lending Survey
Tajikistan	*No relevant bank lending survey identified.*
Tunisia	*No relevant bank lending survey identified.*
Türkiye	Conducts its own bank lending survey, with quarterly frequency, include SME specific statistics. https://evds2.tcmb.gov.tr/index.php?/evds/serieMarket/collapse_10/5954/DataGroup/english/bie_bkea/
Turkmenistan	*No relevant bank lending survey identified.*
Ukraine	Conducts its own bank lending survey, with quarterly frequency, include SME specific statistics. https://bank.gov.ua/en/news/all/opituvannya-pro-umovi-bankivskogo-kredituvannya-iv-kvartal-2024-roku
Uzbekistan	*No relevant bank lending survey identified.*
West Bank and Gaza	*No relevant bank lending survey identified.*

Table 13: Data employed in the analysis

	Lending volume (new loans)	Lending stock (portfolio/operating assets) (outstanding loans)	Credit standards	Terms and conditions (pricing, tenor, collateral)	Loans demand
Albania		✓	✓		✓
Kosovo		✓	✓	✓	✓
Kazakhstan	✓	✓	✓	✓	✓
Montenegro			✓	✓	✓
Serbia	✓	✓	✓	✓	✓
Türkiye	✓	✓	✓	✓	✓
Ukraine	✓	✓	✓	✓	✓
Azerbaijan		✓			
Armenia		✓			

Annex 5. Reference notes for the review of Policy Dialogue

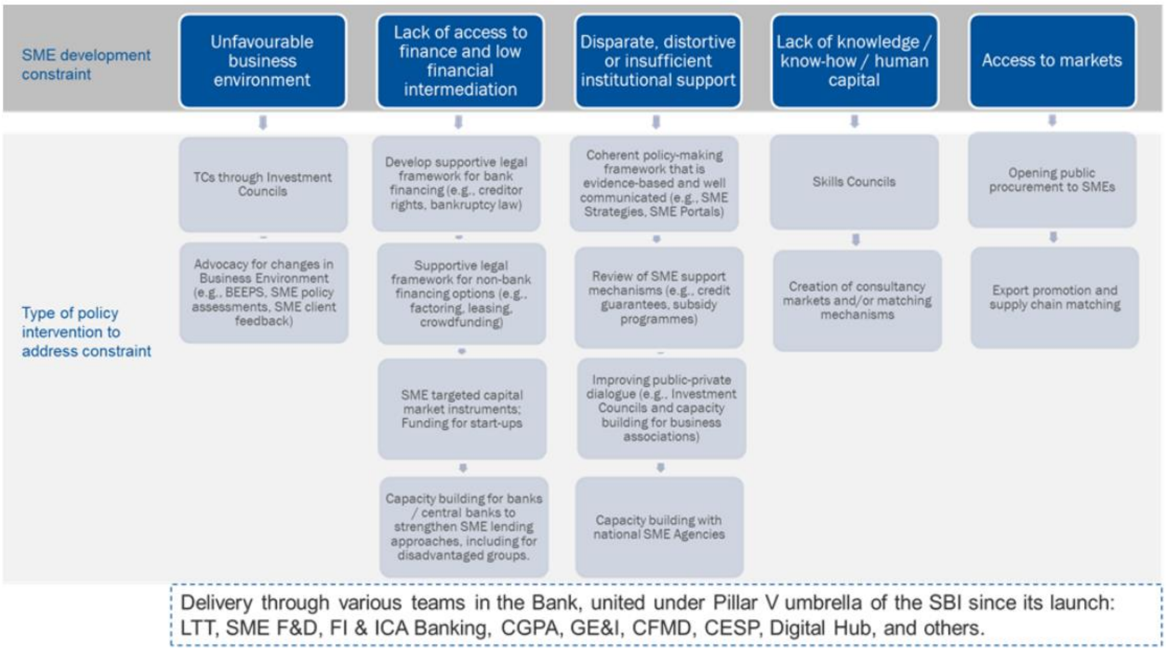
Rationale for the selection of Policy Dialogue projects

Policy Dialogue (Pillar 5) is a core component of the SBI aimed at shaping an enabling environment for SMEs. To capture the elements that constitute Pillar 5, the Policy, Strategy & Delivery (PSD) and SME Finance & Development (SME F&D) teams have introduced an unofficial typology to categorise SME policy dialogue activities. Figure 35 illustrates the typology of interventions, highlighting three recurring areas: investment councils, e-procurement, and non-bank financing.

Successive SBI annual reviews consistently reinforce the importance of SME policy dialogue under Pillar 5, the reviews note that this work is informed notably by investment councils, ongoing Legal Transition Team (LTT) projects flagged as dedicated to or having an impact on SMEs, reforms to enable access to non-bank financing such as leasing, factoring, crowd-funding, SME e-procurement, among other selected TCs.[31]

While choosing relevant TCs, a desk review of EBRD policy and SBI planning documents for Bosnia and Herzegovina, Kazakhstan, Kyrgyz Republic, Kosovo, Tajikistan, and Tunisia (2015–2025)[32] identified common SME policy dialogue areas i) Work with Investment Councils ii) SME e-procurement support iii) Financing Arbitration, Leasing and Factoring Support. [33] While activities vary by country, these three areas consistently appear across the reviewed timeframe. Details are provided in Table 14 below.

Figure 35 An unofficial typology of interventions under Pillar 5



Source: Small Business Initiative: Annual Review 2022 – Presentation (CS/FO/23-22)

[31] See 2013, 2016, 2017 and 2018 Annual Reviews.
[32] Reviewed docs include SBI Annual Reviews, SBI Operational Plans, Country Strategies, Country Strategy Delivery Reviews, Country Diagnostics, Priority Policy Objective, Policy Compacts as well as internal databases such as TCRS. Once these activities have been selected, the team has also relied on, where possible, internal EBRD project documents, interviews with Operation Leaders, external reviews and other evaluations to determine their relevance and effectiveness
[33] As outlined in the Approach Paper for the IEvD Small Business Initiative Phase II, given that conducting primary data collection across the entire EBRD region is neither feasible nor practical, this evaluation focuses on these five selected countries.

Table 14: A desk review of SME PD Priorities in Armenia, Kosovo, Tunisia, Kyrgyz Republic, Kazakhstan, Tajikistan, and Bosnia & Herzegovina

Country	Summary of what is noted in CS, CSDR, PPO, PC, OPs
Armenia	• Business climate improvements (incl. business and investors council, investment climate related measures, potential for business complaints mechanism and gender-sensitive investment climate improvement) • Regulatory improvements for financial arbitration, leasing, crowdfunding (and supply chain finance, covered bonds, and factoring), • Contributions to the OECD SME Policy Index, • The EBRD GPA Facility completed implementation of electronic public procurement analytical tools to improve reporting and monitoring • EBRD-supported Business Support Office provided on-demand services to the authorities, including legal acts for business climate improvement, 16 policy guidelines, consultancy for 72 SMEs, and 25 policy awareness and training events • Explored synergies with the EU-Armenia SME fund – the EBRD's innovative partnership with the EU on addressing the private equity gap in Armenia • The EBRD-supported Good Governance Fund funded Business Support Office launched an innovative initiative in cooperation with the Ministry of Economy of Armenia, providing free access to webinars to local businesses
Kosovo	• Improve corporate governance and investment climates, • Leasing and factoring reform, • Set up industrial zones, in cooperation with the Ministry of Agriculture support agricultural SMEs in meeting EU standards, • Establish a web-based producer platform, • Support the National Council for Economic Development on "enhancing" the business environment, • TC and advisory activities to promote the consolidation, modernisation and efficiency of the agribusiness as well as to improve the links through the agribusiness value chain (from farming, to food processing and to food retail), reaching out to both larger corporates as key pillars as well as SMEs by adopting best practices in supply chain management, • Support the development of regional business platforms (Regional Business Registries) and harmonisation of business practices (Business and Financial Data Exchange), and explore further opportunities to support common regional markets.
Tunisia	• Establish an electronic platform for public procurement and promote increased participation by SMEs, TUNEPS • Conduct gender responsive investment climate assessments, • MoU with CEPEX (The Export Promotion Service) for PACE, • Support in developing ENDE Microentrepreneurship Platform, • Support in developing TABC Export Promotion Platform, • Explore with the Ministry of Trade and Chambers of Commerce about the role of digitalisation in the green transition of SMEs, • Support the Tunisian Investment Authority on the Public Private Consultation Platform, • Food Security Loan Reform Roadmap with FAO,WBG and others, • Support development of the non-banking financial sector (leasing, microfinance and factoring) through funding products, as well as policy advisory on legal and regulatory framework (e.g. microfinance pricing and refinancing, factoring law). • Engaged with the Central Bank on implementation support for IFRS migration in the financial sector and scoped support to NPLs resolution efforts. • Sign a UNWTO/EBRD COVID-19 Tourism Recovery TC with the Ministry of Tourism, aiming at developing a recovery roadmap, promoting sustainability, digitalisation, domestic and near-shore markets, together with gender equality in post-COVID tourism sector • Deployment of the Regional Small Business Programme in partnership with the Tunisian Academy of Banks and Finance, aiming at improving SMEs risk analysis through online trainings and promotion of best practices • Conduct a digital maturity assessment on the investment eco-system in Tunisia, jointly with the leading global digitalisation think-tank. The study's recommendations were adopted by the Tunisian Investment Authority, including the creation of digital identity, interoperability of investment platforms and creation of an entity to manage the digital transformation journey • Support the improvement of the investment climate in Tunisia by digitising services to investors via publishing of a digital investor guidelines.
Kyrgyz Republic	• Supporting the Secretariat of the Business Development and Investment Council in maintaining public-private dialogue and business environment improvements, • Establishing a Business Ombudsman Institution,

	• Introducing legislation on electronic bidding, LCY, mobile banking, introduction of digital tools • Launched e-procurement portal. Launched the government Tandoo e-catalogue • Supported the development of e-registration/re-registration/liquidation of legal entities and the e-notary targeted to SMEs in the Kyrgyz Republic. • Facilitated the Digitalisation of the Chamber of Commerce of the Kyrgyz Republic – to improve access of SMEs to services such as certificate of origin and marketplace with SMEs • Final draft of the national women entrepreneurship development programme submitted to the Ministry of Economy • Launched TC project with NBKR for remote identification to facilitate access to finance in the region under KR Digitalisation Framework • Series of trainings and online workshops for the Ministry of Finance and Chamber of Accounts on the use of analytical tools to conduct ex-post and ex-ante monitoring and audit
Kazakhstan	• Continue policy dialogue with the authorities, IFIs and market players to further strengthen the resilience of the local banking sector and MSME support agencies. In particular the Bank will advise on financial regulation and work with the authorities and relevant banking institutions to resolve the existing NPL problem. • Support creation of VC ecosystem, including developing regulation and supporting incubators and accelerators, coupled with investing in equity/VC funds and start-ups. • Support digitalisation of private sector companies as well as enhancing digital service providers, and digital infrastructure, through direct financing and advisory • Work with the financial regulator to promote inclusive lending practices by financial institutions • Work on rejuvenating Foreign Investors Council • Further support to Astana International Financial Centre with 2 technical assistance projects: Crowdfunding regulation within the Asian International Finance Centre and the project to support Capital market development through privatisations (IPOs).
Tajikistan	• Building on the success of the TAFF, the Bank will work with the EU, DFID and other development partners on an investment and technical assistance programme to enhance competitiveness among SMEs, especially agribusiness • Step up support to the Investment Council • Work with the State Committee on Property and Investments on the Action Plan on Entrepreneurship (2015-2020), and in particular on setting up the task force on women's entrepreneurship agreed as a result of EBRD policy dialogue. • Strengthen governance and procurement standards, including capacity building, training – with focus on increased transparency and enforcement. Introduce and implement e-procurement. • Introduce different stakeholders to Investment Secretariat to create better dialogue and coordination • Work with Investment Secretariat on tax reform and business climate developments. • Joint EBRD-EU product for agribusiness was aligned with GCF GEFF that supports better targeting and thus higher transition impact at the final beneficiary level • Drafted the new tax code with the investment council • Undertake capacity building exercises for local business associations "Council of Tourism Development of Tajikistan" to strengthen SME infrastructure, develop new tourism strategy, and train SMEs in the tourism sector • First e-commerce law in 2022 via the investment council
Bosnia & Herzegovina	• Provide advisory support to BiH entities to establish credit guarantee funds • Support for regional co-ordination on business registration, supporting the Republika Srpska in joining the regional business registry platform • Competitiveness Policy Priority plan for MSMEs. • Sector skills platforms and promotion of dual learning (digitalisation and SMEs) • Skills dual education project in BiH with GIZ, which will help build capacity of local cantons and Chambers of Commerce in promoting partnerships with companies and vocational high schools in automative, metal and plastic industries • Business climate improvement advocacy through ICGI and the Investor Council, leveraging the designation as a lead institution with IFC under the Business Climate Improvement chapter of the Reform Agenda

Note**: Excluding LCY as there is a separate evaluation.

Annex 6. Review of support to Investment Councils

As per the above typology, EBRD's support to investment councils is considered as one of the main paths for SME policy dialogue. Investment councils are seen as essential platforms for public-private dialogue, identifying and resolving regulatory and operational barriers for SMEs. They are a cornerstone of EBRD's policy engagement strategy as consistently highlighted in several SBI annual reviews.

Several evaluations and independent reviews have already examined the EBRD's policy engagement through Investment Councils. These mostly point to the relevance and effectiveness of this work, with some recommendations around further integrating SME voices. As this has been the subject of two recent evaluations and one independent review, the table 15 below provides a synthesis of this work.

Table 15: A desk review of SME PD Priorities in Armenia, Kosovo, Tunisia, Kyrgyz Republic, Kazakhstan, Tajikistan, and Bosnia & Herzegovina

Synthesis of Evaluations and Reviews of EBRD's Work with Investment Councils	
Evaluations	• Evaluation of Investors Council Projects in the Eastern Neighbourhood Good Governance Fund (FCDO, 2024) - Armenia • Independent Review of the Investment Council of Kyrgyz Republic (Tim Vickery, 2022) • An evaluation of the EBRD's policy dialogue performance and results in 2017-2023 (IEvD, 2024) – Kyrgyz Republic
Relevance to Country SME Needs	**Investment Councils are positioned as key facilitators of business climate improvements and public-private dialogue by EBRD Country Strategies.** This is highlighted by the 2015 – 2018 and 2019 – 2024 Country Strategies for both Armenia and Kyrgyz Republic. **The work of Investment Councils appears relevant for SMEs, as these platforms make policy dialogue more inclusive by incorporating SME voices.** For instance, Foreign, Commonwealth and Development Office (FCDO)'s Evaluation of Investors Council Projects (2024) shows how Investment Council membership was doubled in Armenia during the evaluation period—from 6 to 11 members—representing approximately 7,000 businesses. To broaden participation, a 'pool of partners' was created for non-member engagement. **The analysed evaluations and reviews also highlight the importance of Investment Council independence for effective public-private dialogue, demonstrating the relevance of EBRD and FCDO funding which enables this independence.** However, sustainability depends on ongoing donor support.
Effectiveness	**EBRD's work with Investment Councils was effective in facilitating the adoption of reforms beneficial to SMEs.** In Armenia, legal reforms endorsed by the Investment Council enabled sub-leasing and opened public procurement to 40,000+ SMEs. Subsidised loans supported equipment upgrades for over 50,000 SMEs. Labour Code amendments introduced flexible work conditions. EU Late Payments Directive integration helped 10,000 SMEs access retail chains, benefiting 80,000 small farmers. In Kyrgyz Republic, the Investment Council has played a significant role in shaping legislation and regulation, such as tax administration improvements, PPP law, establishing a High Tech Park and strategies for industry development. They have also absorbed activities of other independent bodies, such as the Business Ombudsman and PPP Center.

Annex 7. Review of TC on regulation of Factoring in Tunisia

Technical Cooperation on the Regulation of Factoring in Tunisia, a country of focus for this evaluation, was selected based on internal systems. This assignment was identified through EBRD's internal technical cooperation reporting system as an example of a non-bank finance legal and regulatory reform TC under SBI.[34]

The objective was to select a non-bank access to finance PD TC in a country of study. As noted above, there is no single repository of SME Policy Dialogue activities as of yet. For this purpose, the team utilised EBRD's Technical Cooperation Reporting System (TCRS) with the filters "SBI" and "Legal and Regulatory Reform" to identify the relevant activities. Below demonstrates the identified TCs and their approved amounts.

Results

Project Id ↓	Title	Amount (EUR)
13451	Financial Reporting Expert for Ministry of Finance of Bosnia and Herzegovina	€74,600.00
11119	MSMEDA - Implementation of Pilot Programme and PRF	€1,191,438.66
8264	Regional: Facilitating Access to Public Contracts for Small and Medium Enterprises	€1,675,000.00
8163	Jordan – Facilitating participation from small and medium enterprises (SMEs) in public tenders conducted on the Jordanian eProcurement system (JONEPS)	€260,000.00
7399	The Kyrgyz Republic: Facilitating the participation of small and medium enterprises (SMEs) in public tenders conducted on the electronic public procurement system	€593,500.00
6882	Regulation of Factoring in Tunisia – Technical Cooperation	€138,944.00
627	Tunisia: Facilitating participation from small and medium enterprises (SMEs) in public tenders conducted on the Tunisian eProcurement system (TUNEPS)	€975,000.00
598	Morocco: Secured Transactions Reform / Phase 2	€168,015.00

Filters: SBI + Legal and Regulatory Reform

This analysis draws on available project records, though gaps in technical cooperation documentation—compounded by staff turnover—have hindered a full evaluation of this TC assignment. The following observations draw on country-level documents to assess the relevance of this TC's prioritization, as well as project-level materials such as progress and consultant reports. Accessing project documents and lessons proved challenging for IEvD due to the departure of Legal Transition Team members.[35]

Regulation of Factoring in Tunisia – Technical Cooperation	
TC Details	**The assignment focused on supporting Tunisia's Ministry of Finance in advancing factoring reforms.** It involved leveraging the Bank's expertise from similar projects in Serbia, Croatia, and Montenegro, and assisting in drafting regulations aligned with Tunisia's legal framework. An international and a local consultant were engaged, and the project ran from 2016 to 2019.

[34] See Annex I. EBRD's internal Technical Cooperation database (TCRS) reveals the TCs in Table II mapped under the Small Business Initiative filter and with Legal and Regulatory Reform as the assignment type.
[35] OLs are the main contact points for communication with project stakeholders, including consultants, but the OL has since left the Bank. Because TCRS is being phased out and no completion or final review report was planned, LTT provided the 2018 EU Progress Report and the 2020 Annual Progress Report for the SEMED MSME Financial Inclusion Programme. However, these reports contain insufficient information especially with respect to project performance or lessons learned. For the benefit of this report, LTT members (who had followed the project) furnished background information on the project dynamics and sent over all the project-related deliverables as well as the existing, formal, communication, with the stakeholders."

Relevance to Country SME Needs	**The Technical Cooperation on the Factoring Regulation in Tunisia shows a high level of relevance to country needs and EBRD country priorities.** This reform was initiated following a formal request of the Tunisian Ministry of Finance, signalling a direct country need.[36] At the same time, EBRD also highlighted this as a priority area. The Tunisia Country Diagnostic (2018) highlights the need for non-bank financing for SMEs. The EBRD Tunisia Country Strategy of 2018 – 2023 also lists a target action to "support the development of the non-banking financial sector (leasing, microfinance and factoring) through funding products, as well as policy advisory on legal and regulatory framework (e.g. microfinance pricing and refinancing, factoring law)" under Priority 3.[37]
Effectiveness	**Although the project deliverables were completed and a draft regulation has been prepared, lack of participation from government stakeholders prevented the project from reaching its main KPI; the adoption of the factoring law**.[38] EBRD documents show that, despite sustained follow-ups, feedback on the draft factoring law from the Ministry of Justice and other working group members has not been forthcoming, with only the Ministry of Finance (MoF) remaining actively engaged. The progress of the MoF-led Working Group—comprising representatives from the Central Bank, Tunisian Banking Association, MoF, Ministry of Justice (MoJ) and EBRD—was hindered when the MoJ representative exited the group in June 2018, followed by a government reshuffle in 2019. Although the Ministry of Finance's original request to EBRD in June 2016 identified the development of a legal framework for factoring as a priority, the project has faced significant delays without the participation of key government stakeholders (particularly from the Ministry of Justice).

The failure to meet the key KPI—adoption of the factoring law—offers important lessons for future projects. The draft law was introduced during a period of political instability, which hindered stakeholder consensus despite EBRD's efforts.[39] Two lessons emerge from the project:

- Avoid launching major legislative initiatives during anticipated government reshuffles or transitions.
- Use a phased approach for large-scale interventions to build momentum and stakeholder engagement before drafting legislation.

[36] The project documentation of the TC on the Factoring Regulation in Tunisia note that the Tunisian Ministry of Finance has reached out to EBRD in 2016, requesting technical assistance for the development of the legal and regulatory framework for factoring
[37] Strengthening the Resilience of the Financial Sector and Broadening Access to Finance
[38] Indicator 1: The new factoring policy is adopted in the form of a new factoring law. Indicator 2: Work on the new legislation is based on the best international practices
[39] Despite these challenges, EBRD took sustained actions to unblock the situation, including sending formal letters to the stakeholders, engaging through the Resident Office, and maintaining dialogue with newly appointed authorities over several years to advance the draft law.

Annex 8. Review of E-procurement TCs

For the selection of the procurement TCs, the evaluation team has used the filters of the "Small Business Initiative" as well as "Legal and Regulatory Reform" and "Policy Advice" subsequently in its countries of focus and compared it against other such TCs outside of crises contexts and the combined annual grant review entry. SBI Phase II countries of focus for Policy Dialogue are Bosnia and Herzegovina, Kazakhstan, Kosovo, Tajikistan, and Tunisia.

TC Projects with the SBI and "Legal and Regulatory Reform" or "Policy Advice" Filters	Amount (EUR) APPROVED	Amount (EUR) ALLOCATED
Regional: Facilitating Access to Public Contracts for Small and Medium Enterprises	€1,675,000.00	€350,000.00
Jordan – Facilitating participation from small and medium enterprises (SMEs) in public tenders conducted on the Jordanian eProcurement system (JONEPS)	€260,000.00	€60,000.00
The Kyrgyz Republic: Facilitating the participation of small and medium enterprises (SMEs) in public tenders conducted on the electronic public procurement system	€593,500.00	€593,500.00
Tunisia: Facilitating participation from small and medium enterprises (SMEs) in public tenders conducted on the Tunisian eProcurement system (TUNEPS)	€975,000.00	€975,000.00

Tunisia: Facilitating the Participation of SMEs in Public Tenders Conducted on the Tunisian e-Procurement System

In 2013, Tunisia decentralised its public procurement and launched the TUNEPS eProcurement platform. However, SMEs still faced barriers due to missing procedures for small purchases, implementation challenges, complex digital requirements, low awareness, and limited promotion of TUNEPS. The government proposed legal reforms to simplify low-value procurement, allow free online tender access, and enable digital submissions.

In response, EBRD launched a technical cooperation project to improve small-value eProcurement. Working with HAICOP[40] (the Public Procurement Authority) and KOICA, EBRD supported legal reform, system upgrades and SME outreach. A new decree, informed by international best practices, took effect in March 2017. The project was delivered jointly by EBRD's LTT and SME F&D teams, with support from the OECD and other donors. It was expected to take place between 2015 and 2023 but faced delays due to COVID-19. Phase I of the project is completed, as of 2018. The project components include the following:

- KSP-EBRD Joint Consulting Project
- Policy Advice
- SME Training and CA Institutional Capacity Building
- Technical Consultant for SMEs Capacity Building
- Contracting Authorities Capacity Building - International Expert
- Contracting Authorities Capacity Building - Local Expert
- Local Project Officer
- Logistics Coordinator
- Project Activities Organised by the Resident Office Tunis
- Making TUNEPS SME-Friendly (Redesigning and Upgrading eProcurement tools)
- Upgrade of the Tunisian Procurement Authority Helpdesk
- TUNEPS Monitoring and Reporting Module

[40] Haute Instance de la Commande Publique

- SME Training – Advanced E-Commerce Business Skills
- SMEs Advanced e-commerce business skills training

Relevance

Public procurement accounted for approximately 15% of Tunisia's GDP in 2017.[41]. Reports from international organizations like the OECD highlight challenges for SMEs in accessing public contracts, including cumbersome tender procedures and lack of supportive policies. Lowering contract amounts and reducing the burden of tender procedures is relevant for SMEs.[42]

Indeed, the Tunisia Country Diagnostic (2018) notes the need to further simplify bureaucratic procedures for SMEs. The Diagnostic notes that bureaucratic procedures handled by the state administration have a disproportionate effect on SMEs by diverting scarce resources to compliance with regulations and administrative procedures.

Moreover, evidence from interviews suggests that this reform was supported by SME associations and trade unions. The legal public procurement framework was approved and the TUNEPS platform was initially piloted in 2013. The first e-procurement on the platform was signed in 2014. Yet, the new legislation and TUNEPS showed incompatibilities as the procurement law still favored bigger suppliers, while also mandating 20% SME participation in public contracts. This pointed towards the need for adjustments to the procurement law and changes to the e-procurement system – with support from trade unions and SME associations.

Effectiveness

While it is noted that the regulation has largely increased access to opportunities and information for SMEs, the current rate of participation of SMEs in public tenders is below the set regulatory target. However, this is hard to confirm due to constraints related to access to data. As it stands, the current regulation has a target of 20% of yearly procurement volume reserved to SMEs. However, reports by the World Bank and HAICOP suggest that the effective rate for contracts reserved for SMEs is currently below this target. Moreover, reports note that it is challenging to confirm this due to a lack of reliable database or statistics on the actual number or share of SMEs participating in public procurement.[43] The project documents themselves highlight persistent challenges with data availability on TUNEPS such as missing awards data, supplier information, disqualification/evaluation or selection data, and mixed currency formats distorting bid values.[44] Table 16 (below) covers some of the potential reasons for this.

Broader outreach and stronger digital capacity-building was needed to boost project outcomes. According to EBRD project documentation, Phase I resulted in more than 2,000 new suppliers and 1,000 contracting authorities registering on the Tunisian E-Procurement System (TUNEPS), with Phase II launched in 2019 to strengthen SMEs' e-commerce skills and introduce additional procedures. Project documents also note that SME-focused training should have been supplemented with parallel capacity-building for local contracting authorities to stimulate demand-side uptake as a lesson.[45] A 2020 project report[46] further highlights persistent barriers to accessing TUNEPS, including limited digital skills among both SMEs and public buyers and significant inequalities in digital infrastructure and internet quality, which constrain participation for SMEs—especially those in underserved regions. These findings suggest that broader outreach and stronger digital capacity-building are needed to ensure the transition to e-procurement does not deepen existing structural inequalities.

[41] https://institutdesfinances.gov.lb/sites/default/files/2024-06/improving-e-procurement-environment-tunisia-en.pdf
[42] https://institutdesfinances.gov.lb/sites/default/files/2024-06/improving-e-procurement-environment-tunisia-en.pdf
[43] https://www.marchespublics.gov.tn/fr/documentations/4807/download
[44] OCDS report
[45] Final Report, 2018. Facilitating the Participation of SMEs in Public Tenders on TUNEPS
[46] Rapport sur la participation des PME aux marchés publics électroniques sur TUNEPS

Phase I of the TC was also a part of IEvD's Evaluation of the Legal Transition Programme, before project completion. As such, the evaluation finds that the project is at an early stage to reach conclusions. The evaluation highlights EBRD and donor-led reform efforts contributions towards aligning Tunisia's procurement framework with international standards, strengthening elements of TUNEPS, and supporting the public procurement review body (HAICOP). Yet, delays in implementation, similar concerns about the lack of access to results data at the outcome-level, and difficulty in attributing system-level changes to EBRD interventions prevented establishing effectiveness. Yet, EBRD's contribution at an early stage of the project was noted as well-targeted

There are three external sources analyzing the e-procurement environment in Tunisia from the OECD (2020), World Bank (2023), and SDG16+ (2023). As they are conducted at different points in time, they also give an indication as to how the e-procurement legislation and system in Tunisia may have evolved (Table 16). The reports widely note that TUNEPS has been beneficial for suppliers and contractors in Tunisia and made procurement processes more accessible and transparent than before. Yet, some common challenges persist:

- Variations of access across regions persist due to gaps in digital infrastructure, internet access and knowledge of the platform as well as digital literacy.
- Weak mechanisms for complaints and appeals limit enforcement or sanctioning of misuse
- Lack of awareness among contractors and suppliers limits access to and the use of the system.

Table 16: External Reports on the Procurement System in Tunisia

Findings of International Organisations Regarding the Procurement System in Tunisia	
Improving the E-procurement Environment in Tunisia: Supporting vulnerable groups in gaining better access to TUNEPS (2020) Improving the E-procurement Environment in Tunisia: Supporting vulnerable groups in gaining better access to TUNEPS	**A sizeable number of public buyers and suppliers have already been actively using the TUNEPS platform since its launch. Suppliers note that the platform is beneficial to them in terms of increasing access to relevant information and business opportunities**. TUNEPS has been mandatory since 2019 for all contracting parties. However, there are still significant gaps in the transition to e-procurement. **Challenges** • **Engagement is limited for some groups due to barriers such as a lack of digital literacy, limited access to technology (including gaps in internet connectivity across different regions), and unfamiliarity with TUNEPS.** These include SMEs, women-owned businesses, and young entrepreneurs. • **Public entities face challenges in effectively using TUNEPS due to insufficient training and a lack of dedicated personnel.** HAICOP has a limited capacity to scale up training across the country. It has been delivering capacity building initiatives on TUNEPS since the start of the project. However, with a staff of less than 20, its capacity is limited. Both the market and contracting authorities are still in need of training and assistance • **Public buyers face challenges using the e-contracting module due to incomplete digitalisation**—procurement contracts must still be registered offline with the Ministry of Finance. Additionally, downloading large files like architectural designs is difficult, limiting usability. • **Low awareness of the legal obligation to use e-procurement**—especially at the regional level—combined with limited training capacity from HAICOP, hinders adoption among public buyers and suppliers. Many lack the skills or information to use the TUNEPS platform, and attitudes toward full transition vary. • **Limited enforcement or sanctioning for lack of compliance** • **There is inadequate consultation with key stakeholders,** including suppliers and civil society, during the design and implementation of e-procurement policies. • **Issues related to data privacy and protection were noted.** This has the potential to erode trust into the system. **Recommendations** **Enhance Digital Literacy and Access** • Implement training programs targeting SMEs, women, and youth to build digital skills. • Provide access to necessary technology and internet connectivity to bridge the digital divide.

	Strengthen Institutional Capacity • Establish dedicated e-procurement units within public institutions. • Offer continuous professional development for staff to improve the effective use of TUNEPS. **Engage Stakeholders in Policy Development** • Conduct regular consultations with suppliers, civil society, and other stakeholders to gather feedback. • Incorporate their input into the design and refinement of e-procurement policies and practices. **Address Data Privacy and Security** • Develop and implement robust data protection frameworks aligned with international standards. • Ensure transparency in data handling practices to build trust among users.
Republic of Tunisia, Evaluation of the Public Procurement System Tunisia | MAPS (2023)	The MAPS (Methodology for Assessing Procurement Systems) assessment of Tunisia's public procurement system, conducted between 2018 and 2019 and published in November 2023, identified several key areas for improvement and provided targeted recommendations. **Legal, Regulatory, and Policy Framework** • **Issues Identified**: The existing legal framework was outdated and not fully aligned with international best practices. • **Recommendations**: o Revise the Public Procurement Code to align with international standards and modern procurement principles. o Introduce environmental and social criteria in procurement regulations. o Implement mandatory guidelines for green procurement. **Institutional Framework and Management Capacity** • **Issues Identified**: Limited coordination between procurement regulatory institutions and lack of standardization in contract management. • **Recommendations:** o Establish a formalised inter-agency coordination mechanism to align procurement strategies. o Develop standardised contract templates to improve consistency. o Strengthen contract monitoring mechanisms to ensure timely implementation. **Accountability, Integrity, and Transparency of the Public Procurement System** • **Issues Identified**: Weak mechanisms for complaints and appeals, limited public access to procurement data, and insufficient enforcement of anti-corruption measures. • **Recommendations**: o Establish an independent procurement appeals body. o Develop a digital complaint tracking system for real-time resolution of disputes. o Require mandatory publication of procurement data in an open-access format. o Strengthen audit mechanisms to detect and prevent procurement fraud. Implement whistleblower protection policies for procurement-related complaints.
SDG16+ Digitalization of public procurement for transparency and financial inclusion in Tunisia - Pathfinders (2023)	**The article points to both the positive outcomes and implementation challenges and gaps of TUNEPS.** • By 2019, TUNEPS had supported 3,350 e-bids and 6,400 procurements on the e-shopping mall. Public buyers have reported an improvement in terms of price and quality of goods and services procured under TUNEPS. • Suppliers who embraced e-procurement expressed finding a new and important market for their products. • In 2015, Tunisia was identified as a Regional Champion in the Open Government Partnership Awards organised by the Open Government Partnership,due to the improvement in public services achieved by TUNEPS. **Yet, TUNEPS' activation on the ground was not without complications.** • **Suppliers initially resisted TUNEPS due to unfamiliarity with registration and usage. In response, HAICOP showed adaptability by enhancing the system with support from KSP, OECD, and EBRD.** It established a help desk, conducted training, and raised awareness—especially among SMEs. • To encourage SME participation, Tunisia required that 20% of public procurements go to SMEs and set small-value thresholds between TND 50,000 and TND 200,000. HAICOP supported this with e-payment, a mobile TUNEPS platform, and digital e-certificates. **Still, only 17% of procurements went to SMEs by 2020 due to limited regional capacity.**

	• **An unintended consequence of TUNEPS was that it increased international bidding for public procurement in Tunisia, which has increased the competition for local markets**. In 2022, 33 percent of public procurement tenders were awarded to international bidders. This appears to be a cause for concern among some local stakeholders.[47]

Moreover, internal interviews highlight the importance of complementary efforts for e-procurement to be accessible to SMEs across the country, such as the widescale adoption of e-signatures. The TC work regarding procurement in Tunisia also necessitated encouraging the government to adopt electronic signature systems. Electronic signatures are essential for secure, legally valid, and efficient e-procurement workflows. TC providers should ensure these signatures are compliant, secure, user-friendly, and fully integrated.

To note, Tunisia adopted the Procurement Act of 2023 in February 2025. The new version of the law may go some way towards addressing the above challenges. These reforms introduce simplified procurement procedures, enhanced transparency through new mandatory procurement stages, and changes in the requirements for financial guarantees. However, as the law is only recently enacted, it is too early to confirm.

The Kyrgyz Republic: Facilitating the Participation of SMEs in Public Tenders in the Electronic Public Procurement System

The Kyrgyz Republic launched its eProcurement system in 2014 and adopted the Public Procurement Law No. 72 in 2015. While this system improved transparency and access for high-value contracts, it lacked competitive online procedures for small-value contracts, limiting participation from local SMEs. To address these issues, the EBRD has initiated a technical cooperation project to implement "online shopping" procedures. This included:

- Regulatory and Implementation Support
- Field Support
- Helpdesk Modernization
- Data-Based Monitoring and Transparency
- TANDOO e-Catalogue Development

The project was commenced in 2016 and was expected to be delivered in 2020. Yet due to political challenges in 2021, reform efforts were reversed.

<u>Relevance</u>

In 2018, the Public Procurement Department surveyed 597 businesses—91% of which were SMEs—and found that small enterprises face several barriers in public procurement.48 These include complex and time-consuming procedures, limited experience navigating the system, and regulatory shortcomings that hinder fair competition. To overcome these challenges, SMEs called for more accessible processes: simplified documentation, transparent bid evaluations, electronic submission and payment options, and easier qualification requirements.

<u>Effectiveness</u>

[47] https://www.webmanagercenter.com/2022/10/28/493189/tunisie-marches-publics-leffet-trompeur-du-tuneps-et-le-role-inquietant-de-la-haicop/?utm_source=chatgpt.com
[48] https://www.open-contracting.org/2019/09/23/kyrgyz-republic-how-open-contracting-can-support-small-business/#:~:text=Read%20on%20to%20find%20out%20how%20they%20developed,and%20a%20simplified%20e-catalogue%20procedure%20for%20low-value%20procurement.

IEvD's Evaluation of EBRD's Policy Dialogue (2025) highlights that this TC has not fully reached its objectives in Kyrgyz Republic. This is due to a change in government, presenting challenges in country buy-in and stewardship of the reform. Box 4 summarises the findings from the evaluation.

Box 4 IEvD's Evaluation of EBRD Policy Dialogue | Kyrgyz Republic E-Procurement Reform
The e-procurement reform project in the Kyrgyz Republic, aimed at enhancing transparency and enabling SME participation, initially progressed well with EBRD support and government backing. However, following a change in government in 2021, the initiative faced significant setbacks due to technical disruptions and adverse regulatory changes, including the shutdown of competitive e-procurement tools and the replacement of real-time data publication with limited historical reporting. Despite EBRD's commitment since 2017 and continued efforts through capacity building and policy dialogue, the reform stalled amid declining transparency, reduced competition, and new laws curtailing foreign-funded CSOs. Attempts by EBRD and other IFIs to raise concerns were ignored, suggesting that influential stakeholders opposed the reform, while its intended beneficiaries lacked the power to sustain it.

Other studies point to challenges with potentially opaque practices in tender requirements (unrealistic deadlines, cancellations and excessive requirements), the lack of a robust complaint and feedback mechanism, the current nature of the law which exempts SOEs from transparency requirements, limited awareness and digital literacy (as well the regional digital infrastructure) as potential barriers to an inclusive and competitive procurement system in Kyrgyz Republic.[49,50,51]

Moreover, a report on the procurement system by ACTED with support from the Open Contracting Partnership, the UK FCDO (through EGED)52, and the World Bank note the following:

- Concerns have been raised regarding transparency and coordination within the system, which may be affected by high staff turnover and limited inter-agency collaboration. These challenges, coupled with insufficient accountability mechanisms, can impact public confidence in institutional processes
- Violations of the procurement law are not adequately sanctioned.
- There are issues with accessing procurement data in machine-readable formats, which limits both public and official monitoring.
- Stakeholder engagement needs to be enhanced. For example, through the adoption of public oversight mechanisms, and establishing a dialogue platform between experts and the Ministry of Finance. Civil society efforts for procurement monitoring should be supported and scaled up.

Regional: Facilitating Access to Public Contracts for SMEs (Focusing on Tajikistan)

With the support of the EBRD-UNCITRAL Initiative, Tajikistan developed a new public procurement law, designed to align with the UNCITRAL Model Law on Public Procurement (2011) and the WTO's Agreement on Government Procurement. The reform momentum began with the Electronic Procurement Programme for 2013–2015, part of Tajikistan's broader e-government strategy approved in 2011.

[49] Study on Corruption within the Public Procurement System in Kyrgyzstan (2021)

[50] Procurement: the missing puzzle piece to follow the money in Kyrgyz Republic - Open Contracting Partnership (2022)

[51] Digitisation of public procurement as a factor of economic security and regional development in the Kyrgyz Republic

[52] ENG Summary_ The state of public procurement in Kyrgyzstan.docx

EBRD's support to Tajikistan after the adoption of the law through the EBRD-UNCITRAL initiative was provided through its Regional TC on Facilitating Access to Public Contracts for SMEs. Tajikistan was selected for two key assignments under this initiative:

Assignment 1 – Pilot Training for SMEs

- Reviewing and optimizing the eProcurement system.
- Developing open-source small-value procedures.
- Creating a vocational training module for suppliers.
- Delivering training through face-to-face seminars and online tutorials in collaboration with business associations and municipalities.
- Preparing the module for replication in other EBRD countries.

Assignment 5 – Full Implementation in Tajikistan (Regulatory Drafting for Low-Value Contracts)

- Policy advice and regulatory drafting for low-value contracts.
- Design and piloting of electronic procedures.
- Capacity building for SMEs and awareness raising among contracting authorities.

Relevance

The need to reform Tajikistan's public procurement system is a recurring priority across multiple strategic documents. The 2015–2020 Country Strategy highlights the outdated legal framework—based on the 1994 UNCITRAL Model Law—and calls for improvements through the Legal Transition Programme, particularly in e-procurement.

This is especially relevant for SMEs in terms of small-value contracts. The 2015 – 2020 EBRD Country Strategy rates the system at the time as having medium compliance with international standards. The Strategy notes that while the procurement system supports open tendering, it lacks regulation in procurement planning, contract management, and small-value contracts. There are no negotiated procedures for complex projects, and domestic preferences limit international competition. Despite the creation of a regulatory authority in 2010, no remedies body exists. Key gaps are noted as:

- Absence of independent review mechanisms
- Preferential treatment for domestic bids
- Limited eProcurement procedures
- Weak oversight of planning and contract management
- No provisions for routine purchases

The 2020 -2025 Country Strategy reinforces this agenda. Under Priority 1, EBRD commits to supporting e-procurement implementation to boost competitiveness. Under Priority 3, it promotes inclusive e-procurement to improve access for women, youth, and underserved regions.

Additionally, e-procurement is emphasised in the 2025 EBRD Country Diagnostic and the 2021–2030 National Anticorruption Strategy (a national document), both urging expansion of its use to strengthen transparency and efficiency.

Moreover, public procurement accounts for about a third of consolidated government spending and 10–20% of GDP in the region. It is identified as the largest corruption risk for governments.

Effectiveness

The country has ambitious plans to utilise the single e-procurement portal. However, this does not match the current reality of budget expenditures. As of 2025, Tajikistan aims to conduct 90% of all public procurement through a single e-procurement portal, with 70% of it being open procurement. Yet, currently, 22% of budget expenditures are processed through this platform.[53]

Project documents were not made available at the time of the evaluation.

<table>
<tr><th colspan="2">External Reports on the Public Procurement System in Tajikistan</th></tr>
<tr><td>Challenges and Prospects for the Development of Public Procurement in Tajikistan

UK Foreign Office’s “Effective Governance for Economic Development” (EGED) Project

https://www.open-contracting.org/wp-content/uploads/2023/10/CAscoping-Tajikistan-state-public-procurement-ENG.pdf</td><td>In March 2023, Tajikistan adopted a new public procurement law aligned with UNCITRAL and WTO standards.

A national e-procurement portal now publishes plans, tenders, and contracts.

Open competition is the main procurement method, covering about 97% of procurement by volume.

Challenges: Despite reforms, only about 22% of total government procurement spending goes through the electronic system. Key issues include:

• Limited coverage of all government organizations in the system.
• Lack of a unified classifier for goods, works, and services.
• Insufficient IT resources for monitoring and analytics.
• Incomplete machine-readable data and limited public access to some procurement information.
• The complaints mechanism is still not fully independent

Recommendations
• Enhance the publication of procurement information in open, machine-readable formats.
• Involve civil society and the private sector more actively in monitoring and feedback.
• Improve the complaints and appeals process to ensure independence and transparency.
• Provide technical assistance for developing analytics, risk assessment, and reporting modules.
• Continue digitalization and integration with other government financial systems.</td></tr>
<tr><td>Tajikistan Public Procurement Legislation Assessment 2016-2018

Open Society Foundation</td><td>The document presents an assessment of Tajikistan’s public procurement legislation for 2016–2018, prepared by an independent expert as part of the Transparent Public Procurement Rating project, supported by the Open Society Institute and the Institute for Development of Freedom of Information.

Transparency Environment:
• Business registries are not fully public.
• Budgets of procurement bodies are publicly available.
• There is a legal right to request public information.
• Whistleblower protection is included in anti-corruption law.

Procurement System Characteristics:
• The main procurement law covers most public entities, but some gaps exist.
• The law is accessible online, but not always in a fully machine-readable or free format.
• The scope covers most economic sectors, with clear exceptions (e.g., defense, emergencies).
• There is a designated procurement authority responsible for coordination and monitoring.
• No formal mechanism for regular consultation with private/civil sectors.</td></tr>
</table>

[53] ENG Summary_ The state of public procurement in Tajikistan.docx

	• Electronic procurement is not the default method. **Efficiency and Competition:** • The law does not require anti-discriminatory, open-source e-procurement software. • Equal treatment of bidders is mandated, but there is preferential treatment for domestic suppliers. • Sanctions for violations and clear definitions of fraud/corruption are included. **Complaints and Appeals**: • The law provides for complaints and appeals, but public access to complaints and decisions is limited. • There is an independent review body, but it does not include civil society representatives. • Judicial review is available. **Tender Process**: • Open tender is the default, with exceptions clearly listed. • Non-competitive procedures are allowed only in specific, justified cases. • Tender documentation must include detailed information and criteria. • Conflict of interest rules are defined. • Notification of tender results and reasons for rejection are required. • Contracts must be awarded based only on pre-defined criteria. **Post-Tender Phase:** • Some information about contract awards is published, but access to contracts, amendments, and execution reports is limited. • Procedures for contract modification and quality control are not fully detailed in the procurement law but are covered by other legislation. • Internal and external audits are required by other laws. **Overall Assessment** • Tajikistan's procurement legislation aligns with many international standards, especially in transparency, accountability, and competition. • However, there are notable gaps in public access to procurement data, use of electronic procurement, and mechanisms for stakeholder consultation. • The system is evolving, with ongoing improvements in legal frameworks and digitalization.

Annex 9. SBI operation with policy TI monitoring indicators

A vast majority of SBI operations with policy dialogue TI monitoring indicators are Pillar 1 (Indirect Financing) operations. 23 of the 29 SBI operations with policy indicators are categorised in Pillar 1 (Indirect Financing), 1 belongs to Pillar 2 (Co-Financing & Risk-Sharing), 5 are in Pillar 3 (Direct Financing). The policy TI monitoring indicators cover activities such as supporting clients in adopting new policies or regulatory frameworks (e.g., gender equality, tariff reforms, EU/international standards); facilitating stakeholder consultations and peer learning; and engaging clients in capacity-building and knowledge-sharing with national authorities or regulators. Details of each activity are provided in the table below

85% of the recorded policy-related transition impact monitoring indicators for SBI operations (at the date of last review) are achieved, largely on track, on track or partially achieved. While approximately 15% is not achieved or not yet available. [54]

[54] The table with the operational details has been removed for confidentiality reasons during the external publication process.

Annex 10. Relevance of the evaluation of SBI Phase II to SME development challenges in Sub Saharan Africa

This annex assesses the potential relevance of the Small Business Initiative Phase II for Sub-Saharan Africa (SSA) expansion contexts. To do so, the evaluation findings and recommendations were systematically mapped against a non-exhaustive set of key structural challenges affecting small and medium sized enterprise development in SSA.

Out of twelve core challenges identified in the literature and policy practice on African SME development, the evaluation explicitly addressed ten. Only two challenges—namely the availability of patient and risk absorbing equity capital, and access to markets—were not directly covered by the SBI II evaluation evidence base. Overall, this mapping supports the conclusion that SBI evaluation is highly relevant to SSA contexts. Moreover, several findings reinforce existing evidence on SME finance, institutional capacity, risk management, and advisory support in Africa, despite the absence of direct country coverage from the region in the evaluated portfolio.

This table was prepared by **Boubacar Ly**, Principal Evaluation Manager, External Peer Reviewer, **Independent Development Evaluation Department, African Development Bank,** as part of the peer review of the SBI Phase II evaluation.

Challenges of SMEs development in Africa	Relevant SBI II Findings	SBI II Implications and Recommendations
Defining SMEs. As a non-homogeneous group, there is no universally agreed-upon standard definition for the SME segment. Most African countries have one or several definitions, mainly driven by policy considerations. Local commercial banks utilise their own definitions, often different from the countrys' definition.	Definition issues were already discussed in SBI I – a unified definition compliant with EU definition was adopted.	
Access to Finance. Access and affordability remain limited. More than half of all SMEs in Sub-Saharan Africa are reported to be fully or partly financially constrained, making Sub-Saharan Africa the most financially challenged developing region globally with an SME access to finance gap estimated at USD 331 billion.	• SBI financing expanded SME access across regions, especially through PFIs. • The pace and depth of this growth vary significantly across countries.	• Maintain and scale indirect and risk-sharing models.
Available financing Instruments. There is a gap between financing instruments currently available in the market and the varied financing needs of SMEs in their various growth cycle.	• PFI survey confirmed increased SME portfolios and new product development; 89% reported portfolio growth. • 41% reported faster loan processing and 31% improved alignment with SME needs. • Financial inclusion improved, particularly through WiB and regional outreach.	• Maintain and scale indirect and risk-sharing models. • Support partner banks' provision of non-financial services. • Maintain inclusion as a core dimension of Pillar 1
Need for Patient and risk-absorbing equity forms of capital. Equity financing is still underutilised and in short supply, with Africa accounting for only 3% to 4% of emerging market fundraising between 2008-2020.		

Limited access and the high cost of credit to SMEs. This is mainly due to demand-side, supply-side, and market weaknesses. SMEs often lack the necessary documentation requirements (audited financial statements, business plans, and models, ect.) Commercial banks often lack the strategy, know-how, processes, and operations to lend to SMEs, at scale. Information asymmetry between lenders and borrowers is a large determinant of high-risk perception.	• Institutional capacity of PFIs improved, especially in SME data systems. • 84% of PFIs track SME clients separately; • Partner banks have also expanded their organisational resources dedicated to serving the SME segment. • Greater attention to also stimulating SME demand—through complementary advisory, capacity-building, and risk-sharing measures—may be necessary to unlock the full impact of intermediated lending.	• Support partner banks' provision of non-financial services
Risk Management. The current position in many African markets is that a significant number of financial institutions rely heavily on fixed assets collateral (often land or buildings) to mitigate their credit risk exposure and lower their estimated losses in the event of a default.	• Persistent structural constraints—especially collateral requirements and information gaps—continue to limit SME access to finance. • Specialised credit committees and governance bodies • Banque Misr established multiple SME Credit Committees and Central/Non-Central Small Enterprises Financing Committees by 2016, ensuring both local and central approval authorities for SME credit schemes. • ProCredit Holding employs dedicated credit committees for all SME lending decisions, with approval limits calibrated to committee members' expertise—centralising risk assessment while tailoring processes to SME needs. Similar credit committees are also present in several Kazakh banks, including Halyk Bank, Forte Bank and Bank CenterCredit.	
Macro-economic challenges facing SMEs in Africa. The high inflationary environments and increasing government borrowing often result in high interest base rates that make borrowing punitively onerous and often unprofitable for SMEs.	• EBRD financing played a counter-cyclical role during market tightening. • Negative correlation (−0.26) between worsening credit supply standards and increased EBRD lending; strongest in smaller markets (e.g., Albania, Serbia, Kosovo). • Data also show that EBRD lending does not significantly mitigate increases in non-interest charges or collateral requirements, which remain key barriers for micro and small enterprises even when EBRD provides counter-cyclical support. • SBI proved flexible in crisis response but sustainability	• Position SBI 2.0 as a resilience instrument supporting SMEs during crises. • Design SBI 2.0 for adaptive programming and continuous learning loops.

	mechanisms need strengthening.	
Access to Know-How and Effective Management. Perhaps the biggest constraint to MSME growth is the gap that exists in the managerial skills of its owners and its employees. SMEs are not accustomed to hiring third parties to enhance their skills even when they may be readily available.	• Advisory services for SMEs delivered positive enterprise-level effects but were not sufficient to generate market-level transformation. • 72–84% of SMEs reported higher turnover and profitability; 65%+ reported employment growth. Gains were largely incremental and did not translate into accelerated firm growth or widespread shifts in firm size distribution. • MDAs raised EBRD's visibility, built a client and consultant pipeline, and strengthened SME and consultant skills though impact on SME internal processes is more mixed. • Self-evaluations of MDAs indicate a positive outlook. However, assessments were less favourable regarding the introduction of new services, and improvements to internal processes. • Despite encouraging performance improvements, the overall profile of beneficiaries remains largely unchanged. Small firms remain small, medium firms remain medium, and very few show signs of transitioning towards the scale thresholds associated with large firms. • SBI promoted adoption of green finance and ESG practices among PFIs. • EBRD's contribution is strongly recognised in green and gender finance, less so in digitalisation and non-financial services.	• Prioritise more systematic targeting of SMEs with high growth potential, focusing advisory support on firms most likely to scale and generate spillover effects, rather than expanding coverage alone. • More targeted MDA design and delivery, better integrated with other instruments, and focused on sustainable, systemic change; not just outreach or short-term skills. • Deepen green product development and expand green transition finance • Strengthen the emphasis on digitalisation and provision of non-financial services by PFIs
Quality of services that SMEs can access. Know-how is negatively impacted by the quality of services that SMEs can access locally or internationally. In Sub-Saharan Africa there is a limited supply of quality SME business support services. Poor skills in a company leads to lower chances of accessing finance. This gap creates major competitive disadvantages for companies aspiring to grow and compete with established national and international competitors	• Regulations and platforms open doors, but complementary enablers (e.g., digital literacy, phased approaches) are needed for sustainable SME benefits. • E-signature frameworks, user-centered design, and digital skills are critical for effective e-procurement; phased approaches help build momentum for reforms (e.g., factoring in Tunisia). • Digitalisation gained traction mainly in PFI operations and advisory delivery, but SME-targeted digital lending remains limited.	• Pair regulatory reforms with capacity-building and phased implementation. Monitor and adapt based on feedback and outcomes. • Integrate digital platforms across all SME services; accelerate SME-targeted digital finance products
Integration into Value Chains. The integration of SMEs into regional value and supply chains remains limited,	• Policy dialogue interventions are strategically relevant and can expand SME access to finance	• Prioritise interventions with strong country ownership and multi-actor engagement. Ensure

when compared to larger firms, due to myriads of persistent constraints such as limited access to finance, smaller distribution networks, less well-established brands, regulatory barriers and infrastructure gaps.	and markets, but effectiveness is often partial and hard to measure. • Investment councils in Armenia and Kyrgyz Republic facilitated legal reforms, improved procurement access, and supported SME-friendly policies. E-procurement and factoring TCs in Tunisia and Kyrgyz Republic simplified procedures but faced implementation setbacks. • High-impact results are achieved when policy dialogue, investment, and technical cooperation are combined, but such synergies are rare. • Fragmentation, data gaps, and weak performance monitoring limit the ability to assess and scale policy dialogue effectiveness. • Inclusion and reach remain challenges, especially for SMEs outside capital cities	policy dialogue is tailored to local needs and context. • Promote integrated approaches that combine policy dialogue, investment, and TC for systemic impact. Scale up successful models. • Develop a unified framework for planning, tracking, and reporting policy dialogue. Strengthen monitoring, evaluation, and institutional learning. • Design policy dialogue and TC to address regional disparities and digital divides. Support capacity-building for local actors.
Access to Markets. Border-related challenges, including bureaucratic bottlenecks (lengthy border and port clearance times and cumbersome customs processes) and market information asymmetry, significantly increasing the costs of cross border trade and transactions. Compliance with local, regional, or international regulations can also be a significant hurdle for SMEs in accessing markets.		
Measuring the Effectiveness of SME support. Delivery through FIs makes the assessment of LoCs effectiveness difficult and based upon incomplete or unreliable evidence (improved profitability and job creation). Attribution also is difficult: with FIs claim both financial and non-financial benefits, but attribution is difficult. Money is fungible / Changes in the composition of FIs' loan portfolios are not always documented. LOC impact on financial inclusion are largely undocumented, because of a lack of data on sub-borrowers.	• Lack of data constrains the assessment of impact on the Sub-Borrowers • Fragmentation, data gaps, and weak performance monitoring limit the ability to assess and scale policy dialogue effectiveness. • Activities are dispersed across teams; documentation is incomplete; monitoring systems focus on activities, not outcomes; knowledge loss due to staff turnover.	• Develop a unified framework for planning, tracking, and reporting policy dialogue. Strengthen monitoring, evaluation, and institutional learning.