



## ORGANIZATION OF THE BLACK SEA ECONOMIC COOPERATION

### Permanent International Secretariat

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**Istanbul, 11 October 2013**

**BS/SME/WG/R(2013)1**

### **REPORT OF THE MEETING OF THE BSEC WORKING GROUP ON SMEs**

**Istanbul, BSEC Headquarters, 10-11 October 2013**

1. The Meeting of the BSEC Working Group (WG) on SMEs was held in Istanbul, at the BSEC Headquarters, on 10-11 October 2013.

2. The following BSEC Member States attended the Meeting:

Republic of Armenia  
Republic of Azerbaijan  
Republic of Bulgaria  
Hellenic Republic  
Romania  
Russian Federation  
Republic of Turkey  
Ukraine

3. The following BSEC Related Body attended the Meeting:

BSEC Business Council

4. The following BSEC Observer attended the Meeting:

Arab Republic of Egypt

5. The following Guests attended the Meeting:

Dr. Colin DÜRKOP, Head of the Konrad-Adenauer-Stiftung (KAS) in Turkey

Adjunct Associate Prof. Mustafa ERGEN, College of Engineering, Director of Incubation Center, KOÇ University

Dr. Anastasia CHARALAMBIDOU, Researcher

6. The List of Participants is attached as **Annex I**.
7. The Meeting was chaired by Mr. Ömer PAK, Head of the EU and Foreign Relations Department of the Small and Medium Enterprises Development Organization (KOSGEB) of the Republic of Turkey, which is the Country-Coordinator of the Working Group.
8. The Draft Agenda of the Meeting was discussed and adopted. The Agenda, as adopted by the Working Group, is attached as **Annex II**.

**STATUS OF IMPLEMENTATION OF RESOLUTIONS, DECISIONS AND RECOMMENDATIONS OF THE COUNCIL OF MINISTERS OF FOREIGN AFFAIRS RELATED TO SMEs**

9. The Working Group took note of the information provided by the BSEC PERMIS on the status of the implementation of the previous Resolutions and Decisions of the Council related to the work of the Working Group on SMEs which require follow-up.
10. The participants discussed the list of the said Resolutions and Decisions and the means of putting them into practice or facilitating their implementation.
11. In this context, with regard to organizing a quality performance competition for companies from the BSEC Member States, it was reiterated that the establishment of the BSEC Quality Award for SMEs from the BSEC Region would need to be based on the Total Quality Management (TQM) with a Competition Committee composed of qualified representatives from all BSEC Member States.

The Delegation of the Republic of Turkey informed the participants of its readiness to contribute by preparing a draft concept paper, if a decision is taken by the Working Group to organize such an award competition for the BSEC Member States.

The BSEC Business Council also expressed readiness to contribute to the process, if a decision is taken by the Working Group.

The issue was discussed. No decision was taken on the matter.

12. Under this agenda item, the Working Group once again highlighted the importance of regularity and continuity in the participation of all Member States to the meetings of the Working Group at the level of experts from the capitals, in order to give dynamism to the discussions and to create impact through efficiency and consistency.
13. In this context, the Country-Coordinator called upon the four Member States which have not yet done so, to nominate experts, in line with the Terms of Reference of the Working Group, on a long-term basis for participating in the Working Group meetings and to inform the Secretariat of the details of their experts before 15 November 2013.
14. In order to promote greater participation to the Working Group meetings, the importance of having agendas that include contemporary issues of interest to the Member States, which also correspond to the real needs of the SMEs in the region and international developments, was highlighted. Within this framework, the PERMIS stated that it will closely coordinate with the Country-Coordinator and the Member States and will welcome all proposals from the Member States.

## **DISCUSSION ON THE ITEMS OF THE ACTION PLAN OF THE BSEC WORKING GROUP ON SMEs (2012-2013)**

15. The participants discussed the developments regarding the cooperation pertaining to the items of the Working Group's Action Plan (2012-2013).

16. In this framework, the Country-Coordinator of the Working Group informed the participants that only four Member States, namely the Republic of Armenia, the Republic of Azerbaijan, the Hellenic Republic and the Republic of Turkey, have contributed to the E-Booklet on Energy Efficiency Best Practices in the SME Sector and invited the remaining eight Member States which have not yet done so, to fill out the templates for the E-Booklet and to communicate them to the Country-Coordinator by e-mail until 29 November 2013.

17. The participants stated the need to recover, make available and update the BSEC Innovation Data Bank that was previously prepared by the Institution of Small and Medium Sized Enterprises in the Hellenic Republic, namely EOMMEX.

18. In this regard, the Delegation of the Hellenic Republic stated that due to the closure of EOMMEX, the BSEC Innovation Data Bank is no longer accessible and that the relevant authorities will examine the activation of the Data Bank in the future.

19. The Country-Coordinator stated that when the BSEC Innovation Data Bank is recovered, it will initiate the necessary updating process.

20. The Delegation of the Republic of Turkey reiterated its readiness to have expert exchanges and informed the participants that it has so far not received any requests from the Member States in this regard.

## **IMPLEMENTATION OF THE BSEC ECONOMIC AGENDA TOWARDS AN ENHANCED BSEC PARTNERSHIP**

### **- Confirmation of the priorities of the BSEC Working Group on SMEs regarding the Implementation of the BSEC Economic Agenda**

21. The participants discussed the steps to be taken to implement Goal 9 of the Economic Agenda Towards an Enhanced BSEC Partnership titled "Support for the Sustainable Development of the SME Sector." The participants also considered the document titled "The Way Forward for an Action Plan on the Implementation of the Economic Agenda Towards an Enhanced BSEC Partnership."

22. Within this framework, among its other activities, the Working Group decided to focus its efforts on the following three priorities, namely priorities no. 2, 5 and 6, out of the 10 priorities listed under Goal 9 of the Economic Agenda, during the medium-term covering the 2013-2015 period.

- 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. (Priority 2)
- Focusing on high technology, innovation, clusters, industrial-technology and software parks and business incubators as concrete instruments to facilitate SME start-ups in the Member States and to encourage entrepreneurship, competitiveness and cooperation with large companies in the BSEC Region. (Priority 5)

- Developing a support system for innovation and technology at BSEC region, with the view to promoting cooperation among SMEs and the university environment, or research and development institutions. (Priority 6)

23. Following discussions regarding possible projects/deliverables to be implemented under the three selected priorities in the Economic Agenda, the participants identified the following project ideas and decided to submit them to the Committee of Senior Officials.

- Program on Promoting Innovation Culture in the BSEC Member States
- Program on Promoting Entrepreneurial Culture in the BSEC Member States
- Establishing a BSEC Network of Incubators for SME Start-ups

24. Detailed information regarding the first two projects can be found as **Annex III**.

25. The Country-Coordinator informed the participants that it will prepare concept papers regarding the three projects ideas which will be transmitted to the Member States through the BSEC PERMIS until the end of 2013.

26. The BSEC PERMIS informed the Working Group that the Country-Coordinator will need to prepare and submit to the Council of Ministers of Foreign Affairs (through the PERMIS) an annual report on the achievements of the Working Group regarding the implementation of the Economic Agenda, before the beginning of December 2013.

### **DISCUSSION ON THE VISION AND STRATEGY OF THE BSEC WORKING GROUP ON SMEs FOR 2014-2015**

27. The participants welcomed the readiness of the Republic of Turkey to continue with executing the role of the Country-Coordinator of the Working Group for the 2014-2015 period and discussed the planned vision and strategy of the Working Group for the next two-years based on the three priorities selected from Goal 9 of the BSEC Economic Agenda Towards an Enhanced BSEC Partnership for the medium-term (2013-2015).

28. Within this framework, in addition to concentrating on innovation and entrepreneurship, the Republic of Turkey, as the Country-Coordinator, underlined the importance of finalizing the BSEC E-Booklet on Energy Efficiency Best Practices in the SME Sector.

29. The Country-Coordinator informed the participants that it will revise the current Action Plan of the Working Group in line with the discussions during the meeting for the 2014-2015 period, which will include the concept papers for the three projects identified by the Working Group (Program on Promoting Innovation Culture in the BSEC Member States; Program on Promoting Entrepreneurial Culture in the BSEC Member States; and Establishing a BSEC Network of Incubators for SME Start-ups).

### **IMPLEMENTATION OF THE BSEC PUBLIC COMMUNICATION STRATEGY**

- **Discussion and finalization of the key messages of the BSEC Working Group on SMEs for the BSEC website**

30. The BSEC PERMIS presented the draft prepared in order to assist the Working Group in identifying its key messages in line with the BSEC Public Communication Strategy (Part VI of the Strategy) for placing it on the BSEC website under the section related to the SMEs.

31. The said draft was discussed and finalized by the participants. The document, as endorsed by the Working Group for placing it on the BSEC website, is attached as **Annex IV**. The relevant section of the website will be subject to modification and amendment when needed, with the approval of the Country-Coordinator.

#### **PRESENTATION ON THE CONCLUSIONS OF THE JOINT BSEC-KAS WORKSHOP ON SMEs (ISTANBUL, BSEC HEADQUARTERS, 8-9 OCTOBER 2013)**

32. The Representative of Konrad-Adenauer-Stiftung (Foundation) (KAS) in Turkey made a presentation to the participants on the findings and recommendations of the Joint BSEC-KAS Workshop on “Family Businesses and SMEs” which was held at the BSEC Headquarters in Istanbul, on 8-9 October 2013, preceding the meeting of the Working Group.

33. The participants considered the outcome of the Workshop and formulated the following draft decision to be submitted for the consideration of the BSEC Council of Ministers of Foreign Affairs regarding the Joint Workshop:

*“The Council took note of the Summary Proceedings of the Joint BSEC-KAS Workshop on “Family Businesses and SMEs” (BSEC Headquarters, Istanbul, 8-9 October 2013).*

*The Council expressed its appreciation to the Konrad-Adenauer-Stiftung (KAS) for providing its continued support to the development of the SMEs in the BSEC Region and invited the Member States to take into consideration the recommendations of the Workshop in the elaboration and implementation of their policies regarding the development of the SME sector.”*

#### **PRESENTATION ON A BSEC MODEL FOR ESTABLISHING A BUSINESS INCUBATOR FOR SME START-UPS AND ROUND TABLE DISCUSSION**

34. The BSEC PERMIS informed the participants that it conducted research on a BSEC model for establishing a Business Incubator for SME Start-ups, as a contribution to priority number 5 under Goal 9 of the “BSEC Economic Agenda Towards an Enhanced BSEC Partnership” (Priority 5: Focusing on high technology, innovation, clusters, industrial-technology and software parks and business incubators as concrete instruments to facilitate SME start-ups in the Member States and to encourage entrepreneurship, competitiveness and cooperation with large companies in the BSEC Region).

35. A presentation was made on the said topic by Researcher and the former BSEC Intern Dr. Anastasia CHARALAMBIDOU, which can be found in **Annex V**. The full version of the research project is attached as **Annex VI**. Following the presentation, the participants expressed their appreciation for the work done by Dr. Anastasia CHARALAMBIDOU.

36. A round table discussion took place, whereby the participants shared information and best practices regarding existing incubators for SME start-ups in their countries. Within this framework, information related to technology incubators and entrepreneurship development activities in the Republic of Turkey is attached as **Annex VII**.

37. The Delegation of the Russian Federation provided information about the development of business incubators under the Federal Support Program of SMEs.

38. During the meeting, the participants expressed their appreciation for the BSEC PERMIS research project and discussed different elements of the proposed BSEC model for incubators in terms of applicability in individual BSEC Member States.

39. The BSEC PERMIS informed the Member States that it will upload the research document to the BSEC website under the section related to the SMEs as a reference document for incubators in the BSEC region.

40. The Delegation of the Republic of Armenia informed the participants of the developments regarding its initiative to establish a BSEC ICT Incubators Association, presenting information on the recent High-Level Conference on Information and Communication Technologies of the BSEC Member States (Yerevan, 5 October 2013).

### **COMMUNICATIONS BETWEEN THE BSEC PERMIS AND THE MEMBER STATES**

41. The BSEC PERMIS expressed the possibility of upgrading the communications between the PERMIS and the Member States by practical measures and using technical means.

42. In this regard, the participants agreed with the proposal of the BSEC PERMIS to continue to send the documents of the Working Group, as before, to the Ministries of Foreign Affairs, with a copy (cc) to the contact points at the Ministries/Institutions dealing with the topic of SMEs in the context of BSEC. The participants acknowledged that this would speed up the process of circulation of the documents and would allow more time for them to react to questionnaires/information requests or to proceed with the administrative arrangements to attend BSEC meetings.

43. The proposal of the BSEC PERMIS to establish a network based on Microsoft LYNC was also discussed. The PERMIS stated that this would facilitate communication, cut the costs both ways and create a contemporary professional environment which can also reinforce the team work spirit among the officials of the Member States. The proposal was considered by the Working Group. The participants expressed different views regarding this proposal.

### **TECHNICAL VISIT**

44. In the context of the item of the 2012-2013 Action Plan of the Working Group related to sharing information and experiences on energy efficiency in the SME sector, with the initiative of the Country-Coordinator, the participants paid a technical visit to the Kocaeli Branch of the Chamber of Mechanical Engineers of Turkey where a presentation was made on energy efficiency trainings and audit. The presentation was followed by a question and answer session.

### **ANY OTHER BUSINESS**

45. No issues were raised under this agenda item.

### **DATE AND VENUE OF THE NEXT MEETING**

46. The date and venue of the next meeting of the Working Group on SMEs will be communicated by the PERMIS to the Member States at a later stage.

### **ADOPTION OF THE REPORT OF THE MEETING**

47. The Working Group adopted the present Report for its submission to the Committee of Senior Officials and the Council of Ministers of Foreign Affairs for their consideration.

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