

EVALUATION OF SME SUPPORT POLICIES: SEVERAL COMPASSES, ONE "NORTH"

SMEs are one of the engines of sustainable growth globally and, as such, are subject to specific policies and support programmes. **Evaluating these support policies** and providing feedback allows us to capitalize on successes, better respond to challenges, and engage stakeholders in an informed dialogue. This dialogue should - ideally - be the crucible in which future policy and regulatory reforms are forged, particularly in countries where SMEs are preponderant in the economic fabric, as is the case in the southern Mediterranean.

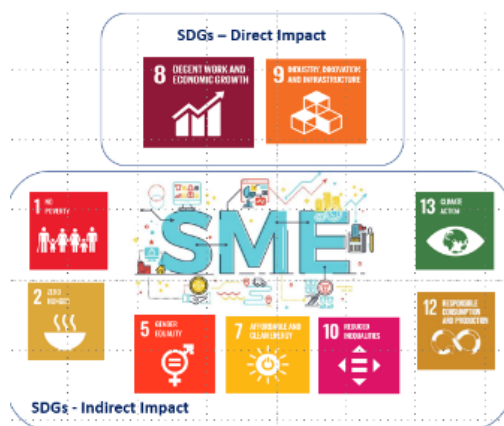
However, the **exercise remains difficult to implement**: since SMEs have an economic, but also a social, environmental and territorial impact, there are many indicators to monitor. Data collection in the field is often complex and costly, which raises the question of resources and sustainability.

Finally, the analysis of data by spatial and temporal comparison requires a harmonized, consensual and stable methodological framework over time. On the occasion of the publication by the OECD of the "**OCDE Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes 2023**", the MED MSMEs Programme is organizing a "Tabadool" dialogue on June 6, 2023 around a theme that is the subject of many initiatives, as recalled by this "Infosheet" which gives access to the source documents through inserts in the text.

Lever for achieving the SDGs

SME support policies contribute directly to [Sustainable Development Goals](#) N8 (decent work and economic growth) and N9 (industry innovation and infrastructure). However, the transformative power of the SME fabric goes beyond this, with indirect impacts on SDGs 1, 2, 5, 7, 10, 12 and 13, i.e., 9 out of 17 goals (see below).

In addition to these thematic aspects, the evaluation of policies can focus on the macro, meso or micro levels, i.e. the improvement of the business environment, the strengthening of institutions or direct support to businesses. Finally, SMEs being a pillar of **overall national competitiveness**, it is useful to be able to compare the performance of similar countries, in particular through time series as the evolution of the



impact indicators is more meaningful than their absolute value. To this end, several methodological frameworks have been proposed in recent years.

SBA for Europe and SME Policy Index

"Helping policy makers to maximize the development impact of the SME fabric on sustainable growth by facilitating the evaluation of support policies": this is the objective of the [SME Policy Index](#) which is based on the methodological framework of the [Small Business Act \(SBA\) for Europe](#), a framework that was adopted in 2008 and that is articulated around ten principles reflecting the business environment for SMEs within the EU.

The tool, developed jointly by the European Commission and the OECD, in cooperation with the European Training Foundation and the EIB, allows international comparisons that are non-judgmental as countries are not ranked.

The SME Policy Index converts these principles into dimensions, themselves broken down into 25 sub-dimensions characterized by some 100 indicators.

Rather than being purely descriptive, these indicators are "process" oriented, which facilitates the development of action plans based on evaluation questions¹, making this index a **value adding tool**.

The implementation of the SME Policy Index is the subject of

¹Ex. for the Innovation dimension: Is there a national strategy? Is it formally adopted? Is it resourced?



a **collaborative work** between the country and the experts who produce contradictory assessments involving all actors brought together under the supervision of national coordinators.

Among the latest assessments, we note the one carried out in 2022 for the [Western Balkans and Turkey](#) (below), the last assessments for the Southern Mediterranean having been produced in 2014 and 2018.



SBA programmes in the USA

The U.S. Small Business Administration manages more than 30 small business support programmes², that have deployed in excess of US\$1 trillion in economic aid since Spring 2020³. These programmes are evaluated according to [guidelines](#) that measure effectiveness and efficiency, help inform decision-making and create a culture of continuous improvement. Each evaluation follows a standard three-step process, the most important of which is the production and implementation of recommendations according to a plan including expected results, planned actions, budget, schedule for carrying out actions and monitoring methods.

The guidelines also emphasize the **type of evaluation to be deployed**, which depends on the maturity of the programme and the objective pursued through the evaluation under consideration. This may include: (i) a **design evaluation** conducted during the development or redesign of a programme; (ii) a **process evaluation** after a certain period of execution; (iii) an **outcome evaluation** examined in relation to the objectives set; (iv) an **impact evaluation** that focuses on the causal links between programme activities and results, by comparing the results observed with an estimate of what would have happened in the absence of the programme⁴.

² An overview of the different program categories is given in this [summary document](#).

³ US SBA, [FY 2024 Congressional Budget Justification FY 2022 Annual Performance Report](#).

⁴ The methodologies relating to these types of evaluation: non-experimental design, quasi-experimental design and experimental design (also called randomized controlled trial) are set out [here](#), pp. 47-50.

The SBA elaborates Annual Evaluation Plans that identify priority programmes to be evaluated in the coming fiscal year⁵. To promote transparency, evaluations are published on the "[Program Evaluation and Evidence Registry](#)" website and are presented to internal and external stakeholders (e.g., the SBA's Evidence and Evaluation Community of Practice, trade associations, grantees, etc.)

The OECD Framework

In February 2023, the OECD published a [Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes](#). The guidance and recommendations in this framework are the result of improvements in evaluation methods⁶ and the increased availability of data over the past fifteen years, as well as lessons learned from more than 50 evaluations in 28 OECD countries as well as meta-evaluations.

What are the main messages for policy makers? The OECD stresses the need for any SME policy, whose objectives must be specified in terms of identifiable results, to retain **three key indicators**⁷ that cannot be ignored: turnover, job creation and maintenance, business survival rate, this last indicator being particularly important due to the particularly high mortality of start-ups.

Attention is paid to the impact of the programmes evaluated with a distinction made between **"hard" (financial support) and "soft" (training, advice, mentoring) SME support programmes**, as the evaluations currently available cast doubt on the effectiveness of the latter when disconnected from financial instruments. In addition to the **"micro"** perspective of direct SME support policies, the framework considers the **"macro"** perspective and proposes to adopt an approach combining both levels for future impact assessments, as the business environment has a crucial influence on the act of creation and development of enterprises. Particular attention is paid to **institutional factors**, both formal (regulatory framework, tax system, infrastructure, etc.) and informal (belief systems, social norms, culture, etc.), which constitutes a real innovation.

Policy First and the GERF

Since 2022, Europe has had a monitoring framework, the Global Europe Reporting Framework ([GERF](#)), which ensures the overall coherence of the European Union's external aid

⁵ The Annual Evaluation Plans for the 2022, 2023 and 2024 financial years can be consulted [here](#).

⁶ See [Appendix D](#), p. 165, for a brief description of these methods.

⁷ These can of course be complemented by other indicators depending on the specific area of the SME policy or programme.

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policies around the five priority areas⁸ as well as their operationalization through support initiatives. This framework reflects the "Policy First"⁹ approach which directs EU cooperation and private investment towards sustainable and inclusive development, while ensuring consistency of action between the EU and the Member States ("*Working Better Together*") and partner countries. This framework is anchored in [the new European Consensus on Development](#) of 2017 which promotes an improved business environment as an engine for sustainable private sector-led growth.

It should be noted that this principle requires that the **underlying policies be formulated, adopted, given quantified objectives and translated into resourced action plans**, which is not always the case in partner countries.

Conclusions and recommendations

In addition to the **global challenges** raised by global warming, the planet's limitations and the preservation of biodiversity (which call for a green and sustainable transition), companies are facing profound transformations to which they must adapt. The emergence of robotization, the Internet of Things, Artificial Intelligence, fintech or disintermediation are impacting players at an unprecedented speed, a speed that requires support policies for SMEs to be sufficiently agile to be up to these challenges.

The role of **policy evaluation in acquiring this agility** is crucial; a quasi-continuous evaluation of support programmes could be envisaged, the results of which being made public to feed a public-private-civil society dialogue that would retro-feed into policy formulation.

To do this, certain principles deserve to be taken into consideration:

- The evaluation framework should ideally be an internationally recognized framework that allows for country comparisons and provide access to harmonized data
- Decision-makers must be convinced of the interest for a country to invest in the evaluation process which mobilizes resources (starting with data collection)
- Evaluations must be made public and seen as a driver of progress and not a means to point the blame at anybody
- A "second chance" culture for policy makers could be adopted to remove barriers to conducting evaluations
- Civil society and the private sector must be actively included in the dialogue, in particular by strengthening independent think-tanks

⁸ Green Deal, Digital, Sustainable Growth, Migration, Peace and Human Development: [Final adoption of the EU budget for external action 2021-2027 \(europa.eu\)](#)

- For the dialogue to be inclusive, it is important to deploy efforts in terms of communication with populations whose economic culture is weak.

Useful resources

[European Economic and Social Committee study on the evaluation of the effectiveness of EU policies in favor of SMEs 2007-2015](#)

[Framework and Guidelines for Program Evaluation at the US Small Business Administration](#)

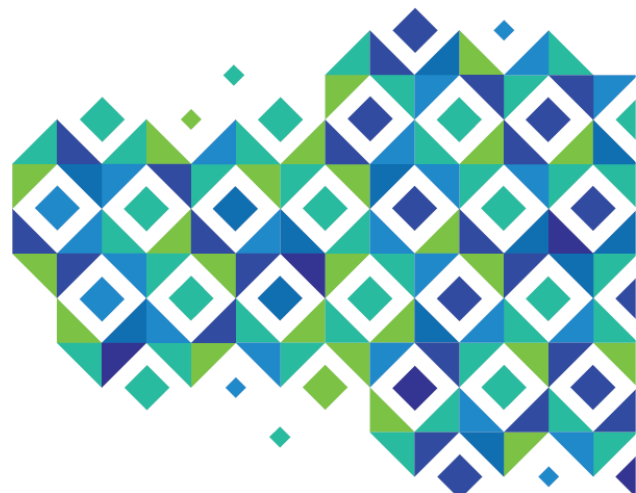
[Global Europe Reporting Framework](#)

[OECD Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes 2023](#)

[Small Business Act \(SBA\) for Europe](#)

[SME Policy Index](#)

[Sustainable Development Goals](#)



⁹ The principle that the objectives, outcomes and activities of initiatives and programmes serve "policy" objectives.

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