



# HOW TO IMPROVE THE EVALUATION OF SME AND ENTREPRENEURSHIP POLICY

MED MSMEs Programme – Tabadool Dialogue  
Session – Evaluation of SME Support Policies

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# Content of Talk

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1. OECD Recommendation on SME and Entrepreneurship Policies
2. OECD Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes
3. OECD project with Egypt



# 1. OECD RECOMMENDATION



# Recommendation of the Council on SME and Entrepreneurship Policy

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- Adopted June 2022
- Framework to support Adherents in developing coherent, effective and efficient SME and entrepreneurship policies
- Non-OECD countries can adhere
- Non-adherents can take account of the guidance
- OECD Committee on SMEs and Entrepreneurship is a Forum for information exchange on the Recommendation



# Pillar 1 of Recommendation

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Put in place cross-cutting and coherent approaches to SME and entrepreneurship policy design and implementation by:

- a. Coordinating and aligning SME and entrepreneurship policy across government entities and levels . . .
- b. Ensuring that implications for SMEs and entrepreneurs are considered across the diverse areas that affect their prospects . . .
- c. Taking account of the diversity of SMEs and entrepreneurs through policy making . . .
- d. Setting up robust monitoring and evaluation mechanisms  
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## Pillar 2 of Recommendation

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Facilitate the transition and resilience of SMEs and entrepreneurs by:

- a. Supporting the adoption of digital technologies . . .
- b. Encouraging and enabling SMEs and entrepreneurs to transition to sustainable business models . . .
- c. Enhancing SMEs and entrepreneurs participation in international trade and global value chains . . .
- d. Enabling entrepreneurship by reducing barriers to entry, exit, business transfer . . .
- e. Encouraging and supported under-represented or disadvantaged groups to participate in entrepreneurship . . .
- f. Facilitating the transition from informal to formal entrepreneurship . . .
- g. Promoting responsible business conduct . . .



## Pillar 3 of Recommendation

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Enhance SMEs and entrepreneurs access to resources by:

- a. Providing adequate incentives for SMEs and entrepreneurs to innovate . . .
- b. Enhancing SMEs and entrepreneurs access to a diverse range of financing instruments . . .
- c. Encouraging the development of an entrepreneurial mindset throughout society . . .
- d. Strengthening entrepreneurial ecosystems at national and local level . . .



## 2. OECD EVALUATION FRAMEWORK





# The new OECD Framework – published today !



[https://www.oecd-ilibrary.org/industry-and-services/framework-for-the-evaluation-of-sme-and-entrepreneurship-policies-and-programmes-2023\\_a4c818d1-en](https://www.oecd-ilibrary.org/industry-and-services/framework-for-the-evaluation-of-sme-and-entrepreneurship-policies-and-programmes-2023_a4c818d1-en)

- Key considerations for successful evaluation
- Current weaknesses in SME and entrepreneurship evaluation
- Examples of 50 reliable evaluations across OECD countries
- Lessons for policy makers and evaluation practitioners



# The content

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## **Part 1 Evaluation principles and state of evaluation practice**

What is evaluation and why do it; state of play

## **Part 2 Methods and findings from evaluations**

Existing meta-evaluations; review of 50 reliable evaluations

## **Part 3 Learning the lessons**

Why do evaluations provide mixed impact evidence; implications for refocusing policy; improving evaluation; issues from COVID-19; re-stating the messages

## **Annexes**



# Lack of reliable evaluation evidence

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US Government Accountability Office 2012:

*“while SBA has conducted recent periodic reviews of 3 of its 10 programs that provide technical assistance, the agency has not reviewed its other 9 financial assistance and government contracting programs on any regular basis”*

UK National Audit Office 2013:

*“none of the business support evaluations provided convincing evidence of policy impact”*

What Works Centre for Local Economic Growth at London School of Economics:

*“only 23 of the evaluations, or 3.3%, met the Centre’s minimum standards of reliability”*



# Evaluation reliability measures

Six Steps to Heaven	Evaluation Quality Score
Step I – Take up of a programme	1. Limited sample, basic methods, not implemented properly, variables do not match objectives, no survival analysis
Step II – Recipients’ opinions	2. Limited sample, basic methods, implemented properly, variables do not match objectives, no survival analysis
Step III – Recipients’ views of the difference made by the assistance	3. Adequate sample, appropriate methods and implementation, variables do not match objectives, no survival analysis
Step IV – Comparison of the performance of “assisted” with “typical” firms	4. Adequate sample, appropriate methods and implementation, variables match objectives, no survival analysis
Step V – Comparison with “Match” firms	5. Adequate sample, appropriate methods and implementation, variables match objectives, survival analysis
Step VI – Taking account of selection bias – through statistical procedures or RCTs	



# What does the evaluation evidence show?

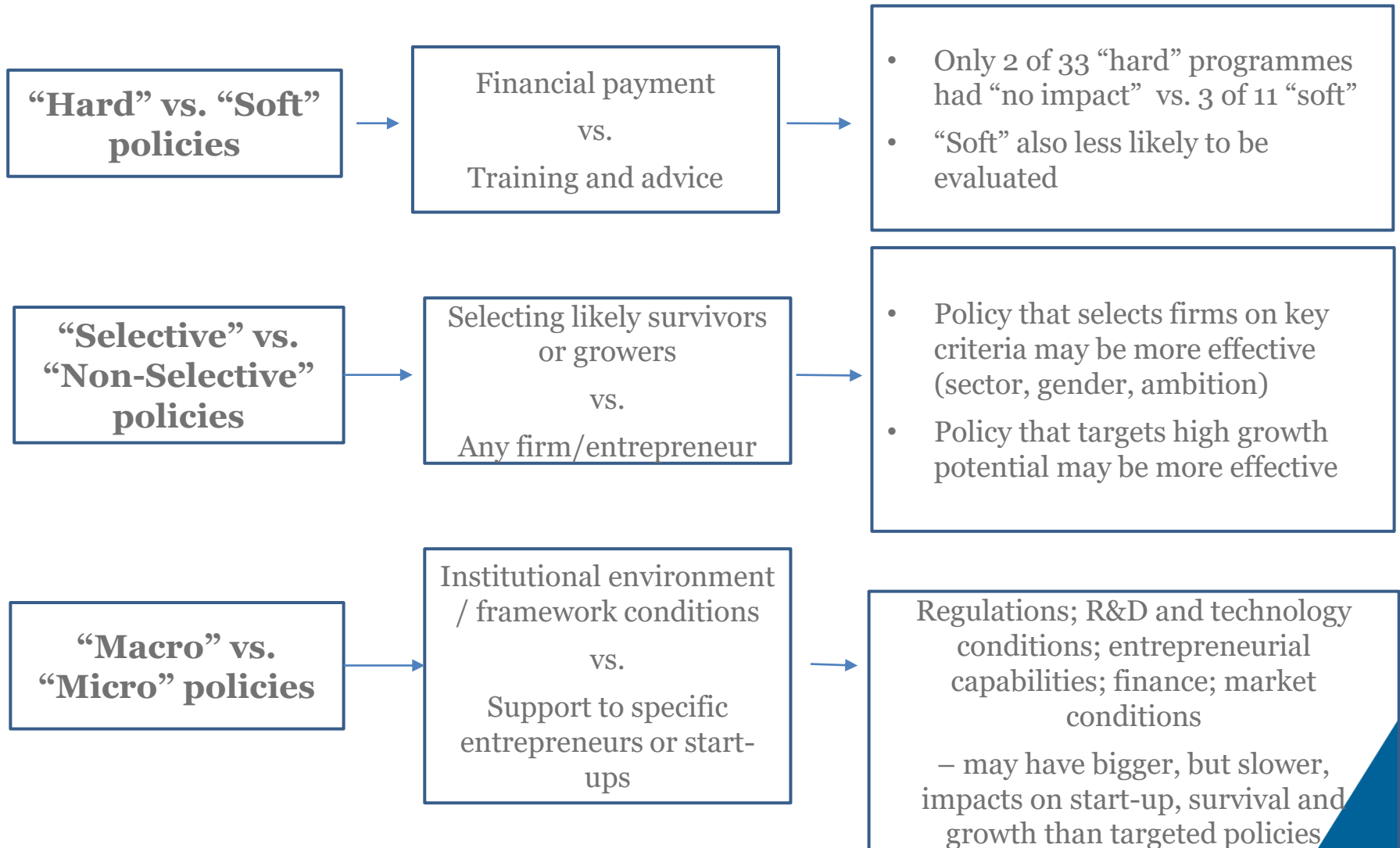
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## Mixed picture

- 12 meta evaluations :
  - Findings vary according to type of programme and type of outcome measured
  - e.g. What Works Centre: Of 9 evaluations looking at productivity, only 3 find positive impacts
- 50 high-quality (Step V and VI) evaluations across 28 countries and 8 programme areas:
  - Only 23 clearly “positive” evaluations
  - More “no impact” evaluations among “Soft” programmes



# Options for rebalancing entrepreneurship policy





## Recommendations (1/2)

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### *Preparatory measures for effective evaluation*

1. Specify in advance the Objectives and Targets
2. Include three core metrics – Sales, Employment, Survival
3. Make expenditure data available
4. Establish a central evaluation unit

### *Evaluation effort and regularity*

5. Evaluate all big programmes at Step V every 3 years

### *Considerations for the policy mix*

6. Evaluate “Soft” support carefully
7. Review the impact of “Macro” policies



## Recommendations (2/2)

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### 8. Evaluate selective support

#### *Technical considerations for evaluation*

### 9. Account for exceptional performers

### 10. Include non-survivors

### 11. Make tax and other data available for evaluations

#### *Utilisation of evaluation findings*

### 12. Share lessons from reliable evaluations

### 13. Undertake international evaluation of the impact of COVID-19 responses



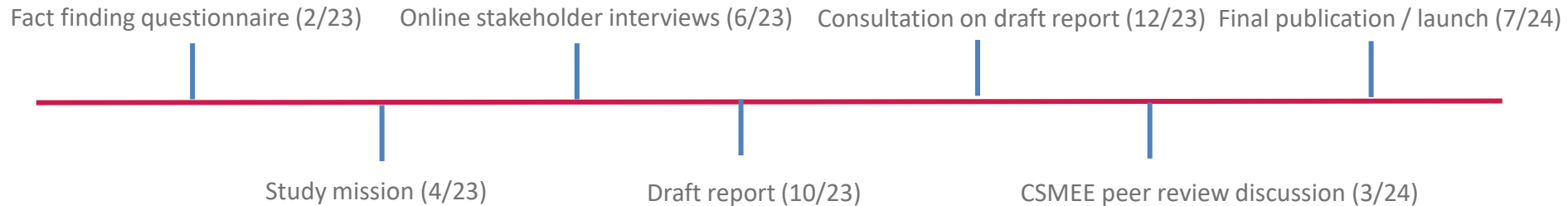
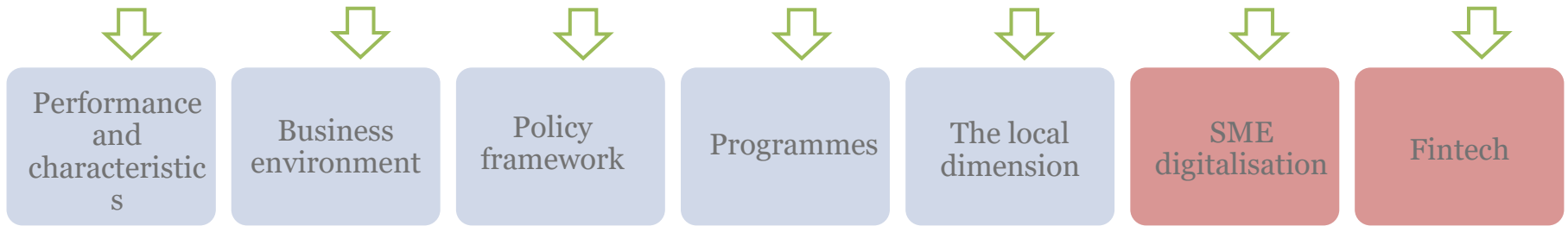


# 3. OECD PROJECT WITH EGYPT



# SME and entrepreneurship policy review

## OECD report on SME and Entrepreneurship Policy in Egypt





# Strengths of the SME and entrepreneurship landscape

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- Demographic dividend
- High entrepreneurial intention
- Improving regulatory, institutional and policy framework
  - SME Law in place since 2020/21 setting out the incentives, programmes and definitions
  - SME Agency in place since 2017 (MSMEDA)
  - National MSME and Entrepreneurship Strategy has been prepared
- Dynamic new leadership in MSMEDA and other relevant agencies
- Growth in the microfinance and fintech sectors



# Challenges of the SME and entrepreneurship landscape

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- Unfavourable macroeconomic environment (restricted imports, rising input costs, declining demand, high risk premia/cost of capital)
- High administrative and regulatory burden
  - Limited transparency/consultation in development of regulation
  - High compliance costs
- Implementation of regulations and policies
  - Inter-institutional coordination
  - Inconsistent application of laws and regulations
- Considerable financing gaps
- Gaps in digital infrastructure and connectivity



## Possible recommendations

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- Introduce mandatory RIA for new regulations (SME test)
- Review and streamline existing stock of regulations
- Create one-stop-shop for information on licences, regulations, etc
- Clarify mandates on SME and entrepreneurship policy
- Undertake ecosystem approach to SME digitalization (including regional hubs)
- Foster digitalisation of payments, other transactions e.g. electronic signatures, contracts
- Enable fintech start-ups in the lending space to operate independently of banks



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