



Action Plan
of the BSEC Working Group on SMEs
(1 July 2016 – 30 June 2018)

Country-Coordinator: REPUBLIC OF TURKEY

BASIC INFORMATION

- Country-Coordinator** : Republic of Turkey
- Term** : 1 July 2016 – 30 June 2018
- Main Objective** : Fostering exchange of experiences and best practices among the experts of BSEC Member States on issues of common interest related to SMEs
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INTRODUCTION

“Small and medium-sized enterprises (SMEs)” are defined as firms that employ not more than a given number of employees. While this number varies across national statistical systems, its most frequent upper limit is 250 employees, but again this upper limit also varies between 50 and 500 across countries. The share of SMEs in total firms can account for as high as 95% in some countries. They are deemed the biggest contributors to creating new job opportunities within economies.

New technologies have reduced the importance of economies of scale in many activities and have enhanced the potential contribution of SMEs. Even though SMEs employ a substantial number of people and generate more jobs than bigger ones, their contribution to productivity growth is not necessarily high. Many SMEs do not survive the competition with incumbent domestic and foreign enterprises. Thus, enhancing their competitiveness and increasing their contribution to productivity require policies which would focus on the challenges and obstacles faced by SMEs. These challenges and obstacles include, but are not limited to, lack of access to finance, difficulties in exploiting new technologies, lack of required business training and managerial capabilities, as well as taxes, regulatory burdens, and corruption.

In addition, policies are needed to improve entrepreneurship and innovation capacities. Most developing economies lack the required dynamism of new firms that tend to be productive and provide fast growth. Policies are also required to lend SMEs an easy access to international markets, as a means of expanding sales and acquiring the latest technologies, techniques and know-how. Exporting and exposure to international competitions also increase average productivity and competitiveness of SMEs.

The importance of innovative SMEs has been recognized by various regional and international organizations. In this context, due to the considerable importance of SMEs in job creation as well as economic growth and development, policies and approaches to enhance

their competitiveness have become an important part of developmental policy making.

Many international institutions, such as the World Bank and the United Nations Development Program (UNDP) have given significant attention and assistance toward promoting micro-enterprises. While many people agree that promotion of SMEs is an effective strategy for spurring entrepreneurship, reducing poverty, lowering income inequality and stimulating economic growth, development of the private sector in many emerging and developing economies today is hindered by lack of SMEs.

As in many countries, SMEs play a crucial role in economic and social life of BSEC Member States. In this regard, development and promotion of SMEs is among the priorities of all BSEC Member States.

RELEVANCE TO BSEC ECONOMIC AGENDA 2012 PRIORITY AREAS AND BSEC STRATEGIES

All activities and objectives within the Action Plan have been defined in accordance with the following three priorities identified by the Working Group on SMEs for the second medium-term (2016-2018) in the implementation of Goal 9 (Support for the Sustainable Development of the SME Sector) of the “BSEC Economic Agenda Towards an Enhanced BSEC Partnership” (Economic Agenda 2012):

- Developing BSEC programs aimed at promoting favorable conditions for local businesses and foreign investments; facilitating networking, exchange of experiences and know-how; organizing training for young entrepreneurs.
- Promoting and supporting access to finance to SMEs which produce green products and services.
- Finalizing the establishment of the BSEC Quality Award for SMEs.

OBJECTIVES

- Supporting regional development and sustainable growth
- Contributing to job creation, income generation



- Building an environment of knowledge, scientific innovation and entrepreneurial activity
- Increasing cross-country collaboration among the BSEC Member States in the sphere of SMEs

EXPECTED RESULTS

Enhancing the exchange of experiences and best practices among an increased number of trained decision-makers, experts, opinion-makers and other representatives from governmental organizations dealing with SMEs in the BSEC Member States through their participation in BSEC meetings, workshops and events, in order to comprehensively address SME related topics in the Black Sea region

ACTIONS

Priority 1:

Developing BSEC programs aimed at promoting favourable conditions for local businesses and foreign investments; facilitating networking, exchange of experiences and know-how; organizing training for young entrepreneurs.

Title of Activity and Envisaged Date:

- Workshop on Promoting Entrepreneurial Culture in the BSEC Region (BSEC Headquarters, 9 May 2017, first half of the day)
- Training Program for the Trainers of Young, Women and Disabled Entrepreneurs (BSEC Headquarters, 9 May 2017, second half of the day and 10 May full day)
- Meeting of the Working Group on SMEs (BSEC Headquarters, 11 May 2017)

The “Workshop on Promoting Entrepreneurial Culture in the BSEC Region” will aim to disseminate knowledge, experiences and best practices on thematic areas of entrepreneurship, such as women’s entrepreneurship, youth entrepreneurship, eco-entrepreneurship, social entrepreneurship, global entrepreneurship and the different existing approaches within national systems.

Acknowledging that entrepreneurship requires specially designed policies and an enabling environment to flourish, the “Training Program for the Trainers of Young, Women and Disabled Entrepreneurs” will be dedicated to fostering entrepreneurship among the more vulnerable sections of society, including women, youth and the disabled, in order to contribute to unleashing the untapped potential in the region which is vital for sustainable economic development in all BSEC Member States.

Priority 2:

Promoting and supporting access to finance to SMEs which produce green products and services.

Title of Activity and Envisaged Date:

- Workshop on Supporting Green Economy and SMEs (BSEC Headquarters, November 2017 – 1 day)
- Meeting of the Working Group on SMEs (BSEC Headquarters, November 2017– 1 day) (back-to-back with the workshop)

The “Workshop on Supporting Green Economy and SMEs” will address the importance of promoting SMEs which support a Green Economy with a multi-dimensional approach.

Green growth is much broader than only developing policies to reduce industrial pollution and emissions. Transformation to a Green Economy comprises adopting a full range of technologies and policies through various ways and methods across different sectors. These set of measures and policies should be coherent and complement each other.

The development of green clusters is considered one of the essential steps towards a more competitive economy. Green clusters have large positive spillover effects on SMEs, industries and the economy in general, allowing access to specialized supports, funds and expertise, encouraging innovation, increasing the value chain efficiency, creating job opportunities and decreasing environmental degradation.

Stimulating green public-private partnerships through introducing incentives to encourage them to invest in green sectors, protecting the intellectual property rights SMEs producing

green technologies and creating new markets that stimulate green products and processes are also important.

The workshop will cover these, among other issues related to the importance and ways of supporting SMEs in the path towards a greener economy.

Priority 3:

Finalizing the establishment of the BSEC Quality Award for SMEs.

Title of Activity and Envisaged Date:

- Workshop on Assessing the Possibility of Creating an SME Award System for BSEC Member States (BSEC Headquarters, May 2018 – 1 day)
- Meeting of the Working Group on SMEs (BSEC Headquarters, May 2018 – 1 day) (back-to-back with the workshop)

The “Workshop on Assessing the Possibility of Creating an SME Award System for BSEC Member States” will serve as a useful platform for the experts of the BSEC Member States to share their countries’ individual experiences, practices and models in SME and entrepreneurship quality awards, as well as to discuss and brainstorm on the possible models which could be applied for the creation of a new regional BSEC SME award system covering all BSEC Member States.

As it will be recalled in 2008, the BSEC Council of Ministers of Foreign Affairs, acknowledging the system of quality performance competition for companies from Central and Eastern Europe, recommended to the BSEC Business Council and the BSEC Permanent International Secretariat to extend to the BSEC countries and organize a similar competition among the companies of the Black Sea countries. In 2009, the Council agreed that the establishment of the BSEC Quality Award for SMEs from the BSEC Region should be based on the Total Quality Management (TQM) principle and in accordance with the standards of European Foundation for Quality Management (EFQM) as well as the Competition Committee be composed of the qualified representatives of all BSEC Member States.

The said Council decisions are not yet implemented due to, among others, the absence of a jointly agreed model on how to approach the issue. In this regard, the workshop will also

constitute a practical follow-up to the aforementioned Council decisions, allowing the representatives of the Member States to jointly assess and decide, at the experts level, whether and how such a regional award system could be created.