

## SBA Governance – Better policies for MSMEs



### Context

Though there is consensus on MSME development as the main factor of growth and job creation, the current business environment in the MED region and existing national industrial policies and strategies must be more MSME-focused to raise businesses' capacity to contribute to growth. Additionally, MSME's perspectives and interests can sometimes be obscured because private sector representatives are often large and privileged enterprises, intent on keeping the situation as it is. Improvement of the business environment calls for better policies and an administration more responsive to MSMEs' needs.

### EBESM response

To meet expectations, EBESM dedicated substantial resources on the SBA governance activity that aims to develop and implement better policies for MSMEs development. This activity calls for significant consensus-building and collective work from multiple types of stakeholders in the eight partners countries. Seemingly technical issues frequently call for a political approach towards collaborative discussion and regulatory alignment. At this condition, the regional dimension of the project can yield maximum impact for both the solutions designed and the policies implemented.

EBESM adopted a demand-driven approach to reform, based on partner countries' SBA-alignment objectives. This strategy could be feared to sideline the regional objectives in favour of national ones, but this problem was avoided because project focus was on collectively-debated national actions. The regional dimension also generated proactive involvement in actions and increased commitment ownership of results.



Key stakeholders from private and public sectors identified three priority SBA governance issues:

- Delegation of responsibility for enterprise policy
- Inter-governmental coordination
- Public-private dialogue

The methodology adopted by EBESM was centred on a learning-by-doing approach, whereby stakeholders were supported in developing small-scale action plans to improve MSMEs policies in their respective country. This approach involved collaborative analysis and "friendly-criticism" from partners' (in MED and in EU countries) to improve these action plans.

To select the most relevant topics, EBESM conducted a consultation exercise with all eight national SBA coordinators and representatives of relevant private sector institutions from each country. As per the 2014 "SMEs policy implementation assessment" recommendations, selected policy areas embraced issues of high national interest and priority, for which reform progress was also needed throughout the whole MED region, To reinforce MSME's participation and raise their voice, EBESM systematically pushed for a wide variety of participants, including young and women, and promoted their active presence in the project's instances.

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### How did EBESM work?

For the first two years of the project, EBESM team and SBA coordinators, focused all efforts towards implementing reforms targeting the most challenging SBA governance issues. The SBA Governance activity was deployed in two phases:

**Phase I** focused - at national level - to maximise impact and confirm long-term commitment to SBA, EBESM organised eight in-country SBA Governance training seminars, as recommended by the 2014 assessment.

Country-specific subjects were chosen in coordination with Charter/SBA coordinators, and in accordance with specific needs of each country's SME policies. High priority and crucial SME economic drivers identified were:

- Innovation (Algeria, Tunisia, Palestine)
- Information on businesses and SME observatory (Morocco)
- SMEs in green economy (Morocco, Egypt)
- e-government for administrative simplification (Israel)
- Improving enterprise skills (Algeria, Jordan)
- Internationalisation of SMEs (Lebanon)
- Supporting SMEs to benefits from the Euro-Mediterranean network and partnerships (Jordan).

Training seminars, ensuring a high degree of media coverage and ministerial presence were held in Algeria, Morocco, Tunisia and Lebanon, drawing over 550 participants.

A substantial corpus of high-level training and documentation was produced by the Project, providing raw data and validity-demonstration for the policy-design work and implementation.

**Phase II** focused more specifically on principles 3 and 4 of the SBA: (i) Think Small First and (ii) Public administration responsive to SME needs. Phase II involved a three-stage approach:

1. Preparatory phase at country level (planning of a concrete action to be implemented).
2. March 2015 Regional seminar in Barcelona: presentation of action proposals, "critical friends" discussions, fine-tuning with EU experts, design and preparation for implementation.
3. Seminar follow-up: presentation of regional seminar results, turning proposals into action, etc.

During Phase II of EBESM SBA activity, the project adopted an innovative approach, in which all MED countries designed action plans that were implemented with the support of EBESM.

Selected action plans were:

- SME test and Regulatory Impact Assessment (Morocco, Israel, Jordan);
- Public Private Dialogue (PPD) mechanisms for enhancing industrial exports (Lebanon), and creating jobs for young and women in remote areas (Algeria);



- Creating opportunities and innovation for SMEs in "green" industrial strategies (Egypt);
- Inter-ministerial coordination and PPD to identify and solve administrative constraints faced by Tunisian SMEs (Tunisia);
- Developing sustainable clusters among SMEs in key SME sectors (Palestine).

### What was achieved?

High-level interaction, open discussion and a strong degree of consensus-building between different types of stakeholders (Enterprises, Private Sector, Public Institutions, Academia, Civil Society etc.) were crucial to ownership and commitment by national stakeholders.

EBESM helped to ensure a leveraged economic and social contribution to numerous small businesses in the south Mediterranean, including many enterprises led by youths and women.

Throughout this progress, EBESM established a scan of SBA achievements in the region and identified concrete areas for regional cooperation, helping partner countries examine, adapt and integrate SBA principles into their regional and national policies.

Furthermore, through the establishment of PPDs for each activity, EBESM raised the voice of MSMEs into the policy-making process and improved the coordination amongst several MSME development institutions, previously operating in silos.

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