



# UNIDOScope

weekly internet newsletter

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## Policies and Strategies for competitive SME development



[OECD / UNIDO publication available here to view or download](#)

Micro, small and medium-size enterprises (SMEs) constitute the vast majority of business establishments in all economies, are usually responsible for the majority of jobs created, and account for one to two thirds of the turnover of the private sector. Written especially for countries with transition economies, ***Effective Policies for Small Business*** is a publication for politicians and key policy makers; civil service staff at national, regional and local levels; staff of small and medium enterprise stakeholder agencies such as chambers of commerce and business associations, NGOs, local development agencies and consultancies, and training organisations.

The recently published OECD ([Organisation for Economic Co-operation and Development](#)) / UNIDO guide was prepared by Professor Allan Gibb, policy advisor to the **OECD / UNIDO Forum on Entrepreneurship and Enterprise Development**, drawing on meetings with experts from [OECD countries](#), international institutions and private sector representatives. The policy guide is based on the work of the ***Transition Economies Forum on Entrepreneurship and Enterprise Development (TE FEED)***, a process that brought together extensive and practical case experience from transition countries, which was reviewed at a series of FEED meetings in the [OECD Centre for Private Sector Development, Istanbul, Turkey](#). This review work was complemented by an analysis of a wide range of international experience and engagement with practitioners in a number of transition and developing economies. It resulted in recommendations for best practice policy development and recommended action on entrepreneurship and enterprise development.

Fundamental to this best practice is the understanding that private sector development relies on a partnership between the private and public sectors. The competitiveness of an enterprise may depend as much on what a government does as on what the firm's owners and managers do. To maximise the full benefits of small business in the economy, policy makers must therefore review performance in partnership with the private sector, improve the policy framework and build better strategic plans to achieve their goals. This guide charts the methodology to fulfil that task.

In all economies, many micro businesses and self-employed persons operate outside the 'formal' sector. One of the major challenges to governments in designing institutional, organisational and regulatory frameworks is therefore to encourage entrepreneurs to engage in legitimate activity. In pursuing this goal, governments have moved away from earlier, rather simplistic, approaches, recognising that SMEs not only create jobs but play a wider role in social, economic and political development. They are increasingly seen as central to creating a democratic society and the development of an 'enterprise culture'.

Governments alone cannot create that 'enterprise culture', but their actions can destroy or facilitate it. A major difficulty is that the SME sector is always highly differentiated and that its power base, if any, is essentially local, this makes a coherent public policy approach to SME needs difficult. The aim must be to empower 'bottom up' approaches to development within a national framework in a way that rewards and enhances enterprise culture because in all societies the independent owner managed small business is the organisational norm for economic activity.

In his introduction, Professor Gibb says a sympathetic and entrepreneurial stakeholder environment for SMEs is of particular importance and highly relevant to the successful application of the guide. "SME development does not take place in a vacuum. If the culture of government, education, regulatory authorities, banks, the professions and the large corporate sector lacks empathy with SMEs, then it will be difficult for the sector to survive and grow. The stakeholder environment must therefore be as entrepreneurial as the SME sector itself. Stakeholder organizations facilitating and supporting entrepreneurship are key elements in the creation of a 'level playing field' and of a solid base for enterprise culture."

***Effective Policies for Small Business*** focuses on the policy / strategy level rather than on the legal framework for SME development. In a nutshell: it provides a blueprint against which policy makers at the national, regional and local level (private and public) can review their own programmes, ensure that SME policy is integrated within the broader social economic goals of government and that SME development activities of different government departments and business support agencies are harmonised. Importantly, it promotes awareness of what central government can and cannot do and what needs to be done at the local and regional level, enabling governments to insert their own distinctive ideologies and priorities in the light of differences in culture and stages of development and needs of different groups in society.

In view of the declaration signed by 73 countries plus the European Community ([view declaration containing list of adherents](#)) at the **Second OECD Ministerial Conference on Small and Medium Enterprises**, held in Istanbul 3 - 5 June, 2004 ([see UNIDOScope 13 - 19 June 2004](#)), it is important to also mention that the guide will also help donors to target more effectively their distinctive contributions to SME development and thus avoid unnecessary overlap and differentiation.

One of the major outcomes of an earlier (1999) FEED session was another joint OECD/UNIDO publication, ***Entrepreneurship and Enterprise Development in Transition Economies: Policy Guidelines and Recommendations*** ([view or download publication](#)).

The OECD Centre for Private Sector Development in Istanbul provides a platform for co-operation between the OECD and transition or emerging economies on private sector development policies through its approach to policy dialogue and exchange of experiences and the development of best practices for economic reforms. Since its founding in January 1994, the OECD Istanbul Centre has held over 150 workshops and working group meetings, bringing together more than 5.000 senior officials and policymakers from Central Asia, Caucasus, Black Sea, Central, Eastern and South Eastern European countries, as well as Mongolia, the Russian Federation and the Middle East and North Africa. The Centre has a stakeholder-oriented management structure that includes all those involved in the Centre's work (donors, partner countries, international institutions, nongovernmental organisations and private sector participants).

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## ARCEIT Bahrain graduates 17 more budding entrepreneurs

Bahrain, 12 January, 2005



Minister of Industry, Dr. Hassan Fakhro with graduates of the ARCEIT 10th Entrepreneurship Development & Enterprise Creation Programme. Also in the picture: General Manager Bahrain Development Bank, Mr. Nedal Al Aujan; Board Member Bahrain Businesswomen's Society, Mrs. Afnan Zayani; and Dr. Hashim Hussein, Head UNIDO-ITPO Bahrain

Bahrain's Minister of Industry Dr. Hassan Fakhro, distributed the certificates to 17 participants who successfully completed the ARCEIT 10th Entrepreneurship Development and Enterprise Creation Programme (EDP) at an award ceremony held at UNIDO / ITPO – Bahrain premises. The program was organized by UNIDO through its Arab Regional Centre for Entrepreneurship and Investment Training (ARCEIT) in association with the Ministry of Industry, Bahrain Development Bank and Bahrain Businesswomen's Society.

The program began on September 18th with 4 weeks of class room training followed by the business counseling phase during which support is given to the entrepreneurs with the planning and implementation of their individual projects.

UNIDO / ARCEIT has so far trained 159 Bahraini entrepreneurs on SME development and management. About 210 potential Bahraini entrepreneurs have been given advisory support on Business Opportunity Identification, Market Analysis, Business Plan Preparation, technology tie up. Each of these projects are in the running for a fully fledged joint venture with the Bahrain Development Bank.

The 11th ARCEIT Entrepreneurship Development and Enterprise Creation Program started on January 29th, 2005.

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## Three manuals on micro/small-scale food processing production methods, equipment and quality assurance

These three manuals were produced as important tools in building the capacities of the micro / small-scale food processing sector within the framework of the UNIDO Integrated Programme for Uganda. The manuals cover production methods, equipment and quality assurance practices in: cereal milling and bakery products; fruit and vegetable processing and products; and root crops and tubers processing and

## UNIDO TECHNOLOGY MANUAL

**Small-scale Root Crops and Tubers  
Processing and Products**

Production methods, equipment  
and quality assurance practices

products.

The manuals were designed to serve three purposes. Primarily they are a resource for trainers working with small-scale cereal processing entrepreneurs at pilot centres established under the UNIDO Uganda Integrated Programme; they will also serve as a reference manual to assist entrepreneurs to continue to improve the technical aspects of their businesses after training. The third purpose is to assist entrepreneurs in a very specific aspect of improvements to their business: the installation of their own [Hazard Analysis and Critical Control Point \(HACCP\) system](#).

[the manuals are available on the Food Unit - Safety and Technical Information page](#)

The manuals include worked examples of calculations to assist entrepreneurs to develop their skills, particularly in production planning. Throughout the text there are checklists of important points to enable processors to assess their present quality and food safety practices, enabling processors and producers to identify where production, processing, hygiene and food safety improvements are needed.

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