

TABADOOL DIALOGUE

Evaluation of SME Support Policies: a reform driver

Key Takeaways – 06 June 2023



SME POLICIES EVALUATION AS A DRIVER OF REFORMS

On June 6, 2023, the MED MSMEs Programme organized in close collaboration with the OECD a Tabadool Dialogue on the **evaluation of SMEs support policies**.

The objective of the webinar was to take stock of the latest evolution as regards SME policy evaluation, share key findings, disseminate tools and share first-hand experience of public and private stakeholders in the South Med partner countries.

After presenting the distinguished panelists, **Christophe MALHERBE, Team Leader** of the MED MSMEs Programme, recalled that the monitoring of SME policies can constitute a powerful lever for reform, provided that a robust methodology is adopted, that stakeholders are engaged and that lessons are drawn and discussed with stakeholders in an inclusive way. In the light of the EU new agenda for the Mediterranean that places MSMEs at the core of the inclusive and sustainable growth, the [OECD Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes](#) published in January 2023 is a precious tool that deserve to be promoted and disseminated throughout the region. Similarly, emphasis was placed on the importance of bringing together the prerequisites for evaluation and international comparisons: constructive dialogue between stakeholders, common methodological framework, resources for data collection as well as consistency in time and space.

Aurélien PASTOURET, Policy Officer, DG NEAR, highlighted the central role of SMEs in stimulating economic growth, promoting innovation and creating jobs in the EU and the Southern Mediterranean region. SMEs are indeed considered to be the backbone of economies, representing more than 95% of the business fabric and providing jobs to millions



of people. Their agility enables them to provide innovative responses to the challenges posed by the digital and green transitions, while being a driver of inclusiveness, women's empowerment and territorial development. Particular attention must therefore be paid to SMEs, through the definition and implementation of effective support policies that generate impact. The development of SMEs is one of the pillars of the European neighborhood policy,

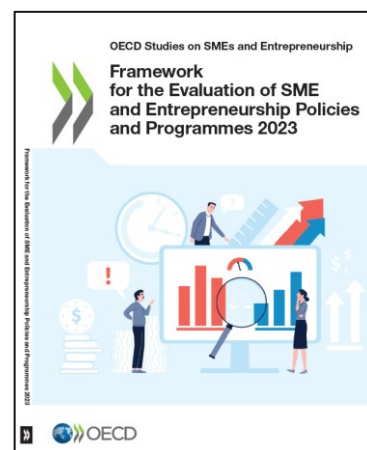


as demonstrated by the adoption by the EU in February 2021 of the 7-year "New Agenda for the Mediterranean", which raises SMEs among the main beneficiaries of this initiative. Policy monitoring is all the more of a common concern as the EU applies the "Policy first" principle which underpins its external action and development cooperation. This monitoring makes it possible to assess the effectiveness, efficiency and impact of interventions, to take informed decisions and to continuously improve support mechanisms for SMEs.

Dr. Mariarosa LUNATI, Senior Advisor, OECD, Global Relations and Cooperation Directorate, provided the overall context for the Organisation's longstanding commitment in the area of SME and Entrepreneurship Policy. The many OECD initiatives in favour of entrepreneurship and SMEs recognise the pivotal role of MSMEs in job creation and inclusiveness, and are to be considered in the broader framework of policies for resilient and sustainable growth. Dr Lunati stressed that the analytical and policy tools developed by the OECD to support SME policy are based on the experience and best practice of a large number of countries, including partner countries of the Organisation, and can therefore be of interest also for emerging and developing economies in different regions of the world. She mentioned the importance of the MENA region for the OECD that translates into close cooperation as illustrated by the MENA OECD Programme on Competitiveness and Governance for Development. She also underlined the importance of working on the development of reliable statistics for sound analysis of the SME sector, and on the collection of data that form the bedrock of monitoring and evaluation initiatives.

Dr. Jonathan POTTER, Head of the Entrepreneurship Policy and Analysis Unit, OECD, indicated that the OECD Council adopted a Recommendation on SME and Entrepreneurship Policies in June 2022. It includes a commitment by governments to establish strong monitoring and evaluation mechanisms as an integral part of the design and implementation of policies.

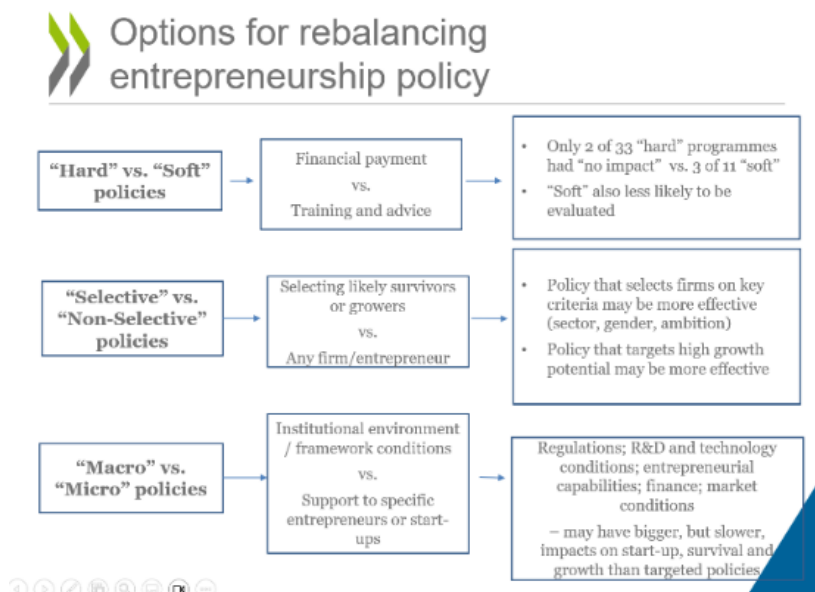
SME policies being an important area for government action the OECD undertook an assessment of the state of play in SME and entrepreneurship policy evaluation for its Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes. Two major findings: most evaluations of SME



support policies had a reliability problem and a low proportion of evaluations evidenced that policies had a positive impact on the target groups.

To address the problem, the OECD Evaluation Framework sets out evaluation reliability measures in terms of the "Six Steps to Heaven". The steps 1 to 3 reflect exclusively the points of view of the beneficiaries of the policy. The steps 4 to 6 aim, through appropriate techniques, to compare these points of view with those of non-beneficiaries (control group) in order to bring out the "counter-factual". It is the difference between the changes observed and the "counter-factual" which is the impact of the policy.

The OECD has zoomed in on 50 of the most reliable evaluations in 28 countries, as per the standards of the OECD Framework. These are evaluations that take advantage of the substantial improvements have been recorded in recent years in terms of data reliability, statistical techniques and evaluation methods (e.g., randomized controlled trials). These more reliable evaluations also gave a mixed



picture. It appeared that policies may have a greater impact when they include a financial "hard" component, when they are specific (as opposed to cross-cutting) and are targeting macro transformation (as opposed to micro).

Dr. Potter presented the 13 overall recommendations of the OECD Evaluation Framework among which: Include three core metrics – Sales, Employment, Survival, Make expenditure data available, Establish a central evaluation unit, Evaluate all big programmes at Step V every 3 years and Share lessons from reliable evaluations as well as the need to specify policy objectives and targets from the outset, the need to draw on previous evaluations when considering new policies and the need to commission reliable evaluations with control group methods.

Finally, the review of the SME and entrepreneurship landscape carried out by the OECD in Egypt was presented, prior to concluding that "Think Small First" principle should keep on being operationalized through the regulatory impact assessment (RIA) and the SME test.

As testimony to a national experience, **Mr Zakaria FAHIM, Managing Partner BDO Maroc and Chair of the Hub Africa**, placed the Small Business Act at the center of its intervention, emphasizing that without it, there can be no real SME policy that tackles the fundamental issues of financing, market access or training. In passing, the speaker wondered about the



question of whether public policies are aimed at the informal sector, just as he stressed the need to give entrepreneurs confidence, so that they can grow and help others to grow. However, its main message came in the form of advocating for an Africa-wide SBA. It is indeed important for the SME to come out of its isolation and to network.

Still sharing a national experience, **Ms. Marwa ABD EL TAWAB, Senior Manager, MSMEDA Egypt**, indicated that her country continues to move ahead with its reform programme designed to achieve more sustainable and inclusive economic growth driven by a private sector in which SMEs play a crucial role. Given this role, MSMEDA has been established under the direction of the Prime Minister, with the mandate to development the MSME & Entrepreneurship sector all over Egypt. And the MSME Development Law No. 152 of 2020 has been issued with incentives, privileges and facilities to develop the environment of MSMEs.

The Egyptian Government has adopted a wide range of national policies to develop SMEs through marketing, issuing laws, widening digitalization, financial inclusion and improving the governmental monitoring, all with the objective to improve SMEs performance and enhance their contribution to national economic growth.

In integration with Egypt vision 2030, the government has developed a national strategy (draft) for the development of SMEs, articulated around Legal and regulatory environment, Access to finance, Entrepreneurship promotion, Integration into value chains, Business development services and Technology. To end, the panelist came back to Egypt-OECD cooperation through a “Country Programme”, where MSMEDA is the leading entity for a project related to reviewing SME & Entrepreneurship Policy in Egypt.

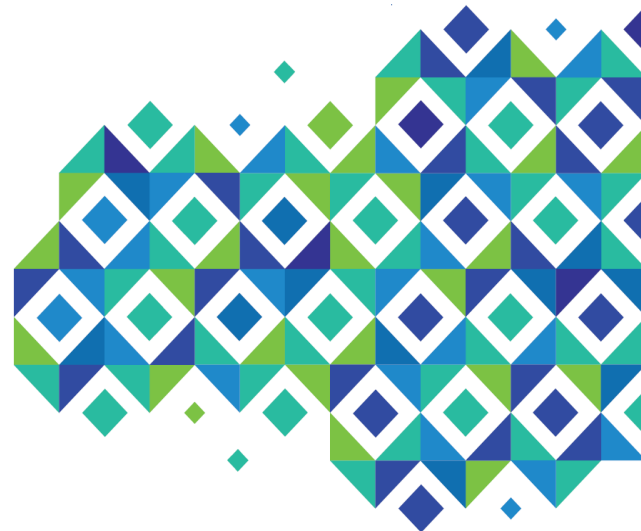
The webinar was also an opportunity to take stock of lessons learnt throughout the life of the MED MSMEs Programme; these lessons were presented by **Maria DOBI, GOPA Worldwide Consultants, M&E Expert**. Ms DOBI reminded the positioning of the Programme, i.e. be a catalyst of transformation and a source of inspiration for policy makers, and its mission, i.e. producing quality knowledge, disseminating tools and informing regional dialogue on innovative, emerging or “frontier” topics. As regards the impact of such programmes, it must be kept in mind some specificities: MSME development is a crosscutting theme; it entails involving many stakeholders be they public, private or from the civil society, who have to be coordinated and who should work in synergy. Hence, this holistic process raises questions as regards the attribution of the impact to a specific initiative or stakeholder (links between activities and results). Also, the **policy reform process is long and often non-linear**, meaning that efforts should be supported over a long period of time to effectively impact on the reforms; what can help in crystalizing energies is the existence of a tangible incentives (e.g. increasing export quotas, grants, budget support) or legal obligations (e.g. banks undertaking the KYC, bank data sharing).

Ms DOBI also presented several indices used to appraise the reforms and their impact, raising the point that data collection and analysis are the fuel of these indices. This requires good governance mechanism, capable institutions and significant funding. In the array of existing



tools, the SME Policy Index¹ is a unique tool to capture and measure 10 dimensions of the SME policy reforms. The latest comparative assessments for the Southern Mediterranean were produced in 2014 and 2018. Thus, a **reactivation of the SMEPI in the region** would make it possible to measure the progress made since then, using proven qualitative indicators, which rather than being purely descriptive, are process oriented. Combined with quantitative indicators, such as those proposed by the OECD 2023 framework, they would offer an enriched index, a valuable tool with high added value, facilitating decision-making and the development of action plans to move forward.

Access the presentation [HERE](#).



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¹ The SMEPI is based on the methodological framework of the [Small Business Act \(SBA\) for Europe](#), adopted in 2008 and articulated around ten principles that reflect the business environment of 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 without judgment, as countries are not ranked.

