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Global Preparatory Meeting on Small-  
and Medium-Scale Enterprises  
including Co-operatives

Tallinn, Union of Soviet Socialist  
Republics, 14-16 March 1989

REPORT\*

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\* This document has not been edited.

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## PREFACE

1. The Second General Conference of the United Nations Industrial Development Organization (UNIDO), held at Lima, Peru, in March 1975, recommended that UNIDO should include among its activities a system of continuing consultations between developed and developing countries with the object of raising the developing countries' share in world industrial output through increased international co-operation. The General Assembly, at its seventh special session in September 1975, endorsed the recommendation and requested UNIDO to implement it under the guidance of the Industrial Development Board.
2. In May 1980, the Industrial Development Board decided to establish the System of Consultations on a permanent basis, and in May 1982 it adopted the rules of procedure (The System of Consultations, PI/84) according to which the System of Consultations was to operate, including its principles, objectives and characteristics, notably:
  - The System of Consultations shall be an instrument through which the United Nations Industrial Development Organization (UNIDO) is to serve as a forum for developed and developing countries in their contacts and consultations directed towards the industrialization of developing countries;
  - Consultations would also permit negotiations among interested parties at their request, at the same time as or after consultations;
  - Participants of each member country should include officials of governments as well as representatives of industry, labour, consumer groups and others, as deemed appropriate by each government;
  - Final reports of Consultations should include such conclusions and recommendations agreed upon by consensus among the participants; the report should also include other views expressed during the discussion.
3. Thirty-five Consultations have been convened since 1977 covering the following industries and topics: agricultural machinery, building materials, capital goods, fertilizers, fisheries, food processing, industrial financing, iron and steel, petrochemicals, pharmaceuticals, leather and leather products, non-ferrous metals, training of industrial manpower, vegetable oils and fats, and wood and wood products.
4. Through Consultation meetings, "UNIDO has set up a forum for developed and developing countries dedicated to the industrialization of developing countries. This forum has served to identify obstacles to industrialization and has considered these obstacles from a policy, economic, financial, social and technical point of view. This forum has also been used to monitor trends in world industry, with the result that a number of action-oriented measures towards increasing the share of developing countries in world industrial production have been identified and in some cases implemented. These measures have included policy changes on the part of developed and developing countries, new forms of international industrial co-operation, and new concepts for entry into specific industrial sectors; in addition, technical co-operation projects of an innovatory type have been identified and implemented by the relevant arms of the Secretariat" (ID/B/341).
5. At its second session in October 1986, the Industrial Development Board decided to convene the First Consultation on Small- and Medium-Scale Enterprises including Co-operatives in the 1988-1989 biennium.

## I. ORGANIZATION OF THE MEETING

6. As part of the preparation for the First Consultation, regional expert group meetings on the small- and medium-scale enterprise sector were held. At the Global Preparatory Meeting on Small- and Medium-Scale Enterprises including Co-operatives convened at Tallinn, Union of Soviet Socialist Republics, from 14 to 16 March 1989, experts gathered from developed and developing countries in order to advise the UNIDO Secretariat on the final selection of issues to be considered at the Consultation. The Meeting was attended by 38 participants from 22 countries and 3 international and other organizations (see annex I).

7. The Meeting was opened by Mr. Riivo Sinijärv, Vice-President, Estonian Association of Small Enterprises. He welcomed the participants and expressed appreciation for the opportunity to start a dialogue between experts in the small- and medium-scale enterprise sector coming from all over the world. He pointed out that only in 1986 were special measures established in the Estonian Soviet Socialist Republic for the development of small firms and that the co-operative movement started sometime later. At present, there are more than 1,000 small firms and co-operatives in operation, employing more than 20,000 persons which is less than 10 per cent of the industrial employment resources. He stated that there was a great potential for small- and medium-scale enterprises, especially since the whole economy in the Estonian Soviet Socialist Republic was under reconstruction. In order to stimulate small- and medium-scale enterprise development, the Estonian Association of Small Enterprises was founded in 1988.

8. The Director of the System of Consultations Division welcomed the participants on behalf of the Director-General of UNIDO and thanked the Government of the Union of Soviet Socialist Republics, the USSR State Committee for Science and Technology and the Estonian SSR Chamber of Commerce and Industry for their financial contribution as well as for hosting the Meeting. He informed the participants on the immediate aim of the Meeting, namely to select the issues for the forthcoming First Consultation on Small- and Medium-Scale Enterprises including Co-operatives. In explaining the objectives of the System of Consultations, he stated that that forum has been established to facilitate co-operation, contact and consultation between industrialized and developing countries with the goal to overcome the obstacles to industrialization through policy reformulation and new forms and instruments of international co-operation.

9. The Director of the System of Consultations Division underlined the important role played by small- and medium-scale enterprises and co-operatives as agents of economic and social change in developing countries; they had the flexibility to respond to market changes and adjust their products and production costs accordingly; to seek and exploit market niches; to serve dispersed markets and to interact cost-effectively with large firms through subcontracting and other co-operative arrangements. They also constituted effective instruments for achieving rural-urban and agriculture-industry balances in the framework of integrated rural development programmes. He concluded by inviting the participants to select the issues for the Consultation, bearing in mind the preparatory work already undertaken and in light of their own experience in the planning, programming and operation of small- and medium-scale enterprises.

Election of officers

10. The following officers were elected:

- Chairman:** Juhan Sillaste (Union of Soviet Socialist Republics),  
Chairman, State Labour Committee, Estonian Soviet  
Socialist Republic
- First Vice-Chairman:** Clement D.M. Duncan (Guyana), Executive Director,  
Guyana Manufacturing and Industrial Development Agency  
(GUYMIDA)
- Second Vice-Chairman:** Anne Marie Mevel (France), Chargée de Mission,  
Direction générale de l'industrie, Ministère de  
l'industrie et de l'aménagement du territoire
- Third Vice-Chairman:** Sudha Pillai (India), Director, Department of  
Industrial Development, Ministry of Industry
- Rapporteur:** Alfred Muka Shikhule (Kenya), Deputy Managing Director,  
Kenya Industrial Estates (KIE)

Adoption of the agenda

11. The Meeting adopted the following agenda:

- Opening of the Meeting and briefing
- Election of officers of the Meeting
- General consideration of issues
- Discussion of issue 1: Environment conducive to sustained growth of  
small- and medium-scale enterprises
- Discussion of issue 2: Productivity improvements
- Discussion of issue 3: Financing of small- and medium-scale enterprises
- Adoption of the draft recommendations
- Closure of the Meeting

## II. SUMMARY OF DISCUSSIONS

### General consideration of the issues

12. During the discussion a number of participants stressed the important role of an overall industrial climate necessary to create an environment for smooth growth of small- and medium-scale enterprises. The macro-economic policy frame needed to provide clear policy guidelines for small- and medium-scale development as an integral part of the overall economic development. The different stages of economic development called for specific action to utilize the flexibility of small- and medium-scale enterprises to react to the demand.

13. It was felt that some countries in which such policies had been set up failed to create the expected impact since the practical implementation was rather inadequate. Moreover, in countries in which an environment for small- and medium-scale enterprises existed, there were strong currents against such development; therefore, policy measures and the package of incentives needed to be analyzed if they were to serve the purpose for which they had been set up.

14. Entrepreneurship development was recognized as one of the key factors for the creation of small- and medium-scale enterprises. The prominent role of the entrepreneur was highlighted. One participant mentioned new developments such as science parks, entrepreneurship clubs, centres for entrepreneurship development etc. which had proved successful. Other innovative programmes needed to be developed. In that context, some participants stated that research and development institutes should be established or existing ones at e.g. universities should be linked with the small- and medium-scale enterprise sector.

15. Several participants stated that educational systems should be made aware of the needs of the small- and medium-scale enterprise sector and specific training requirements should be considered.

16. Specifically for the provision of finance, a number of participants believed that even if the political will towards small- and medium-scale enterprises were manifested in the legal and administrative framework, it would often not find the reflection in the daily problems faced by such enterprises.

17. Several participants felt that international co-operation of small- and medium-scale enterprises should be further developed and mechanisms established on a bilateral and multilateral basis in order to learn about the experience of other countries. UNIDO's System of Consultations could be of assistance in that respect not only through the organization of the forthcoming First Consultation on Small- and Medium-Scale Enterprises including Co-operatives but also through convening smaller workshops on specific subjects in different regions. Some participants suggested introducing a special window for small- and medium-scale enterprises or small-scale industry in UNIDO.

### Issue 1: Environment conducive to sustained growth of small- and medium-scale enterprises

18. A number of delegates emphasized that the environment was the most important factor influencing small- and medium-scale enterprise development. In a healthy environment small- and medium-scale enterprises would take care

of themselves. However, such an environment also included the general political and socio-economic situation. In case of economic instability or if the rate of return on investment in other economic sectors were equally high, entrepreneurs would not invest in small- and medium-scale enterprises even if all integrated infrastructural requirements were provided.

19. Several participants stressed the need for deregulation and structural reforms at the macro-policy level, since many existing macro-policy measures had the edge on the large-scale industry rather than on the small-scale enterprise. Economic measures should be long term and consider an overall industry policy linking cottage, small- and medium as well as large-scale industries. Rural and urban enterprises should also be considered, and an "economy of scope" should replace the economy of scale.

20. Some participants stated that in a number of centrally-planned economies industrial, trade, fiscal and financial policy measures focused on the needs of large-scale enterprises. In practice, those measures turned out to be of disadvantage to the small- and medium-scale enterprise sector.

21. A number of delegates reported on successes achieved by a comprehensive network of support services and institutions, and the need for a regional as well as sectoral coverage. Furthermore, it was felt that there was a need for a local body to co-ordinate environmental services in order to support macro-environmental policies through micro-environmental measures.

22. One participant stated that small- and medium-scale enterprises were established by persons with entrepreneurial spirit and attitude. In order to create an entrepreneurial culture, a reorganization and rethinking of the education system and training policy was required focusing on entrepreneurship development and appropriate measures to achieve it.

23. A few delegates underlined that co-operatives proved to be an interesting form of small- and medium-scale enterprises, especially in centrally-planned economies. In market economies they played an important role in trade as well as in the micro-enterprise sector.

24. Several participants expressed the view that the government's role in the development process should gradually be taken over by semi- or non-governmental organizations, associations or chambers. In reaching a higher degree of small- and medium-scale enterprise development, the government should be involved in its support through the promotion of such institutions.

#### Issue 2: Productivity improvements

25. The major part of the discussion centred around the definite need for a national institutional network with overall responsibility for accelerated development of small- and medium-scale enterprises. That should include an effective delivery system of extension services, including industrial estates, providing specific support according to the country's assessed needs, the industrial sector and the size of the industries.

26. Transfer of technology was highlighted by some of the delegates as a major problem. Advice was sought in identification, transfer, adaptation and development of appropriate technology and some participants requested UNIDO to play an active role in that process. It was felt that there should be a deliberate shift from North-South to South-South co-operation, since equipment and technologies developed by industrialized countries tended more towards

labour-saving, specialized and automatic production, whereas the requirements of the developing countries in general demanded more labour-intensive technologies.

27. One delegate stated that small- and medium-scale enterprises using high-level technology should serve to test and further develop new technologies for mass production so as to bridge the gap between scientific development and applied industrial technologies.

28. Since a higher degree of development led to more complex marketing, some participants stressed the need for an articulated marketing assistance programme. Special promotion programmes needed to be designed for domestic and national markets against international markets. One participant recommended that protective measures should be introduced to stop unfair import competition even if it meant higher social costs on a temporary basis.

29. Several participants attached importance to the need for more and specific information on domestic as well as international markets to enable small- and medium-scale enterprises to participate at international trade fairs and specific exhibitions. Other forms of marketing such as subcontracting, buy-back arrangements etc. were also suggested. One delegate proposed including elements of transfer of technology and specialized training in subcontracting programmes.

30. Some participants pointed to the need for specific training institutions. Special small- and medium-scale enterprise training requirements had been identified in the field of entrepreneurship development, management, technology, as well as specific practical skills to be provided to staff at all levels. In designing training courses and in order to reach the required impact, the level of trainees needed to be taken into account.

31. Attention was drawn by a number of participants to the role of governments in the provision of services to small- and medium-scale enterprises and budgetary support to service institutes. In the opinion of delegates from the market economy countries, the government's role in the support of small- and medium-scale enterprises was essential at the initial stage. Having reached a higher level of development, associations, chambers, co-operatives etc., and in selected cases even commercially-oriented groups, could eventually take over that role through private initiative. The delegates from the centrally-planned economy countries felt strongly that the government's role and influence would always be dominant in small- and medium-scale enterprise development.

#### Issue 3: Financing of small- and medium-scale enterprises

32. Most of the participants expressed concern about the inadequate flow of funds to the small- and medium-scale enterprise sector, and it was the opinion of the Meeting that access to finance was a major problem and a bottleneck in small- and medium-scale enterprise development.

33. A number of delegates requested a simplification of measures to facilitate the granting of loans to small- and medium-scale enterprises. Moreover, need was felt for the development of innovative support instruments to overcome the difficulties faced by small- and medium-scale enterprises in meeting stringent collateral requirements and to obtain adequate venture as well as working capital. The especially severe situation of women entrepreneurs in obtaining finance was also mentioned.



34. One delegate stated that short-term financing, especially for working capital requirements by commercial banks was creating problems to small- and medium-scale enterprises. A practical solution needed to be found. Sometimes entrepreneurs developed excellent project ideas but lacked private capital resources. In that context, a participant pointed out that none of the projects should be based on a 100 per cent loan. Entrepreneurs should have a personal interest in the project as well as the financial means to invest. Therefore it was suggested that entrepreneurs with insufficient or no funds be requested to look for partners who could participate in a promising and feasible project.

35. An extensive discussion took place on whether or not commercial or development banks should enter into equity financing of small- and medium-scale enterprises. It was felt that while equity financing could offer solutions to economically important and financially viable projects, it could be a burden on banks to administer an excessive number of equity partners.

36. A number of delegates noted that in the financing of small- and medium-scale enterprises, the same wide gap existed between policy guidelines and practical implementation, as already pointed out in paragraphs 13 and 16, resulting in an insufficient flow of funds to small- and medium-scale enterprises.

37. Some delegates expressed the view that commercial as well as development banks should either incorporate extension service functions in their services or, in order to save administrative and appraisal costs, co-operate closely with development institutes in the preparation of project appraisal reports and follow-up services to enterprises in the post-investment phase.

38. One participant informed the Meeting that the establishment of a special bank for financing small- and medium-scale enterprise projects was under investigation in the Estonian Soviet Socialist Republic.

39. Some participants requested that joint venture possibilities be explored for small- and medium-scale enterprise projects in the Union of Soviet Socialist Republics and other countries by introducing a special window for such activities in UNIDO.

#### Issue 4: International and regional co-operation

40. During discussion on the various problems and issues, several delegates mentioned the need for an increase in international and regional co-operation between decision-makers and institutes for the development of small- and medium-scale enterprises. An active North-South and South-South dialogue would be extremely beneficial and should take place at all levels. The catalytic role of multilateral organizations, such as UNIDO and the International Labour Organisation (ILO) etc., was emphasized and the importance of co-ordinating follow-up meetings focusing on special problems was stressed by some of the participants.

41. Following the discussion, the Meeting expressed the wish to add a separate issue on international and regional co-operation to those to be presented at the forthcoming Consultation.

42. The participants elaborated the following major areas of international and regional co-operation:

- (a) Transfer of technology;
- (b) Financing;
- (c) Training, including entrepreneurship development;
- (d) Extension services, including product development and adaptation;
- (e) Marketing, including subcontracting and enterprise-to-enterprise co-operation.

43. The views expressed during the discussion and action suggested are summarized in the conclusions and recommendations.

### III. AGREED CONCLUSIONS AND RECOMMENDATIONS

#### General consideration of the issues

44. Taking note of the need and intention of the developing and industrialized countries to create a favourable global environment for the growth of small and medium enterprises, the Meeting discussed various policy and operational problems encountered by such enterprises in the developing countries. The Meeting welcomed the opportunity provided by the System of Consultations to exchange experiences of small- and medium-scale development in various countries. It took account of the recommendations arising from the regional expert group meetings with a view to finalizing the recommendations and issues for the First Consultation on Small- and Medium-Scale enterprises including Co-operatives to be held at Bari, Italy, in October 1989.

45. The general discussion focused particularly on the need for entrepreneurship development, modern technologies and financing, as well as the provision of policy support and incentives for small- and medium-scale enterprises.

46. The general conclusions arrived at in the Meeting were as follows:

(a) Macro-economic policies in developing countries should be reviewed so as to assess whether they were adequate to create a favourable environment conducive to the growth of small- and medium-scale enterprises.

(b) Existing institutional support mechanisms for small- and medium-scale enterprises in developing countries needed to be analyzed so as to determine their suitability for the objectives for which they were originally intended.

(c) Experiences of various financing mechanisms in developing countries needed to be considered with a view to assessing the adequacy of flow of finance to small- and medium-scale enterprises.

47. The Meeting recommended that:

(a) Overall macro-economic policies in developing countries should be modified to meet the specific needs of small- and medium-scale enterprises for their accelerated growth.

(b) Existing institutional support mechanisms should be evaluated and, as necessary, strengthened, modified or changed so as to enable a more effective and efficient delivery of a package of services to small- and medium-scale enterprises in the context of their crucial role in economic development of many countries.

(c) The flow of funds to small- and medium-scale enterprises should be considerably increased. Appropriate financial policies and mechanisms should therefore be devised and developed.

(d) Efforts should be made to expand and promote the culture of entrepreneurship so as to generate spontaneous forms in the creation of small- and medium-scale enterprises.

(e) Access to technologies and measures to develop related skills should be substantially strengthened to accelerate growth of small- and medium-scale enterprises in a competitive economic environment.

Issue 1: Environment conducive to sustained growth of small- and medium-scale enterprises

Problems addressed

48. Several developing countries do not even have an appropriate policy framework for effective growth of small- and medium-scale enterprises. In the case of others, despite the existence of such policies, they have proved ineffective in their application due to lack of co-ordinated provision of inputs and legal and procedural barriers. In a large number of developing countries there is an urgent need for conscious and deliberate efforts to create an entrepreneurial culture. It was felt that a suitable political and socio-economic climate needed to be created and sustained for effective growth of small- and medium-scale enterprises.

Conclusions

49. It was agreed that:

(a) Compartmentalized policy for small- and medium-scale enterprise development alone without reference to the effects of macro-economic policy might defeat its basic objective.

(b) In many developing countries monetary, industrial, trade, fiscal and financial policies have often worked in favour of large-scale enterprises and discriminated against small and medium enterprises, thereby adversely affecting the cost and availability of the required inputs.

(c) Stable political and socio-economic environment required for effective growth of small- and medium-scale enterprises does not exist in several developing countries.

(d) There is need for creating and sustaining an entrepreneurial culture through suitable reorientation of education and training policies and programmes including the provision of appropriate incentives.

(e) In many developing countries the development of industrial co-operatives is a suitable instrument for the promotion of the small- and medium-scale enterprise sector.

(f) A single window agency for ensuring co-ordinated provision of inputs is urgently required.

(g) Very often the translation of national policies, measures and incentives for small- and medium-scale enterprise development into effective delivery of inputs does not take place due to inadequate co-ordination.

#### Recommendations

50. It was recommended that:

(a) Small- and medium-scale enterprise development policies should be suitably integrated in overall development plans in view of their linkages with policies and programmes for other sectors such as agriculture, education, trade, transport and other utilities etc.

(b) It should be ensured that the small- and medium-scale enterprise sector gets equal treatment in the application of monetary, industrial, trade, fiscal and financial policies.

(c) There should be a long-term government commitment for priority in the development of small- and medium-scale enterprises as inter alia institutional stability was essential to establish confidence in small- and medium-scale entrepreneurs.

(d) Since entrepreneurship development programmes have a vital role to play in viable and sustained development of the small- and medium-scale enterprise sector, they should be intensified.

(e) Development of industrial co-operatives should be given renewed impetus with a view to making them an important vehicle in the promotion of small- and medium-scale enterprises.

(f) The creation and development of associations of entrepreneurs as an important mechanism in the promotion of small- and medium-scale enterprises should be encouraged.

#### Issue 2: Productivity improvements

##### Problems addressed

51. The Meeting noted that in many developing countries the existing institutional infrastructure was not able to provide adequate technical and other extension services required for enhancing productivity in the small- and medium-scale enterprise sector. Transfer and development of technology were hampered by absence of suitable mechanisms for selection, adaptation and development of technologies appropriate to the specific needs of small- and medium-scale enterprises. As small industries grew, inadequacy of specialized marketing facilities was increasingly felt both with respect to domestic as well as export markets.

##### Conclusions

52. The Meeting agreed that:

(a) Different kinds of institutional capabilities and delivery mechanisms may be required for different types of small- and medium-scale enterprises, such as micro-enterprises, small enterprises, and medium-sized enterprises.

(b) In a large number of developing countries, extension and advisory services for small- and medium-scale enterprises do not adequately cover identification, transfer, adaptation and development of appropriate technologies.

(c) The problem of marketing has not received adequate attention either by entrepreneurs or promotional institutions.

(d) The programmes of subcontracting and enterprise-to-enterprise co-operation serve the twin objective of effective transfer of technology as well as providing increased marketing support to small- and medium-scale enterprises.

### Recommendations

53. It was recommended that:

(a) Existing institutional infrastructure in most developing countries should be suitably developed/adapted so as to provide effective technical and extension services. Industrial estates should be promoted with a view to providing well-developed factory accommodation to entrepreneurs in developing countries.

(b) Suitable advisory services should be established for identification, transfer, adaptation and development of appropriate technologies. In particular, UNIDO was requested to provide technical assistance in this field including the establishment of technology adaptation and development centres.

(c) Assistance be given to small- and medium-scale enterprises in domestic as well as in export marketing. They should be provided with marketing counselling and intelligence. Schemes of preference for such enterprises in governmental and institutional bulk purchases should be considered. Training for export documentation and procedures should be given special attention.

(d) UNIDO's programmes of enterprise-to-enterprise co-operation amongst small- and medium-scale enterprises (both in the North-South and South-South context), as well as the programme of subcontracting should be intensified. Facilities should be provided for exposure to international markets by way of participation in specialized fairs, trade delegations etc.

(e) Suitable training and follow-up programmes should be elaborated and implemented to improve the productivity of small- and medium-scale enterprises. The programmes should address supporting institutions, entrepreneurs and their personnel.

### Issue 3: Financing of small- and medium-scale enterprises

#### Problems addressed

54. Very often the financial policies do not provide for adequate access to finance by small- and medium-scale enterprises. Poor implementation further accentuates the problem. There are also difficulties arising from lack of adequate venture capital and stringent collateral requirements, especially for women entrepreneurs.

### Conclusions

55. It was agreed that:

(a) There is an inadequate flow of finance to small- and medium-scale enterprises on account of higher risks perceived and administrative costs.

(b) In many developing countries, despite the mandate for a prescribed minimum flow of funds to small- and medium-scale enterprises, the flow of funds is inadequate on account of poor implementation of lending policies and ineffective technical and extension services.

(c) There is a need for the creation of special windows for financing of small- and medium-scale enterprises at national level.

(d) Stringency in collateral requirement is a major factor hampering the free flow of credit to small- and medium-scale enterprises.

(e) Except for recent innovations in a few developing countries, there is little provision for venture capital assistance to promote new small- and medium-scale enterprises.

(f) Women entrepreneurs are often not able to get credit on account of being unable to provide collaterals; the need for venture capital assistance is even greater in their case.

### Recommendations

56. The Meeting recommended that:

(a) Credit guarantee and insurance schemes and other operational measures should be instituted to tackle the problem of higher risks perceived in lending to small- and medium-scale enterprises.

(b) Implementation of lending policies should be improved. Effective extension and other support services should be provided to small- and medium-scale enterprises in identifying viable projects and formulating bankable project reports.

(c) Depending upon the requirements of a country, either a special unit should be located in the financial institution for lending to small- and medium-scale enterprises or, if need be, a separate financial institution should be created.

(d) Financial innovations like that of treating the asset created by the loan itself as a collateral should be increasingly adopted in lieu of traditional approaches to collaterals.

(e) Special venture capital schemes should be established at national level to assist entrepreneurs in tackling the problem of raising adequate equity for viable projects.

(f) Schemes for giving specific credit and venture capital allocation to women entrepreneurs should be promoted.

Issue 4: International and regional co-operation

Problems addressed

57. The Meeting recognized the urgent need for strengthening the existing and developing new mechanisms for international and regional co-operation in the areas of training, technology transfer, marketing, financing, product development and adaptation, extension services and entrepreneurship development programmes.

Conclusions

58. The Meeting agreed that:

(a) There is a great potential for international co-operation (both in the North-South as well as South-South context) and regional co-operation in the important areas mentioned above. Such co-operation can take place both at governmental as well as non-governmental levels. International agencies such as UNIDO, ILO, international and regional financial institutions etc. have a very important role to play in this regard.

Recommendations

59. It was recommended that:

(a) Existing entrepreneurship development and other training institutions in some developing/developed countries should be effectively utilized for co-operation.

(b) Existing technology development and research centres set up with international assistance should be made use of for regional and international co-operation.

(c) Existing regional and international financial institutions and bilateral funding sources should be involved to further international and regional co-operation in the areas of credit and venture capital assistance.

(d) Mechanisms of subcontracting and enterprise-to-enterprise co-operation should be increasingly utilized to promote the transfer and development of technology as well as expand markets.

Selection of issues for the First Consultation

60. Following the discussion, conclusions and recommendations, the Meeting recommended the following issues for consideration at the First Consultation on Small- and Medium-Scale Enterprises including Co-operatives:

Issue 1: Environment conducive to sustained growth of small- and medium-scale enterprises

Sub-issues

(a) Integration of small- and medium-scale enterprise policies and strategies in overall development plans;

(b) Harmonization of macro-economic fiscal, financial and other policies with incentive measures for small- and medium-scale enterprises;

(c) Creation of an appropriate environment and long-term government commitment as a priority in the development of small- and medium-scale enterprises;

(d) Establishment of institutions at national level for entrepreneurship development programmes;

(e) Role of industrial co-operatives;

(f) Need for a single window agency for ensuring co-ordinated provision of inputs for small- and medium-scale enterprises;

(g) Role of associations of small and medium entrepreneurs.

#### Issue 2: Productivity improvements

##### Sub-issues

(a) Institutional infrastructure, extension service and industrial estates;

(b) Transfer and development of technology for small- and medium-scale enterprises;

(c) Marketing of small- and medium-scale enterprise products;

(d) Programme for subcontracting, enterprise-to-enterprise co-operation.

#### Issue 3: Financing of small- and medium-scale enterprises

##### Sub-issues

(a) Policy and operational measures to improve access to institutional finance;

(b) Effective implementation of lending policies;

(c) Special windows for small- and medium-scale enterprise financing at national, regional and international level;

(d) Innovations in collateral requirements;

(e) Availability and access to financial resources for venture capital;

(f) Policy support systems and institutions to promote entrepreneurship among women.

#### Issue 4: International and regional co-operation

##### Sub-issues for international co-operation (both in the North-South and South-South context) and regional co-operation

(a) Training;

(b) Transfer and development of technology;



- (c) Financing of small- and medium-scale enterprises;
- (d) Marketing.

#### IV. CLOSURE OF THE MEETING

60. The Chairman thanked the participants for their active participation and important contributions to the discussions. In his concluding remarks, the Director of the System of Consultations Division expressed his gratitude to the Government of the Union of Soviet Socialist Republics and especially to the Estonian Chamber of Commerce and Industry for their excellent support in conducting the Meeting. He also expressed his appreciation to the participants for their valuable contributions to the Meeting as well as for the interest shown in the activities of the System of Consultations Division.

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Annex II

LIST OF DOCUMENTS

Small- and medium-scale enterprises in the Union of Soviet Socialist Republics: the co-operative sector	ID/WG.485/1(SPEC.)
Promotion of small- and medium-scale enterprises and handicrafts industry in the Union of Soviet Socialist Republics	ID/WG.485/2(SPEC.)
The role of small- and medium-scale enterprises in the economic development process	IPCT.60(SPEC.)
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