



Polycymaker training course on SME
productivity and working conditions
The SME Policy Index for ASEAN



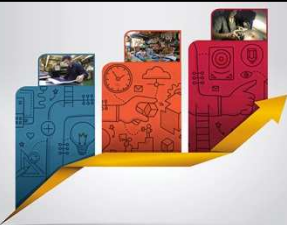
Outline

1. Objectives of the ASEAN SME Policy Index

2. ASEAN SME Policy Index Process and Stakeholders

3. ASEAN SMEPI Methodology

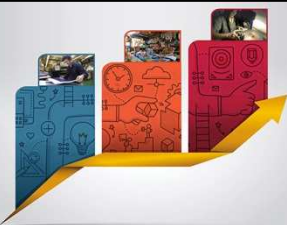
4. Project implementation



The SME Policy Index has been used since 2007 to benchmark and assess SME policy and conditions

What is the SME Policy Index?

- An assessment based on a comprehensive policy framework which allows for benchmarking not only amongst participating countries but also with international practices
- It is intended to improve SME policy-making in participating countries and to enhance the capacity of policy-makers
- Since 2006, it has been applied to 32 countries by the OECD and partner organisations



It is a tool that can be used to assist SME policymaking in a number of ways

How can it assist SME policy making?

It can be used to benchmark the implementation status of the ASEAN Strategic Action Plan for SME Development 2016-2025 (SAP) to complement the KPIs

It can be used to compare SME policies across countries and time and measure progress on policy convergence at regional level

It can be used to identify strong and weak points in policy design and implementation at the country level

It can be used to enhance the capacity of policy-makers to identify policy areas for future reform, as well as to implement reforms in accordance with best international practices



Outline

1. Objectives of the ASEAN SME Policy Index

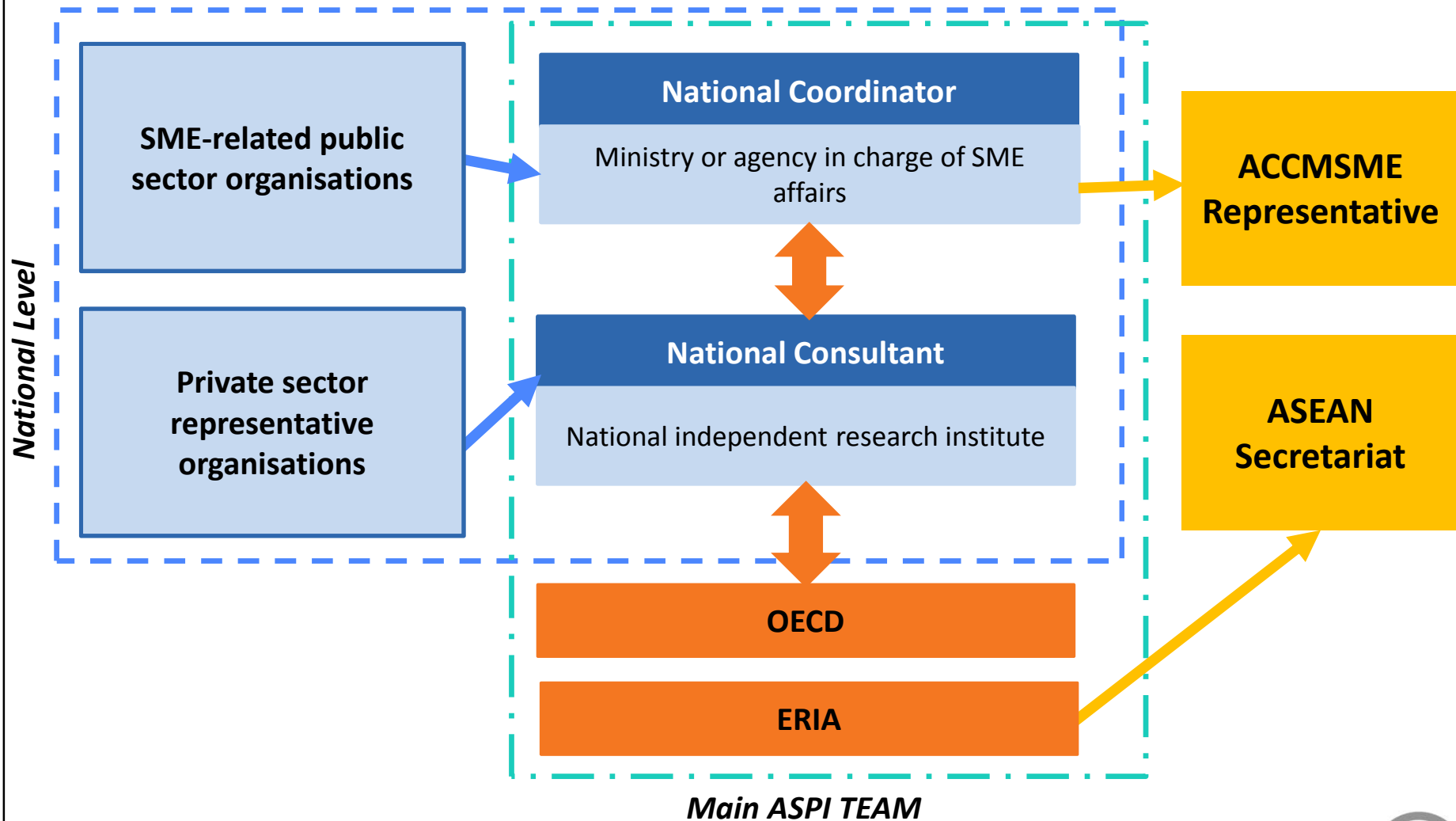
2. ASEAN SME Policy Index Process and Stakeholders

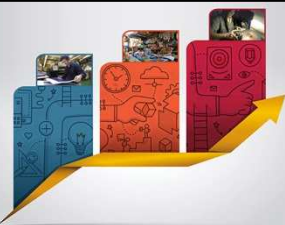
3. ASEAN SMEPI Methodology

4. Project implementation



The ASEAN SME Policy Index will developed by a number of stakeholders



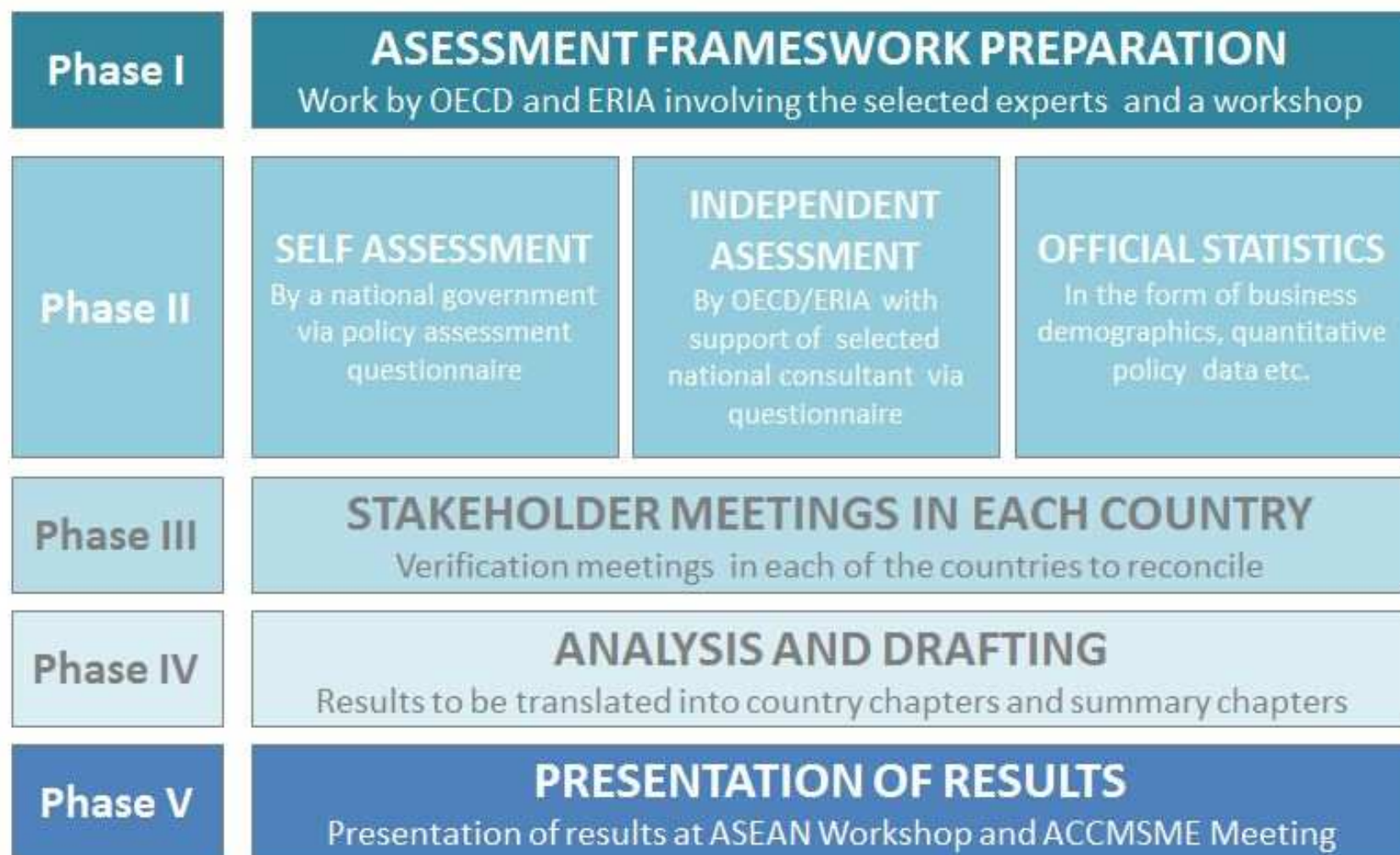


Each country is assigned a country coordinator and a national consultant

Responsibilities	
Country Coordinator	National Consultant
Identify interlocutors in relevant ministries and agencies in the country and engage them in the project	Regularly liaise with the OECD/ERIA team
Collect data on the SME Policy Index indicators	Keep in contact with the selected National Coordinator
Organise national meetings	Collect data on the SME Policy Index indicators
Assist with other coordination tasks as requested, under the guidance of the OECD-ERIA team	Ensure that the answers provided have regular references to the proof materials
Provide feedback on the developed country chapter	Provide an independent assessment
Regularly update on the state of the process	Develop sections on the macro-economic background in each country, and provide feedback on the developed country chapter

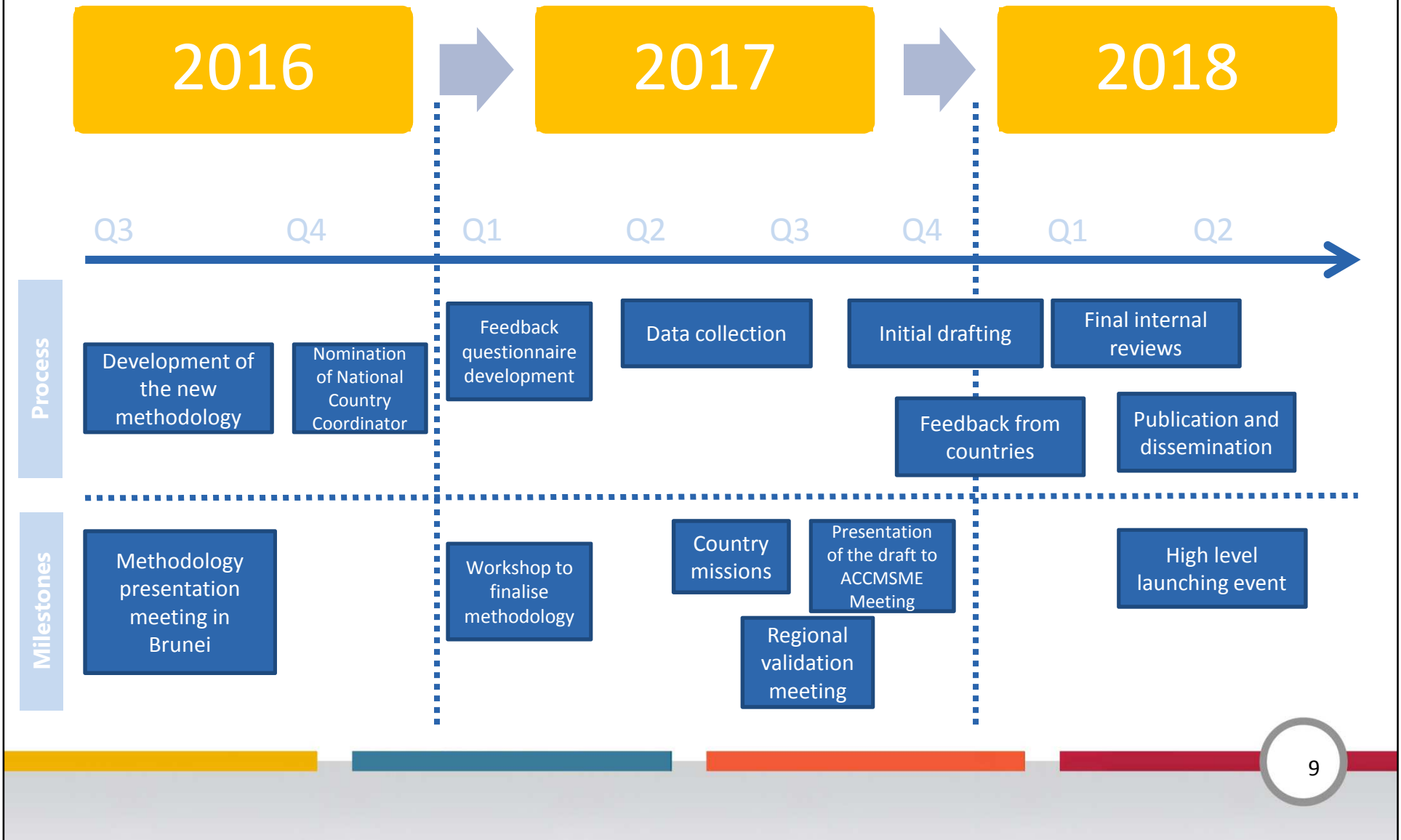


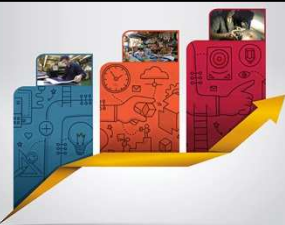
And the Index will be developed in five phases





Over a two year timeframe, with the bulk of the work being conducted in 2017



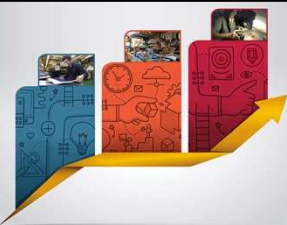


Phase 1 is the development of the methodology, which has four stages

Phase 1 Development of the methodology

Following the formal endorsement by ACCMSEME in Brunei Darussalam in November 2016:

1. ACCMSME nominates a national ASEAN SME Policy Index coordinator, in each country
2. The OECD and ERIA develop the SMEPI questionnaire for ASEAN countries
3. Technical workshop held
4. National kick- off event held

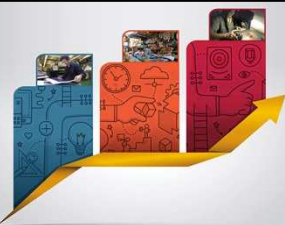


Phase 2 is the assessment and data collection, which has four stages

Phase 2 Assessment and data collection

5. The OECD sends self assessment questionnaire to National Coordinator and National Consultant
6. Using the assessment grid, local consultants and government officials work in parallel to assess country performance
7. Answers are collected from various relevant institutions in each country via National Coordinator
8. The results of the self-assessment provided by the government and National Consultant are compared and analysed by the OECD and ERIA

During this phase there is a “hotline” support if there is uncertainty over some indicators or of their meetings provided by the OECD/ERIA team.



Phase 3 is the review process, in two stages

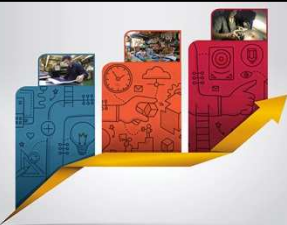
Phase 3

Review discussions of data provided

9. Assessment workshops are held in each country to provide feedback and gather additional information

10. Countries are able to provide further written feedback to ERIA and the OECD following these workshops

For this exercise, the cut-off date for data gathering will be 1 October 2017



Phase 4 is the analytical and drafting phase, which has five stages

Phase 4 Analysis of the inputs and drafting

11. Initial conclusions developed by the OECD and ERIA
12. Publication chapters drafted by ERIA and the OECD, with the support of consultants
13. Regional meeting conducted to present a first summary report – attended by national coordinators, national consultants, the OECD and ERIA
14. Preliminary conclusions at the ACCMSME Meeting in November 2017
15. Internal review process takes place – by the OECD and ERIA



And the exercise finishes with the fifth phase, which is publication and dissemination

Phase 5 Publication and dissemination

16. Publication of the ASEAN SME Policy Index 2018

Expected: February 2018

17. Official presentation during a high-level event in early 2018

18. Wide use of its findings and dissemination of its key messages to the relevant institutions and stakeholders, involving ERIA, OECD, Country Coordinators and ASEAN Governments



Outline

1. Objectives of the ASEAN SME Policy Index
2. ASEAN SME Policy Index Process and Stakeholders
3. ASEAN SMEPI Methodology
4. Project implementation



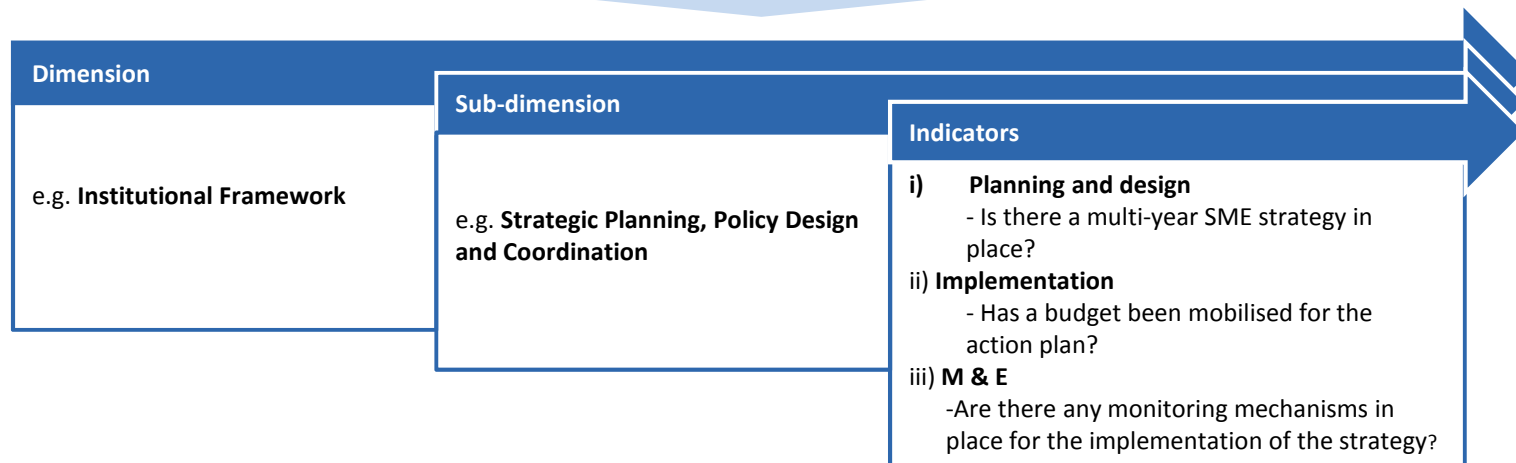
ASEAN SMEPI methodology

Dimensions and Sub-dimensions



SMEPI indicators include quantitative data & qualitative questions that are scored 1-6. They are grouped into dimensions and sub-dimensions

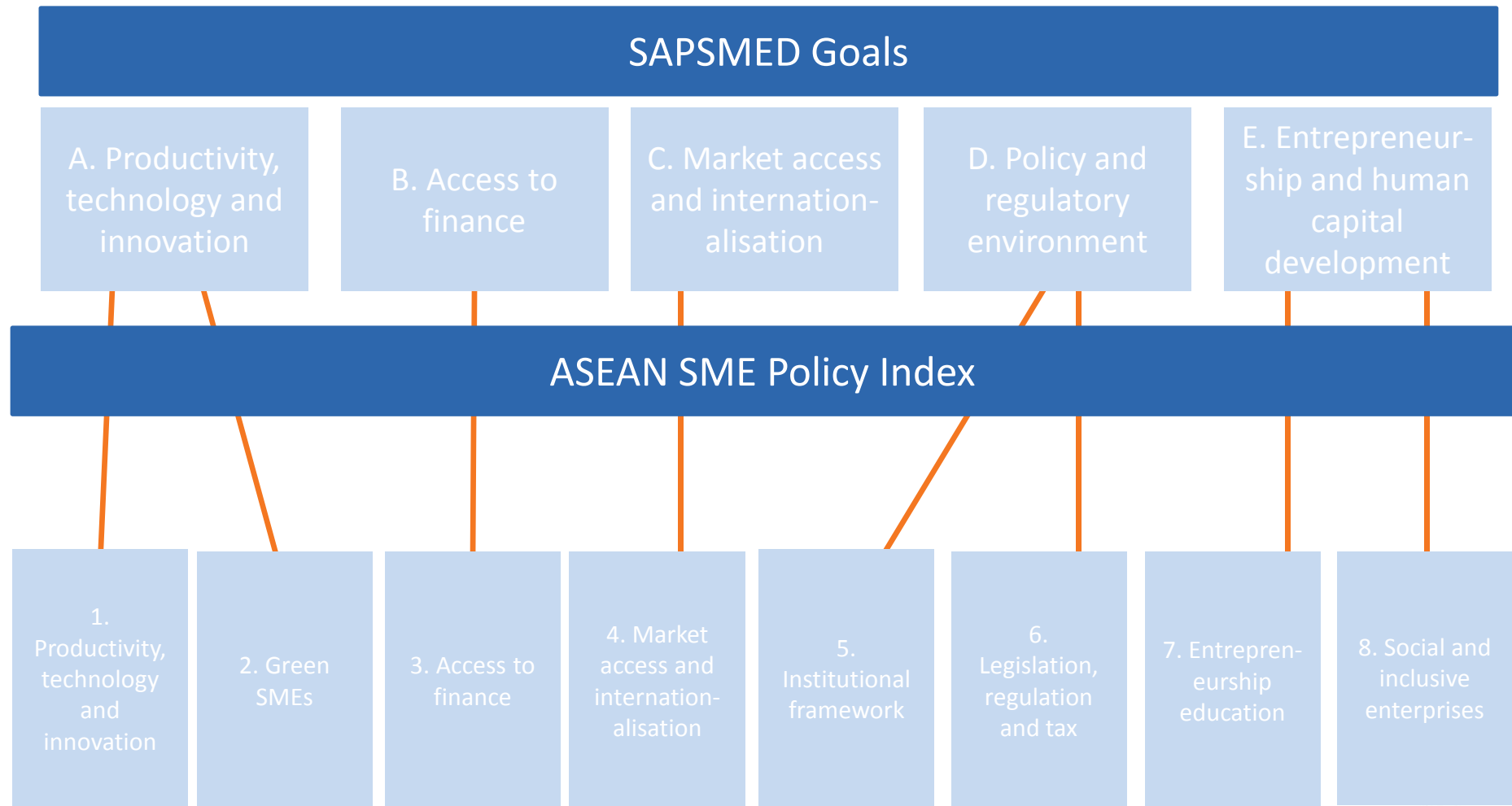
- The SMEPI's *dimensions* and *sub-dimensions* have been developed *based on* strategic documents – in this case, principally the ASEAN SAPSMED
- Performance on these dimensions is evaluated through a set of *indicators*
- For each sub-dimension, a score is given between 1 and 6



The level assessment is based on both quantitative and qualitative indicators



The ASEAN SME Policy Index dimensions are based on ASEAN's SAPSMED goals





A set of sub-dimensions and indicators have been developed for each dimension

1

Productivity Technology and Innovation



Productivity measures

Strategic plan, best funding programmes on capital investment, Trainings, KPIs on productivity

Industry clusters enhancement

Background studies, support instruments to link SMEs / large companies/MNEs, science and industrial parks

Technology and innovation promotion

Innovation strategy, agency, IPRs, R&D credits, support schemes for innovation, business – research institutions collaboration

Business development services

Availability of services and infrastructure, Information, business skills, other trainings

2

Green SMEs



Environmental policies

Inclusion of SMEs in strategies, sector-specific policies, private sector consultation

Incentives and instruments

Regulatory incentives, financial incentives, environmental management systems, guidance on SME environmental compliance



3

Access to finance



Legal, Regulatory and Institutional Framework on access to Finance

Assessment of financial needs and gaps, banking regulations, regulatory frameworks for commercial lending, creditor information bureaus, stock market

Diversified Sources of Enterprise Finance

Bank credit, microfinance, alternative sources of SME finance, other financial support mechanisms

4

Access to market and internationalisation



Export promotion

Programmes, activities, export promotion agency

Integration into GVCs

Business linkages programmes, tech transfer, awareness raising

Use of e-commerce

International quality standards programmes, quality standards bodies, access to product certification, data on standards

Trade facilitation

Trade facilitation indicators, transparency and predictability, simplification of procedures



5

Institutional framework



SME definition

Legal definition of SME, consistent use of definition

Strategic planning, policy design, coordination

SME development strategy , mandated body, alignment of national strategies to SAPSMED, coordination mechanisms

Informal economy

Studies on informal economy and Measures to tackle informal economy

6

Legislation, regulation and tax



Public-private consultation

Frequency and transparency of consultations

Legislative simplification and RIA

Formal requirement, Regulatory Impact Assessment practice

Company registration

One-stop-shop, World Bank performance indicators , admin identification numbers

Ease of filing tax

World Bank indicators on paying tax/ time require to comply with major taxes, total tax rate, post filling index

E-government

Online tax filing, on-line reporting of enterprise statistics, electronic signature



7

Entrepreneurial skills and education



Promotion of entrepreneurial education

Entrepreneurial learning, teaching materials, curriculum, entrepreneurship in secondary and vocational schools and universities

Promotion of entrepreneurial education

Background studies, promotional activities at company-level, types of trainings organised

8

Social and inclusive enterprises



Social enterprises

Definition, registry, mandated agency, awareness raising activities and support instruments

Inclusive enterprises

Entrepreneurship for women, youth and persons with disabilities. Strategy, availability of trainings, access to finance and support with building networks



ASEAN SMEPI methodology

Scoring



Scoring is based on an assessment grid comprised of qualitative and quantitative indicators

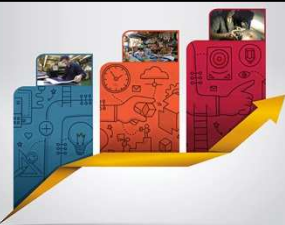
The majority of SMEPI indicators are qualitative

- Questions have been developed for all three phases of a policy cycle, namely: 1) planning and design, 2) implementation, and 3) monitoring and evaluation
- Each question is answered with a score of 1 to 6 by a group of experts

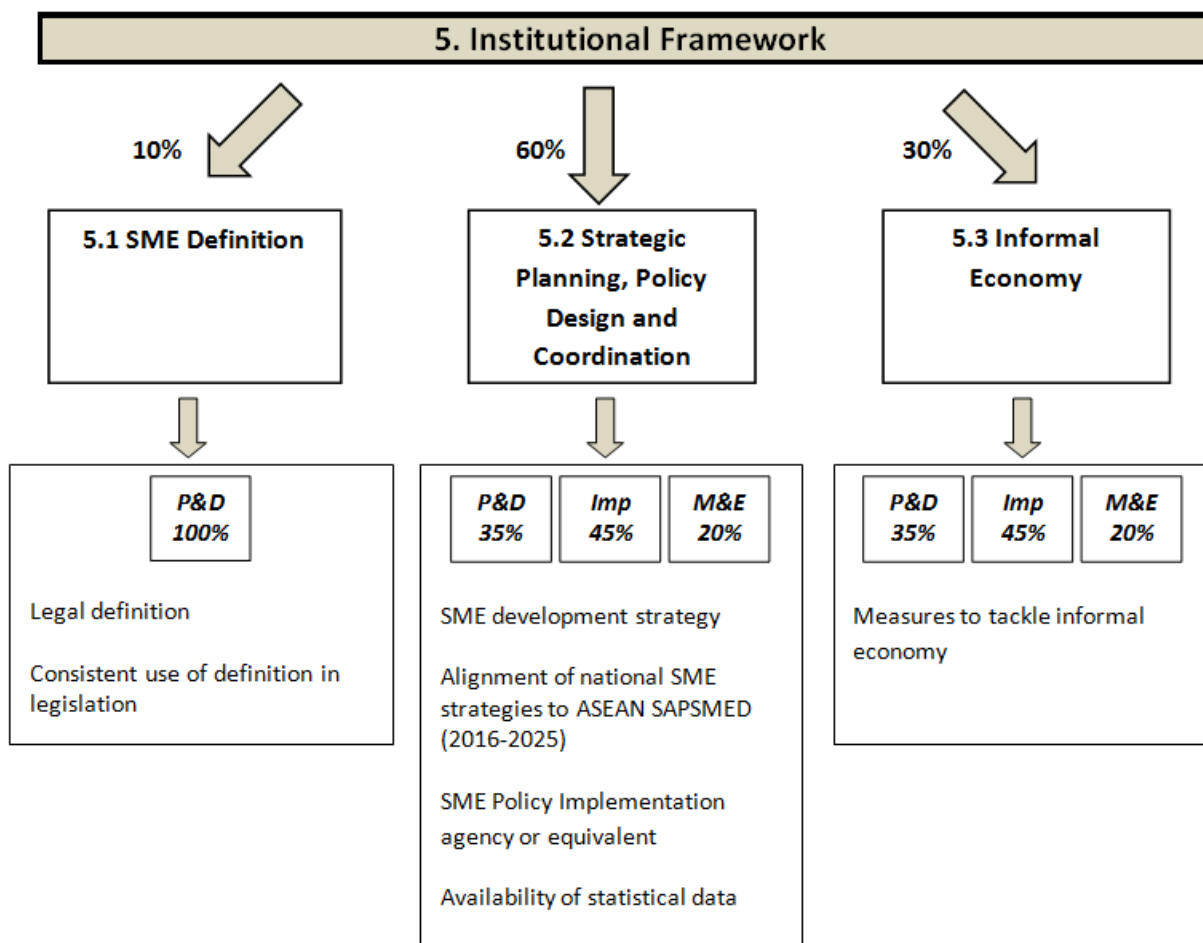
Evidence will be requested to confirm scoring. Examples of such evidence include:

- Reference to the adoption of Laws or by-laws
- Progress reports or evaluation reports
- Action plans
- Links to the documents on the internet etc.

- Different weights will be ascribed to each group of questions (thematic blocks) and sub-dimensions, based on their relative importance



An example of the different elements under each dimension is as follows



*P&D – Planning and Design
*Imp – Implementation
*M&E – Monitoring and Evaluation



With the questions under each sub-dimension looking broadly as follows

Sub-dimension 5.2: Strategic Planning, Policy Design and Coordination

THEMATIC BLOCK 1: PLANNING & DESIGN			Points
1 Is there a multi-year SME strategy in place?			1
1.1	If yes	Is the SME strategy embedded into a national development strategy?	0.083
1.2		Does the strategy build upon previous SME strategies?	0.083
		Does the strategy include the following elements?	
1.3		Measurable targets	0.083
1.4		Action plan	0.083
1.5		Descriptive part about monitoring and evaluation of the strategy and action plan	0.083
1.6		Does the strategy include elements from the ASEAN SAPSMED 2016-2025 (SAP)?	0.083
1.7		Are there measurable and time-bound targets attached to the action plan?	0.083
1.8		Is one central institution in charge of leading and coordinating SME strategy?	0.083
1.9		Has an inter-ministerial consultation process taken place in the development of the strategy?	0.083
1.10		Has the private sector been consulted in the development of the strategy?	0.083
1.11		Have the other relevant stakeholders (e.g. civil society, regular citizens etc.) been consulted in the	0.083
1.12		Did the strategy include specific strategies for certain industries / sectors?	0.083
2 Does a leading SME policy implementation body or equivalent exist?			1
2.1	If yes	Does the SME policy implementation body have operational autonomy?	0.333
2.2		Are other ministries represented on the governance board or equivalent of the implementation body?	0.333
2.3		Is the private sector represented on the governance board or equivalent of the implementation body?	0.333
Total			4

Main indicator: Full point (1 point)

Sub-indicator: 1 point is divided by the no. of sub-indicators

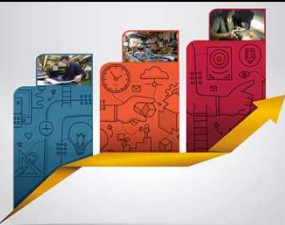


Sub-dimension 5.2: Strategic Planning, Policy Design and Coordination

THEMATIC BLOCK 2: IMPLEMENTATION			Points
1	Has a budget been mobilised for the action plan?		1
1.1	How much is the budget?		
2	If an SME implementation body exists, is it operational?		1
2.1	How many joint programs have been conducted?		
2.2	How many coordination meeting that has been conducted?		
3	Is there a website for the SME implementation agency?		1
Total			3

THEMATIC BLOCK 3: MONITORING AND EVALUATION			Points
1	Are there any monitoring mechanisms in place for the implementation of the strategy?		1
2	Are there any monitoring mechanisms in place for the implementation agency/body?		1
3	Does the implementation body regularly produce a publicly available report?		1
4	Is information about the beneficiaries of SME support services offered by the implementation body open to the public?		1
5	Has an independent review of the action plan implementation been conducted?		1
6	Have any adjustments been made based on the results of the monitoring and evaluation?		1
	Is the government collecting the following data on SMEs:		
7.1	Number of SMEs		0.33
7.2	Employment by SMEs		0.33
7.3	Value added by SMEs to the GDP		0.33
Total			7

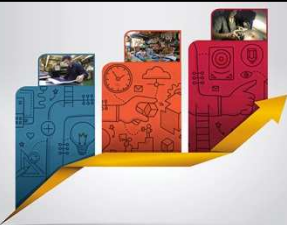
Questions in red are quantitative indicators



An example of the scoring under each indicator is as follows

Examples of corresponding scores based on responses

Indicator	Response	Score
Yes/No questions	Yes	1
	No	0
Is there a multi-year SME strategy in place?	Strategy exists, has been approved by the government and is in the process of implementation	1
	Draft strategy exists but yet not approved by the government	0.67
	Strategy is in the process of development	0.33
	There is no strategy under development	0
Does the strategy include elements from the ASEAN SAPSMED 2016-2025 (SAP)?	All elements of the SAP was used in the development of the strategy	1
	Most elements of the SAP was used in the development of the strategy	0.75
	Some elements of the SAP was used in the development of the strategy	0.5
	There is a plan to use SAP as a reference in the development of the strategy	0.25
	The SAP was not used as a reference in the development of the strategy	0
Has a budget been mobilised for the action plan?	From government budget only	1
	Mainly government budget with some donor support	0.75
	Funds are balanced between government and donor	0.5
	Mainly with donor contributions	0.25
	Budget has not been mobilised	0



And quantitative indicators are also considered alongside the qualitative indicators

But now quantitative indicators are also included

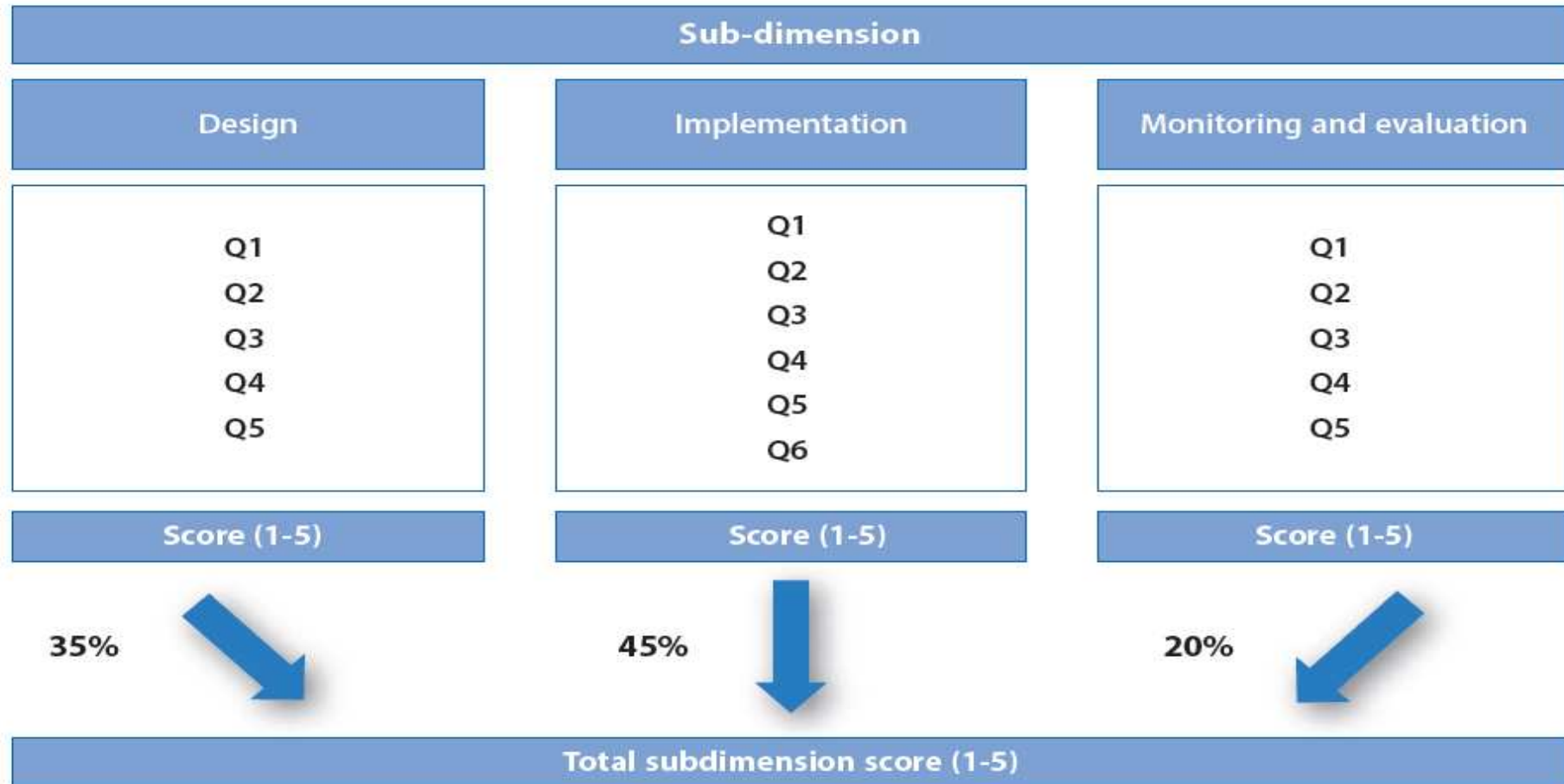
For example:

- Input and output data of a specific policy
- Structural business statistics from the SME sector



Both will be fed into the final scoring exercise for each sub-dimension

Sub-dimension: 5.2 Strategic Planning, Policy Design & Coordination



Based on the importance and relevance, weights for the various thematic blocks will be agreed upon.



And dimension, both with weights that will be agreed upon based on their perceived importance and relevance

Dimension: 5 Institutional Framework

5.1 SME Definition

Score: 5.5

10%

5.2 Strategic
Planning, Policy
Design and
Coordination

Score: 4.57

60%

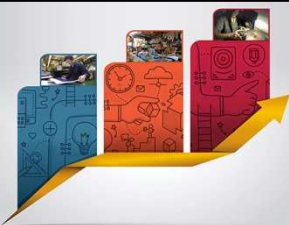
5.3 Informal
Economy

Score: 4.2

30%

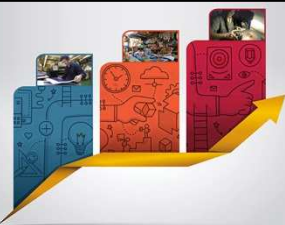
Total Dimension : 4.55

Based on the importance and relevance, weights for the various thematic blocks will be agreed upon.



Outline

1. Objectives of the ASEAN SME Policy Index
2. ASEAN SME Policy Index Process and Stakeholders
3. ASEAN SMEPI Methodology
4. Project implementation



ASEAN SMEPI 2018 has been formally endorsed, and the data collection process is now well underway

Formal endorsement of ASEAN SMEPI 2018 by ACCMSEME in Brunei Darussalam
November 2016

ASEAN	Phase	Month	Year	OECD/ERIA
Dec: Nomination of National Coordinators ✓	I	11	2016	
		12		Dec: Selection of National Consultants ✓
		1	2017	Dec-Feb: Development of indicators and questionnaire
Feb: Technical workshops held ✓		2		✓
March: National kick-off events held ✓		3		End March: SMEPI self-assessment questionnaires shared with National Coordinators and Consultants ✓
April-May: Consultants & Coordinators complete self-assessment in parallel	II	4		



Cambodia



Indonesia



Thailand



Vietnam



Myanmar



Malaysia



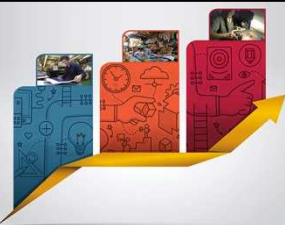
Jakarta – the ASPI Workshop



Laos PDR



The Philippines



The remaining activities will take place until March 2018, when the 2018 ASEAN Policy Index will be published

ASEAN	Phase	Month	Year	OECD/ERIA
Late May: Deadline for receipt of self-assessment questionnaires	II	4	2017	May-June: Compare & analyse results from government & consultant for each country
		5		
June-Sept: Participate in assessment workshops	III	6		June-Sept: OECD mission to the region
		7		
1 October: Cut-off for any further country feedback		8		
	IV	9		Sept-Nov: Drafting of SMEPI chapters by OECD and ERIA, with support of national consultants
Oct: Regional meeting for stakeholders – presentation of first summary report		10		
		11		
Nov: ACCMSE meeting – presentation of preliminary conclusions		12		
	V	1	2018	Jan-Feb: Publication of SMEPI
		2		
		3		March: Official launch and dissemination



Thank you!



Contact details:

Antonio FANELLI
Senior advisor
Strategic Partnership and New Initiative Division
Global Relations, OECD
e-mail: Antonio.Fanelli@oecd.org