



WORKSHOP CONCLUSIONS

SME DEVELOPMENT STRATEGY IN LIBYA

Project Steering Committee & Short Term Action Plan

Tunis, 8 December 2016



WORKSHOP CONCLUSIONS

The workshop, held in Tunis on 8 December, officially started the Phase II of the Transition Fund Project to support SME and entrepreneurship policies in Libya. The main objectives of the workshop were:

- Convening the Project Steering Committee meeting (PSC).
- Kicking-off the process to develop the Short Term Action Plan for SMEs.

Over 40 participants attended the workshop, including the members of the Project Steering Committee. Below are the main conclusions of the workshop.

1. Project Steering Committee meeting

The Project Steering Committee meeting (PSC) was convened to present the results from the SME diagnostic and to endorse the work-plan for the new phase. The PSC is the key body to co-ordinate the project and provide input and support from a larger circle of stakeholders. The PSC assembles key public institutions directly or indirectly involved in enterprise development, private sector representatives, international organisations, and the OECD.

The PSC, chaired by Mr. Algafal, Deputy Minister of Finance, met to learn about the project developments and provide advice for the next phase. The following items were discussed in the meeting:

- **Highlights from the report *SMEs in Libya's Reconstruction. Preparing for a post-conflict economy*:** The OECD presented a brief summary of the recently published report on SMEs in Libya's Reconstruction. The presentation emphasized the need to develop a sequenced planning, targeting economic recovery on the long term, but integrating short term measures on key elements that include: ensuring proper functioning of the financial system; restoring access to markets; reopening institutions that have been closed in the last five years; building capacities for entrepreneurs and public officials; and promoting the integration of youth and ex-combatants in the labour market. The presentation gave also a quick glance on the current state of play of Libyan institutions working on SME policies.
- **Project update:** As of September 20, 2016, the project was restructured and the components of Phase II were approved by the MENA Transition Fund. The current components remaining include: 1) produce a Short-Term Action Plan to support SME policies with Libyan and international stakeholders; 2) support the development of the legal framework for SME policy-making; 3) assist implementing the Short-Term Action Plan through capacity building; 4) assist in the establishment of an SME funding mechanism.
- **Roundtable for the intervention of PSC members:** The project team addressed a set of questions to the PSC members including: Do you have any suggestions on the components of the project under Phase II? Are there ongoing initiatives with potential synergies for the OECD's project? Should the OECD include additional institutions or stakeholders in the project? How can the project mitigate the risks related to the current uncertain political context? The main items raised in the meeting were:
 - The PSC overall welcomed the continuation of the project and the plan for Phase II. Participants acknowledged the complex political context (absent institutions and

violent conflict) which could hinder the implementation of the project, however, they agreed on the necessity to start working already.

- Several PSC members requested that the OECD team develops terms of reference for future meetings to guide some guidance as to the PSC should proceed in the next stages.
- One key question was how the OECD will provide support and how this will continue once the project will have finalised (2018). In this sense, the OECD explained that the Organisation's support through its methodology and expertise pays special attention to relying on local partners, guaranteeing the local ownership of the project and its long-term sustainability.
- Some suggestions were made regarding the involvement of stakeholders, to ensure geographical representation and the inclusion of women, and specific institutions that might be relevant to the project like the Local Industrial Development Fund.
- There was general agreement about the importance of mapping ongoing initiatives by different local and international organisations to avoid duplication and create synergies.
- Participants also emphasized their willingness to continue promoting dialogue and exchange of ideas between the different stakeholders by organising gatherings in Libya.

2. Review of key ongoing initiatives to support SMEs in Libya

During the second session, selected Libyan institutions that support SMEs provided an overview of their current activities. Mr. Ibrahim Said and Mr. Ali Gussa presented Libya's Enterprise activities to support SMEs, including a new SME law proposal that is being developed. Mr. Tarek Tantoush, representing the National Planning Council (NPC), shared the experience to review the SME Strategy in 2013, which eventually was not approved given the collapse of the political situation in 2014. Dr. Mahmud Alftise, former Minister of Industry, presented an overview of economic and SME policies in Libyan, emphasizing the need to take the country's specific economic history as new initiatives are developed. Mr. Mohamed Alaswad described Expertise France's ongoing programme to Support Libya Economic Integration, Diversity and Sustainable Employment (SLEIDSE). Mr. Mustafa Elsavezli presented the work of the Libyan Program for Reintegration and Development (LPRD).

During the discussions, participants identified the major issues that need to be addressed by a SME policy initiative, notably: lack of active institutional support and inefficient regulation, lack of technical capacities and skills mismatch, the role of the public sector as job provider, and the lack of an entrepreneurship culture in Libya's society. They also raised the necessity to establish clear objectives and a detailed list of priorities to be implemented during the next two years, in order to set a clear and realistic roadmap.

3. Short-Term Action Plan

Under Phase II, the project will develop a "Short-Term Action Plan to support SME policies". The Short-Term Action Plan will build on the findings of the Diagnostic Study. During the afternoon sessions, participants discussed the objectives of the plan, and the consultation process to develop it.

- **Objectives and strategic priorities:** Participants discussed which should be the overarching goal of the Short-Term Action Plan. The inputs from the discussion will feed into a broader consultation process to reach an inclusive agreement on the goal of the Short-Term Action Plan, as well as on the priority areas or themes. Some of the main messages from the workshop were:
 - *Objective of the Short-Term Action Plan:* One of the debates was whether the overall vision should be different for a short-term action plan or a long-term strategy. Preliminary discussion on the goal identified two key objectives: 1) to change the mind-set and promote an entrepreneurial culture among Libyans; 2) to contribute to stability.
 - *Priority areas:* Improving the regulatory framework, access to finance, and Business Development Support services were considered to be among the top priority areas, followed by access to finance and access to markets. Additional areas such as clustering, industrial zones and FDI were suggested to be included in the list of priorities.
- **Consultation process:** Next steps were agreed for this consultation process, which will be led by Libya Enterprise and will be divided in three rounds: 1) consultation workshops to agree on the goal and priority areas of the Short-Term Action Plan; 2) consultation workshops to agree on the specific actions under each priority area, and a mechanism to monitor and evaluate implementation; and 3) a final round of consultation to endorse the final document.