

**ORGANIZATION
OF THE BLACK
SEA ECONOMIC
COOPERATION
(BSEC)**

**KONRAD
ADENAUER
STIFTUNG
(KAS)**

**KOSGEB
TOSYÖV**

**WORKSHOP
ON
“SMEs IN THE BSEC REGION – REALITY AND VISION”
10 YEARS OF COOPERATION BETWEEN BSEC AND KAS**

İstanbul, 16-18 March 2006

Summary Proceedings

1. The Workshop entitled “SMEs in the BSEC Region- Reality and Vision” was held in İstanbul on 16-18 March 2006. It was jointly organized by the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation (BSEC PERMIS) and the Representation of the Konrad-Adenauer-Stiftung (Foundation) (KAS) for Turkey, in cooperation with the Small and Medium Industry Development Organization of the Republic of Turkey (KOSGEB) and the Turkish Foundation for Small and Medium Business (TOSYÖV).

2. Welcoming statements were delivered by Ambassador Tugay ULUÇEVİK, First Deputy Secretary General of BSEC PERMIS; Mr. Frank SPENGLER, Resident Representative of KAS, Turkey; Mr. Erkan GÜRKAN, President of KOSGEB; and Mr. Hilmi DEVELİ, President of TOSYÖV.

2.1. Ambassador T. ULUÇEVİK welcomed the participants to the Workshop which he said was the 33rd of its kind. Pointing that 2006 marks the tenth year of the ongoing cooperation between BSEC PERMIS and KAS aimed at raising the public awareness in the BSEC Region of the importance of SMEs and contributing to their development he stated that the current Workshop therefore would be devoted to a stock-taking of the joint endeavors in the past ten years. He commended the Konrad Adenauer Stiftung and its Representation for Turkey for their active engagement in and financial support for the realization of the series of Workshops.

Recalling the world-wide broad agreement that SMEs are the backbone of modern market economies and that SMEs play an important role particularly in the development of countries

in transition, Ambassador T. ULUÇEVİK said that more than 3 million SMEs in 12 BSEC Member States employed over 21 million workers in total, while the number of unemployed amounted to 10 million. Underlining the role of SMEs in the economic, social and political development of the Member States of BSEC, particularly those of in transition he stated that BSEC since its inception had devoted particular attention to the development of SMEs and that matters relating to SMEs today ranked high in the priority list of BSEC. He gave a brief account of the work done in BSEC on SMEs during the past decade.

Ambassador T. ULUÇEVİK touched upon the current problems generally faced by the SMEs. He stated that in the era of knowledge-based economy supported by ICTs, and coupled by a widening process of globalization, knowledge had become the driving force of economic growth, social development and employment. It was an indispensable factor in enhancing competitiveness, particularly that of SMEs, in the world markets. Knowledge had become a factor of production equal in importance to capital. Yet the pace of development of the knowledge-based economy and ICTs had been uneven throughout the world. The digital divide had sharply increased. In order SMEs compete and play a greater role in the worldwide market competition they must not only be profitable but also they must be learning organizations, able to keep abreast of the latest developments affecting their sector. In view of the important role that SMEs play in the countries' political, economic and social transformation and development, politicians, governments and SME support institutions must come into play and take upon themselves the mission to help enhance awareness of the SMEs of the potential benefits which they could derive from the use of Internet. They must help SMEs overcome obstacles, such as, red-tape; lack of access to finance; and difficulties in accessing the market, especially in public procurements, exports, cross-border contacts, global sourcing, etc. They must devise a proper legal framework and provide financial incentives for SMEs.

Ambassador T. ULUÇEVİK also highlighted the project-oriented feature of BSEC and stated that BSEC had its own Economic Agenda and a project generating mechanism in the form of the Project Development Fund (PDF). He encouraged the participants both from the public and private sectors to elaborate and promote projects in the field of SMEs which could be duly presented by the BSEC Member States for evaluation within the mechanism of PDF (attached as Annex I).

2.2. Mr. F. SPENGLER welcomed the Participants of the Workshop on behalf of KAS. He particularly emphasized the important role of SMEs in economic development and the need of exchanging experience on policy options and “Best Practice Models” in the BSEC region in order to promote sustainable SMEs development.

2.3. Mr. E. GÜRKAN explained that the reason for the establishment of KOSGEB was the economic globalization in the world. Turkey was in the need of a central authority which would guide SMEs to be able to go through a critical transition process. A systematic inspection of SMEs would result in grading them and provide sustainability as well. These results were prerequisites of an effective and efficient incentive system of KOSGEB as well. In this context, KOSGEB could be considered as a change agent of SME world in Turkey. KOSGEB organized the largest OECD Ministerial Meeting with the participation of 80 countries in İstanbul in 2004. This was also an evidence of commitment of KOSGEB to global change. KOSGEB had collected the company data and established a database of

50.000 SMEs. This was 20% of all SMEs in the manufacturing sector. 22.000 SMEs out of 50.000 had prepared their “Strategic Road Maps” through guidance of KOSGEB. This was the most important activity since the establishment of KOSGEB. With this data base in hand, KOSGEB had designed a Business Matching Model and realizes cooperation agreements with the counter partners in other countries regarding the implementation of this model. KOSGEB was in the focal point of Turkish economy and would undergo considerable changes in its mission and structure in the near future.

2.4. Mr. H. DEVELİ expressed his appreciation and thanks to BSEC PERMIS and KAS for attaching particular importance to the needs and problems of the SMEs in the BSEC region. He stated that TOSYÖV was established 17 years ago and after one year of its establishment by the decision of the Council of Ministers, it had obtained the permission to initiate cooperation with KAS aiming the development of SMEs. TOSYÖV-KAS cooperation, continuing for 16 years, had many good examples with regard to SMEs. BSEC with its 10 years of existence was one of these examples. The possibilities of cooperation of SMEs in the BSEC Member States were being discussed and developed. SMEs, just like in all countries of the world, were of great importance for Turkey. They had a significant role in the areas of employment, added value, economical power and inter-regional development. SMEs were also one of the important factors of the democracy. The implementation of the economic program in Turkey was successfully continuing. Macro-indicators in the Turkish economy were positive. For instance, inflation rate had a single-digit, growth rate was stable, export volume reached to record figures and foreign investors continued to come to Turkey. Many facilities had been submitted to entrepreneurs in order to ensure new investments. Taking into account these conditions, BSEC was supporting regional cooperation which is very important for all Member States. In this framework, Mr. DEVELİ thanked BSEC PERMIS, KAS and KOSGEB for their valuable contribution with regard to the development of SMEs in the BSEC region.

3. The welcoming statements were followed by a key-note address delivered, on behalf of H.E. Mr. Ali COŞKUN, Minister of Industry and Trade of the Republic of Turkey, by Assoc. Prof. Dr. Adem ŞAHİN, Undersecretary. Welcoming the participants of the Workshop, he emphasized the importance of globalization and regionalisation. Recently, due to economic balance in the country, Turkey had become a popular investment center. Globalization and technological changes were providing new opportunities to SMEs. Globalization and internationalization increased competition at all markets. In all EU countries SMEs were expecting more favorable conditions for their progress. The Government attached particular importance to the growth of SMEs which constituted a significant development force of the Turkish economy. The Ministry of Industry and Trade, in cooperation with KOSGEB, provided export credits to SMEs to support them. A Committee had been established in order to provide investment opportunities and entrepreneurship for SMEs. Assoc. Prof. Dr. A. ŞAHİN also pointed out to the Meeting of the Ministers in charge of SMEs policies organized by BSEC and KOSGEB in İstanbul on 27 September 2001 and “The Declaration on Small and Medium-sized Enterprises at the Dawn of the 21st Century” adopted by the BSEC Member States during this Ministerial Meeting. Subsequently, the BSEC Working Group on SMEs was established. SMEs played a significant role to develop cooperation in the BSEC region. Commerce is an important factor to strengthen cooperation among the BSEC Member States. The establishment of a free trade zone was planned for the near future. BSEC encompassed a wide economic region. Due to its geographical location, markets in the BSEC region were suitable to

integrate with other markets in the world. In 2006, Turkey was on the eve of a new era at which EU-Turkey negotiations would start. This would develop BSEC-EU relations as well. In this framework, achievement of important tasks was expected not only from the Government, but from the private sector and businessmen as well. He also emphasized the role of the Black Sea Trade and Development Bank (BSTDB) for supporting the growth of SMEs in the BSEC region.

4. The Workshop was co-chaired in rotation by Mr. Frank SPENGLER, Resident Representative of KAS for Turkey; and Mr. A. Kurtcebe ALPTEMOÇİN, Vice President of TOSYÖV and Former Minister of the Turkish Government.

5. The Workshop was attended by the representatives of the following BSEC Member States:

Republic of Albania
Republic of Armenia
Republic of Azerbaijan
Republic of Bulgaria
Georgia
Hellenic Republic
Republic of Moldova
Romania
Russian Federation
Serbia and Montenegro
Republic of Turkey
Ukraine

The list of participants is attached as Annex II and the Program of the Workshop is attached as Annex III.

6. On the second day of the Workshop, Mr. Peter JUNGEN, President of the European Enterprise Institute; Assoc.Prof. Mehmet BARCA, Business Administration Department, University of Sakarya; and Ms. Devrim EROL, President of LDN Global Exhibition and President of the Turkish Moroccan Business Council, KAGİDER Women Entrepreneurs Association addressed the Workshop as lead speakers.

6.1. Mr. P. JUNGEN emphasized the importance of financing of SMEs. He stated that the actual debate in Europe was focused on a substantial economic reconstruction process. In Germany, SMEs represented mainly middle class (“Mittelstand”), which had some advantages and disadvantages: It stabilized the economy but did not allow fast changes. In Germany and Europe there was a lack of serial entrepreneurs. In the past, Germany like the larger part of Europe had a much more dynamic economy. The difference between U.S. and Europe nowadays was in regard of job creation. U.S. accepted “inequality”, but European did not. EU was five years behind the U.S. in terms of innovations. The solution to the lack of innovation could be a new “entrepreneurship culture” for creating employment, wealth, etc. Only the introduction of “new entrepreneurs” might make the difference for economic developments. In order to improve the functionality of capital market, equity financing might

be a key element. Additionally venture capital markets and more business angels were necessary. There should be more “serial angels” with regional networks in Europe. Entrepreneur in some way should be seen as “social heroes”, because they created innovations and employment.

6.2. Assoc. Prof. M. BARCA delivered a presentation on the state of affairs of SMEs in Turkey. In order to understand the position of SMEs in Turkey, an historical approach might be obvious. The SMEs were the backbone of the Turkish economy and its success. Turkish industry was much more SME-based than the EU industry when the European scales of enterprises were taken into account as a comparison based. Turkish SMEs accounted for 99,8% of all companies, including those in the service sector. And they employed 76,7% of total workforce. The share of SME-investments within total investments reached 38% and the rate the total value added created by these enterprises was 26.5 %. SMEs constituted % 99,63 of all the enterprises in the manufacturing industry and they accounted for 55,65% of employment in this sector. In the period between 2000-2005 the number of SMEs which were involved in export was more than 36.000. On average increase in the number of SMEs exported during that time had been about 8,5%. Since 1980s, the EU and OECD countries had also been playing a dominating role in Turkey’s external economic relations. Both were ever since Turkey’s traditional markets. At present Turkey was strongly integrated with EU in every respect, even though it was not yet a full member t. Since 2000 the share of EU countries in Turkish export revenues has been approximately 60%. SMEs must have realized how technology, globalization, new knowledge-based companies and economic actors were the drivers of today’s and tomorrow’s economic activities and success. The three significant key problems faced by the Turkish SMEs were:

- Changing bases of competitive advantage;
- Strategic change of SMEs from Cost Advantages to Innovation Advantages;
- Relationship of SMEs with the Governments.

Assoc.Prof. M. BARCA stated that the above-mentioned three key issues had played or would play a decisive role in past or future success of SMEs. Turkish SMEs were finally being forced to recognize that competition had many dimensions. Non-managerial cost-based one dimensional competition was no longer going to work and for sure it was making things worse. Currently the Turkish SMEs were at cross-roads which came about inevitably but not as an option.

6.3. Ms. D. EROL made a presentation on the role of women in SMEs in Turkey. She gave a brief account of the Turkish women in the 20th century. As a key point more educated women meant always more women in business. Between 1995-2002 female employment was mostly in agriculture representing 56%. In terms of profession women were mostly family workers with 90% with no salary. She stressed the fact that according to OECD 12,5% of all entrepreneurs in Turkey were women; this rate was 25% in OECD countries. Women entrepreneurs should be oriented to have an access in business life through SMEs. In this connection she emphasized the significant role of the economic cooperation schemes such as BSEC.

Ms. EROL proposed that BSEC should help bring business women together under its roof. She pointed that Women Entrepreneurs Association (KAGİDER) in Turkey invested in

cooperation with EU in projects aimed at the creation of women entrepreneurs in Turkey, in general, and in South-Eastern part of Turkey, in particular.

7. An exchange of experiences on the situation of SMEs in the BSEC region took place. Issues addressed included: i) the development of SMEs in the past 10 years; ii) legal and administrative environment for supporting the development of SMEs; iii) contributions and effects of SMEs in national economic and social development; iv) representative structure of SMEs on national level; v) the role of SMEs in political decision making; and vi) The future and challenges of SMEs.

8. The following presentations on the subject of “SMEs in the BSEC Region: Reality and Vision” were made:

a) The representative of the Ministry of Economy of the **Republic of Albania** explained that since the year 2000, the Government of Albania had improved SME development in the country as providing support to existing enterprises. This development aimed at establishing the appropriate economic policy. Macro-economic indicators in Albania demonstrated a sustainable economy in regional terms regarding 5,5% economic growth and 2,1% inflation. In Albania, definition of SMEs was different than the one of EU's regarding the number of employees. Governments as well had different policies for each size of enterprises. Most of enterprises were in trade and service sectors. The reform for elimination of administrative barriers was a critical component of the National Development Strategy. At this point there was a reform based on elimination of administrative barriers in the investment in order to develop National Development Strategy. The problems effecting business growth were aimed to be eliminated by regulatory reform.

b) The representative of the SMEs Development National Center of the **Republic of Armenia** explained that recently, as a result of purposeful, comprehensive and coordinated activities of the Government of Armenia, there was substantial economic increase. SMEs played a tremendous role in this increase. Currently, in Armenia the basic conceptual documents have already been adopted and necessary legislative basis for realization of the entrepreneurship activities have been established. Since 2001, the annual program of the state support of SMEs in Armenia was being elaborated and realized. This program was directed on the realization of the main directions stipulated by the Law of the Republic of Armenia on “State Support of SMEs” adopted in 2000. In the framework of the Program of State Support to SMEs in 2002, the National Centre of SMEs Development was established in Armenia. The Centre became the link of the system of state support and has a purpose of realizing the programs of state support of SMEs. At present, the regional branches of the Centre were functioning in all regions of the country which provided the sustainable base of the state support. In the framework of those programs, the whole row of the activities had been realized such as the establishment and strengthening of supporting infrastructures, providing the credit guarantees, broadening of the possibilities for the beginner entrepreneurs, and the protection of the intellectual property.

c) The representative of the Ministry of Economic Development of the **Republic of Azerbaijan** informed the participants of the Workshop on the speed of the GDP growth in the sphere of the industrial production (January 2006 - 40,2%), share of SMEs in the GDP,

(76%), share of the small enterprises in the total number of enterprises (73%). Besides, he provided information on the work realized by the Government of Azerbaijan in the sphere of the SMEs development. The Government worked on the decrease of tax burden, diminish of the number of the licensed type of activities, reduction of the term of registration of legal persons. Furthermore, he informed the participants of the Workshop about the ongoing projects for activitization of SMEs, namely the establishment of the industrial city (together with UNDP and TIKA), organization of training by means of the Business Learning Centers, state SMEs crediting (the volume of which increased 60 times since 2002 and make more than 80 million USD in 2006).

d) The representative of the Institute for Market Economics of the **Republic of Bulgaria** stated that Bulgaria might be a very good example for understanding what should not be done. While inflation in 1990-97 period was 210,1%, it dropped to 4.8% between 2002-2004. This gap was common in all macro economic indicators within the country. During 1991-2000 there were amendments of 15 key regulations on taxes, companies, social welfare, accounting and economic statistics. He mentioned 198 amendments which took place during the last 10 years in the basic regulations governing business

e) The representative of the National Investment and Export Promotion Agency of **Georgia** explained that Georgia had already started the process of reformation in order to improve the investment climate. The new taxation code was adopted and not only the number of taxes, but also the amount of them have decreased. Besides, Georgia made reformation in the purpose of deregulation. One of the examples was the new law in accordance with which 87% of all licenses were cancelled. In parallel to this, Georgia made the privatization in order to enlist the investments and have already reached the last stage of the privatization. All these would assist in enlisting the foreign capital and improving the investment climate.

f) The representative of EOMMEX SA, the Organization of SMEs and Handicraft of the **Hellenic Republic** explained that SMEs had essential role in European Product System. In Greece, the aim was to guarantee institutional environment avoiding bureaucratic or administrative obstacles and enhancing SMEs in the market regarding their owners and employees. National policy was shaped by the constitution, the facilitation access to individual programs, the raise of funds for SMEs, an increase on financing them and finally the facilitation of procedures concerning the establishment and operation of the business. The idea was creating an environment of opportunity. "Community Operational Framework 2000-2006" Programs objected to encourage business initiatives to introduce new SMEs in the capital market as promoting women entrepreneurship. The competitiveness for SMEs was subject in Greek economical well-being.

g) The representative of the Ministry of Economy and Trade of the **Republic of Moldova** explained that the implementation of the Governmental Programs for sustaining small business in the period 1994-2005 resulted in establishing continuity and consistency of the reforms aiming at the promotion of the SMEs establishment and development activities. Consequently, the evolution of those reforms pointed out to the need to continue the implementation of small business entrepreneurial activities facilitation, which resulted in the elaboration and implementation of the Governmental Program for SMEs development for 2006-2008.

In order to ensure a favorable legal and administrative environment for supporting the development of SMEs, a series of measures were taken regarding the:

1. Deregulation reform;
2. Fiscal framework reform;
3. Facilitation of the access to the financial support by means of progressive financial technologies;
4. Improvement and development of SMEs sustaining infrastructure;
5. Integration and development of SMEs infrastructure.

h) The representative of the National Agency of SMEs and Cooperatives of **Romania** explained that 89% of SMEs were micro enterprises. In the legislative scene, registration period was reduced. Romania fully harmonized SMEs law with the European Law. Around 60% private sector contributed into total GDP of Romania. In the political decision making system, a lot of consultative bodies for SMEs became effective in the decision making system such as social dialogue, social economic committee, etc. She stated that since on 1 January 2007 Romania would become a member of the EU, it was necessary for Romanian SMEs to be competitive in the European market.

The representative of the Bucharest Chamber of Commerce and Industry presented information that SMEs needed location, financing programs, transfer of knowledge and technology, business opportunity, training expertise, international network of cooperation, etc. He stated that in Romania there were around 400.000 SMEs and most of them were activated on trade and services. IT&C activities were also well-represented.

i) The representative of the Ministry of Economic Development and Trade of the **Russian Federation** explained that in 2005 the amendments to the legislation of the Russian Federation on licensing, foreseeing the cancellation of licensing of 49 types of activities of 123 types in total, the simplification of the procedure of obtaining licenses including the terms of taking decision by the licensing body on issuing the license were adopted. Currently the work by the Government of the Russian Federation was underway on the reform of the organization and realization of the state control aimed at the elimination of the excessive state interference in the economy. In particular, the law forbidding the illegal suspension of the activity of an enterprise by the controlling body was adopted.

The state support for the small entrepreneurship in Russian Federation was realized by following directions:

- The establishment and the development of the infrastructure of the support of small entrepreneurship, namely the establishment of the business incubators.
- The support of the subjects of small entrepreneurship producing the goods, works and services for export.

j) The representative of the Ministry of Economy of **Serbia** explained that the development of SMEs in the past 10 years stayed as upswing period, period of stagnation and period of recession. Between 2001-2004 in terms of SMEs there was a wave of extension, increase in the number of active enterprises were provided. In terms of legal and

administrative environment around 200 laws had been enacted since March 2004. However regulatory risk was still significant as reforms proceeded so regulations became more and more. SMEs in 2004 employed 54% of total employees in the economy. Enhancing enterprise competitiveness and providing support entrepreneurship development were seen as the major project programs.

The representative of the Chamber of Commerce of **Serbia** presented information that SME sector in Serbia needed connection and cooperation by relevant institutions. In the decision-making process an SMEs Forum was established for continuing dialogue with the Government organs. Regional Development through Competence and Cooperation Program was activated under the Stability Pact for South Eastern Europe. Its main task was to establish a Business Service Center for reaching network in the region. Furthermore, he emphasized the need for initiating a SMEs Forum for BSEC countries and young entrepreneurs in the BSEC region.

k) The representative of the State Committee on Regulatory Policy and Entrepreneurship of **Ukraine** stated that the Government of Ukraine declared private sector development as one of its priorities with the special focus on improvement of the regulatory and investment climate, European integration and WTO accession. He noted that the row of other large scale national reforms in the sphere of the entrepreneurship development was realized. In particular, the reform of the system of entrepreneurship activity state registration (2004) has led to the realization of Ukraine-EU Plan of Actions by the establishment of the Single Register of legal and physical persons-entrepreneurs and by joining the European Business Register (EBR). As a result of the Regulatory Reform in the sphere of the economic activity by the principle of the so called “Regulatory Guillotine” (2005), the revision of the 9340 regulatory acts with the consideration of their correspondence to the principles of the regulatory policy was held and 5184 acts (or 55,4 %) were recognized as not corresponding to the above principles. Subsequently the abrogation or certain amendments were introduced. The reformation of the permitting system in the sphere of the economic activity (2005) had led to substantial decrease in the number of permits, making the procedure of their issue more clear and transparent and to considerably decrease by this the possibilities for the abuse and corruption. As a result of open consultations of the Government with entrepreneurs many essential initiatives of the President and Government of Ukraine designed to establish favorable conditions for business were taken. Primary Directions of Further National Development Strategy for SMEs should be:

- Law enforcement and responsibility strengthening, including those for all levels of officials;
- Development of transparent and fair business environment;
- Support for horizontal and vertical clusterization and creation of the demand for SMEs products from large enterprises;
- Development of informational consultative support infrastructure for SMEs, improvement of management capacity of domestic business;
- Credit, insurance and informational support of foreign economic activity of small enterprises;
- Stimulation of investments, introduction and transfer of new technologies and innovations in SME sector.

Question and answer session was held after each presentation.

9. On the third day of the Workshop, presentations were made by Mr. İhsan SOLMAZ, Vice-President of KOSGEB and Mr. Oğuzhan BAYRAK, Consultant of KOSGEB on “The Role of KOSGEB in Promoting SMEs”.

Mr. İ. SOLMAZ stated that KOSGEB was established 15 years ago as a governmental agency. He explained that in order to solve SMEs problems, a solution system should be created. At this point under the framework of a management system; unions, organizations, universities conveyed support items. The last budget of KOSGEB was 150 million USD. KOSGEB might be seen as an intermediary organization between universities and industry. Actually 247,000 companies existed in Turkey and 51,000 of them presently included in the files of KOSGEB. In the framework of support, enterprises determined the steps to achieve their targets specified in the strategic road map. In this case, competitiveness and capacity were considered as key elements. In terms of financial support KOSGEB collaborated with commercial banks. They created “zero interested credit program” which provided SMEs cheap loans with the intermediary of banks. KOSGEB, in collaboration with public banks, had provided about 850 million USD to small enterprises with zero interest rate in order to support export, employment and purchase of machinery. By this way KOSGEB totally supported around 10,000 companies within three years.

Mr. O. BAYRAK emphasized that KOSGEB was a “Business Matching Model”. He stated that it was a new opportunity for the Turkish SMEs to broaden its connections with the world’s SMEs for economic relations such as import and export, sub-supplying, joint-venture, etc. The whole business structure was done by KOSGEB which had a formal approach in defining Business Matching Agreement between KOSGEB and KOSGEB counter partners. KOSGEB had already selected Turkish SMEs database; additionally an international database was one of the KOSGEB’s subsidies. In order to support this system, an application software was formulated by KOSGEB and covered all user groups. Criteria of KOSGEB for selected Turkish SMEs mainly demanded high technology, international certificates, high productivity and competitiveness of these enterprises. KOSGEB already intended to realize to pilot implementation first in Germany and Russia. KOSGEB aimed, in the near future, at reaching a powerful network system between Turkish SMEs and world SMEs.

Presentations were also made by “Finansbank” representatives; namely Mr. Bekir DİLDAR, Executive Vice-President, SMEs Banking and Mr. Oğuzhan TURGUT, Asst. Vice-President, Business Head for SMEs Banking, on “The Role of Financial Institutions in Promoting SME in Turkey”. It was mentioned that “Finansbank” could provide financial support for the SMEs operating in the Black Sea region with its branches through Turkey, Russia and Romania.

10. Later on, the Participants of the Workshop had the opportunity to visit the Technology Center of the İstanbul Technical University (ITU TEKMER).

Recommendations

11. The following recommendations were made:

11.1. Governments in the BSEC region in consultation with relevant business institutions should continue to improve the legal, economic and social working conditions for the development of sustainable SMEs as an integral part of the general economic policy.

11.2. The development of a culture of entrepreneurship through education and information should be promoted by the Governments of the BSEC Member States, the private sector and the civil society at large. A SME Consultative Forum should be established in all BSEC countries to promote Public-Private-Dialogue.

11.3. National and regional SME unions and associations should be established and promoted in order to represent the interests of SMEs on national level.

11.4. Within the BSEC region, a specialized Working Group or Committee for the development of women entrepreneurs should be established. Furthermore a Young Business Leaders Forum should be established by the BSEC countries.

11.5. The development of SMEs in the BSEC region differs in many countries. However, there are several best practice models and innovative ideas which can serve as good examples for entrepreneurs in the region. The BSEC Secretariat should collect and disseminate information of such successful SME programs and projects in the region to stimulate successful SMEs development.

11.6. Networking through personal and business contacts will improve the competitiveness and business opportunities of SMEs in the BSEC region. The Governments of the BSEC Member States and relevant institutions are encouraged to promote regional contacts of SME entrepreneurs through joint educational and commercial activities (e.g. trade fairs, publication, internet, workshops and business councils).

11.7. The Participants commended the Representation of the Konrad-Adenauer-Stiftung (KAS) for Turkey for its active role in the development of SMEs and entrepreneurship in the BSEC region and requested it to continue to cooperate with BSEC PERMIS in the realization of the biannual workshops on SMEs. In view of the fact that one of the problems in the development of SME-sector was related to the insufficient participation of women and young entrepreneurs in business, it was suggested that one of the future BSEC-KAS Workshop on SMEs be devoted to the role of women and young entrepreneurs in the development of SMEs.

11.8. Participants also commended the Small and Medium Industry Development Organization (KOSGEB) of Turkey and the Turkish Foundation for Small and Medium Business (TOSYÖV) for their cooperation in the realization of the Workshop.

11.9. The participants paid tribute to BSEC PERMIS for its active contribution to the realization of the Workshops on SMEs in cooperation with KAS.