



# Enhancement of the Business Environment in the Southern Mediterranean



A project funded by the European Union



# Action Planning Workshop in Palestine on SBA Governance

## 4 February 2015



A project funded by the European Union



# Key priorities for improving the competitiveness strategy for PA



The objective of this Workshop is to agree jointly on key actions to improve the competitiveness of small business in PA based on three priorities:

- (1) Clustering of SMEs**
- (2) Making SMEs greener and cleaner**
- (3) Modernisation and upgrading of SMEs**



# Key findings on the implementation of the Small Business Act for Europe



In 2013 the European Commission, the European Training Foundation and the OECD undertook a comprehensive assessment of SME policy in MED countries, including PA

This extensive evaluation assessed 10 dimensions of SME policy in MED countries and produced country profiles based on the assessment results.

*Source: European Union, European Training Foundation, Organisation for Economic Co-operation and Development (2014): SME Policy Index: The Mediterranean Middle East and North Africa 2014. Implementation of the Small Business Act for Europe.*





# Overview of the state of SMEs in PA



- SMEs represent key component of the PA economy, with 82% of the total workforce employed by enterprises of up to 99 employees in 2007
- Of these, 96.9% employed less than 10 persons (micro-enterprises)
- In 2011, SMEs (between 10 and 99 staff) operated mainly in services (49.6%), manufacturing (35.5%) and less so in trade (13, 8%).

*Source: European Union, European Training Foundation, Organisation for Economic Co-operation and Development (2014): SME Policy Index: The Mediterranean Middle East and North Africa 2014. Implementation of the Small Business Act for Europe, p. 309.*

# The main results of the 2013 assessment in PA from a SWOT perspective



	DRIVERS	BARRIERS
INTERNAL	<p>STRENGTHS</p> <ul style="list-style-type: none"><li>▪ Policy coordination and public-private dialogue improved with Private Sector Institutions Coordination Council</li><li>▪ Palestinian Reform Development Plan provided strategic direction for improving the business climate</li></ul>	<p>WEAKNESSES</p> <ul style="list-style-type: none"><li>▪ Competence over enterprise development split over several agencies</li><li>▪ Legislative complexity, administrative simplification is at early stage</li><li>▪ Land registration and creditor rights remain barriers to access finance for SMEs</li><li>▪ Relatively low financial literacy</li></ul>
EXTERNAL	<p>OPPORTUNITIES</p> <ul style="list-style-type: none"><li>▪ Elaboration of a multi-year SME development strategy</li><li>▪ Public-private dialogue and partnership working</li><li>▪ Faster and cheaper company registration</li></ul>	<p>THREATS</p> <ul style="list-style-type: none"><li>▪ Costs of operating on basis of outdated legislation</li></ul>



## Group work



*Form small working groups with about 5 people.*



*1) Discuss the findings of the 2013 assessment in the SWOT table: What was surprising for you? What did you expect?*

*2) Are there any points you would like to add to the SWOT table? Please use one post-it for each point.*



## What are clusters?

*“Clusters are geographically close groups of interconnected companies and associated Institutions in a particular field, linked by common technologies and skills. They normally exist within a geographic area where ease of communication, logistics and personal interaction is possible. Clusters are normally concentrated in regions and sometimes in a single town”. (Micheal Porter).*





## Good Practice in Clustering of SMEs: An ICT Cluster in Croatia (1)



- Međimurje IT Cluster was founded in May 2007 and consists of 10 SMEs working in ICT in Međimurje and Međimurje University for Applied Science.
- The cluster members export 50% of their products and services and employ 85 persons, of which 32 ICT specialists, 20 staff have high school education and 38 of them have a college or university degree.
- Some companies have signed a technology partnership with Microsoft and Borland.



## Good Practice in Clustering of SMEs: An ICT Cluster in Croatia (2)



### Activities of the Association include:

- developing, promoting and coordinating professional and social activities of the members such as joint promotion and appearances on the market,
- exchange of experience and knowledge in execution of projects in the field of ICT,
- design and development of new ICT products and solutions,
- collaboration with ICT organizations and associations,
- seminars and lectures for members of the Association to exchange experiences and information

Source: Adapted from <http://mit-cluster.hr/en/o-clusteru/>



# Good Practice on making SMEs greener & cleaner: Action plans in Algeria



*Key environmental challenges:* Desertification and climate change

## *Actions:*

- 1) National Action Plan for the Environment and Sustainable Development developed in close consultation with industry
- 2) Several organisations focus on sustainable enterprise development – some provide training to SMEs to improve their environmental performance

Source: *European Union, European Training Foundation, Organisation for Economic Co-operation and Development (2014): SME Policy Index: The Mediterranean Middle East and North Africa 2014. Implementation of the Small Business Act for Europe, p. 173.*



## Good Practice on modernising SMEs: Women's entrepreneurship in PA



*Key challenge:* In PA only 5% of all enterprises are owned by women.

### *Actions:*

- 1) In 2013 a working group was set up with representatives from government, business and civil society led by Ministry of National Economy with the objective to develop a strategy for change
- 2) National network of women entrepreneurs furthers the partnership.

Source: *European Union, European Training Foundation, Organisation for Economic Co-operation and Development (2014): SME Policy Index: The Mediterranean Middle East and North Africa 2014. Implementation of the Small Business Act for Europe, p. 69.*





## Group work



*Form small working groups with about 5 people.*



- 1) Discuss which lessons you have learnt from the good practice cases?*
- 2) Discuss what kind of opportunities arise from these good practice cases for improving SBA governance in PA?*



**Thank you for your attention**  
**Questions?**

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