



**Asia-Pacific  
Economic Cooperation**

---

**2016/SMEWG43/015**

Agenda Item: 12

## **Small and Medium Enterprises Working Group Strategic Plan 2017-2020**

Purpose: Information

Submitted by: APEC Secretariat

Forum Doc. No.: 2016/SOM3/SCE/003



**APEC PERU**  
2016

**43<sup>rd</sup> Small and Medium Enterprises Working Group  
Meeting  
Lima, Peru  
7-8 September 2016**

## SME Working Group Strategic Plan 2017 – 2020

### 1. Introduction

First established in February 1995 as the Ad Hoc Policy Level Group on SMEs' (PLGSME), the Group was renamed the Small and Medium Enterprises Working Group (SMEWG) in 2000. In 2006, the SME Ministers endorsed the recommendation of the SOM Steering Committee on ECOTECH (SCE) Fora Review that the Working Group on Trade Promotion (WGTP) be incorporated into the SMEWG<sup>1</sup>.

Along its development and growth trajectory, the Group traditionally drafted a principle framework document to guide its strategic objectives and the programmatic activities that foster the development of SMEs, as well as enhancement of the effectiveness of APEC work dedicated to SMEs, such as the Framework for SME Activities (1997), the Integrated Plan of Action for SME Development (SPAN in 1998/2002), and the Strategic Plan 2009-2012 and 2013 - 2016.

APEC Leaders agreed to pursue a development path for APEC technical assistance and capacity building activities that build towards an equitable and inclusive APEC region, while simultaneously sustaining momentum on the completion of the Bogor Goals and the Yokohama Vision. The APEC SMEWG, its constituents which is comprised of millions of SMEs, and Trade Ministers reiterated the need to eliminate and remove barriers for enterprises, especially for MSMEs, to enhance the latter's connection among themselves, as well as their integration into regional and global trade; which includes global value chains. Subsequently, across APEC, there is an increasing number of MSME-related activities that expand the holistically implemented SMEWG Strategic Plan 2013 – 2016.

However, SMEs still face trade barriers and export challenges that prevent their full participation in the global marketplace. Reducing barriers by simplifying complex rules and regulations, and providing the requisite capacity building programs will strengthen the capabilities of SMEs to actualize the benefits of globalized trade; particularly in the area of digital trade. The 2015 Independent Assessment of the SMEWG also articulates areas where the SMEWG can increase its effectiveness. Recommendations stemming from the 2015 assessment will be incorporated into the SMEWG Strategic Plan 2017-2020.

This is the background against which the Strategic Plan for 2017 – 2020 of the SMEWG is developed. This plan will provide a roadmap to address critical and emerging issues pertaining to the growth of SMEs in the APEC region.

### 1. Vision Statement

The SME Working Group (SMEWG) is the champion within APEC for the inclusive development of sustainable SMEs that are well-prepared to meet the challenges of the 21<sup>st</sup> century.

#### APEC's vision:

“APEC is the premier Asia-Pacific economic forum. Our primary goal is to support sustainable economic growth and prosperity in the Asia-Pacific region. We are united in our drive to build a dynamic and harmonious Asia-Pacific community by championing free and open trade and investment, promoting and accelerating regional economic integration, encouraging economic and technical cooperation, enhancing human security, and facilitating a favorable and sustainable business environment. Our initiatives turn policy goals into concrete results and agreements into tangible benefits.”

---

<sup>1</sup> Prior to this date, the Micro-Enterprises Sub-Group (MESG) operated as an entity under the SMEWG from its establishment in 2002.

## 2. Mission Statement

The SMEWG will further ***promote the development of an enabling environment***, foster ***capacity building*** for SMEs and enhance the ***synergy with other APEC fora, the private sector and other stakeholders*** to promote the development and growth of SMEs, and to maximize the benefits of policy dialogue and best practices sharing in the Asia-Pacific region.

## 3. Critical Success Factors

- Active participation of member economies in the SMEWG Meetings as well as in developing projects, identifying policies and programs for regional cooperation and in sharing best practices on SME development;
- Strengthened project coordination amongst SMEWG members and enhanced cooperation with other APEC fora; and
- Engagement and partnership with the private sector and relevant multilateral and multi-stakeholder organizations.

## 4. Priority Areas, Objectives and Key Performance Indicators (KPIs)

In line with the SMEWG's mission statement and taking into account the ongoing APEC initiatives, including the Iloilo Initiative and the Boracay Action Agenda (BAA) to Globalize MSMEs endorsed by Leaders in 2015, as well as the Digital Economy Action Plan (DEAP) welcomed by Ministers, the SMEWG will focus on four priority areas for its Strategic Action Plan 2017-2020.

- Entrepreneurship, innovation and the internet and digital economy;
- Financing for business expansion and capability development;
- Inclusive business ecosystem that supports SME growth; and
- Market access for SMEs.

S/N	Priority Area	Objectives
1	Entrepreneurship, innovation, and the internet and digital economy	<ul style="list-style-type: none"><li>• Promote an entrepreneurial culture amongst the youth, women and other individuals</li><li>• Foster innovation in SMEs to strengthen business competitiveness</li><li>• Help SMEs to build capabilities to take advantage of and compete effectively in the internet and digital economy</li><li>• Support SMEs development in specific industries based on the economic development needs of individual member economies</li></ul>
2	Financing for business expansion and capability development	<ul style="list-style-type: none"><li>• Improve SMEs' access to financing and funding support for business growth</li><li>• Discuss and understand emerging financing mechanisms and tools for SMEs</li></ul>
3	Inclusive business ecosystems that support SME growth	<ul style="list-style-type: none"><li>• Work towards a transparent and pro-business environment with equal opportunities for SMEs</li></ul>

		<ul style="list-style-type: none"> <li>• Encourage simplification and harmonization of regulations and other administrative guidelines</li> <li>• Strengthen institutional support to help SMEs overcome regulatory and procurement hurdles</li> <li>• Enhance public-private sector collaboration to support SMEs development</li> </ul>
4	Market access for SMEs	<ul style="list-style-type: none"> <li>• Promote integration of SMEs into global value chains</li> <li>• Strengthen SMEs' export capabilities and capacity for internationalization</li> <li>• Enhance collaboration between SMEs, micro and large enterprises for the purpose of market access</li> </ul>

A set of five indicators will be tracked annually to measure the effectiveness and performance of the SMEWG in meeting the objectives of the four priority areas. Member economies are encouraged, on a voluntary basis to report its contributions to achieving the objectives of the four priority areas.

- APEC Working Group Initiatives
  - No. of APEC initiatives developed in support of the priority areas, including the MSME Marketplace, and other initiatives related to facilitation of the internet and digital economy. .
- APEC Supported Activities
  - No. of APEC supported activities carried out to achieve the objectives of the priority areas (e.g. forums, workshops, studies);
- Best Practice Sharing
  - No. of best practice sharing by member economies at SMEWG meetings that are relevant to the priority areas;
  - No. of best practices that are adapted and adopted by member economies;
- Dialogue with Partners
  - No. of dialogue sessions with the private sector, relevant APEC fora or other multilateral and multi-stakeholder organizations on topics that are aligned to the priority areas.

SMEWG will also contribute to the implementation of the Boracay Action Agenda to Globalize MSMEs (BAA-MSMEs). Joint programs and partnerships with relevant APEC fora will be explored to implement the plan effectively.

## 5. Implementation Schedule

SMEWG will take a holistic and committed approach to implementing the priority areas in this Strategic Plan. APEC economies, with the support of the APEC secretariat will work together and with relevant partners to develop a schedule of activities for the next four years, between 2017 and 2020 to achieve the objectives of the Strategic Plan. The detailed implementation schedule is appended to this Strategic Plan and will be updated annually, in line with the SMEWG's annual Work Plan.

## **6. SMEWG Project Development and Ranking**

SMEWG project proposals should focus on initiatives and activities that will enable APEC member economies to achieve the priorities and objectives of this Strategic Plan. Project proposals that have a direct link to the priorities of the Strategic Plan will be given a higher score by the SMEWG members.

## **7. [Review of Strategic Plan**

The SMEWG will monitor the implementation of the Strategic Plan and track the KPIs on an annual basis. A mid-term review will be prepared and reported by the Chair of the SMEWG in 2018. A final review of the Strategic Plan 2017-2020 will be presented to APEC SME Ministers in 2020.]

### Appendix 1: Implementation Schedule<sup>2</sup>

Priority Area	Activities	Timeframe	Proponent/ Stakeholders
Entrepreneurship, innovation and the internet and digital economy	Enhancing APEC Green SMEs in the global value chain	2016 - 2017	Peru
	2016 APEC E-Commerce Forum: Fostering E-commerce ecosystem to make global business	2016 - 2017	Peru
	Study on Evolving Roles and Structures of Trade Promotion Organizations (TPOs) and Business Support Organizations (BSOs) in APEC	2016 - 2017	Philippines
	Development of opportunities for innovative / hi-tech SMEs to enter the APEC economies' markets: steps to take	2016 - 2017	Russia
	2017 APEC Business Ethics for SMEs Forum: Facilitating Multi-Stakeholder Ethical Collaborations for Small and Medium Enterprises	2016 - 2017	United States
	APEC Online-to-Offline (O2O) Initiative - Enhancing SME Digital Competitiveness and Resilience towards Quality Growth	2016 - 2017	Chinese Taipei, Malaysia, the Philippines
	APEC Public – Private Dialogue on Enhancing Capacities of SMEs in Exporting Services	2016 - 2017	Viet Nam
	Capability Development for Market-Oriented Innovation Management in SMEs of APEC Member Economies	2016 - 2017	Viet Nam
	APEC Best Practices in SME Innovation	2017 - 2018	China
	APEC SME Technology Conference and Fair (SMETC)	2017 - 2018	China
Financing for business expansion and capability development			
Inclusive business ecosystem that supports SME growth	Study of APEC Good Practices for Facilitating SME Exporters Access to Regulatory Information	2016 - 2017	Philippines
	APEC Workshop on Enhancing Policy Environment to Promote SMEs' participation in Energy Efficiency Products Market	2016 - 2017	Viet Nam

<sup>2</sup> All activities listed in the table are self-funded projects that have life span extended until 2017 – 2020, and concept notes submitted for Session 1 2016, which are subject to approval for APEC funding. On-going projects that will be completed by 2016 are not included.

Market Access for SMEs	Inclusive growth through greater involvement of SMEs into B2B and B2G markets	2016 - 2017	Russia
------------------------	---	-------------	--------

## **REVISED SMALL AND MEDIUM ENTERPRISES WORKING GROUP TERMS OF REFERENCE**

### **Introduction**

At their meeting on 16 November 2006 in Hanoi, SME Ministers endorsed the recommendation of the SOM Steering Committee on ECOTECH (SCE) Fora Review that the Working Group on Trade Promotion (WGTP) be incorporated into the Small and Medium Enterprises Working Group (SMEWG)<sup>3</sup>.

In accordance with the SMEWG's Terms of Reference, the SMEWG has developed its four-year Strategic Plans, which set out the Group's vision, mission and priorities, as well as the implementation plan over the relevant period. The SMEWG is then independently assessed every four years against how well it aligns with the APEC goals and how it can improve its effectiveness. .

The Terms of Reference gives the guiding principles on how the Group operates. At the 39<sup>th</sup> SMEWG Meeting (Nanjing, September 2014), member economies agreed to amend the Terms of Reference to cover the revised process for appointing the SMEWG Chair, the Vice Chair, and the Meeting hosting.

### **Goals**

- To serve as a forum for APEC member economies to strengthen the policy dialogue and implement capacity building programs to facilitate the integration of small and medium enterprises (SME) and micro enterprise (ME) into regional and global trade. The SMEWG will also foster the innovative capability of MSMEs and identify MSME restraints to globalized trade (financing, the adoption of globalized standards, resilience to internal and external shocks, use of digital and internet technologies, integrating global supply chains, integrating women into the global economy, etc.).
- To encourage economies to address SME, ME and internationalisation-related concerns within the APEC process.
- To evaluate and report annual progress to SME Ministers and the SCE.

### **Objectives**

- The Group provides member economies with opportunities to exchange information, views, experiences and analysis concerning SME, ME and internationalisation-related issues in the APEC region, with a particular emphasis on sharing best practice initiatives.
- The Group takes action on the recommendations of the SME Ministerial Meeting as well as direction from Leaders and Ministers that relate to SMEs, MEs and internationalisation issues, as well as other SME, ME or internationalisation-related recommendations that arise within the APEC process.

---

<sup>3</sup> Before that, the Micro-Enterprises Sub-Group (MESG) operated as an entity under the SMEWG from its establishment in 2002.

- The Group provides recommendations to the SOM on ways to coordinate and prioritise the various SME, ME and internationalisation-related activities within the APEC process.
- The Group ensures that its work is practical and focused on improving the climate for entrepreneurs within and among member economies (for example by working closely with business/private sector bodies and civil society).
- The Group works closely with other APEC fora, including the APEC Business Advisory Council (ABAC), the Policy Partnership on Women and the Economy (PPWE) and Telecommunications and Information Working Group (TELWG); and organizations such as the Organization of Economic Co-operation and Development (OECD), where their activities are closely related and there is mutual benefit.
- The Group ensures that the activities initiated by the Group do not duplicate those undertaken by other APEC bodies. However, the Group is open to synergistic efforts with the APEC bodies that will bring about benefits to SMEs and MEs at large.

### **Priorities**

The Group agrees to develop a Strategic Plan to guide and prioritize its work for four years.

Each year the Group establishes a Work Plan comprising deliverables, activities, projects and outcomes aimed at advancing the priorities established in the Strategic Plan.

The Group reports annually on progress towards achieving its Strategic Work Plans through the SCE Fora Report.

### **Structure**

Each economy determines the composition of its delegation to the SMEWG. For the APEC SME Ministerial Meeting, Ministers responsible for SMEs should attend.

The Group responds to other APEC reform or review processes as required.

At the 38<sup>th</sup> SMEWG Meeting (Taichung, March 2014), member economies agreed to amend the system to create a Vice-Chair who will complement the Chair in order to provide for a more equal role and contribution among economies. The issue was finalized at the 39<sup>th</sup> SMEWG Meeting (Nanjing, September 2014) with agreement on the following system:

### **Leadership**

The Chair of the Working Group will rotate among economies in an alphabetical order for a two-calendar year term. Before assuming the position of the Chair, the incoming Chair would undertake the role of a Vice Chair for one year. This is to enable a smooth transition and continuity of the Working Group's priorities and work plan, as well as to allow for the Vice-Chair to understudy the Chair.

The Chairperson, appointed by the Chair economy, must

- I. be competent with all aspects of the Group's activities (SME, ME and internationalisation issues); and
- II. be capable of presiding over all aspects of the Group's meetings and activities, *in accordance with APEC Guidelines for Lead Shepherds/Chairs*.

The Vice-Chair's role would be to:

- I. To chair the Working Group's meetings on behalf of the Chair if the Chair cannot perform his/her duty or in contingency situations; and
- II. To understudy the Chairperson.

The Vice-Chair could be invited to give advice to the Chair on SMEWG-related issues.

*Should the incoming economy not be able to provide a Chair to take their turn in the alphabetical order, they are required to announce this at least one (1) year before the commencement of their term and swap its term with the next-in-line economy after them. It means that the former economy remains liable for fulfilling their Chairmanship, after the latter economy served its term.*

### **Meeting arrangements**

The Working Group will meet twice per year. The host of the first Working Group meeting of the year shall be rotated in an alphabetical order. The second meeting of the year should take place immediately prior to the SME Ministerial Meeting and the host shall be the APEC Host Economy.

*Should the incoming economy not be able to host the first meeting in the scheduled year, they are required to announce this at least within the first half of the previous year and swap with the next-in-line economy after them. It means that the former economy remains liable for hosting a Working Group meeting after the latter economy has done so.*

### **Fora Review**

An independent assessment of achievements against stated objectives and outputs of the Working Group will be undertaken every four years. The findings and recommendations from the Independent Assessment will be taken into account when the new four-year Strategic Plan is developed.

The Terms of Reference shall be reviewed when necessary upon the consensus of all member economies.