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### **THE DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES IN UKRAINE**

Accelerating the integration processes of Ukraine's accession to the single economic space of the EU and the free trade zone requires the development of a competitive SME sector. The latter plays a crucial role in the financial, economic and social development of the state and the expansion of foreign economic activity. Bringing the business environment of SMEs to European requirements requires the development of effective programs of state financial support. The published statistical report in the framework of the program "Leadership in Economic Management", implemented with the support of the United States Agency for International Development (USAID), emphasizes that the development of small and medium businesses is one of the priorities of Ukraine's economic policy [1]. Nevertheless, access to finance for small and medium-sized enterprises remains limited.

Expanding the access of small and medium-sized businesses to cheap long-term borrowed financial resources is possible through participation in EU financing programs, which provide favorable conditions for the provision of funds with minimum credit requirements, low interest rates and deferred repayment of principal.

The Ukrainian SMB needs significant information support, but rarely seeks help. The situation is also complicated by the lack of statistical information that can be used to conduct a comparative analysis of the development of SMEs in Ukraine

and EU countries in order to assess the current state and prospects of joining the free trade zone.

The adopted strategy for the development of small and medium enterprises in Ukraine for the period up to 2020 emphasizes the need for small and medium business development. Among the main measures, the approved plan of its implementation indicates the use of such financial instruments as the expansion of lending to small and medium-sized businesses by commercial banks; intensification of the use of promissory notes by small and medium-sized businesses; development of lending by non-bank financial institutions; reducing the need for financing through the use of factoring, leasing, crowdfunding; raising funds from angel investors and the use of venture capital [2].

Without financial assistance for the development of small and medium-sized businesses from the EU and European financial institutions, it is difficult to implement the above measures in practice. According to the Delegation of the European Union to Ukraine, today about 250 projects are being implemented in our country. Over the past three years, the country has received loans from the EU in the amount of 12.8 billion euros, grant aid - 200 million euros [3].

According to the report of the Accounting Chamber of Ukraine, for the period from 2014 to 01.07.2017 from the European Bank for Reconstruction and Development (EBRD) 300 million US dollars and 150 million euros, from the European Investment Bank (EIB) – 2 075 million euros, from Kreditanstalt für Wiederaufbau (KfW) - 367 million euros was attracted. These funds provide significant financial and technical assistance for the development of small and medium-sized businesses.

In recent years, the EU has been Ukraine's main trading partner and investor. Small and medium-sized businesses in Ukraine need not only financial resources, but also the acquisition of new knowledge, skills and abilities of business development in accordance with the best European practices. Representatives of Ukrainian business

can receive a significant amount of funding to stimulate the development of innovation and export activities on projects and programs implemented by the EU [4].

Table 1

EU programs to support the development of small and medium-sized businesses in Ukraine

Name of the project / program	Budget	Duration
EU business initiative	€ 320 million, which will raise an additional € 1.96 billion in loans from SMB partner banks	2009-2020
European Fund for South East Europe (EFSE)	5.1 million euros	2009-2019
Competitiveness of small and medium enterprises (COSME)	2.3 billion euros (900 million euros for Ukraine)	2014-2020
Business EU EBRD credit line	19.43 million euros	2016-2026
DCFTA East Initiative	62.74 million euros	2016-2021
Women in Business Program	5.035 million euros	2016-2022
Direct financing agreements for small and medium enterprises	10.22 million euros	2014-2026
Financing of small and medium enterprises-Phase II	15.4 million euros	2016-2030
Financing of small and medium enterprises, phase I	15.3 million euros, of which 150 million euros are investments	2010-2020
Direct financing of the draft Free Trade Agreement	EUR 10 million grant from the European Union, EUR 70 million investment,	2014-2024
Horizon 2020 program	80 million euros	2014-2020

Based on the study of the experience of EU member states, we can suggest the following ways to solve the problems of financing small and medium-sized businesses:

- creation of state and municipal funds to support the development of small and medium enterprises;
- state support for the formation and development of free trade zones, clusters;
- development of decentralization processes in the field of state regulation of financial support for small and medium business development;
- strengthening cooperation between state and local authorities with European financial institutions and organizations;
- strengthening control by state institutions over the timely execution and repayment of debt obligations by small and medium-sized businesses and the targeted use of funds borrowed from European financial institutions.

#### REFERENCES

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