

## **3<sup>rd</sup> Meeting of the MENA-OECD Working Group 2 on SME Policy, Entrepreneurship and Human Capital Development**

**26 October 2009**

The 3<sup>rd</sup> meeting of Working Group 2 on SME Policy, Entrepreneurship and Human Capital Development of the MENA-OECD Investment Programme was held on 26 October 2009 hosted by the OECD Secretariat at the OECD Conference Centre in Paris, France.

### **Opening Remarks by the Chairs**

The Chairs:

- Reminded policy-makers how the development of tools to improve access to finance can help ease the liquidity constraints faced under the crisis;
- Recalled the progress that has been made since the first and second meetings of the Working Group (in Manama, November 2008 and Barcelona, May 2009) and highlighted that the outputs of the third meeting, including guidelines for credit guarantee schemes, will be included in the Ministerial Conference of the MENA-OECD Investment Programme held in Marrakesh, Morocco on 23 November 2009.

### **Welcome Address by Ambassadors**

Ambassador Kornbluh addressed the Working Group on behalf of United States. The Ambassador:

- Reiterated the United States' support of the MENA-OECD Investment Programme since its inception;
- Recalled President Obama's speech in Cairo, Egypt, entitled "A New Beginning" and emphasised the OECD's mission and how it serves to promote interaction among OECD and MENA economies; and,
- Mentioned regional challenges such as job creation, human capital development; promoting women and youth entrepreneurship; and coping with the effects of the economic crisis on the most vulnerable segments of the population.

Ambassador Florensa addressed the Working Group on behalf of the Spanish Co-chairmanship of the MENA-OECD Investment Programme. The Ambassador:

- Highlighted the reforms driven by a new policy dynamic in the MENA region since 2002 and the positive impact of reforms on growth and macro-economic stabilisation;
- Emphasised the need to continue with the rhythm of reforms in the MENA region especially to continue to benefit from foreign direct investment; and,
- Recalled the Union for the Mediterranean and the cooperation between the European Union and the MENA countries as a means to achieve reforms in the region.

### **SESSION 1: WOMEN'S ENTREPRENEURSHIP BEYOND THE CRISIS: A CATALYST FOR GROWTH**

The Working Group:

- Recalled the 2007 Ministerial Declaration on Fostering Women's Entrepreneurship in the MENA Region and received a presentation on the results of the Draft Stocktaking Report on Progress in Implementation of the 2007 Declaration on Fostering Women's Entrepreneurship in the MENA

- region;
- Received presentations on programmes and policies aimed at fostering women's entrepreneurship in MENA and OECD economies and their key success factors; and,
  - Collected feedback on how the OECD can add to and complement other institutions' work in the area of women's entrepreneurship.

**Action:**

The Working Group agreed to:

- Draft an Action Plan to foster Women's Entrepreneurship in the MENA Region which will be presented at the 2009 Ministerial Meeting; and,
- Host a consultation meeting with the MENA-OECD Women's Entrepreneurship Network in spring 2010.

**SESSION 2: IMPROVING ACCES TO FINANCE FOR SMES**

**1. Panel II: Access to Finance: An Analytical Framework**

The Working Group:

- Received presentations from the OECD and World Bank on the importance of further improving access to credit for SMEs and the *Business Climate Development Strategy*<sup>1</sup>(BCDS) assessment framework on Access to Finance;
- Welcomed updates from MENA delegates on new policy initiatives and programmes aimed at promoting SMEs; and,
- Commented on how to improve the access to finance framework, including gender mainstreaming and development of the insurance markets indicators;

**Action:**

The Working Group agreed:

- To conduct a joint-learning-study in 2 MENA countries and 1 OECD country based on the BCDS framework on Access to Finance; previous to the joint-learning-study, indicators should be reviewed. Results will be presented at the next meeting of the Working Group and will culminate in the form of a publication.

**2. Update on the activities of the OECD Working Party on SMEs and Entrepreneurship:**

The Working Group:

- Welcomed the update on the activities of the *OECD Working Party on SMEs and Entrepreneurship* (WPSMEE) including their current work on the *Impact of the Global Crisis on SME and Entrepreneurship Financing and Policy Responses* and the invitation to extend the policy survey to the MENA-OECD Working Group; and,
- Received comments on how to best adapt the survey to the current situation in MENA economies, including adding a dimension on gender, and extending the coverage of the survey to include different types of companies (at the micro-level, export-oriented companies, and suppliers) to explore the specific effects of the crisis on SMEs in the MENA region; and,

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<sup>1</sup> BCDS is an initiative conducted in cooperation with the World Bank, European Commission and the MENA-OECD Steering Group.

**Action:**

The Working Group agreed to:

- Extend the survey to MENA countries; the survey will be submitted for comments to the Working Group and will be conducted in 2010; and,
- Combine the policy review with company surveys, focusing on export-oriented companies (UNIDO will conduct a pilot in two countries).

**3. Panel III: Credit guarantee Schemes – A Key Element of the Access to Finance Framework**

The Working Group:

- Received presentations from MENA delegates on the importance of guarantee schemes in an environment where SMEs face a marked financing gap due to a number of institutional or legal factors; and,
- Discussed the diverse guarantee instruments which have proved to be effective in improving access to finance in the MENA region and good practice in their design, in particular the relationships fostered with commercial banks to create an “SME culture.”

**4. Panel IV: Beyond start-ups: promoting innovation financing through credit guarantees**

The Working Group:

- Received a keynote presentation entitled: “Credit Guarantee Schemes: a tool to promote SME growth and innovation in the MENA Region” by Professor Stephen Roper (Warwick University) on a set of policy guidelines to best extend the current use of credit guarantee schemes to provide support innovative SMEs;
- Received presentations from MENA and OECD credit guarantee institutions on the use of credit guarantee institutions as a tool to promote SME growth and innovation in the MENA region;
- Agreed that where equity financing and venture capital supply is limited, credit or equity guarantees can serve to facilitate access to credit for innovative SMEs.

**Action:**

The Working Group agreed to:

- Comment on the Report and Guidelines prior to the 2009 Ministerial Conference; the Secretariat will incorporate comments into the Report and Guidelines on Credit Guarantees; and,
- Table the report and Guidelines to be presented at the 2009 Ministerial Conference.

**SESSION 3: THE WORK PROGRAMME**

The Working Group:

- Considered options on future work and outputs leading up to the 2009 Ministerial meeting and the 4<sup>th</sup> meeting of the Working Group (to be scheduled tentatively end March/early April 2010); and, Endorsed the Report and Guidelines on Credit Guarantees.  
Agreed to provide feedback on the proposed Work Programme for 2010 which was tabled during the Working Group meeting.