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COMMITTEE FOR TRADE, INDUSTRY AND
ENTERPRISE DEVELOPMENT

Working Party on Industry and Enterprise Development

Second session, 21-22 March 2001
(Item 2 of the provisional agenda)

PROPOSALS FROM MEMBER STATES FOR NEW ACTIVITIES

Note by the secretariat

1. Following the first session of the Working Party on Industry and Enterprise Development (WP.8), on 1 November 2000, the Chairperson of the Working Party requested its members to propose new activities for inclusion in the programme of work.
2. This document presents a summary list of all the proposals sent to the secretariat by member States up to this date. These documents will be available in the meeting room, as received.
3. The Working Party should discuss, prioritize and further refine the proposals, taking into account both the resources available and the potential of these proposals for promoting regional cooperation and exchange of experiences within the UN/ECE framework. The Working Party should also discuss:
 - the creation of the new teams of specialists as proposed in the provisional programme of work (TRADE/WP.8/2001/3);
 - additional proposals to be made in the course of the meeting.

Proposal No 1: **Review of Member States' SME Strategies with a View to Launching New Common Activities for the Working Party**

Description: In view of the SME sector's vital importance to the economy, many Governments – particularly in countries with economies in transition – have become very attentive to the development of SMEs. Over the years a number of donors have been supporting the SME sectors in many countries, and several reports, studies and surveys document the approaches that countries have adopted for the creation of a positive business development climate to facilitate the sustainable growth of SMEs.

To help reach this objective a proposal is made to share the member States' experiences in developing national SME strategies and programmes. The secretariat has received the following documentation for discussion and analysis:

- (a) The Government of Albania has submitted "The SME Strategy of the Government of Albania", Chapter 4 of which describes the priority actions of the strategy that the Government would particularly wish to discuss within WP.8;
- (b) The Government of Lithuania has submitted four documents for review and discussion:
 - Resolution No 789 "On the medium-term industrial development policy and its implementation strategy" 5 July 2000
 - Sustainable development: the development of environment-friendly production, recycling of secondary raw materials and utilisation
 - Medium-term industrial policy and its implementation strategy
 - Sustainable development: SME development programme until 2003

Proposal: It is proposed to initiate a scheme of consultation and collaboration among the members of WP.8 and other key players in the region in order to discuss issues, such as:

- (a) Analysis of institutional capacity building
- (b) Overview of legal actions aiming at creating a positive predictable legal and fiscal framework, conducive to SME development, including a database of laws and fiscal measures affecting SMEs

Duration: One year (renewable).

On the basis of the interest expressed by member States, the secretariat is further elaborating a project proposal on this topic.

Proposal No 2: **Promotion of Industrial Clustering Through The Working Party**

Description: One of the main objectives of the overall industrial policy is to ensure the competitiveness of the industrial sector. The main industrial development problems of smaller transition economies are narrow domestic markets and relatively low revenue generated in industries. Furthermore,

the existing territorial distribution of industries concentrates unemployment in certain regions. In order to ensure an effective operation of enterprises within open, knowledge-driven economic environments based on modern technologies, significant modernization and restructuring is needed in favour of high value added sectors as well as the creation of knowledge bases utilizing the opportunities of the new economy.

Proposal: The scope of the pilot project in Latvia is planned to cover some 15 to 20 medium-sized companies that should be encouraged to group into 4 or 5 clusters. The proposed industrial sectors include timber-related industries, textiles, electrical, information, logistics and machinery sectors. The cluster approach is characterised by a cross-industry approach. Most of the clusters to be selected and developed will include companies from different industrial sectors also supporting service sectors such as logistics and marketing. An important issue when working with industrial cluster development is to create and strengthen an effective linkage between industrial companies and research institutes utilizing the scientific potential of the country. The foreseen project steps include the definition of business idea, the composition of cluster structure, the selection criteria for participants, company screening, confirmation of participants, concrete work with companies and clusters selected and, finally, the presentation and evaluation of results achieved. The formal proposal is currently being prepared and will be presented to the Working Party at its second session.

Duration: One year (renewable).

On the basis of the interest expressed by member States, the secretariat is further elaborating a project proposal on this topic.

In addition to the above, the secretariat has received from member States various proposals for individual projects of a specific nature and/or limited geographical coverage. These proposals listed below will be made available, as received, in the meeting room for the consideration and action, as appropriate:

- Business Synergy Club Network, Latvia
- Promotion of the creation of supply chains and facilitation of access to international cooperation and finance
- A compilation of SME development in the Commonwealth of Independent States
- A yacht-building company that seeks international cooperation, Ukraine
- The creation of a pilot business incubator for petty traders in cooperation with the trade union of small entrepreneurs, Ukraine
- Enterprise development and business incubation related to waste treatment, Ukraine

Proposal: A special page could be created under the auspices of the Working Party and incorporated into the UN/ECE industry and enterprise development website (www.unece.org/trade/entdev/main.htm). This page would function as an interface between potential partners interested in the development of the proposed projects.

Individual discussions on these proposals will take place.

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