

# SMALL FIRMS AND START-UPS FOR INCLUSIVE GROWTH IN MENA

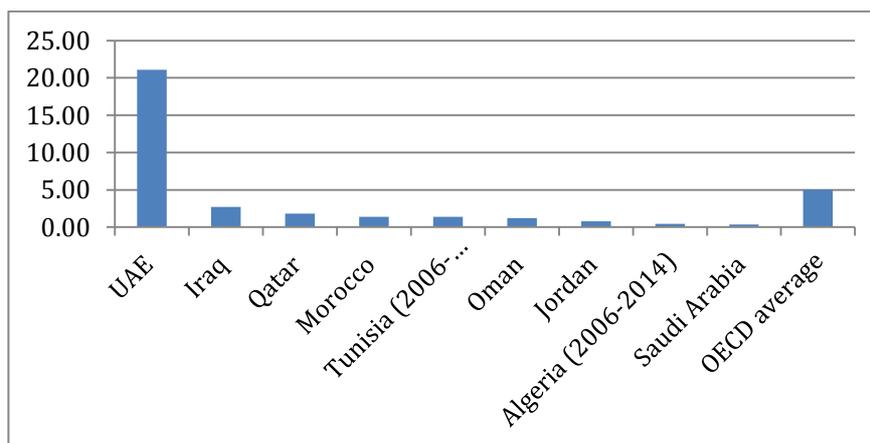
## SMEs AND ENTREPRENEURSHIP

Micro, small and medium-sized enterprises (SMEs) and start-ups come in all different flavours and forms, from traditional crafts and retailers with very few or no paid employees to high-growth firms offering innovative goods, services and/or business models.

Incentivising entrepreneurship and offering a favourable business environment for SMEs is a priority area for the MENA region to achieve more inclusive and resilient economies. This is particularly important given the talent and entrepreneurial spirit of its people, but also the fact that so few new enterprises are created in the formal economy: on average (and excluding the UAE) 1.3 new registered firms per 1000 working age people, compared to 5 in the OECD.

**Figure 1. New business density in the MENA region**

New limited liability companies per 1000 people ages 15-64, averages 2006-2016



Source: World Bank, Entrepreneurship Database.

SME and entrepreneurship policy is one of the main areas of support of the MENA-OECD Competitiveness Programme. Work under this pillar builds on the OECD model of policy dialogue and peer learning and focuses on the exchange of experience and good practices, identification of areas of reform through robust analysis and technical assistance.

### The MENA-OECD Working Group on SME and Entrepreneurship Policy

The Working Group, co-chaired by Tunisia and Italy, provides a framework for policy dialogue and exchange of good practices on entrepreneurship and SME policy. The Working group convenes policy makers from institutions in charge of enterprise policy, such as ministries of industry and economy, SME development agencies and investment promotion agencies. The private enterprise sector is the primary beneficiary of the initiative and participates actively in the Working Group. Other partners include the European Commission, the European Training Foundation, the International Monetary Fund and the Union for the Mediterranean. The donor community and international and local experts also participate in the Working Group's activities.

The last meeting of the Working Group (Rome, July 2017) focused on the role that SME policies play in addressing the most pressing priorities for the region: the integration of women in the economy; the diversification of the economy away from hydrocarbons and the role of the state as employer, consumer and producer; and improving public-private dialogue. The

meeting also included a thematic discussion of the ongoing interim assessment of SME reforms since the SME Policy Index in 2014 and Policies for SME participation in sustainable supply chains and responsible business conduct.

The Working Group co-operates with the Women's Economic Empowerment Forum (WEEF), the MENA-OECD Business Advisory Board and the MENA-OECD Economic Resilience Taskforce.

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## The SME Policy Index for the Mediterranean Middle East and North Africa 2014

The MENA-OECD Competitiveness Programme supports MENA economies through in-depth analyses leading to specific recommendations for reform and policy improvement. In co-operation with the European Commission and the European Training Foundation, the Programme undertakes periodic assessments of SME policies in Mediterranean MENA economies. The assessments are based on a highly consultative process involving MENA governments, the private sector, experts and donors. They cover key areas for enterprise development reflected in the Small Business Act for Europe (business development services, access to finance, internationalisation, bankruptcy, public procurement, etc.) and build on the methodology of the SME Policy Index, a benchmarking tool designed to assess SME policy frameworks in emerging economies and monitor progress in policy implementation over time.

The latest assessment is ongoing and will be published by June 2018 under the title "SME and Entrepreneurship Development in the MED Region: An interim assessment of the implementation of the SBA for Europe in the Mediterranean Middle East and North Africa."

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## Technical Support



In co-operation with the International Monetary Fund Middle East Centre for Economics and Finance (IMF-CEF) the Programme promotes capacity building for SME policy making through a yearly training course on Improving Policies and Access to Finance for SMEs. The course aims to share and discuss instruments, methodologies and good practices for SME development, including measures to facilitate access to finance for SMEs and entrepreneurs. Mid to senior level government officials in charge of SME and enterprise policies are beneficiary of the training.

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## SME and Entrepreneurship Policy in Arab Countries in Transition

The OECD supports the Deauville Partnership and Arab Countries in Transition (ACTs) since 2012 through the elaboration and follow-up of Action Plans to foster SME development during the transition period. OECD policy dialogue platforms offer ACTs the opportunity to exchange on how they succeeded in the implementation of the Action Plans recommendations and what are the challenges they are still facing.

The OECD also supports the implementation of Transition Fund projects on SME policies in Libya and Jordan.

- *SME Development Strategy for Libya (2013-2018)*: The project contributes towards preparing the ground for private sector development for a post-conflict situation in Libya by supporting the development of an SME strategy.
- *Supporting Jordan to improve SME Policy effectiveness (2016-2019)*: The project supports the implementation of the Jordanian SME Strategy. It focuses on strengthening institutional coordination, public-private dialogue, SME statistics and monitoring and evaluation of policies and is undertaken in close collaboration with the Jordanian enterprise development agency (JEDCO).

### Contact:

Jorge GÁLVEZ MÉNDEZ  
Economist/Policy Analyst  
OECD Global Relations  
[Jorge.galvezmendez@oecd.org](mailto:Jorge.galvezmendez@oecd.org)

Nicola EHLERMANN  
Head of the MENA-OECD Competitiveness Programme  
OECD Global Relations  
[Nicola.Ehlermann@oecd.org](mailto:Nicola.Ehlermann@oecd.org)

Learn more about our work on SMEs in the MENA region:

[www.oecd.org/mena/competitiveness/smes-and-entrepreneurship.htm](http://www.oecd.org/mena/competitiveness/smes-and-entrepreneurship.htm)

