

## Enhancement of the Business Environment in the Southern Mediterranean



### Context

In the South Mediterranean region (MED), development of micro, small and medium sized enterprise (MSMEs) is the highest potential as a source of economic growth and employment, both of which are conditions for regional prosperity and social stability. These enterprises are, collectively, the largest employers in the region and strongly contribute to economic diversification and social inclusion by providing the majority of business opportunities and jobs for under-represented population groups, including women.

These businesses' contribution to national and regional economic growth remains, however, below their potential. They face a large number of challenges and obstacles, in particular: complex administrative procedures and access to finance.

The present environment displays insufficient adequacy between existing industrial policies and MSMEs' capacity to contribute to growth. This calls for policy improvements.

### EBESM response

In the context of the regional industrial cooperation process now taking place within the Union for the Mediterranean (UfM), to which EBESM contributes, MED ministers of industry had expressed the common desire in 2011, to gradually align the Euro-Med Charter with the Small Business Act for Europe (SBA), a comprehensive policy framework for SMEs development adopted by the EU in 2008. This objective was highlighted by the 2014 "SME policies in MED countries" assessment

carried out by the European Commission, OECD, EIB and ETF, based on the SBA.

The EBESM programme aims at supporting MED partners to improve the business climate and to promote policies for entrepreneurship and SME development. Its role is to encourage MSME-oriented reform efforts of partner countries and to strengthen policy dialogue on MSMEs development issues, including women-led businesses and access to finance policies.

EBESM supported its MED partners in improving their enabling business environment for MSMEs. Success stories illustrate how a regional approach can be a powerful tool to foster the agenda of business environment reform, and to encourage, not only North-South but also South-South dialogue through peer learning and the sharing of practical lessons.

### Target groups

The primary target groups are the projects' primary stakeholders, namely the SBA Coordinators and the Working Party on Euro-Med Industrial Cooperation. They are expected to further influence the implementation of the SBA and to foster the development of a favourable business environment for MSMEs.



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Furthermore, the project targets business intermediaries, private sector associations, members of civil society, including academia and media, among others, who can advocate for a more enabling business environment and transmit information to decision-takers concerning MSME-support reforms needed, while helping create the climate for action.

### How did EBESM work?

The programme drew on EU good practices, namely the Small Business Act (SBA), to reform the business environment, encourage private sector growth with a focus on MSMEs, and create employment through increased entrepreneurship and improved competitiveness.

By design, EBESM work was structured around three major policy topics:

- Governance of the SBA
- Access to finance for MSMEs
- Women's entrepreneurship

These topics were carefully selected on the basis of [SBA principles](#) and objectives, as expressed by the Working Group on Industrial Cooperation and by national SBA coordinators, who are the main EBESM interlocutors at country level.

The common objectives to all stakeholders are to encourage enterprise generation and MSME-based private sector growth in each partner country, and to ensure economic and social development by robust, inclusive and sustainable business activity, with strong focus on women and youth businesses. These objectives call for a work methodology based on identifying and analysing obstacles faced by these businesses, proposing policy recommendations in a participatory approach, sharing peer experiences or practices, and strengthening policy dialogue around MSME throughout the region and with the EU.

### What was achieved through EBESM?

EBESM field outcomes include concrete and actionable policy recommendations, that each country can immediately implement, as well as a substantial corpus of high-level studies and documentation (e.g. concept notes, policy briefs, etc.).

Through its activities, the project supported MED partners in implementing reforms in selected policy areas of the SBA, such as:

- Better regulations and SME test instrument,
- Administrative simplification and digitalisation,
- Inter-institutional coordination and public-private dialogue mechanisms for SME policy making,
- A legal framework for crowdfunding,
- Structuring a mezzanine and export financing funds,
- Exchange and trading platforms for SMEs

EBESM organised six major regional seminars besides more than 20 in-country seminars. It also generated two regional specialized studies



and 16 national specialised studies in the areas of Access to Finance and Women Entrepreneurship.

EBESM research and analytical work served at devising appropriate recommendations for policy-making, adapted to the business environment and MSMEs development. The results of this analytical work were largely disseminated and discussed both at regional and national levels, to feed and deepen the policy dialogue and to help MED partners implement reforms.

Regional and country-level seminars provided a platform for the formulation of country-specific actionable recommendations through a participatory approach, and for policy dialogue, peer learning, sharing good practices (North-South and South-South). Participants numbered more than 1500 people from the entire region, a strong base for dissemination, multiplier effects and consolidation. Very concrete and tangible results may be summarised as follows:

- High-level interaction, discussion and consensus-building between stakeholders (Public and State Institutions, Enterprises, Private Sector, Academia, Civil Society etc.);
- Agreement, in each country, on short and medium-term priority actions for implementation of the SBA principles;
- Definition, with SBA coordinators, of the step-by-step Action Plans for each country.

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#### Contact information:

Marie-José Char, Teamleader : [m.j.char.giz@outlook.com](mailto:m.j.char.giz@outlook.com)  
Aljoscha Gütermann, Project Manager : [aljoscha.guetermann@giz.de](mailto:aljoscha.guetermann@giz.de)

 [www.ebesm.eu](http://www.ebesm.eu)

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