RENÉWAL OF THE MANDATE OF THE WORKING PARTY ON SMEs
(2002-2006)

101st Session

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At its 95th session held on 23-24 February 1999, the Industry Committee agreed to the three-year extension (1999-2002) of the mandate of the Working Party on SMEs, until 31 March 2002, with the terms of reference set out in Annex 5 of document DSTI/IND/M(99)1. The revised mandate was submitted to the Working Party on SMEs at its 17th Session in December 2001. Subsequently, it was amended to take into account the Working Party’s Bureau’s and delegates’ recommendations. It is submitted to the Committee on Industry and Business Environment at its 101st session in February 2002 for extension until 24 January 2006 (coinciding with the duration of the Committee’s own mandate).

The present revised draft is submitted to the delegates of the CIBE under Item 12a) of the Agenda, for APPROVAL.

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REVISION OF THE MANDATE OF THE WORKING PARTY ON SMEs
FOR THE PERIOD 2002-2006

1. At its 95th session held on 23-24 February 1999, the Industry Committee agreed to the three-year extension (1999-2002) of the mandate of the Working Party on SMEs, until 31 March 2002, with the terms of reference set out in Annex 5 of the document DSTI/IND/M(99)1. The present revised mandate has been amended to take into account the Working Party's discussions at its 17th session (4-5 December 2001) and subsequent written comments received from delegates. It was reviewed a second time by the Bureau (during a conference call) and the Working Party delegates under the written procedure. It is submitted to the Committee on Industry and Business Environment at its 101st session in February 2002 for extension until 24 January 2006 (coinciding with the duration of the Committee’s own mandate).

Background

2. Since the late 80s, SMEs have attracted increasing attention from governments around the world who recognise the importance of this population of firms and their contribution to economic growth, social cohesion, employment and regional development. In OECD work, SMEs are a crucial dimension of micro-economic analyses in the context of a rapidly evolving environment due to globalisation, technological change, and the development of the knowledge-based economy.

3. The OECD Working Party on SMEs is the main OECD body responsible for SME-related activities, including entrepreneurship, at the national and international levels. It serves as a high-level international forum for policy makers in the SME area to examine issues and assess policies pertaining to SMEs and entrepreneurship. It also maintains contacts with non-OECD countries, international and regional organisations and non-governmental organisations (NGOs), with a view to international co-operation and exchange of information.

The main focus of the Working Party on SMEs in the 1990s

4. The Working Party activities included the following main strategic axes:

- SME Policies: from analysis to evaluation (with a view to identifying “true” best practices).
- The contribution of SMEs to growth in the framework of globalisation and the knowledge-based economy, with a special focus on high growth innovative SMEs, the adoption of electronic commerce, regulatory reform, financing, taxation, etc.
- Best practices for increasing SME competitiveness in the above-mentioned context.
- Other issues aiming at carrying out a work programme that meets the needs of policy makers in an increasingly changing environment, such as: promoting women’s entrepreneurship; reinforcing public/private sector partnerships in order to offer business organisations the opportunity to contribute constructively to government policies; reinforcing partnership between OECD countries and non-OECD countries in the area of SME policies.
The 2000 Bologna Ministerial Conference on SMEs and the Bologna Process

5. In June 2000, the OECD Working Party on SMEs organised the first ministerial-level international conference on SMEs in Bologna, Italy, upon the invitation of and in co-operation with the Italian authorities. One of the key outcomes of this Conference was the adoption of a document, the Bologna Charter on SME Policies, by almost 50 OECD Member and non-member country governments. The Bologna Charter implies a willingness on the part of governments to redesign SME policies in the context of a coherent and integrated approach to economic growth and social development both in OECD countries and in the rest of the world. The Bologna Charter provides a frame of reference for countries concerned that more could be done to improve the efficacy of policies and programmes directed at fostering entrepreneurship and assisting the development and competitiveness of smaller firms at local, national and international levels. The Bologna Charter also calls for intensified dialogue and co-operation between OECD and non-OECD countries in the area of SMEs and entrepreneurship, as well as between international organisations/institutions and fora.

6. In addition to the core activities of the Working Party, highlighted above (cf. paragraph 4), the Working Party is currently working actively to foster the implementation of the recommendations contained in the Bologna Charter in OECD and non-OECD countries in the context of the follow-up to the Bologna Ministerial Conference (known as the “Bologna Process”). The Working Party works in close co-operation with the other OECD bodies involved in the preparation of the 2000 Bologna Ministerial Conference, in particular the Territorial Development Service (TDS)/LEED Programme, the DAFFE/Investment, Finance and Enterprise Development Programme (ex- Enterprise Development Unit), and the CCN. This collaboration allows for synergy and complementarity; for instance, TDS activities focus on the territorial and local dimensions whereas the Working Party deals with national economies and globalisation of economic activities.

7. The Working Party is also working to mainstream activities on women’s entrepreneurship, in accordance with the recommendations of the second Conference on Women in SMEs, and the Ministerial Communiqué of May 2001.

8. Against this backdrop, and taking into account the intrinsically horizontal and cross-cutting nature of issues and policies related to SMEs, the present draft revised Mandate reflects the need, i) to reinforce the main orientations of the Working Party’s activities and include relevant current themes, and, ii) to enhance its contribution to a number of OECD activities, for example the follow-up to the “Growth Project”, and other relevant horizontal work. Indeed, the Ministerial Communiqué of May 2001 recognises that “research, innovation and entrepreneurship are key to growth” and provides a mandate for “work to ensure an environment favourable to business and risk-taking, and particularly for new firms and SMEs”. In particular, by providing guidance on the appropriate framework conditions in the area of entrepreneurship policy and identifying best practices, the Working Party can actively contribute to the process of structural policy reform underway in a number of OECD and non-OECD countries where an essential impetus is given for starting up new businesses. (“Entrepreneurship” is defined in the present context as the pre-start-up, start-up and early post start-up phases of business).

9. It is therefore proposed that the Working Party become: “Working Party on SMEs and Entrepreneurship”.

10. The draft revised mandate that follows has been prepared taking into account the proposed change of name and scope of the Working Party and has been amended in accordance with comments by the Working Party’s Bureau and Delegates.
WORKING PARTY ON SMEs AND ENTREPRENEURSHIP

Draft Revised Mandate for the period 2002-2006

a) The Working Party on SMEs and Entrepreneurship is entrusted with examining the nature and scale of issues and policies at the national and international levels pertaining to SMEs (including micro-enterprises) and entrepreneurship. This task will be accomplished through discussions within the Working Party, through research projects and through horizontal co-operation with relevant bodies in the OECD, in particular in the framework of OECD horizontal projects. The Working Party shall make available to OECD governments, and when appropriate non-OECD governments, and to other Committees of the Organisation, information and advice on these issues and on measures and policies for dealing with them.

b) The Working Party is entrusted with fostering the implementation of the recommendations contained in the Bologna Charter in the context of the follow-up to the June 2000 Bologna Ministerial Conference on SMEs (known as the “Bologna Process”). The Ministerial mandate expressed in the Charter provides a framework for the Working Party to continue its core activities and deepen its work on issues of importance for SMEs to increase their competitiveness in the context of globalisation, in particular electronic commerce, innovation and entrepreneurship, including women’s entrepreneurship, networking and clusters, and a cross-cutting theme: financing. In addition, it should enhance the outreach dimension of its work and co-operation with relevant international and regional bodies.

c) With regard to entrepreneurship, defined in this context as the pre-start-up, start-up and early post start-up phases of business, the Working Party shall give due attention to issues and policies relating to this theme at the national level, including the role played by framework conditions for a business environment (e.g. regulatory, innovation, competition, taxation issues) conducive to “sustainable” growth, and the uptake and use of information and communications technologies (ICT). It will act in close collaboration with the TDS/LEED Programme with regard to the territorial/local level, and in co-operation with other OECD bodies as appropriate.

d) The Working Party shall continue its core activities in the following areas:

- It shall produce every second year a comprehensive report that provides an integrated assessment of trends in entrepreneurship and SME policies in Member countries, including selected thematic and quantitative analyses, as well as policy recommendations based on best practices.

- The Working Party shall act as a clearing house through which OECD (and when relevant, non-OECD) countries can exchange information and experience on SME and entrepreneurship issues, policies and programmes, especially with regard to areas of interest, topical developments and areas identified by the Committee on Industry and Business Environment (CIBE) or the OECD Council as being of particular relevance to the OECD.
• The Working Party shall undertake a critical and comparative assessment of best practice policies for SMEs and entrepreneurship adopted by OECD countries, and where appropriate, non-OECD countries, and make these available to the CIBE and to Member governments. Linkages will be established with the CIBE Benchmarking Project when appropriate.

• In accordance with the recommendations of the 2nd Conference on Women Entrepreneurs in SMEs, and the OECD Ministerial Communiqué of May 2001, the Working Party shall consolidate and mainstream its work on women’s entrepreneurship, by considering and addressing related issues throughout its work programme, and by undertaking targeted studies when appropriate and resources permit.

e) The Working Party shall give special consideration to:

• The increasingly important role that SMEs, including innovative start-ups, play in job creation and growth.

• The need for financing options for SMEs, in particular for knowledge-based enterprises, which take account of their particular financing challenges (e.g. evaluation of intangible assets).

• The demand for increasing emphasis on the development of management skills to support the growth of firms in an innovative, knowledge-based economy.

• The globalisation of economic activities, including the increasing participation of SMEs in the global marketplace and the incorporation of electronic commerce into business strategies, and its implications for SMEs.

• The improvement and development of SME and firm-level statistics, in co-operation with the OECD (e.g. Statistical Working Party of the CIBE) and the appropriate national and international bodies.

f) The Working Party shall seek to enhance co-operation with non-OECD countries (in particular those who adopted the Bologna Charter) on issues related to the Bologna Process to address these issues in the most effective way. In addition, the Working Party will seek to strengthen co-operation with international institutions and regional economic bodies in order to avoid unnecessary duplication in its activities and improve its effectiveness. When appropriate and resources permit, and as approved by the CCN, the following outreach and liaison mechanisms can be implemented:

• Co-operation and information-sharing among OECD and non-OECD countries, as well as regional initiatives to promote information exchange among non-OECD countries, in co-operation with the OECD bodies undertaking Enterprise Development activities, as appropriate.

• Deepening of multilateral exchange and the establishment or strengthening of co-operation with relevant international organisations/institutions and regional bodies, including APEC, CEI, ILO, UNCTAD, UNIDO, the World Bank and regional development banks such as the Inter-American Development Bank (IADB).

g) The Working Party shall seek to involve, where appropriate and in accordance with the Council guidance all relevant stakeholders, aiming at a more effective dialogue in the development of SME and entrepreneurship policy.
h) The Working Party shall submit every second year a draft work programme to the CIBE. The Working Party will also report annually to the CIBE on the main results of its work, in particular the related policy recommendations, in line with its terms of reference.

i) The terms of reference of the Working Party on SMEs and Entrepreneurship shall remain in force until end 24 January 2006, unless the CIBE or the Council decides otherwise.