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**REPORT ON SME PROMOTION IN COUNTRIES IN TRANSITION BY THE
REGIONAL ADVISER ON ENTREPRENEURSHIP AND SMES**

Prepared by the secretariat

Objective

There is a need to disseminate the experiences and methods of the advanced European countries in the economies in transition with the aim of creating and developing a solid and effective infrastructure mechanism capable of promoting the creation of new SMEs and the economic growth of existing SMEs for the dynamisation of the economy as a whole and in particular to cope with the unemployment question by job creation. It is necessary to organize a forum for the exchange of views on best practices of Governments and private agencies responsible for the promotion of SMEs in the economies in transition.

Within the framework of the Regional Advisory Services Programme, in 1995, the Industry and Technology Division launched a *Programme for the Development of SMEs in Countries in Transition (CITs)* aiming to assist countries in transition in formulating national SME policies, design SME promotion programmes, develop an infrastructure for SMEs and help beginners to become entrepreneurs. The Programme for the Development of SMEs in CITs focuses on (i) the development of national SME-policies, (ii) advisory missions, (iii) infrastructure building, especially creation of financial public infrastructure for the promotion of SMEs, (iv) statistics, (v) training, (vi) assisting in development of information network for SMEs and (vi) investment promotion. The Programme is taking place within the Coordinating Unit for Operational Activities and is financed by extrabudgetary resources.

The Report ECE/TRADE/1999/11 of 8 June 1999 highlighted the activities carried out within the Regional Advisory Services Programme. This Report focuses on the achievements in 1999/2000 and activities scheduled for the year 2000/2001.

1. Statistics on SMEs

To assist countries in transition, the UN/ECE regularly updates and reviews the development of legislation and provides statistical data in an effort to highlight the problems faced by the SME sector under the economic transition process in individual countries.

The third document on SMEs *in Countries in Transition in 1996-1997* (OPA/AC.12/1) was issued in April 1999. The preparation of the Questionnaire on *SMEs in Countries in Transition in 1998* is in progress. The fourth and fifth documents will be prepared and issued in 2000 and 2001.

2. Network

The Regional Adviser on Entrepreneurship and SMEs created a *Virtual Network of SME National Focal Points* based on the highest governmental authorities responsible for the development of entrepreneurship and the SME sector. The network serves as a basis for policy formulation, statistics, and organizing SME related events.

The UN/ECE document OPA/AC.13/1 of 4 February 1999 lists more than 400 addresses including national SME policy focal points, government authorities, business advisory and information services and other SME support institutions.

Within the framework of the Southeast European Cooperative Initiative (SECI) project on Financial policies for strengthening SMEs, the network of national SME focal points was enlarged and placed on the UN/ECE website. Within the framework of the Black Sea Economic Cooperation (BSEC) an SME Directory was developed by the Regional Adviser on SMEs and published by the BSEC Secretariat in 1998.

The Regional Adviser was requested by the Chairman of the Working Group on SMEs of the Central European Initiative (CEI) to assist in preparing a similar Directory for the CEI as well. The CEI SME Directory will be published for the 3rd CEI Summit Economic Forum to be held on 22-25 November 2000 in Budapest.

3. Information on SME-related issues and case studies

Following consultations with the representative of the European Commission DG-XXIII, the Regional Adviser on SMEs developed an **"Index of SME Development"** similar to that of the European Commission. This information source is a unique database on the SME development in CITs. It currently contains more than 50 UN/ECE documents and 20 international links, and is continuously updated. In 1999, the SME web-site was enlarged by a new sub-site on Women Entrepreneurship. Monthly, between 200 and 600 people visit the UN/ECE website.

To disseminate best practices in promoting SMEs, case studies were undertaken on the Czech, Hungarian, Italian and Turkish SME policies and experiences. In 1999 and 2000 case studies on the Development of SMEs in the Visegrád countries, and another Small business encouragement in Israel were added to the website. Preparation of case studies on other countries is in progress.

The website address is:

<http://www.unece.org/indust/SME/ece-sme.htm>.

4. Guides, conference-room papers

In 1999, the following guides and conference-room papers were prepared by ECE:

- (i) *Discussion paper for the preparation of strategy and programme of the Working Group on SMEs of the Central European Initiative, 1999.*
- (ii) *SME Policy Focal Points, Government Authorities, Business Advisory and Information Centres and Other SME Support Institutions, 4 February 1999, OPA/AC.13/1.*
- (iii) *Promoting and Sustaining Business Incubators for the Development of SMEs. Discussion Paper, 1999, OPA/AC.9/4*
- (iv) *Entrepreneurial NGOs and their role in entrepreneurship development, 1999.*
- (v) *A Way ahead - Proposals for Support Measures by Governments, Regional and Local Authorities and Financial Institutions to Promote Women Entrepreneurship in CEI Countries, 20 September 1999, OPA/AC.14/1*

In, 2000 the following guides and conference-room papers will be prepared:

- (vi) *Best Practice in Business Incubations (ECE/TRADE/253)*
This activity was carried out by the Trade Division, based on the Expert Meeting on Best Practice in Business Incubation held on 3-4 June 1999 at the Palais des Nations, organized by the Regional Adviser on Entrepreneurship and SMEs.
- (vii) *Best Practice in Development of Entrepreneurship and SMEs in Countries in Transition: The Czech Experience. OPA/AC.11/1*
- (viii) *Guide on How to Establish Credit Guarantee Schemes for Start-up Entrepreneurs*

5. Seminars/Workshops

5.1 Seminars and Workshops convened in 1999

Workshop on Local and Regional Government in Enterprise Creation
Yerevan (Armenia), 18-19 March 1999

**Best Practice in Development of Entrepreneurship and SMEs in CITs:
The Czech Experience** Geneva (Switzerland), 2 June 1999

Expert Meeting on Best Practice in Business Incubations
Geneva (Switzerland), 3-4 June 1999

Seminar on SME Cooperation with Transnational Corporations
Baku (Azerbaijan), 30 September 1999

5.2 Seminars and Workshops in 2000

Seminar on Organizational Assistance, Support measures and Credit Facilities for SMEs
Tel-Aviv (Israel), 27-29 February 2000

Workshop on Environment Protection and SMEs

Baku (Azerbaijan), 30-31 March 2000

**Legal Aspects of SME Development and Best Practice in Simplification of SME
Legal Environment**

Maribor (Slovenia), 6-7 April 2000

Workshop on Microcredit and Credit Guarantee Fund

Sofia (Bulgaria), 11-12 May 2000

International Conference on Technology Transfer for Economic Development

Zagreb (Croatia), 19-20 June 2000

Workshop on Technology Transfer and SMEs

Athens (Greece), 5-6 October 2000

Seminar on Venture Capital for SMEs

Warsaw, October 2000

**Expert Meeting on Best Practice in Business Advisory, Counselling and
Information Services**

Geneva (Switzerland), 2-3 November 2000

**Workshop on Quality Assurance and Technical Requirements for Manufacturing,
Service and Trade**

Georgia, Second Week of November 2000

Round Table on Innovative, Growing and Family-based Women Entrepreneurship

Budapest (Hungary), 22 November 2000

6. Training

A joint ESCAP-UN/ECE training course on Training of Trainers in Start-ups Entrepreneurs for Central Asian Transition Economies was held on 11-14 April 1999 in Almaty (Kazakhstan). The European Training Foundation and the Government of the Republic of Korea financed this training course, while UN/ECE contributing guidelines on How to prepare a business plan, and on Risk Management for SMEs.

An advisory Training Seminar on Organizational Assistance, Support measures and Credit Facilities for SMEs was held on 27-29 February 2000 in Tel-Aviv with the technical and financial assistance of the Israeli Government. The high-level SME policy makers participating in this Seminar advised UN/ECE to explore the possibility of convening such a Seminar on a regular basis in other advanced market economies.

The UN/ECE is exploring the possibility of cooperating with the European Training Foundation (Turin, Italy).

7. Micro credit Summit

The UN/ECE is represented at the Council of UN Agencies for the Microcredit Summit which was launched in Washington D.C. in February 1997. The Council is spearheaded by UNDP.

The Regional Adviser drew up a project proposal at the request of the Government of the Republic of Moldova. Fund raising for implementation of the project is under way.

8. Development of Women Entrepreneurship

The Regional Adviser on Entrepreneurship and SMEs prepared a document on *A Way ahead - Proposals for Support Measures by Government, Regional and Local Authorities and Financial Institutions to Promote Women Entrepreneurship in the CEI Countries* (OPA/AC.14/1), which highlights the problems of women entrepreneurship and makes suggestions on how to promote it.

The Regional Adviser on Entrepreneurship and SMEs assisted in organizing a Conference on Women's Entrepreneurship held on 21-22 October 1999 in Brijuni (Croatia) jointly by the Government of the Republic of Croatia, the UN/ECE and the OECD LEED (Local Economic and Employment Development) Programme. The Conference made conclusions and recommendations which were endorsed at the second CEI Summit Meeting of the Heads of Government which took place during the second CEI Summit Economic Forum on 3-6 November 1999 in Prague (Czech Republic).

The outcome of the discussions of the Conference on Women's Entrepreneurship also contributed to the preparatory process for the 2000 review of the implementation of the Beijing Platform of Action. In particular, it was a useful input to the Regional Preparatory Meeting which was held on 19-21 January 2000 in Geneva.

In the year of 2000, the Regional Adviser on Entrepreneurship and SMEs will:

- create a special web-site on female entrepreneurship including selected papers and statements on women's entrepreneurship;
- assist in the creation of an Advisory Committee on Female Entrepreneurship Network in order to analyse the situation of the women's entrepreneurship and in development gender-based policies.
- assist in organizing a Round Table Discussion on Family-based Women Entrepreneurship within the framework of the third CEI Summit Economic Forum to be held on 23-25 November 2000 in Budapest.

The Trade Division Enterprise Development Section will also follow-up on these activities to promote gender mainstreaming.

9. Elaboration of projects

The Regional Adviser on Entrepreneurship and SMEs assists countries in transition in elaboration of projects to be financed by multinational and bilateral donor institutions. Project proposals were elaborated for Armenia, Republic of Moldova, the Central Asian transition economies and the Stability Pact region.

10. Regional Advisory Missions

In 1999, the Regional Adviser undertook advisory missions to the following countries: Armenia, Azerbaijan, Croatia, Czech Republic, Kazakhstan, Hungary, Republic of Moldova, Russian Federation,. In 2000, advisory missions are scheduled to the following countries: Azerbaijan, Belarus, Bulgaria, Croatia, Greece, Hungary, Israel, Latvia, Republic of Moldova, Slovenia, and Ukraine.

11. Cooperation with sub groupings and international organizations

The Regional Adviser continues his assistance to BSEC, CEI, CIS, SECI initiatives, Council of Europe LODE (Local Democracy) Programme, OECD FEED (Forum on Entrepreneurship and Enterprise Development) and LEED (Local Economic and Employment Development) Programmes, World Bank Donors' Group for SME Development and Donors' Group on Financial Sector Development and EBRD. The Regional Adviser maintains good connections with the representatives of the European Commission.

The focus of the sub-groupings will be oriented in the following:

Central European Initiative

3rd Summit Economic Forum (SEF)

Assistance in formulating the Summit concept, finding keynote speakers and organizing panel discussions and workshops. The main issues of the SEF include the Euroregions, cross-border co-operation, different areas connected with regional policy, the economy and rural development. The Regional Adviser on Entrepreneurship and SMEs is working in close cooperation with the CEI Working Group on SMEs in order of preparation of a *Declaration on "the Development of small- and medium-sized enterprises at the dawn of the XXI century"*.

Black Sea Economic Cooperation

Strengthening the Development of the Entrepreneurship and SMEs

The Regional Adviser is cooperating with the PERMIS BSEC and the Konrad Adenauer Foundation in order to accelerate the development of entrepreneurship and the private SME sector in the BSEC countries. During 2000, four workshops related to SME issues will be organized jointly by these three organization and with the financial assistance of the KAF.

Commonwealth of Independent States

Development of Small Businesses

At the request of the Chairman of the CIS Committee on Small Business, the Regional Adviser is preparing a comprehensive regional project on development of the SME infrastructure in CIS countries.