

MENA-OECD Working Group 2 on SME Policy, Entrepreneurship and Human Capital Development

19 May 2009

- Conclusions -

The meeting of Working Group 2 on SME Policy, Entrepreneurship and Human Capital Development of the MENA-OECD Investment Programme was held on 19 May 2009 in Barcelona, Spain, hosted by the European Institute of the Mediterranean (IEMed).

The Working Group:

1. Promoting growth and facilitating access to finance in SMEs: State of Play and Policy Responses in Times of Crisis

- Announced the Co-Chairmanship of Tunisia and Italy;
- Received keynote presentations and interventions on the impacts of the global financial and economic crisis on small and medium-sized enterprises (SMEs) in the Middle East and North Africa (MENA) region as compared to the Organisation for Economic and Cooperation and Development (OECD) economies;
- Exchanged views on the diverse policy responses that MENA governments are undertaking to mitigate the effects of the economic crisis, including those related to easing access to finance through monetary policy measures, increasing lines of credit, and providing credit guarantees; preventing job losses through relieving social insurance charges and employers contributions; and, stimulating economic activity by assisting export-oriented companies;
- Received recommendations from OECD and MENA private sector representatives on short- to medium- term policy measures to promote the growth and development of SMEs including developing mutual credit guarantees with shared risk and expanding venture capital;
- Welcomed the update on the activities of the *OECD Working Party on SMEs and Entrepreneurship* including their work on enterprise financing and high growth SMEs in OECD economies and fostering women's entrepreneurship in the MENA region;
- Welcomed the new SME initiative under the *Union for the Mediterranean (UfM)* aiming to improve the business climate and increase SME financing for business development and growth in Southern Mediterranean economies;

Action: Synthesize policy recommendations to support MENA SMEs in the context of the economic crisis. Propose actions going forward, including concrete links with other initiatives such as UfM. The Secretariat will develop a draft proposal for the Working Group's contribution to the 2009 MENA-OECD Ministerial Declaration.

2. Measuring the impact of programmes and policies targeting high-growth enterprises

- Received presentations and interventions on the types of programmes and policies aimed at promoting high growth SMEs in OECD and MENA economies and their key success factors;
- Received feedback on policy measures to support high growth SMEs in the MENA region based on the main growth factors and constraints in the region, keeping in mind that high growth is not dependent on one factor (i.e. innovation), but depends on a mix of factors that is consistent with the dynamic of the firm's sector of activity;
- Emphasized the importance of long-term structural reforms to improve the overall business climate for SMEs, by removing barriers to growth, and in particular adopting policy measures which create a business environment which is favourable to the many factors that influence the growth of a firm;
- Highlighted the difficulty of identifying specific segments of SMEs and the importance of establishing monitoring and evaluation mechanisms for targeted SME support programmes;
- Reiterated specific policy recommendations for MENA countries in the short-, medium- and long-term, including developing mutual credit guarantees with shared risk and expanding venture capital;
- Highlighted the role of SMEs as key to the "road to recovery" where SMEs will lead to long-term innovation-led growth;
- Welcomed the possibility for the OECD Centre for Entrepreneurship to invite MENA participants to its October 2010 *Bologna +10* meeting.

Action: Identify innovative ways of improving access to finance and monitoring and evaluation of SME support programmes as output areas leading up to the 2009 Ministerial meeting and into 2010. The Secretariat will develop an activity proposal in this regard.

3. Work Programme

- Considered options on future work for 2009 and early 2010 and the outputs leading up to the 2009 Ministerial meeting;
- Reached consensus to push for medium- to long-term structural reforms through the development of the national *MENA-OECD Business Climate Development Strategies (BCDS)* building on the pilot exercises currently conducted in Egypt and Morocco;
- Agreed to develop policy recommendations on improving credit guarantee programmes; to leverage OECD experience in the Centre for Entrepreneurship survey and previous evaluations such as the "Go Network";
- Welcomed the suggestion to continue fruitful cooperation among various initiatives and organizations including the UfM's SME Initiative, the European Commission's *Working Party on Euro-Mediterranean Industrial Cooperation*, United Nations Industrial Development Organisation (UNIDO), IEMed, and the MENA-OECD regional centres.

Action: Agreed to:

- Continue to exchange views on policy issues relevant to SME support and promotion, including policy measures to mitigate the effects of the crisis through a follow-up meeting in October 2009 hosted in Tunis;
- Proceed with the following activities in 2009-2010:
 - a) Expansion of the MENA-OECD BCDS activities;
 - b) Provide policy recommendations on how to improve tools used for access to finance and provide information on the existing tools, in particular on credit guarantee schemes, with input from private sector and the OECD Centre for Entrepreneurship;
 - c) Develop policy evaluation tools, combining policy reviews and company surveys, focusing on guarantees and support to export-oriented companies;
 - d) Develop proposals to improve business skills especially for women entrepreneurs, as a follow-up to the 2007 MENA-OECD Ministerial Declaration; and,
- Provide recommendations to contribute to the MENA-OECD 2009 Ministerial meeting.