

## RECOMMENDATION 141/2014<sup>1</sup>

### *Role of Parliaments in Providing Legislative Support to the Development of Small Entrepreneurship in the BSEC Member States*

1. The Parliamentary Assembly of the Black Sea Economic Cooperation (PABSEC) acknowledges that small entrepreneurship plays a crucial role in the economic system of the region. It also is a dynamic, integral part of the market economy in providing goods and services and is a gateway by which significant numbers enter the economic and social mainstream. The Assembly believes that successful small businesses function as an economic engine that generates opportunities for entrepreneurs and contribute to more effective stimulation of economic growth and integration in the region.
2. The PABSEC notes that the *BSEC Economic Agenda – Towards an Enhanced BSEC Partnership* (adopted in Istanbul on 26 June 2012) attributes special importance to the SME sector in the BSEC region. Goal 9 of the Agenda, “Support for the Sustainable Development of the SME Sector”, calls for a number of strategic measures. Major initiatives included in the Framework for Action under Goal 9 are:
  1. *Increasing the competitiveness of the SMEs by creating fair conditions at both national and regional levels and undertaking regular surveys on SMEs’ needs, priorities and problems in the BSEC Region.*
  2. *Developing BSEC programs aimed at promoting favorable conditions for local businesses and foreign investments; facilitating networking, exchange of experiences and know-how; organizing training for young entrepreneurs.*
  3. *Promoting and supporting access to finance to SMEs which produce green products and services.*

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<sup>1</sup> Assembly debate on 9 December 2014 (see Doc.: GA44/LC44/REP/14, Report of the Legal and Political Affairs Committee “Role of Parliaments in Providing Legislative Support to the Development of Small Entrepreneurship in the BSEC Member States” discussed in Batumi on 29 September 2014; Rapporteur: Mr. Gheorghe Vlad Nistor – Romania)

*Text adopted by the Assembly in Athens on 9 December 2014.*

*4. Improving the access of SMEs from the BSEC Member States to other markets, in particular by stimulating the export capacity of SMEs and promoting cross-border cooperation and business partnership with neighboring countries.*

*5. Focusing on high technology, innovation, clusters, industrial-technology and software parks and business incubators as concrete instruments to facilitate SME start-ups in the Member States and to encourage entrepreneurship, competitiveness and cooperation with large companies in the BSEC Region.*

*6. Developing a support system for innovation and technology at BSEC region, with the view to promoting cooperation among SMEs and the university environment, or research and development institutions.*

*7. Promoting the e-business system in the BSEC Region and the use of the BSEC Innovation Data Bank, to be updated under the coordination of the BSEC PERMIS.*

*8. Aggregating an information network of regional and Member States financial resources available to SMEs, accessible through the BSEC Innovation Data Bank.*

*9. Promoting business to business contacts through “BSEC SME Expert Exchange” programme.*

*10. Finalizing the establishment of the BSEC Quality Award for SMEs.*

3. The PABSEC stresses that small entrepreneurship is effective enough to represent the most dynamically developing economic sector and highly values the Member States’ collaborative efforts to promote and stimulate small entrepreneurship. The Assembly supports the actions undertaken by the BSEC countries to expand multilateral cooperation in the development of small entrepreneurship and commends the activities of the BSEC Working Group on SMEs. A number of mechanisms to support small business activities have been enshrined in national legislation, regulating the general foundations and principles of entrepreneurial activity: civil and fiscal instruments, customs codes, other legislative acts from various sectors of the law, presidential decrees, regulations of the cabinets of ministers, and the adoption and implementation of various concepts, strategies, and programs. The Assembly emphasizes the need to provide stronger support to the organizational, institutional, fiscal, and other operating levers.
4. The PABSEC believes that national parliaments have the crucial task of maximizing the use of the available legal mechanisms to mobilize public awareness in order to make the benefits of small business widely understood and supported. Development of small businesses creates the preconditions for rapid economic growth while also helping to reduce unemployment, which has a beneficial effect on social development and promotes healthy competition.
5. **Therefore, the PABSEC recommends** that the parliaments and the governments of the BSEC Member States:
  - i. *ensure* the necessary normative and legal regulation of activities for the development and functioning of small enterprises and define specific mechanisms and levers for their implementation;
  - ii. *adopt* practical measures to build a system of legal regulation for the result-oriented activities of SMEs by integrating key components of economic policy (scientific

- research, budgeting, financing, credit, customs, and investment) and by providing the corresponding privileges and preferences;
- iii. *develop and adopt* a long-term social and economic policy focusing on innovation development, with clearly stated innovation trends geared toward high levels of stability and predictability;
  - iv. *introduce* amendments into the founding normative and legal acts regulating entrepreneurial activity in general to specifically include the functioning of small enterprises;
  - v. *lay the foundation* for professional staff with the requisite skills for the development, management, and use of new inventions and for the advancement of intellectual potential and creative activity among the peoples of the region;
  - vi. *enhance* the investment climate to promote and motivate progress in entrepreneurial activity by adopting suitable measures to create a favorable investment climate and encourage further development of the business environment;
  - vii. *formulate* an effective motivational system for innovation activities, including for SMEs, so as to guarantee gradual structural transformations in the economy by deploying the latest technologies and with the aim of obtaining new competitive advantages; and designing the system to focus on an optimum innovation strategy that harnesses the arsenal of mechanisms and levers of economic policy and uses a flexible mechanism that aligns development with the strategy for technological inventions;
  - viii. *assign accountability* for the conduct and coordination of actions for effective intersectoral and interregional cooperation in the field of innovation activity and adaptation to dynamic operational conditions;
  - ix. *develop and implement* local, regional, and sectoral strategies for innovation development in general and for their use in the growth and sustainability of SMEs in particular;
  - x. *reduce* administrative barriers to the registration and functioning of SMEs by streamlining requirements for reporting and obtaining authorizations and regulation of inspections and audits;
  - xi. *introduce* European technical standards (sanitation, ecological, quality, safety, among others) so as to prevent the use of obsolete technologies;
  - xii. *identify* incentive measures for companies to train their workers (including those on foreign study visits) and to organize training programs for managers and staff of SMEs on the basics of technology transfer, intellectual property rights, innovation management, and marketing of new products;
  - xiii. *facilitate* access to financial resources by formulating appropriate methods for financing small business activities and expanding the system of micro-financing for SMEs as an alternative to financing through the banking sector;
  - xiv. *establish* mechanisms for regular information exchange between SMEs and large enterprises, scientific and university centers, organizations for the infrastructure and support of SMEs, and the relevant authorities;

- xv. *actively participate* in the ratification of international instruments pertinent to sustainable development of small entrepreneurship and incorporate their provisions in national legislation;
  - xvi. *provide support* to the actions undertaken by the BSEC to expand multilateral cooperation in the sphere of development of small entrepreneurship and commend the activities of the BSEC Working Group on SMEs.
6. **The Assembly invites** the BSEC Council of the Ministers of Foreign Affairs to consider this Recommendation.