

- Draft Conclusions -

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

29-30 March 2010

The 4th meeting of Working Group 2 on SME Policy, Entrepreneurship and Human Capital Development of the MENA-OECD Investment Programme was held on 29-30 March 2010 in Tunis, Tunisia, hosted in cooperation with the Tunisian Ministry of Development and International Cooperation.

The meeting was conducted over two-days: the first day was a closed session with attendance from delegates to the Working Group and expert contributors; the second day was conducted as a regional conference with attendance from delegates to the working group, expert contributors, and representatives from international, regional and local organisations based in Tunis.

1. 29 March 2010 – Closed Session among Delegates to the Working Group

The Working Group:

- Received an opening statement by the Chair who recalled achievements of the Working Group and the mandate given by [the 2009 Ministerial Declaration](#) issued at the [MENA-OECD Ministerial Conference](#) (Marrakesh, November 2009);
- Received a [presentation by the OECD Secretariat](#) on the impacts of the global financial and economic crisis in the Middle East and North Africa (MENA) region as compared to the Organisation for Economic and Cooperation and Development (OECD) economies; MENA economies have experienced a lag in experiencing the effects of the crisis; the impending crisis varied significantly from country to country due to a number of factors including natural resource endowments, level of integration with international financial markets, dependence on export to OECD economies, etc;
- Highlighted the importance of diversification of MENA economies in terms oil, water, export of manufactured goods, and financial markets;
- Welcomed the new Mediterranean Business Development Initiative (MBDI) 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;
- Took note of the preliminary findings of the MBDI Feasibility Study presented by the European Investment Bank which underlined the challenges faced by SMEs and young enterprises in the region including a lack of harmonised definition for SMEs, underutilized potential of women entrepreneurs; early stage financing; and the skills gap;
- Took note of the proposed institutional and policy recommendations including creating a platform to coordinate the various regional SME initiatives in the region; improving the link between financial and technical assistance; and providing targeted assistance to segments of the enterprise population;

- Stressed the need to couple financial and technical assistance in order to improve investor readiness of SMEs; and recommended that one-stop-shops for SME financing and technical assistance be established, following the good practice of OSEO (France), to link financing instruments with other business development services;
- Welcomed the suggestion to develop synergies with the SME Observatory (IDRC), Global Entrepreneurship Monitor, and to continue to develop partnerships with the [European Commission Working Party on Euro-Mediterranean Industrial Cooperation](#), and the UfMs MBDI;
- Welcomed the on-going work of the [OECD Entrepreneurship Indicators Programme](#); the indicators use existing data and benchmarks and primary source data to combine a collection of structural, performance and timely indicators to paint a picture of the entrepreneurial environment in a given country; the indicators measure firm birth, death, high-growth firms, and gazelles to capture different aspects and types of entrepreneurship; and,
- Exchanged views on the possibility and/or the relevance of different types of economic performance indicators; and, agreed on the importance of timely data to improve evidenced-based policy making in the region.

Action: Through the coordination of the OECD Secretariat the Working Group will:

- Further develop cooperation with partner organisations and initiatives (EC, UfM, MBDI, IDRC etc.);
- Contribute to concrete recommendations on how to improve the SME policy environment through monitoring exercises (Entrepreneurship Indicators, Charter Assessment, BCDS);
- Complete the work on the Report and Guidelines for Credit Guarantees with input from the Guarantee schemes operating in the region (to be distributed to the network of the Working Group); and,
- Produce a report on young enterprises with input from the Working Group network to be presented as a first draft at the next working group meeting (Fall 2010 - depending on availability of funding).

2. 30 March 2010 – Regional Conference of the Working Group

The Working Group:

- Welcomed the opening and closing statements made by distinguished speakers, including Minister H.E. Minister Mohamed Nouri Jouini, Ministry of Development and International Cooperation, Tunisia; H.E. Minister Mohamed Agrebi, Ministry of Employment and Vocational Training, Tunisia; H.E. Ambassador Senen Florensa Director General, Institut Européen de la Méditerranée (IEMED); and Secretary of State Abdelhamid Triki to the Ministry of of Development and International Cooperation;
- Welcomed the presentations from experts on the types of programmes and policies aimed at promoting young enterprises through the first three phases of development;
- Recognised the number of growing entrepreneurial opportunities in the MENA region and the important contribution of young enterprise to employment generation economic development;
- Reiterated the main challenges faced by MENA entrepreneurs, and emphasized the importance of improving the overall business climate for SMEs, by removing barriers to growth, and in particular

adopting policy measures which create a favourable business environment;

- Highlighted that targeted support to segments of enterprises are important policy levers to promote entrepreneurship and young enterprise development; underlined the difficulty in identifying specific segments of SMEs due to the lack of data on SME and entrepreneurial activity and the importance of establishing monitoring and evaluation mechanisms for targeted support programmes;
- Welcomed the presentations on the levels of entrepreneurial activity in the MENA region; while the level of entrepreneurial activity is generally linked to the level of development, MENA SMEs tend to be less successful than their peers; this is due to a number of factors but is also related to the high concentration of uncompetitive, informal firms operating in low value-adding sectors; low levels of women's entrepreneurship; and virtually no formal entrepreneurship policies;
- Reiterated specific policy recommendations for MENA countries to support young enterprises through the establishment phase, including in the development of business networks, in developing specific policy tools, such as voucher systems, to boost innovation;
- Welcomed presentations by MENA entrepreneurs and private sector participants on the main constraints and motivations to start a business; and on the types of support which helped them launch successful business ventures; and,
- Welcomed input from [The OECD-MENA Women's Business Forum](#) on activities related to women's entrepreneurship and from the Enterprise Financing Network on the [MENA 100 Business Plan Competition](#).

3. Conclusions

Key recommendations to support young enterprise development emerging from the conference include:

- On Access to Finance: Creating networks for alternative financing to support young enterprises and linking financial services with business support services; ensuring both supply (access to finance) and demand (investor readiness); developing alternative financing and products to accommodate different segments of the market (prêt d'honneur, guarantees, capital risk, microfinance); and, avoiding situations of moral hazard;
- On Women's Entrepreneurship: Building networks for women entrepreneurs to address confidence and aspiration, and develop training, mentoring and networking opportunities especially during the establishment phase; acknowledged that these issues had been key factors driving the creation of The OECD-MENA Women's Business Forum and that they were part of the Forum's mandate;
- On Business Development and Targeted Services: Developing one-stop-shops for business services and access to finance in order to simplify access to public and private programmes; and,
- On Growth and Innovation: Creating networks and building on social capital to facilitate innovation in SMEs through the encouragement of knowledge firms and access to knowledge of other firms.

The next meeting of the Working Group will be scheduled for late fall 2010.