

First meeting of the International SME and Entrepreneurship Policy Evaluation Discussion Network

22 November 2023

Webinar organised by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities

What's the issue?

Governments across the OECD spend considerable sums of public money on supporting SMEs and entrepreneurs, but there is surprisingly little reliable evidence on the effectiveness of different types of policy intervention. This is due to a lack of widespread reliable impact evaluation. The OECD's [Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes 2023](#) sets out how to achieve reliable impact evaluations in this field. The Framework also discusses the lessons from a selection of international meta-evaluations and 50 reliable individual evaluations of SME and entrepreneurship policies in OECD countries in order to facilitate policy learning.

A new International SME and Entrepreneurship Policy Evaluation Discussion Network has been launched by the OECD with the support of the UK Government's Department for Business and Trade. The network will enable policy makers and experts to exchange at a technical level on the policy and evaluation lessons from recent high-quality SME and entrepreneurship policy evaluations. It involves quarterly online workshops or hybrid meetings.

Setting the scene: an introduction to the International SME and Entrepreneurship Policy Evaluation Discussion Network

Angelina Cannizzaro, Deputy Director, Business Growth Analysis and International, Domestic and International Markets and Exports Group, UK Department for Business and Trade set out the core motivation behind forming the network – to look in greater depth at robust evaluation analysis of SME and entrepreneurship programmes, sharing lessons on what works and what does not and hearing from those involved in conducting evaluations on what the evidence tells us regarding programme impacts.

Dr. Jonathan Potter, Head of the Entrepreneurship Policy and Analysis Unit, Centre for Entrepreneurship, SMEs, Regions and Cities, OECD presented on the aims and planned activities of the discussion network. Regular workshops will be centred around specific examples of reliable impact evaluations of SME and entrepreneurship programmes, focusing on the four thematic areas of:

- Stimulating scale-ups
- Increasing SME productivity and growth
- Increasing SME internationalisation and exporting
- Increasing the numbers and quality of business start-ups.

A number of reliable and insightful evaluations will be selected for discussion. The key evaluators and/or policy makers involved in the evaluation will present to the Network participants on the methods, findings and lessons learned, and information on evaluations will be gathered through common templates to be shared with interested policy makers. Dr. Potter explained the Network's criteria for reliable impact evaluations, referring to the Six Steps to Heaven framework and Evaluation Quality Scoring in the OECD Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes 2023. He also described the opportunity that the discussion network presents to expand on the 50 reliable evaluations profiled in the 2023 OECD Evaluation Framework and to discuss the evaluations with the evaluators and the policy makers concerned. Summary notes will be prepared on the workshops as well as a synthesis report summarising the main findings after two years of discussion network meetings.

Review of current evaluation efforts in OECD countries

Policy makers and evaluators in attendance shared initial information on current evaluation efforts in their respective countries and possible topics or evaluations for discussion at future workshops.

Nir Ben-Aharon, Head of Research and Evaluation, Small and Medium Business Agency, Ministry of Economy of Israel pointed to an important evaluation by the Small and Medium Business Agency (SMBA) of its subsidised consultancy programme. This has provided subsidised consultancy to more than 10 000 SMEs. The cost of the programme is USD 30 million per year, which is a large amount for Israel's size. To determine the impact of the consulting services, an evaluation was conducted in 2016 and 2017 with a treatment group of 500 SMEs and a control group established by the Central Bureau of Statistics. The evaluation corresponds to a Step 5 evaluation from the OECD's Six Steps to Heaven framework. Mr. Ben-Aharon indicated that a new evaluation of the SME consultancy programme has been started and is expected to be completed in 2024.

Leoni Belsman, Economic Advisor, UK Department for Business and Trade highlighted the increasing focus being placed on the monitoring and evaluation of the Department for Business and Trade's (DBT) SME programmes. Detailed monitoring and evaluation plans are required prior to the launch of new programmes, with the aim for 1-2% of programme budgets to be allocated towards evaluation activities. The DBT has also published guidance for local agencies to support them in evaluating their own programmes. Approximately 2-5 evaluations are conducted per year, covering both financial and business support measures. Consideration is also being given towards evaluating legacy programmes once enough time has passed to measure final outcomes. The increased evaluation activities are allowing the DBT to create feedback loops, modify programmes and explain the impacts of the programmes. The evaluations are principally conducted by external organisations in order to ensure independence and help manage resources. The DBT also seeks advice from academics to ensure reliable methodologies are being applied.

She indicated that one of the Government's main programmes is the Help to Grow Management programme. This is a 12-week intensive programme that provides 50 hours of leadership training and access to mentors, networks and peer-to-peer learning. More than 10 000 SMEs have participated in the programme to date. Early evaluations for the first two years of the programme have been published indicating impacts on management and leadership capability and changes in business behaviour. Subsequent evaluations will include impacts of the programme on sales and employment by comparing outcomes between programme participants and a control group. Ms. Belsman noted that the productivity

impacts may take 3-7 years to be measurable so are not being considered in the current round of evaluations but there is an intention to measure productivity impacts in future evaluations.

Additional UK evaluations that could be discussed by the Network include a study of the Business Basics programme and the British Business Banks' evaluations of its financial support programmes such as the Future Fund scheme and the Northern Powerhouse Investment Fund.

Patrice Rivard, Research Manager, Innovation, Science and Economic Development Canada described the Canada Small Business Financing programme, which supports SMEs' access to finance by sharing risks with lenders. The programme is evaluated every five years, which is a legal obligation. This involves:

1. A cost benefit analysis at the macroeconomic level.
2. An economic impact analysis, involving econometric regression with control groups and propensity score matching. The analysis aims to determine whether programme participants perform better in terms of revenue, employment and other indicators.
3. An Additionality analysis, aiming to identify proportion of SMEs that would have their financing request denied if the programme did not exist.

Mr. Rivard also shared information on Canada's Performance Measurement Framework for business incubators and accelerators. The framework is a voluntary survey that is sent to business incubators and accelerators each year. The survey data are shared with Statistics Canada and linked with administrative data, enabling incubated companies to be monitored over time. This enables evaluations using control groups to determine the impacts of business incubation and acceleration on firms' performance and survival.

Julien Brault, Research Officer, European Investment Fund (EIF) indicated that the EIF has undertaken many reliable evaluations of SME and entrepreneurship finance programmes that could be discussed by the group, including 9 published working papers on impact evaluations of credit guarantee and venture capital support activities via financial intermediaries. The evaluations use methodologies including propensity score matching, difference-in-differences with control groups, machine learning, network theory and geospatial analysis to establish impacts on variables including firm balance sheets, assets, survival, employment, productivity and profits.

Mr. Brault shared high-level findings of the evaluations, which varied depending on the outcome being measured, and the country, sector, size and age of the firm. Mr. Brault indicated that future evaluations will include a focus on business demography impacts. He emphasised the importance of collaboration with academics and national development banks in EIF's evaluations.

Jeppe Madsen, Policy Officer, Danish Business Authority thanked the OECD and the UK DBT for establishing the network and expressed the strong interest of Denmark in participating. The Danish Business Authority's (DBA) evaluation department is primarily focusing on evaluating EU-funded business promotion initiatives in Denmark, leveraging register-based data. Danish evaluators would be interested in exploring within the discussion network approaches to overcoming evaluation challenges surrounding the time-horizon of programme impacts and limited access to accountancy data.

Pål Aslak Hungnes, Special Advisor, Innovation Norway pointed to a number of evaluations of Innovation Norway support to SMEs and entrepreneurship focused on creating more entrepreneurs, increasing the number of SMEs with growth capacity and establishing more innovative innovation systems. A number of evaluations of groups of services have been undertaken and could be

presented to the group using methodologies including difference-in-differences, nearest neighbour effects, and randomised control trials (RCT), including start-up financing initiatives.

Patrick Sinnott, Deputy Head of Entrepreneurship & Small Business Unit, Department of Enterprise, Trade and Employment of Ireland welcomed the opportunity provided by the network to dig deeper into the policies discussed at the OECD Committee on SMEs and Entrepreneurship. Mr. Sinnott described the Ireland's Economic Evaluation Service, which was established in 2012 to conduct policy evaluations and build evaluation skills across government.

Shannen Enright, Assistant Principal, Data and Evaluation Unit, Department of Enterprise, Trade and Employment of Ireland described the activities of the Data and Evaluation Unit within the Department of Enterprise, Trade and Employment (DETE). Evaluations have recently been conducted of a seed venture capital fund programme, research, development and innovation programmes, and loan and credit guarantee schemes. Ireland's enterprise agencies provide a consistent level of data on programme participants that supports the construction of control groups.

Simon Thibaud, Policy Officer, European Association of Guarantee Institutions noted that members of the European Association of Guarantee Institutions (AECM) are involved in programme evaluations, for example studies on the impacts of credit guarantee schemes on revenue and employment. Mr. Thibaud indicated that AECM members could present evaluation studies that are of interest to the discussion network during future meetings.

Job Teurlinx, Research Co-ordinator, Ministry of Economic Affairs and Climate Policy of the Netherlands described the institutions and schemes supported by the Ministry of Economic Affairs and Climate Policy to assist start-ups and scale-ups, including subsidies and guarantee programmes. The ministry undertakes evaluations to determine the impacts of these SME and entrepreneurship programmes. Mr. Teurlinx pointed to a recent evaluation of the Techleap programme, which aimed to stimulate a world-leading entrepreneurial ecosystem in the Netherlands, and of the SME and entrepreneurship support activities of the Netherlands' Regional Development Agencies. These are relatively broad initiatives that require non-standard impact evaluation approaches.

Brainstorming of potential topics for discussion at future meetings

Workshop participants divided into virtual breakout groups to discuss potential topics of interest that could be covered in future meetings of the discussion network. The groups expressed particular interest in exploring the findings, methods and policy lessons of evaluations in programme areas including:

- Mentorship
- Upskilling SME leaders
- Business accelerators
- Business transfer
- Scale-ups
- Credit guarantees

- SME greening
- SME growth
- Strengthening low productivity SMEs
- Entrepreneurial ecosystem building.

In addition, groups signalled an interest in evaluations that examined the environmental, social and productivity impacts of programmes. Methodological topics identified included the challenges surrounding obtaining data for evaluations and technical considerations for conducting randomised control trials. There was also interest in evaluations of different approaches to targeting SMEs and entrepreneurs for support.

Concluding remarks and next steps

Angelina Cannizzaro welcomed the contributions from participants on current evaluation activities and the potential topics for future meetings.

Jonathan Potter thanked participants for their interest and engagement in the discussion network. The network would function best with small teams of 2-3 people per interested country as regular participants at the workshops. Country teams could include a combination of policy officials and evaluators, and participants were invited to identify others from their country that could become part of the network and provide information to the OECD Secretariat. Participants were also invited to contact the OECD Secretariat via email with information on evaluation studies that could be of interest to the discussion network.

The next workshop of the discussion network will be held online on **1st February 2024 at 3-4.30pm Paris time**. A full agenda will be shared ahead of the event.

Read More

Further information on the themes discussed at the webinar:

- [Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes 2023](#)

OECD contacts

For more information on OECD work on SME and entrepreneurship policy evaluation, please contact jonathan.potter@oecd.org, pablo.shah@oecd.org.