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REPORT ON REGIONAL ADVISORY SERVICES

Note by the secretariat

1. The present note provides an overview of the activities of the Regional Advisory Services of the United Nations Economic Commission for Europe (UNECE) on Entrepreneurship and Small and Medium-sized Enterprises (SMEs).

(a) UNECE Strategy for SME Development

2. The overall goal of the UNECE Strategy for SME Development is to promote the development of entrepreneurship in transition economies through sustainable and dynamic SME development¹. The objective is to promote the conditions that are necessary for the growth and development of the SME sector, namely:

- favourable policy and regulatory environment;
- strong and sustainable institutions providing financial and non-financial services to meet the demand of small- and medium-sized enterprises;

¹ The full text of the UNECE Strategy for SME Development can be found at the following Internet address:
<http://www.unece.org/operact/enterp/documents/strat.pdf>

- improved access of low-income and disadvantaged entrepreneurs (including women, rural poor, young families, people with disabilities and ethnic minorities) to financial resources and business services.

3. Accordingly, the activities of the Regional Adviser on Entrepreneurship and SMEs aim at assisting the creation of a sustainable business environment for SMEs in terms of policy and legislative frameworks, and supportive infrastructure, such as business support institutions, access to financial resources and information, as well as access to technology and technology transfer. Special attention is paid to ensuring equal opportunities for women entrepreneurs.

4. The UNECE operational instruments for supporting SME development include the expert groups working under the auspices of the Working Party on Industry and Enterprise Development (WP.8) – the Team of Specialists (TOS) on Industrial Restructuring, TOS on Entrepreneurship in Poverty Alleviation and TOS on Quality Management Systems, as well as the expert groups working under the Working Party on International Commercial Legal Practices (WP.5) and the Working Party on Technical Harmonization and Standardization Policies (WP.6). These instruments also include the Regional Advisory Services, technical assistance, provided within the ECE/CEI and ECE/BSEC cooperation agreements, the SME Forums and SME Expert Meetings. Good cooperation between these bodies are central to the success of the SME programme.

5. During the reporting period ending on 31 December 2003, Regional Advisory Services were provided in response to requests for technical assistance and policy advice from member States and sub-regional intergovernmental organizations, such as the Organization of Black Sea Economic Cooperation (BSEC), Central European Initiative (CEI), South Caucasian Economic Area Programme (SCEAP), Special Programme for the Economies of Central Asia (SPECA) and the Commonwealth of Independent States (CIS).

6. The SME-related operational activities are implemented by the Regional Adviser on Entrepreneurship and SMEs and, in their part related to women's entrepreneurship, by the Senior Social Affairs Officer of the Office of the Executive Secretary.

(b) Development of SME Policies

7. The work of the Regional Adviser focuses on the rapprochement of views and on the development of a common platform for sustainable entrepreneurship development through the adoption of sub-regional declarations on SMEs, especially within the framework of BSEC, CEI and CIS.

8. To assist countries in transition and emerging market economies, since 1995 the UNECE reviews the development of related legislation, produces statistical data on small- and medium-sized enterprises and highlights the problems faced by the SME sector during transition in individual countries. On the basis of the UNECE Questionnaire on Small and Medium-sized Enterprises in Economies in Transition and Emerging Market Economies in 2000 and 2001, the Regional Adviser prepared a Report on SMEs in Countries in Transition in 2000-2001 (ECE/TRADE/337 and OPA/AC.32/1). This document highlights some common and country-specific characteristics of the SME sector in transition and emerging market economies.

9. On the basis of the Memorandum of Understanding (MoU) signed between the CEI and UNECE secretariats, the Regional Adviser on SMEs worked in close cooperation with the Chairperson of the CEI Working Group on SMEs and assisted in revitalizing the CEI WG modalities of work and Terms of Reference. The CEI-UNECE Annual Meeting held on 19 March 2003 stressed the importance of the UNECE advisory services in promoting SMEs in the CEI region. The Regional Adviser co-organized the 5th International Conference on “Challenges and Opportunities of EU Enlargement for SMEs in CEI Countries” held on 5-7 November 2003 in Piran (Slovenia) and contributed to the preparation of its proceedings for publication.

10. At the request of the Permanent International Secretary of BSEC, the Regional Adviser on Entrepreneurship and SMEs assists the BSEC Working Group on SMEs in the implementation of its programme of work. In particular, he assisted the Permanent Secretary in organizing two SME-related workshops on “Promotion of SMEs – Development of Youth Entrepreneurship” (27-28 March 2003, Chisinau, Republic of Moldova), and on “How to develop Information Resources for Entrepreneurs in Internet and build up web-sites for Start-ups” (16-17 June 2003, Moscow, Russian Federation).

11. The Regional Adviser on Entrepreneurship and SMEs made a key-note presentation at the OSCE “Sub-Regional Conference on Promoting SMEs” held on 14-16 May 2003 in Bern (Switzerland). He also assisted in drafting the Bern Declaration on Promoting SMEs in the OSCE region (see document <http://www.unece.org/indust/sme/bern.pdf>).

12. Next year in Prague, the OSCE will organize its 12th annual Economic Forum on the topic of “New Challenges for Building up Institutional and Human Capacity for Economic Development and Co-operation”. In preparation for the Forum, the OSCE organized three seminars, including a Preparatory seminar on “Supporting the Development of SMEs” held on 17-18 November 2003 in Yerevan (Armenia). The Regional Adviser prepared an introductory paper for this event.

13. In 2003, the Regional Adviser on Entrepreneurship and SMEs paid special attention to assisting the south-Caucasian transition economies and developed a project on the development of Entrepreneurship and SME Sector in the South-Caucasian Region, as well as the revision of the national SME policies and supporting infrastructure based on the UNECE integrated model. Three teams of experts on SME policy in Armenia, Azerbaijan and Georgia prepared diagnostic studies based on the Questionnaire prepared by the Regional Adviser. In cooperation with the Konrad Adenauer Foundation (Germany), a special Workshop was held on 30-31 October 2003 in Istanbul with the participation of national experts and representatives of the donor community. The Workshop discussed the current situation and project proposals for this group of countries.

14. The International Council for Small Businesses organized its 48th World Conference on “Advancing Entrepreneurship and Small Businesses” on 15-18 June 2003 in Belfast (Northern Ireland). The Regional Adviser on Entrepreneurship and SMEs prepared a presentation on “The Development of the SME Sector in the Transition Economies of the UNECE Region” and moderated a session on “Developing and emerging economies – the role of SMEs”.

15. The Regional Adviser on Entrepreneurship and SMEs highlighted the main characteristics of the SME development in transition economies at the following events held at the Palais des Nations in Geneva:

- (i) Workshop on “Policy and Regulatory Options for Promoting Industrial Restructuring in the UNECE Region” (April 2003);
- (ii) Meeting of the Ad Hoc Group of Experts on Coal in Sustainable Development (November 2003).

(c) Best Practice in SME Policies

16. The Regional Adviser on Entrepreneurship and SMEs organizes forums on best practice in national policies and programmes of promotion of entrepreneurship and SMEs in CITs, and expert meetings on benchmarking of various aspects of supporting and operating SMEs.

17. In 2003, he prepared for publication the proceedings of the workshops on the Polish and Belarussian experiences of SME development held in 2001. The proceedings of the first workshop on the Polish experience (OPA/AC.24/1) were published with the financial assistance of the Polish Government. The proceedings of the second workshop on the Belarussian experience will soon be issued. The 5th Forum on “Best Practice in the Development of Entrepreneurship and SMEs in CITs: The Croatian and Slovenian Experiences” was held on 19 March 2003. The part of the proceedings devoted to the Slovenian experience (OPA/AC.30/1) was published with the financial assistance of the Slovenian Government. The part on the Croatian experience (OPA/AC.31/1) is currently being published by the Croatian Ministry of SMEs and Craft.

18. The 6th Forum on “Best Practice in the Development of Entrepreneurship and SMEs in CITs: The Romanian and Slovak Experiences” will be held on 31 March 2004, prepared in cooperation with the National Agency for SMEs and Cooperatives of Romania and the Ministry of Economy of the Slovak Republic.

(d) Increasing the competitiveness of SMEs

- (i) Team of Specialists on Quality Management Systems (TOS on QMS)

19. Some of the operational activities for SME development were driven by the demand of member States. They sought to enhance the competitiveness of SMEs through benchmarking and the creation of special business service institutions, such as quality development centres for the implementation of quality management systems and ISO 9,000 and 14,000 series standards.

20. An Expert Meeting on “How to Become Supplier of Large National Enterprises and Transnational Corporations (TNCs)” held on 20-21 March 2003, with special emphasis on the implementation of QMS in accordance with the ISO 9,000 and ISO 14,000 series of standards as a pre-requisite to be a supplier of large enterprises and TNCs. (TRADE/WP.8/AC.5/SEM.6/3.) The Regional Adviser on Entrepreneurship and SMEs prepared a Discussion Paper on “Promoting SMEs to be Suppliers of Large Enterprises and TNCs” (TRADE/WP.8/AC.5/SEM.6/4). The conclusions and recommendations of the Expert Meeting

can be consulted at the following address: <http://www.unece.org/indust/sme/supplyrecomend.html>

21. A web-page on QMS <http://www.unece.org/operact/quams.htm> has been created to highlight this activity undertaken under the joint auspices of the Working Party on Industry and Enterprise Development (WP.8) and the Working Party on Technical Harmonization and Standardization Policies (WP.6). A Questionnaire on Quality Models, Awards and Practices for SMEs (see TRADE/WP.6/2003/10 and TRADE/WP.8/AC.6/SEM.19/2003/3) has been developed which should allow the collection of information for comparative analysis of excellent quality models and practices for SMEs. The results of the questionnaire should assist those countries in transition and emerging market economies where quality orientation has not yet become a part of everyday life.

22. The Regional Adviser on Entrepreneurship and SMEs assists the TOS in implementing a project on Integrated Management System (IMS) which aims to elaborate guidelines for enterprises, especially SMEs, on how to develop and monitor quality, environmental, social and other standards as a part of a company's sustainable development. A new UNECE Guide on "Model of Integrated Management System" is being prepared.

23. In November 2003, the UNECE secretariat in cooperation with the Besançon Professional Training Academic Delegation (France) organized a Workshop on "Ecological Assessment of Enterprises in accordance with the ISO 14, 000 standards requirements" (TRADE/WP.8/AC.6/SEM/19/2003/1).

24. In order to improve the competitiveness of the Russian light industry and to facilitate the requirements of the Russian Federation accession to the WTO, at the request of the ROSSLEGPROM association, the Regional Adviser contributed to the preparation of a pilot project on implementation of quality management systems in accordance with the ISO 9,000 standards. This project is based on the methodology of group training and implementation of quality management system developed by several Hungarian-Russian quality consulting companies and certified by a Swiss company. In 2003, group training was organized for representatives from seven Russian light industry companies. Also, the development of quality management systems has been started at two light-industry enterprises.

(ii) Team of Specialists on Entrepreneurship in Poverty Alleviation

25. During the reporting period, the Regional Adviser served as secretary to the above-mentioned TOS.

26. At the third meeting of the TOS on Entrepreneurship in Poverty Alleviation (12 February 2003) the TOS decided to focus its future activities on the expansion of the Secretary-General's Youth Employment Network and on cooperation with international initiatives such as the Youth Employment Summit Campaign, Youth Business International and Junior Chamber International. Emphasis was also put on raising awareness of youth-related issues in different UNECE sub-regions. In 2003, within the framework of UNECE and BSEC Regional Forum on "Youth of the 21st Century: Realities and Perspectives" held in Kiev, the TOS organized a

Workshop on “Promotion of SMEs – Strategic Direction in the Development of Youth Entrepreneurship” in Chisinau (Republic of Moldova).

(e) Other SME-related activities

27. The Ministry of Foreign Affairs of Israel and UNECE organized an International Workshop on Agribusiness Enterprise Development (Israel, 9-16 September 2003). The Workshop focused on recent case studies reflecting Israel's experiences in handling overseas technical cooperation programmes in the field of agribusiness development. Over the last ten years, Israel has cooperated intensively with the CIS countries, having generated a solid methodological basis as well as practical agribusiness experience at the field level in a wide range of agribusiness activities.

28. The Regional Adviser on Entrepreneurship and SMEs created a Virtual Network of SME National Focal Points, among the officials responsible for the development of entrepreneurship and the SME sector. The network serves as a basis for policy formulation, data collection, and the organization of SME-related events.

(f) Women's entrepreneurship

29. Most of the activities under this heading are carried out by the Senior Social Affairs Officer of the Office of the Executive Secretary. In 2003 they focused on the identification of gender specific barriers to entrepreneurship, promotion of role models, establishment of sub-regional and regional networks as well as the development of policy recommendations and strategic directions for action. During the reporting period, activities on women's entrepreneurship included the organization of the second Forum of Women Entrepreneurs, training courses, sub-regional workshops, activities under the Team of Specialists on Women's Entrepreneurship, the organization of the Gallery of Excellent Women Entrepreneurship, of the UNECE Awards of Excellent Women Entrepreneurs of the Year 2002 and virtual networks among women business associations. The secretariat also prepared a publication on key trends and issues related to women's entrepreneurship in transition countries and created the UNECE home page on women's entrepreneurship

(i) Excellent Women Entrepreneur of the Year 2002 Award

30. Recognizing the contribution of women-entrepreneurs to economic development and social progress, the UNECE initiated an Excellent Woman-Entrepreneur Contest in six categories:

1. The Best Start-up Entrepreneur of the Year
2. The Most Innovative Entrepreneur of the Year
3. The Best Entrepreneur in Information Technology
4. The Best Entrepreneur in Craft
5. The Best Entrepreneur Facing Additional Challenges of Disability
6. The Best “3Rs” Entrepreneur: Reduce, Re-use and Recycle

The contestants included 41 women entrepreneurs from 20 countries. The Awards were given at the Second Forum of Women Entrepreneurs. The funding required to award the winners was raised from the business community by the Regional Adviser.

(ii) Gallery of Excellent Women Entrepreneurs

31. The UNECE virtual Gallery of Excellent Women Entrepreneurs established in 2002 presents images and information on achievements of successful women-entrepreneurs. The project aims at raising awareness of the need to provide support for women-entrepreneurs in the UNECE region (see <http://www.unece.org/indust/sme/gallery.htm>). Its rapid expansion attests to the important contribution of women to various sectors of economic activities. As of 1 December 2003, the Portrait Gallery included about 200 women entrepreneurs from 30 countries.

(g) Donor activities

32. During the reporting period, financial support for the UNECE activities in entrepreneurship and SME development was provided by the following donor countries and organizations:

- (i) Governments of France, Israel and Slovenia;
- (ii) Konrad Adenauer Foundation (Germany), DAFCO (Délégation académique à la formation continue) (France), Small Business Development Centre (Slovenia), World Youth Bank (Croatia)
- (iii) DELANCE Co from Switzerland, MKE Association of Hungarian Tapestry Artists, Ms. Galina Kulaeva, Russian Artists, Turk.Internet.Com. and Aydin Saat companies from Turkey, UN NGO Committee on Status of Women and SWISS company (donors of the Excellent Women Entrepreneurs Award of the Year 2002).