



Foreign Experience Of State Support For The Development Of Small And Medium Businesses

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ABSTRACT

International experience in state support for SMEs includes financial, tax, regulatory, and infrastructure measures, using a program-targeted approach and combining direct and indirect instruments, with the active participation of regional authorities. One of the priorities of the economic theory of the reform currently being carried out in Uzbekistan is the creation and development of small and medium-sized businesses. The development of small and medium-sized enterprises (SMEs) is characterized by its key role in the economy, including a significant contribution to GDP, exports and industry. The article highlights the role, essence and importance of the innovative economy in increasing the competitiveness of entrepreneurship, small and medium-sized businesses. The article presents foreign experiences of SME development in the context of new challenges and the formation of a national economy.

Keywords:

state support, innovative economy, informatization, computer technology, competitiveness, small and medium-sized businesses, entrepreneurship, digital economy, digital entrepreneurship, risk economy, and exports.

Introduction. Foreign experience of state support for SMEs includes comprehensive programs (EU), benefits (loans, subsidies, grants, leasing), reduction of administrative burden (tax, regulatory, acceleration of licensing), infrastructure development (business incubators, digital funds), support for exports and innovations, combining state strategies and regional measures, with a focus on legal regulation and institutional support through specialized agencies.

Many EU countries apply a program-targeted approach and combine direct and indirect instruments, with active participation of regional authorities, for example, EU programs in Latvia focus on innovations and exports, and in Estonia on the digitalization of the economy.

Main directions of state support in EU countries:

1. Financial support:

Preferential lending programs with reduced rates.

State guarantees on loans to reduce bank risks. Subsidies and grants for startups, innovative projects, digitalization, and access to foreign markets.

Discounts and benefits on leasing and rental of state property.

2. Reduction of regulatory burden:

Simplification of tax reporting, acceleration of licensing procedures.

Combating payment delays.

Development of special laws to protect SMEs.

3. Infrastructure and information support:

Creation of business incubators, technoparks, export support centers.

Digital transformation funds for SMEs (e.g., Estonia).

Key Features of Foreign Approaches

4. Program approach:

Systematic implementation of measures through long-term support programs.

Key Features of Foreign Approaches

- Program approach: Systematic implementation of measures through long-term support programs.

- Decentralization: Federal authorities set policy, regions implement measures, often with EU financial support.

- Comprehensiveness: Combination of direct (grants) and indirect (tax benefits, guarantees) measures.

Institutional base: Presence of specialized state agencies and institutions for coordination of support.

The European Union uses the "SME Relief Package" (reducing burden, simplifying taxes), funding innovations and exports within pan-European strategies. Latvia has an SME support program with a budget of €73.4 million (2021-2027) to stimulate innovations and exports; Estonia uses digital transformation funds for small businesses; Slovenia provides preferential lending for innovative small enterprises.

One of the priority directions of economic reform in Uzbekistan is state support for the development of small and medium-sized businesses. This sector plays a key role in the country's economy, providing new jobs, attracting investments, introducing innovations, increasing competitiveness, and stimulating exports[1].

The development of small and medium-sized enterprises (SMEs) plays a crucial role in the sustainable development of regional systems. At the state level, the importance of "successful entrepreneurship" and the significance of this economic sector are enshrined in the country's national development goals. Most researchers of this issue rightly assert that the development of the SME sector is closely interconnected and

interdependent with regional conditions and characteristics [2].

Research Methods and Analysis. In many cases, for assessment, the method of rating evaluation of countries' innovative business development is of primary importance. Particular tasks involve applying a systems approach to forming territorial innovation policy in developed countries, considering global economic trends: competition for quality human capital, the role of digital technologies in knowledge dissemination, and challenges for national companies in the new Uzbekistan [3]. SMEs form the foundation of the economic structure in small economies, showing higher significance for national development than in large economies, contributing over half of non-financial GDP in the EU. Governments of small economies develop numerous special measures to support SMEs, especially post-crises.

At the EU level, a comprehensive approach is adopted, with significant RRF funds (€45 billion directly for SMEs, €65 billion via other funds) for preferential financing, subsidies, grants, and digitalization. The 2023 "SME Relief Package" simplifies reporting, licensing, and payments [4].

National programs in Latvia (€73.4 million, 2021-2027), Estonia (digital funds), Slovenia (loans), etc., align with EU strategies. SME digital adoption rose 23% (2020-2023), aided by 150 digital hubs.

In Uzbekistan, 2025 SME targets include 55% GDP share, transforming 600 SMEs into "champions," doubling digital economy size, etc. SME numbers doubled in five years, employing 74% of workforce, 54.9% GDP in 2024.

The Entrepreneurship Development Company (KRP) is created with 1.2 trillion soums and \$100 million loans for equity financing, interest compensation (up to 40%), and support for innovations, jobs, green tech [5].

Conclusions and Recommendations. Key foreign support directions: financial (loans, grants), tax/regulatory relief, infrastructure (incubators), training, programmatic/centralized approaches.

Recommendations for Uzbekistan: Implement innovative/digital/AI technologies; develop digital entrepreneurship policy; enhance SME

market potential; analyze digital/innovation forecasts.

In our opinion, in order to develop the activities of small and medium-sized businesses, it is necessary to implement the following:

- the use of innovative digital technologies, including artificial intelligence, levels of digital transformation, analysis of the state of digital entrepreneurship;
- implementation of policies aimed at improving the digital entrepreneurship system, its financial mechanisms and instruments, and the development of a comprehensive system of support for start-ups;
- increasing the potential of small and medium-sized businesses and improving their market opportunities;
- analyzing the implementation of forecasts for the development of the digital and innovative economy and private entrepreneurship.

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