

UNECE Working Party on Industry and Enterprise Development (WP.8)

Enlarged Bureau Meeting

1 October 2004, Geneva, Switzerland

On the future Directions of Work

Note by the secretariat

1. Introduction

At its seventh session in May 2003, the Committee for Trade, Industry and Enterprise Development requested the WP.8 to conduct an in-depth review of its programme of work with the objective of identifying areas of interest to the majority of member States. In response to this and following the recommendations of its Bureau, at its fifth session in February 2004 the Working Party adopted a new framework for its activities, which would be clustered under the following three headings.

A. Industrial Development

- industrial restructuring and industrial policy
- factors and conditions of competitiveness
- sustainable industrial development
- corporate governance
- corporate social responsibility

B. Knowledge-based Economy (KBE)

- innovation and technology policies
- Information and Communication Technologies (ICT) policy and regulatory framework (Digital Economy Development)
- assessment of conditions and readiness of countries for KBE development
- strategies for KBE development
- commercialization of intellectual property rights and their use for economic development

C. Enterprise Development

- legal and policy framework, and support measures for entrepreneurship and SMEs
- best practices of enterprise development in the ECE region
- women's entrepreneurship
- youth entrepreneurship

At its last session in May 2004, the CTIED requested that the Working Party on Industry and Enterprise Development review its work and allocation of resources with a view to achieving greater focus.

Replying to this request, and on the basis of the agreed programme framework and consultations undertaken with a number of Governments, in what follows the secretariat summarizes the views on how to develop the activities of the Working Party in the medium-term.

2. Current status of programme implementation

A. Industrial Development

Under this heading, the work has been focused on industrial restructuring. The secretariat has also started to implement a new sub-programme on corporate governance and has continued to support the organization of a biennial Seminar on Analysis, Methodology of Treatment and Remediation of Contaminated Soils and Groundwater (Intersol). Although by the sixth session of the Working Party in February 2005, the Team of Specialists on Industrial Restructuring would accomplish a major part of its original work programme, its continuation is deemed desirable in a more focused way as described below.

B. Knowledge-based Economy (KBE)

During the current year, the secretariat has restarted and reshaped the sub-programme on Digital Economy Development, which draws partly on external funding. At its meeting in May 2004, the Extended Bureau of the Team of Specialists on Internet Enterprise Development (TSIED) agreed on a new and viable work programme. Its implementation has already started.

C. Enterprise Development

This programme includes the sub-programmes on Women's Entrepreneurship, Youth Entrepreneurship and Quality Management Systems. At its fifth session in February 2004 the Working Party requested the Bureau of the Committee for Trade, Industry and Enterprise Development to consider moving the activities of the Team of Specialists on Quality Management Systems under the auspices of the Working Party on Technical Harmonization and Standardization Policies (WP.6). The decision on this issue by the WP.6 and the CTIED is expected in November 2004. The WP.8 Bureau and the secretariat have done all their possible to assist WP.6 in making a favourable decision.

3. Future directions

The future activities by Working Party 8 should be developed on the basis of the programme framework agreed by its fifth session. A medium-term (2 – 5 years) objective of the Working Party should be to find synergies and complementarities among the different operational sub-programmes. These synergies exist at all levels of programme implementation: micro, mezzo and macro. For example, the work on corporate governance, if transferred to the Enterprise Development heading as proposed in the text below, should feed into the programme of industry development. In a similar way, the knowledge-based economy and enterprise development programmes should be complementary. It is important to repeat, that given the resource constraints, only selected activities included under each programme can be implemented simultaneously.

Having this in mind, the secretariat proposes to the Enlarged Bureau to focus the resources on the following directions:

A. Industrial Development.

In the medium-term, activities under this heading will focus on the issues of industrial restructuring and competitiveness, especially the aspects relevant for the countries of CIS and southeast Europe. For that purpose the TOS on Industrial Restructuring should be renamed to the TOS on Industrial Restructuring and Competitiveness with a new, more focused, work programme to be adopted in line with the procedure established by the UNECE guidelines on teams of specialists. As decided by the fifth session of the WP.8 and within the framework for sustainable industrial development, the secretariat will also continue its limited assistance to the organizers of the biennial Seminar on Analysis, Methodology of Treatment and Remediation of Contaminated Soils and Groundwater (Intersol).

At the same time, the sub-programmes on corporate governance and corporate social responsibility should be transferred to the heading C. Enterprise Development where their profile fits better.

Other sub-programmes under the Industrial Development heading during the next 2 to 5 years will be dormant.

B. Knowledge-based Economy (KBE)

The work under this programme will maintain its analytical and operational facets. Its future scope will depend on the ability of the secretariat to attract extra-budgetary resources. In terms of analytical work, the secretariat will continue to monitor and analyze the status and perspectives of the knowledge-based economy in the ECE region, focusing, in particular, on transition countries, especially those that remain outside of the European Union. Resources permitting, this

direction can gain the equal importance as “Digital Economy Development”. That new sub-programme, provided that there would be sufficient resources, could focus on regulatory and institutional framework for KBE on a country-by-country basis. The expansion of analytical work on KBE would also allow engaging in the area of innovation and technology policy, which could create linkages with the programme on Enterprise Development. In terms of operational work, the secretariat is developing the e-Business Repository project, which can not only practically contribute to the development of KBE but can also generate synergies with the Digital Economy Development sub-programme.

C. Enterprise Development

In the medium-term, enterprise development will become a major direction of the activities of WP.8. The work will focus on fundamental conditions and government policies conducive to the development of entrepreneurship and private enterprises. The activities will cover such issues as regulatory requirements governing the establishment and operation of new enterprises (which could be complementary with the e-Business Repository project under the KBE heading above), the role of regulatory Government agencies, access of start-ups to finance, as well as consulting, marketing, engineering, R&D and other business services to enterprises, etc. Given the increasing importance of the financial market operation for the emergence, survival and growth of new enterprises, the Working Party might also focus its activities in this area on the links between the entrepreneurship/enterprise development and financial markets.

As already mentioned, the sub-programmes on corporate governance and corporate social responsibility should be transferred from the programme A. Industrial Development to this programme (Programme C), where their profile fits better.

In order to put on sound footing the Enterprise Development programme and to focus it on the key elements of a successful enterprise culture and practice, it is suggested that a sub-programme on the generic ingredients and conditions for entrepreneurship be established. This sub-programme would be entitled Entrepreneurship and Enterprise Development. It could be the first sub-programme implemented directly by the Working Party 8. In its essence, it would focus on the key entrepreneurship elements and related issues. Its provisional structure is attached to this paper.

Concerning the sub-programmes on Women’s and Youth Entrepreneurship, the secretariat proposes the following:

- (a) The Women’s Entrepreneurship activities remain under the auspices of WP.8 as part of the generic Entrepreneurship and Enterprise Development sub-programme. The potential scope of this activity will be determined in the framework of this generic sub-programme to which women-entrepreneurs and their associations could contribute. In addition, issues specific to Women’s Entrepreneurship might be addressed within the generic sub-programme on an *ad hoc* basis as well as by the regional advisory services. Thus, the mandate of the Team of Specialists on Women Entrepreneurship should not be renewed.

(b) Given the considerable resource constraint and insufficient support for the Youth Entrepreneurship it is proposed to discontinue the Team of Specialists on Youth Entrepreneurship. In the future, issues specific to Youth Entrepreneurship might be addressed under the Entrepreneurship and Enterprise Development sub-programme on an *ad hoc* basis and by the regional advisory services.

4. Technical assistance

The secretariat would like to reiterate that the technical assistance in the area of Enterprise Development currently provided by the Regional Adviser on Entrepreneurship and SMEs is vital for the implementation of the WP. 8's programme. The regional advisory services in this area supplement and give a practical outlet to the work of the secretariat. In particular, the Regional Adviser's practical advice to major stakeholders (Governments and associations of entrepreneurs) based on the secretariat's analysis as well as a useful feedback from the Regional Adviser regarding the situation in the field contributes to shaping the programme of work in the most effective way. Therefore, the Enlarged Bureau may wish to recommend the retention of the position of the Regional Adviser on Enterprise Development under the programme on Industry and Enterprise Development.

5. Summary of conclusions and action required

In summary, the Enlarged Bureau may wish to recommend to the sixth session of the Working Party:

1. To rename the TOS on Industrial Restructuring to the TOS on Industrial Restructuring and Competitiveness and refocus its mandate accordingly;
2. To transfer the sub-programmes of corporate governance and corporate social responsibility from Industrial Development programme to Enterprise Development programme.
3. To initiate a new sub-programme on Entrepreneurship and Enterprise Development to be implemented directly by the Working Party 8;
4. To deal directly with all horizontal issues, which apply across the sub-programmes.
5. To decide on the status of the TOS on Quality Management Systems subject to the decision of the Working Party on Regulatory Cooperation and Standardization Policies (WP.6) on taking over this TOS (due in November 2004).
6. To place the Women's Entrepreneurship activities in the framework of the proposed sub-programme on Entrepreneurship and Enterprise Development. Issues specific to

Women's Entrepreneurship might be addressed by this sub-programme on an *ad hoc* basis and by the regional advisory services. Thus, the mandate of the Team of Specialists on Women Entrepreneurship should not be renewed.

- 7 To discontinue the mandate of the TOS on Youth Entrepreneurship but to offer the opportunity to interested governments to deal with related key issues in the framework of the proposed sub-programme on Entrepreneurship and Enterprise Development. Issues specific to Youth Entrepreneurship might be addressed under this programme element on an *ad hoc* basis and by the regional advisory services.
8. To recommend to the secretariat to retain the regional advisory services and the respective post of Regional Adviser under the programme on Industry and Enterprise Development.

The Enlarged Bureau may wish to discuss the above proposals by the secretariat and make its recommendations to the Working Party to be considered by its sixth session in February 2005.

It may also wish to request the member States to contribute extra-budgetary resources to those sub-programmes, which could benefit the majority of ECE countries or their large groups.

ANNEX

Structure of the proposed UNECE Generic Entrepreneurship and Enterprise Development Sub-programme

The structure of proposed Generic Entrepreneurship and Enterprise Development Sub-programme (GESP) programme has been produced in consultations with a number of the UNECE countries. As such, it is based on the thoughtful examinations of the key ingredients of the successful entrepreneurship culture and institutions in the UNECE region in the last several decades or so. It is designed in order not to overlap with the work of other international institutions dealing with entrepreneurship but to be of the complimentary nature.

The main aim of the GESP is to set guidelines, norms and standards in the entrepreneurship and enterprise development area in the UNECE region.

The GESP should be structured as follows:

- Legal and regulatory framework
- Capital Formation
- Cultural Awareness through Education
- Role of Innovation, and
- Best Practices in Entrepreneurship

Each of the five aforementioned GESP elements would have detailed description of their activities and expected results, which should be equally used by the UNECE governments, private sector, entrepreneurs and (regular and over-the-counter) financial market. Their successful operation would greatly contribute to enhanced transparency and predictability in the entrepreneurship area as well as to the creation of a coordinated and more favourable entrepreneurship climate in the UNECE region. In addition, the GESP would assist in the standardization of the terminology and diverse methodologies related to entrepreneurship/enterprise development in the region.

For the successful operation of the GESP both regular budget resources and extra-budgetary financing would be required. Based on the preliminary assessments, it seems that such extra-budgetary resources would be available. Equally, the secretariat estimates that hiring of and cooperation with selected leaders in the entrepreneurship area in the UNECE region might be essential for its medium-term success.