

Bankruptcy and second chance for SMEs (Dimension 2): Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance (Small Business Act Principle 2) (SME Policy Index: Eastern Partner Countries 2012: Progress in the Implement...

Efficient bankruptcy procedures are an important condition for facilitating exit and re-entry of businesses into the market. Dimension 2 of the Small Business Act addresses the need to implement well-structured bankruptcy laws and to simplify bankruptcy procedures. Moreover, it encourages governments in identifying the right approach to supporting market re-entry of honest entrepreneurs who have previously failed in their business activity. The first part of this chapter assesses the efficiency of bankruptcy procedures in the Eastern Partner (EaP) countries based on the existing legal framework and performance indicators, such as the time required for completion of bankruptcy proceedings, the costs incurred and the rate (in %) claimants can recover from an insolvent firm. The second part focuses on the public policy approach to facilitate re-start by promoting a positive attitude, determining favourable discharge procedures, supporting debt settlement and avoiding discriminatory measures in access to support schemes or public procurement tenders.

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