

# A Workshop to Promote Evidence-based Policy Making in the Small and Medium Enterprise Sector in Egypt



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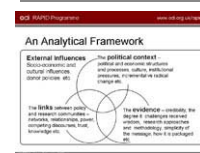
## Executive Summary

There is an increasing emphasis on, and better understanding of the value and processes necessary for evidence-based policy making and implementation in developed and developing countries around the world. The CIDA/IDRC/GOE Small, Medium and Micro Enterprises Policy Development (SMEPOL) Project aims to support Egypt’s transition towards a market economy, by assisting the Government of Egypt (GoE) to improve the policy environment for micro, small and medium enterprises (M/SME) development. The project identified the need for a workshop to expose project stakeholders to current theory and practice of evidence-based policy making and asked ODI, which has been working on these issues for the last five years, to run a workshop for key Government of Egypt and SMEPOL staff. The objectives of the course were to: 1) re-enforce the need for evidence-based policy reform decision making; 2) introduce some of the latest theories about evidence-based policy making; 3) outline some of the best international approaches and practice to ensure sustainable evidence-based policy making; 4) provide practical tools; and 5) help staff to develop strategies to influence policy in the SME sector in Egypt.

The first day explored some experiences of evidence-based policy making in the UK and other countries. In the Tanzania Essential Health Interventions Project (TEHIP), collaborative research involving researchers, local health service policy makers and the community informed a process of health service reforms which contributed to over 40% reductions in infant mortality between 2000 and 2003 in two districts. On the other hand, the HIV/AIDS crisis has deepened in some countries because of the reluctance of governments to implement effective control programmes, despite clear evidence of what causes the disease and how to prevent it spreading.

Evidence worldwide seems to suggest that research is most likely to influence policy if researchers, policy makers and practitioners: (a) understand why evidence is needed in the policy making process; (b) understand where evidence is needed in the policy making process; (c) have access to and participate in national and international policy networks; (d) communicate their different concerns in an effective and clear manner; and (e) have the capacity to use evidence in policy processes. In group work, participants identified a number of features of policy and research processes in Egypt that make this difficult: Many policies are developed “from the top down”; Ministers often play a key role; research-based data availability and quality is very variable; both research and policy capacity is limited; coordination between all the different stakeholders is often poor; and the SMEs themselves often don’t trust the policy makers.

These factors are not uncommon in developing countries. Based on research over the last few years, ODI’s RAPID Programme has developed a framework to help researchers to identify the key factors influencing research-policy linkages in their own situation. They seem to fall into four groups: the **political context** (political and economic structures and processes, culture, institutional pressures, incremental vs radical change etc); the **evidence** (credibility, the degree it challenges received wisdom, research approaches and methodology, simplicity of the message, how it is packaged etc); the **links**



between policy and research communities (networks, relationships, power, competing discourses, trust, knowledge etc); and **external Influences** (socio-economic and cultural influences, donor policies etc).

On the second day, participants used a simple mapping approach to develop a policy process map for small and medium scale enterprise policies in Egypt. The Economic Committee of the National Democratic Party, the Council of Ministers, the Social Fund for Development Fund, the Ministry of Finance, the Ministry of Foreign Affairs Trade and Industry and Trade and the Ministry of Investment are all important for policy formulation, whereas the local bureaucracies are important for implementation. The private sector and especially the SMEs themselves, seem to play a very minor role in policy development.

Participants also learned about how the RAPID Framework can also be used as a practical tool to identify what they should do to maximise the impact of their work. First, they need to develop a detailed understanding of i) the policymaking process – what are the key influencing factors, and how do they relate to each other? ii) the nature of the evidence they have, or hope to get – is it credible, practical and operationally useful? and iii) all the other stakeholders involved in the policy area – who else can help to get the message across? Second, they need to develop an overall strategy for their work – identify political supporters and opponents, keep an eye out for, and be able to react to policy windows, ensure the evidence is credible and practically useful, and build coalitions with like-minded groups. Third, they need to be entrepreneurial – get to know, and work with the policymakers, build long term programmes of credible research, communicate effectively, use participatory approaches, identify key networkers and salesmen and use shadow networks. Although this looks daunting, there are a lot of well developed tools researchers can use for mapping policy processes, research, communication and policy influence.

On the third day, participants used a number of these approaches to develop strategies to achieve three specific policy objectives: 1) to operationalize the National SME Competitiveness Strategy by Oct. 2005; 2) to set up private credit bureaus by Jan 2007; and 3) to establish and operate 5 “Trading Houses” in 1 year. A key feature of most of these was a recognition that the project needs to engage more actively with a wider range of stakeholders throughout the whole SME policy process from policy formulation to policy implementation, and in particular to work closely with the SMEs themselves to try out new ideas on the ground.

In their evaluation of the workshop, most participants felt the workshop was useful and relevant to their work, and they particularly liked the RAPID framework, and policy process tools. Many though, felt that more time was needed to really learn how to use the tools and apply them in earnest to their own work.

## Introduction

### Evidence-based Policy and the SMEPOL Project

There is an increasing emphasis on, and better understanding of the value and processes necessary for evidence-based policy making and implementation in developed and developing countries around the world. It seems to work best where researchers, policy makers and practitioners: (a) understand why evidence is needed in the policy making process; (b) understand where evidence is needed in the policy making process; (c) have access to and participate in national and international policy networks; (d) communicate their different concerns in an effective and clear manner; and (e) have the capacity to use evidence in policy processes.



The CIDA/IDRC/GOE Small, Medium and Micro Enterprises Policy Development (SMEPOL) Project aims to support Egypt's transition towards a market economy, by assisting the Government of Egypt (GoE) to improve the policy environment for micro, small and medium enterprises (M/SME) development. It is doing this by supporting the Ministry of Finance (MOF) and Ministry of Foreign Trade (MOFT) in the development of policies, legislation and regulations supporting M/SME development. The project has identified the need for a workshop to expose project stakeholders to current theory and practice of evidence-based policy making and asked ODI to run a workshop for SMEPOL staff and Government of Egypt collaborators

### ODI's RAPID Programme

ODI has been working on these issues for the last five years. The Research and Policy in Development (RAPID) programme's work includes literature, theoretical and case study research and a theoretical and practical framework has been developed and tested for understanding and improving the link between research and policy. The programme has also run workshops and seminars, and provided practical advice to policy makers, researchers and practitioners.

### Workshop Objectives

This workshop was designed for key Government of Egypt staff involved in policy and research associated with the Small, Medium and Micro Enterprises Policy Development (SMEPOL) Project, to help them promote more evidence-based policies to support Egypt's transition towards a market economy. The objectives of the course were to:

- re-enforce the need for evidence-based policy reform decision making;
- introduce some of the latest theories about evidence-based policy making;
- outline some of the best international approaches and practice to ensure sustainable evidence-based policy making;
- provide practical tools; and
- help staff to develop strategies to influence policy in the SME sector in Egypt.

### Report Contents

This report contains a description of workshop sessions, information generated by the participants during each session (transcribed from flip charts), comments and discussions, and (in the Appendices), copies of all presentation and background material. It is important to note that the main purpose of the workshop was to introduce participants to current theory about research-policy linkages and some of the tools that can be used to improve them. Some of these (eg the RAPID Framework, Force-Field Analysis, SWOT Analysis etc) are tools to help understand the context and/or identify opportunities to improve the impact of research. The material presented in this report is the result of participants trying out these tools in group work during the workshop.

## Day 1

### Opening Address (Greg Goodwin)

This course is a very important input to the SMEPOL Programme. The National Policy Framework for SMEs is about to be formally adopted and we will need to figure out how to get it implemented. The research-policy interface is a complex area. Policy makers and researchers work with each other, but researchers sometimes don't produce the right research at the right time, and policy makers sometimes make policy decisions and then look for the evidence to support them. Researchers focus on undertaking high quality research, however long it takes, whereas policy makers often want information very quickly. The programme needs to understand these issues and find a way to combine high quality research while at the same time providing useful information to policy makers at the right time.

### Introduction to the Course and Participants (John Young)

John Young provided an overview of the objectives and proposed outline of the course (see [Appendix 1, Slides 1-5](#)), then introduced himself and invited Julius Court and all the participant to introduce themselves.

### Participants

- Khaled Abdel Riheem, Ministry of Foreign Trade & Industry, Economic Researcher
- Rasha El-Habashy, SMEPol \ Ministry of Finance, SME Specialist
- Marwa Bayomi, Ministry of Foreign Trade & Industry, Economic Researcher
- Wafaa Said, Ministry of Foreign Trade & Industry, Economic Researcher
- Amel Ali, Ministry of Foreign Trade & Industry, Economic Researcher
- Sayeda Abdallah, Ministry of Foreign Trade & Industry, Economic Researcher
- Emad Salem, Ministry of Foreign Trade & Industry, Economic Researcher
- Haytham Abuzeid, Ministry of Foreign Trade & Industry, Economic Researcher
- Marwa Hussein, Ministry of Finance, Assistant Deputy Minister
- Mohamed Abdel Aziz, SMEPol \ Ministry of Finance, SME Specialist
- Samer Sayed, SMEPol \ Ministry of Finance, IT Specialist
- Heba Helmy, SMEPol \ Ministry of Finance, SME Specialist
- Maya Ghalwash, Social Fund for Development, SME Specialist
- Tarek Fouad, Ministry of Foreign Trade & Industry, Economic Researcher
- Deena Nasser, SMEPol \ Ministry of Finance, Administrative Assistant
- Shereen Salman, Social Fund for Development, SME Specialist
- Maha Youssef, Ministry of Foreign Trade & Industry, Economic Researcher
- Ahmed Abdel Razek, Ministry of Finance, Assistant Deputy Minister
- Ashraf Abdella, Ministry of Foreign Trade & Industry, Economic Researcher
- Mohamed Samir, Ministry of Foreign Trade & Industry, Economic Researcher



### An Introduction to Evidence Based Policy (Julius Court)

Julius Court's presentation provided an overview of ODI and the RAPID programme's work and experience, outlined the increasing interest in evidence-based policy making in the UK, provided some sources of further information and gave examples where evidence had been incorporated into policy with good results (TEHIP) and where evidence had been ignored with disastrous results (HIV/AIDS in South Africa) ([see Appendix 1, Slides 6-19](#)).

Evidence can help policymakers identify issues or problems, prioritize between issues, develop strategies, improve effectiveness of interventions and assess whether a strategy is working. The UK Government has noted that *'good policy making draws on all forms of evidence which include: expert knowledge; published research; existing statistics; stakeholder consultations; previous policy evaluations; the Internet; outcomes from consultations; costing of policy options; output from economic and statistical modelling'* (Strategic Policy Making Team, 1999). Some of the key texts on the topic include those on:

- Modernizing Government, UK Cabinet Office
  - The Magenta Book: Guidance Notes on Policy Evaluation, Chief Social Researcher's Office
  - Getting the Evidence, NAO
  - Government Action Plan, Small Business Service
  - Better Policy-Making, Bullock
  - Evidence-based policy, Nutley et al
  - Policy-based evidence, Sanderson
- (see references document).

### **Group Work: Factors Affecting Evidence - Policy Links in Egypt**

In the first Group work session, participants were divided into three groups and were asked to discuss the key factors affecting evidence - policy links in Egypt. They summarised the results as follows:

#### *Group 1*

Factors affecting the use of research on policy – SMEPOL oriented – include:

- SMEPOL asks researchers for findings in specific policy areas that are identified via consultations with stakeholders (research led)
- The budget matters (international contributions enable additional work)
- There are a range of stakeholders, including Ministries, NGO and SMEs themselves. The latter are sometimes unwilling to provide information (cultural and confidentiality issues as well as that they are worried about the use the information would be put to. They don't trust others.
- Political context – cabinet reshuffles for example.
- International trends – e.g. gender, child labour and environment – affect research-policy issues.
- The capacity of researchers matters (qualifications and their ability to translate international findings to those relevant to an Egyptian context).
- Policymaking is top-down (policymaker led).



#### *Group 2*

##### *Evidence*

- Availability of Data
- Quality of Data (qualitative data is rare)
- Usefulness of data – to researchers and policymakers
- Timeliness of data

##### *Policy*

- Macro vs Micro
  - Decisions made by government do not relate to the problems of local communities
  - Decisions are made on the macro economy not sectors
- Conflict of interests



- Between previous and current government
- Between domestic and international agencies
- Between stakeholders regarding SMEs (therefore needs coordination)
- Policymaking is top down – from President and Ministers.

#### *Links*

- Lack of awareness of the importance of (i) using research in policymaking in general; (ii) research done on specific topics.
- Lack of buy in.
- Lack of impact assessment / always starting anew.
- Limited facilities available – funds, staff, infrastructure.
- Gaps between policymakers and researchers.

#### *Group 3*

- Political instability – if Ministers change, policy changes. There is constant reinventing of the wheel with political changes.
- Lack of coordination among stakeholders – SMEs, NGOs, Ministries have different views.
- Speed factor – policy decision need to be taken quickly. Therefore evidence use is superficial and based on existing sources.
- Policy requires a specialization that often Ministries don't have the capacity to deal with. They have one person covering a range of issues rather than a team covering specific issues.
- Red tape procedures slow the decision-making process
- Policymaking is centralized top-down (there is little delegation).
- Budget limited. There are few resources to seek professional consultation.
- Capacity of Ministries is limited – eg on method and research skills. So too, researchers are not able to do all steps from research to communication.
- An overlap among stakeholders leads to duplication and waste of resources.
- Data collection is inadequate. Even if data is collected it is not trusted. There is a lack of confidence in data providers.
- There is no trust among stakeholders.
- International consultants are not aware of Egyptian context.
- There is not enough capacity for applied research in policymaking. There are few organizations.
- Ministers are very powerful; a key is to understand how to influence Ministers.



#### **Questions and Discussions**

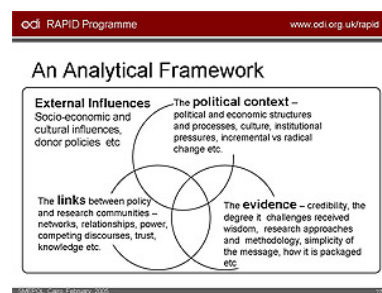
- Q: Is there any definition for evidence? A: Evidence is the basis for a belief. It can be research-based or voices in the night. We think that research-based evidence is the key, and we define research as any systematic learning process.
- Q: There seems to be a similarity between the RAPID Framework and eg the Log Frame – what is the difference? A: there are similarities, but our tools focus on the link between research and policy rather than broader project implementation, or the impact of the implementation of policy.
- Q: Is there a similarity between SBS and BDS? A: SBS seems to focus more on policy whereas BDS is more of a service.

## Research-Policy Links and the RAPID Framework

(John Young)

### Introduction

John Young presented some of the theory behind and practical use of the RAPID Context Evidence and Links framework as a tool to understand the factors that influence the link between research and policy (see [Appendix 1, Slides 21-36](#)). Much of this is also described in [Appendix 2, RAPID Briefing Paper](#).



### Group Work: Using the Context, Evidence and Links Framework

In groups again, participants were asked to read the Kenya Animal Health Case study ([see Appendix 3](#)), use the Context, Evidence and Links framework to understand the various factors influencing the outcome of that action-research process, and see if they could answer the questions. The key conclusions of each group were:

#### Group 1

The government position lacks an evidence base. How to change this attitude? Maybe through a survey of users to identify the need for this kind of programme. The government didn't provide another option. Could have provided evidence to support a changed policy. OAU and the donors could have helped by providing conditional funding – only provided it the paravet approach is legalise. There was only room for incremental rather than radical change. Dr Kajume could have worked as a link between the government and donors etc. **Key Lessons:** Research is necessary prior to taking a policy decision. It is important to consider the needs of end users. It is important to engage with policymakers – in doing research as well as more generally as part of policy processes. Lack of coordination among stakeholders leads to parallel efforts. A key is to demonstrate that services are not reaching the people. Need to approach key people.

#### Group 2

Didn't have enough time! But it seems that the government was very conservative and centralised, whereas the researchers were decentralised. External cultural influences were very important in influencing post independence attitudes. There was poor cooperation between researchers and the government. **Political Context:** A lot of resources were wasted because the project had to convince the government of the results. If they had been involved from the start it would have been easier. Given the lack of government services, the evolution of decentralised services as an alternative was inevitable. **Links:** There were no links between the privatisation programme and the paravet programme. They could have worked together to find a solution. The government seems not to have been interested in the results of the programme, but the paravets carried on working despite the fact that it was illegal. Why? The results of the research were not communicated until it was too late.

#### Group 3

It is a complicated case study. Why were the government reluctant to change? Maybe because of the cost, or fear of losing control, or concerns about quality. There seem to have been many external and internal influences and the veterinary profession was very reluctant to change. The evidence from the paravets was invisible and there were poor linkages between stakeholders and policy makers. The project should have made more effort to get the policy makers on board the whole time, and developed more local champions – local stakeholders who can influence policy. The OAU should have identified the champions and worked with them to use the evidence from the pilot projects to lobby for change. If you want your research to influence policy you should involve policymakers in the research from the beginning and make evidence available to policy makers through workshops and seminars etc.

## Day 2

### Introduction

John Young reviewed the first day's work and introduced the programme for the second day (see [Appendix 1, Slides 40-46](#)).

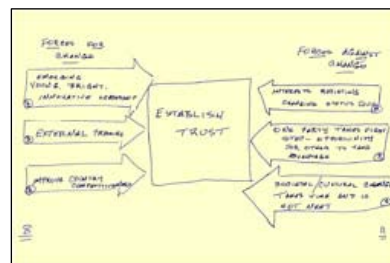
### Issues for further discussion (Julius Court)

Julius Court asked participants to describe the policy projects they are currently working on which they would like to do more work on during the rest of the workshop. They were:

- Operationalising the National Policy Framework
- Improve links between SME stakeholders: What incentives would help SMEs to participate
- Establish Greater Levels of Trust between government and (i) the public; (ii) SMEs
- Increasing awareness among SMEs about existing schemes to provide support
- Encouraging big companies to help to develop SMEs
- Promote technology innovation among SMEs for competitiveness
- Improving SME access to finance
- Establishing credit centres for SME's in Governates
- Improving SME exports:
- Encouraging the private sector to establishing a "Trading House" to promote SME product exports
- Improve legislation to promote SME exporting
- Increasing stakeholder buy-in to SME export promotion strategy
- Reduce tax rate for SMEs
- Establish Value Chain Analysis as a widely accepted tool

### Force Field Analysis

Julius then explained how to do a force field analysis (see [Appendix 1, Slides 49-50](#)) and [Appendix 4](#) a handout on Force Field Analysis), and asked them, working individually to undertake a Force Field Analysis of each of these to try to identify those which it might be possible to achieve. The results were as follows:



### Reduction of taxes for SMEs

Forces for Change	Reduction of taxes for SMEs	Forces against change
Ministry of Foreign Trade (3) Social Fund (4) NGOs (3) Civis Society Groups (3) Researchers and international organisations (3) Media awareness (2)		(4) Ministry of finance (refuses not to make a distinction in the market) (1) SMEs themselves (low awareness – an obstacle to introduce evidence) (3) Legislation needs to be changed (3) Other government entities
<b>Total for change = 18</b>		<b>Total against change = 11</b>

*Increasing awareness among SMEs*

<p><b>Forces for Change</b></p> <p>Role of media supported by the government (4)                  Designing training to build the capacity of SMEs (3)                  The role of NGOs in outreach to SMEs (4)                  Designing a workshop and conferences to increase awareness (2)</p> <p><b>Total for change = 13</b></p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Increasing awareness among SMEs</p>	<p><b>Forces against change</b></p> <p>(4) Cultural aspects (inherited lack of trust)                  (3) Insufficient involvement of SMRs in policy formulation processes                  (3) Limited budget                  Lack of media contribution</p> <p><b>Total against change = 10</b></p>
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*Improve access to finance for SMEs (Bank Finance)*

<p><b>Forces for Change</b></p> <p>SMEs need credit (5)                  Profitability for banks (3)                  Government commitment to SMEs (4)                  Donor support (4)</p> <p><b>Total for change = 16</b></p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Improve access to finance</p>	<p><b>Forces against change</b></p> <p>(4) Banks still lack awareness and are reluctant to support SMEs                  (4) Change in bank processes needed                  (5) Market distortions                  (5) Absence of credit history</p> <p><b>Total against change = 18</b></p>
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*Open credit centre for SMEs in Government*

<p><b>Forces for Change</b></p> <p>Overload on banks forced to work with SMEs (2)                  Number of branches of banks (3)                  Preparing paper (2)</p> <p><b>Total for change = 7</b></p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Open credit centre for SMEs</p>	<p><b>Forces against change</b></p> <p>(3) Largest basis                  (2) Power work with SMEs                  (3) Cooperation with government</p> <p><b>Total against change = 8</b></p>
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*Establish VCA as standard tool for SMEs*

<p><b>Forces for Change</b></p> <p>Donors (4)                  Research Centres (3)</p> <p><b>Total for change = 7</b></p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Establish VCA</p>	<p><b>Forces against change</b></p> <p>(5) Entrepreneurs</p> <p><b>Total against change = 5</b></p>
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Suggested strategies:

- Awareness campaign
- Evidence (successful case studies)
- Start with pilot projects

*Establish effective links between BC and SMEs*

<b>Forces for Change</b>	<b>Establish effective links between BC and SMEs</b>	<b>Forces against change</b>
<ul style="list-style-type: none"> <li>Laws, eg labour law (3)</li> <li>Budgets (5)</li> <li>Knowhow of products, spare parts, standards and specifications etc (4)</li> <li>Business associations (2)</li> <li>Public society (1)</li> </ul> <p style="text-align: right;"><b>Total for change = 15</b></p>		<ul style="list-style-type: none"> <li>(5) Degree of trust in the quality obtained</li> <li>(2) Willingness and understanding of the importance of the role (social one) – unemployment</li> <li>(5) Cost – to what extent they are committed to SMEs</li> <li>(4) Supporting research and innovation centres</li> </ul> <p style="text-align: right;"><b>Total against change = 16</b></p>

*Improved competitiveness of SMEs*

<b>Forces for Change</b>	<b>Improved competitiveness</b>	<b>Forces against change</b>
<ul style="list-style-type: none"> <li>Approval by PM (4)</li> <li>Involvement of stakeholders in the implementation phase (3)</li> <li>Existence of a champion in government (4)</li> <li>Importance of the SME sector and contribution to the economy (2)</li> </ul> <p style="text-align: right;"><b>Total for change = 13</b></p>		<ul style="list-style-type: none"> <li>(4) Lack of cooperation between implementation agencies</li> <li>(2) Cost</li> <li>(3) Resistance from SMEs to be more formal, to trust policy makers</li> <li>(3) Lack of awareness</li> </ul> <p style="text-align: right;"><b>Total against change = 12</b></p>

*Establish trust between government and SMEs*

<b>Forces for Change</b>	<b>Establish trust</b>	<b>Forces against change</b>
<ul style="list-style-type: none"> <li>Emerging young bright innovative leadership (4)</li> <li>External pressure (2)</li> <li>Improve country competitiveness (2)</li> </ul> <p style="text-align: right;"><b>Total for change = 8</b></p>		<ul style="list-style-type: none"> <li>(4) interests resisting changing status quo</li> <li>(3) One party takes first step – opportunities for others to take advantage</li> <li>(4) Societal / cultural change takes time and is not neat</li> </ul> <p style="text-align: right;"><b>Total against change = 11</b></p>

*Develop linkages to SME stakeholders*

<b>Forces for Change</b>	<b>Develop linkages to SME stakeholders</b>	<b>Forces against change</b>
<ul style="list-style-type: none"> <li>Increasing focus on linkages from development actors (supports finance, provides research) (5)</li> <li>Increasing market demand for specialisation (4)</li> <li>Opportunity to decrease costs of production (3)</li> <li>Quality control becomes achievable (4)</li> <li>Easy access to resources – production, facilities (5)</li> <li>Easy access to market (4)</li> </ul> <p style="text-align: right;"><b>Total for change = 25</b></p>		<ul style="list-style-type: none"> <li>(5) Cost of required infrastructure</li> <li>(2) Lack of information (product providers)</li> <li>(3) Ambiguity of definition affects the decision on how to develop</li> <li>(2) Lack of defined policy</li> <li>(4) Lack of trust</li> <li>(3) Lack of incentives</li> </ul> <p style="text-align: right;"><b>Total against change = 19</b></p>

**Political Context Questionnaire**

Julius Court then introduced the RAPID Political Context Questionnaire (see [Appendix 5](#)) - another RAPID tool for understanding the political context researchers are working in, and asked participants to fill them in before the end of the day (see [Appendix 1, Slides 52-53](#)).

### From analytical to practical framework (John Young)

John Young then made a presentation showing how the RAPID Framework can also be used by researchers as a planning tool to develop strategies to maximise the impact of their work (see [Appendix 1, Slides 56-62](#) – this is also described in the second half of the Briefing Paper (see [Appendix 2](#)). At the end of this session John Young distributed a Policy Entrepreneur Questionnaire (see [Appendix 6](#)) and asked participants to fill before the end of the day.

### Policy Process Mapping (Julius Court)

#### Introduction

Julius Court's presentation on Policy Mapping (see [Appendix 1, Slides 64-73](#)) introduced various tools for mapping the policy process including the RAPID Framework, Stakeholder Analysis, Force Field Analysis and Policy Process Mapping. He focused on policy process mapping, and explained how this can be used to develop a detailed understanding of which organisations are involved in policy processes, at which level, and how. He asked participants to identify the main actors involved in policy formulation and implementation at different levels of government, to write the results on cards and arrange the cards into a framework on the floor. The process is explained in more detail in [Appendix 7](#).



The results were as follows:

### Group Work: A Policy Context Map for the SME sector in Egypt

Actors	Policy Formulation (levels of power in buckets, 1=low; 5 =high)	Policy implementation (levels of power in buckets, 1=low; 5 =high)
<b>Government</b>		
<b>The Council of Ministers</b> (added after)	Coordination among economic ministries (5)	
<b>Social Fund for Development</b>	Role includes coordination among SME stakeholders; developing and issuing SME law and strategies; national and international networking; fundraising issues.(5) (Research)	Providing SME services – including financial services, training, providing information. (5) (Research)
<b>Ministry of Finance</b>	SME competitiveness strategy (5) (Research)	Implementing policies (5) (Research)
<b>MOFTI</b>	Export promotion strategy (5) (Research)	Implementing policies (5) (Research)
<b>Ministry of Investment</b>	No direct role (0)	Participate in one-stop-shop model (5) (Research)

<b>Political Society</b>		
<b>The National Democratic Party – Economic Committee</b>	<p>Formal:</p> <ul style="list-style-type: none"> <li>▪ Develop policy issues &amp; make recommendations (4)</li> <li>▪ Raise recommendations to People’s Assembly (4)</li> </ul> <p>Informal:</p> <ul style="list-style-type: none"> <li>▪ Advocacy (5)</li> <li>▪ Support for policies due to large representation in People’s Assembly (5)</li> </ul> <p>(Research)</p>	NA (0)
<b>Shura Council – Economic Committee</b>	<p>Formal:</p> <ul style="list-style-type: none"> <li>▪ Discuss laws &amp; Make recommendations for amendments (2)</li> </ul> <p>Informal:</p> <ul style="list-style-type: none"> <li>▪ Prioritize issues (35)</li> <li>▪ Good quality of contributions made (due to composition of council) (5)</li> </ul> <p>(Research)</p>	NA (0)
<b>People’s Assembly – Economic Committee</b>	<p>Formal:</p> <ul style="list-style-type: none"> <li>▪ Deliberate on research and recommendations (4)</li> <li>▪ Make recommendations to People’s Assembly (5)</li> </ul>	
<b>Bureaucracy</b>		
Localities		Execution of policies, laws and procedures (5)
<b>Civil Society</b>		
Includes chamber of commerce; Federation of Industries; Business Associations; Others eg Unions and Syndicates	(2) Participation in the consultative process; discussing draft laws and policies – through advocacy groups, lobbying, representation in committees, workshops and seminars. Same as private sector.	Intermediary between government and private sector; sharing information; Provision of social services; networking (4)
<b>Private Sector</b>		
SMEs, Credit Guarantee Corporation (CGC)	Participation in the consultative process; discussing draft laws and policies – through advocacy groups, lobbying, representation in committees, workshops and seminars. (2)	Support for policy; CGC as a tool of policy implementation; networking (4).
<b>International</b>		
Includes donor agencies and the donor sub-group	Supporting the policy formulation process (funding, technical assistance, capacity building, research, seminars, networking). (2)	Assistance & support to government; support for NGOs – for implementation and as intermediaries to end beneficiaries (4).

### Comments and discussion

- Government: We only chose one example in each category. Not necessarily the most important. Many are also doing other things.
- The Ministry of Investment does not work on policy formulation.
- The Ministry of Finance and Trade has a very large role in implementation, provides funds, has technical personnel, and many activities eg Business Development Services
- The Social Fund for Development has a much greater role in information and coordination
- Research is happening in many places in both policy formulation columns.
- Political Society: The National Democratic Party Economic Committee, Shura Council Economic Committee, an People's Assembly are all very powerful, but their power is different for different issues.
- The Bureaucracy in the localities is very important for implementation.
- The power of the private sector is mainly exerted through civil society. But is not really committed to policy change. Their score here is the "ideal" rather than "actual".
- Civil Society (mainly NGOs) are involved in delivering services and plays an intermediary role between government and SMEs.
- The separation of direct and indirect roles is difficult.
- The weighting of importance of the role in formulation and implementation is the same for CSO and private Sector.
- It is difficult to assign a "general" score to many of these organisations because it varies for different issues.
- The National Democratic Party, Ministries and International Organisations are probably the most powerful influences on policy, though the Social Fund for Development has the most resources.
- There are other important players which are not on this map eg the Council of Ministers and Central Bank.
- This is a useful tool, but we do this sort of thing to some extent anyway.

### Tools to improve policy impact John Young

John Young's presentation introduced a range of other tools to maximise the impact of research on policy. They included a description of the different roles of Think Tanks, the Log Frame Approach, Outcome Mapping, different modes of influence, how to write policy papers, good communications, and networking. He illustrated this with examples from the DELIVERI project in Indonesia and the RAPID programme in ODI (see [Appendix 1, Slides 75-86](#)).

### Group Work: What SMEPOL already does to influence policy

Participants were divided into groups to discuss what SMEPOL already does to influence policy. The conclusions were:

#### *Group 1*

- Stakeholder mapping
- Identify problems through consultation (workshop)
- Develop research
- Consultation throughout
  - Engage with government committees
  - Donor sub-group
  - Broad stakeholder group
- Advocacy at adoption point
- Political context – cabinet reshuffles for example.
- Monitoring and Evaluation

- Internal
- external

**Group 2**

- Agenda Setting
  - Survey with stakeholders to get feedback
  - Research
  - Needs assessment
- Formulation
  - International research & Local research
  - Action plan
  - Stakeholders
- Decision
  - Memo briefing minister
  - Planning next steps
- Implementation
  - Engaging stakeholders in the process from the start
  - Attract commitment from
    - the Prime Minister
    - implementing agencies
- Raise awareness
- Monitoring
  - Policy committee
  - Survey / follow-up
  - CIDA evaluation
  - Annual report
  - Through data
- Could do more on ensuring get government commitment.

**Group 3**

Policy Component	Activity
<ul style="list-style-type: none"> <li>▪ Identification of problems</li> <li>▪ Prioritization of Problems</li> <li>▪ Identifying key policy areas</li> <li>▪ Conducting Research on policy areas</li> <li>▪ Dissemination of findings</li> <li>▪ Seeking stakeholder feedback &amp; recommendations</li> <li>▪ Modifying policy recommendations</li> <li>▪ Seeking approval by decision-makers</li> <li>▪ Formalization</li> <li>▪ Dissemination &amp; public awareness</li> <li>▪ Implementation</li> <li>▪ Monitoring</li> </ul>	<ul style="list-style-type: none"> <li>▪ Stakeholder mapping</li> <li>▪ Consultation</li> <li>▪ Survey &amp; Establishing Database</li> <li>▪ Lobbying</li> <li>▪ Analysis</li> <li>▪ Networking</li> <li>▪ Through champion (eg competitiveness strategy)</li> <li>▪ Network links</li> <li>▪ (eg Procurement &amp; Policy committees)</li> </ul>

## Day 3

### Introduction (John Young)

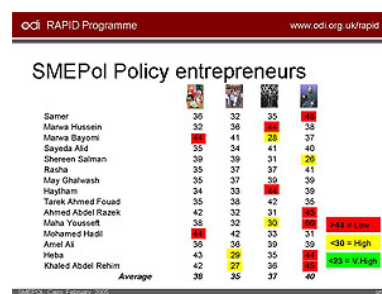
John introduced the programme for the day (see [Appendix 1, Slides 89-91](#)). This is the day when we will try to put all the pieces together and develop specific strategies to develop and implement policies to support SMEs. But first some feedback of the results of the questionnaires:

### Political Context Questionnaire (Julius Court)

Julius Court provided feedback on the findings of the political context questionnaire. The results indicate that the political context for SMEs in Egypt contains few extremes. Most policies are driven by senior policy makers, more often informed by their own experience and opinions than by research. The press are relatively free, but have little impact on policy, as do civil society and the SMEs themselves. Research is not very influential in policy implementation, the bureaucracy is inflexible and not transparent. Bureaucrats are not really open to new information. Indicators about the quantity, quality and relevance of evidence are all in the middle of the range. Empirical data, and evidence from pilot projects is clearly important, though policy makers are strongly influenced by their own experience. Moral and ethical issues do not seem to be strong drivers. Links between all of the stakeholders are clearly weak, and lack of trust is a big issue. (see [Appendix 1, Slides 92-93](#) and the full results in [Appendix 8](#)).

### Policy Entrepreneurs questionnaire (John Young)

John Young provided feedback on the findings of the policy entrepreneurs questionnaire. The results indicate that most participants use a wide range of policy influencing behaviours. There is a slight tendency to prefer “networking” and “engineering” over “storytelling” and especially “fixing”. Several people dislike “fixing”. A few people have a moderate preference for “networking”, “engineering” (& one for “fixing”). But nobody has a very strong preference for any specific type of behaviour. He also provided some examples from the UK and Marakesh (see [Appendix 1, Slies 94-97](#))



### Strategic Planning

Participants spent most of the third day in groups, applying some simple analysis tools and developing action strategies for three of the issues that had been identified on the second day: Implementing the National Competitiveness Strategy for SMEs; Improving the policy environment for credit for SMEs, and Improving SME exports through the establishment of Trade Houses. They were asked to i) describe the position they would like to achieve and by when; ii) use the RAPID Framework (see [Appendix 9: RAPID Framework 28 Key Questions](#)) to identify the key factors affecting this policy area now; iii) review the Force-Field Analysis undertaken for this policy issue yesterday, and develop it further (as described in [Appendix 7: Force-Field Analysis Tool Sheet](#)); and finally iv) to undertake a SWOT Analysis to determine the feasibility of the strategy (as described in [Appendix 10: SWOT Analysis Tools Sheet](#)). The results are shown below.

**Group 1: To operationalize the National SME Competitiveness Strategy by Oct. 2005**



*1. RAPID Analysis of the Issue*

The SME strategy has been put together and it will be launched in April 2005. The challenge now is to operationalize it – in particular given the resistance from some SMEs (many of which are informal and have financial disincentives from become part of the formal economy).

*Context*

- Key Actors (and support for the objective):
  - Prime Minister
  - MoF
  - MOFTI
  - SFD
  - Implementation (bureaucracy)
- CBE is currently upgrading its public registry
- Lower thresholds for size of loan registered (from 40,000 to 20,000)

*Evidence*

- There is research – 1-2 studies on each of the main aspects of the strategy
- Some of it is contested (particularly around micro enterprises and whether the strategy applies to them)
- However a key part of the strategy does aim to target informal SMEs (there still remains a question around how to effectively bring them into the formal economy).

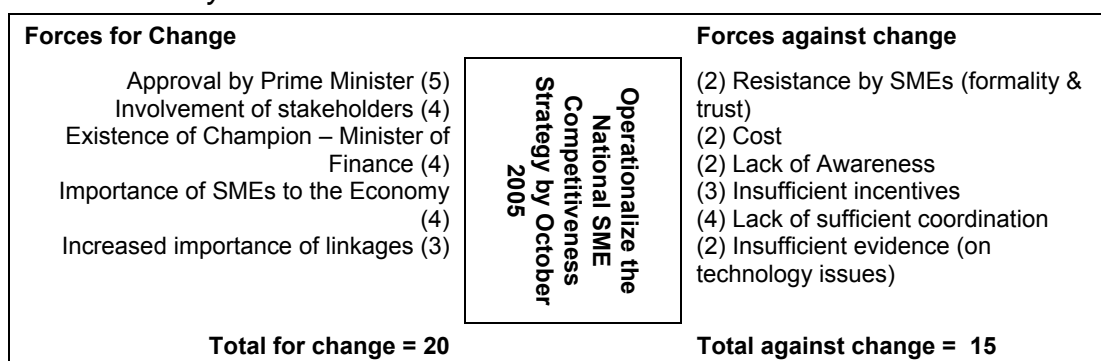
*Links*

- Government Ministries
- Business Associations
- Private Sector
- Media

*External Environment*

- CIDA
- IDRC
- Lack of trust (between SMEs and policymakers)
- Resistance

*2. Force Field Analysis*



*3. Action Strategies*

- A = Public awareness campaign
- B = Fundraising
- C = More research (on incentives and technology)
- D = Involve Policy Committee (as a tool for coordination)

#### 4. SWOT Analysis

<p><b>Strengths</b></p> <ol style="list-style-type: none"> <li>1. Public awareness campaign – use Media as an easy and quick tool to reach SMEs and other stakeholders</li> <li>2. Fundraising: Commitment of stakeholders to implement strategy</li> <li>3. Research: on incentives and technology</li> <li>4. Coordination: involve Policy Committee</li> </ol>	<p><b>Weaknesses</b></p> <ol style="list-style-type: none"> <li>1. NA</li> <li>2. Fundraising: Inability to prioritize areas of interest</li> <li>3. Research: no specialised consultants in specific research areas</li> <li>4. Conflict among agencies</li> </ol>
<p><b>Opportunities</b></p> <ol style="list-style-type: none"> <li>1. Donor agencies for funding</li> <li>2. International interest to support SMEs – attract international funding</li> <li>3. Increased focus on SME development – more acceptance nationally</li> </ol>	<p><b>Threats</b></p> <ol style="list-style-type: none"> <li>1. NA</li> <li>2. Conflict of interest between donor agencies and government policies - &amp; also among stakeholders</li> <li>3. a) Resistance of SMEs to assist / participate / provide accurate data b) conflict between evidence and government policy.</li> <li>4. Political instability – members of the Policy Committee may change.</li> </ol>

NB: each number relates to the action strategy points

#### 5. Conclusion

Some of the key steps would be to:

- Conduct public awareness campaign (short, medium and long run)
- Prioritize areas of interest for donors and other stakeholders
- Active the role of the Policy Committee to bridge the gap of conflicting agencies

#### Group 2: To set up private credit bureaus by Jan 2007

##### 1. RAPID Analysis of the Issue

Credit bureaus provide information on businesses to potential lenders (eg Banks) – i.e. they are an information Bank. There is an incentive for SMEs to use credit bureaus since they need access to formal credit. The Central Bank of Egypt (CBE) is the key decision maker. While credit Banks would help with get needed credit to SMEs, they would also help achieve a range of other objectives.



##### Context

- Key Actors (and support for the objective):
  - Central Bank of Egypt (CBE) S?
  - Banks S
  - SMEs themselves S?
  - Donors S
  - NGOs S
  - Credit Guarantee Companies S
- CBE is currently upgrading its public registry
- Lower thresholds for size of loan registered (from 40,000 to 20,000)

##### Evidence

- Body of research exists
- More evidence needed on specific successful regional experiences – Kuwait and Jordan – since OECD experiences are less applicable to Egypt.
- Need for specific strategy for implementation in Egypt.

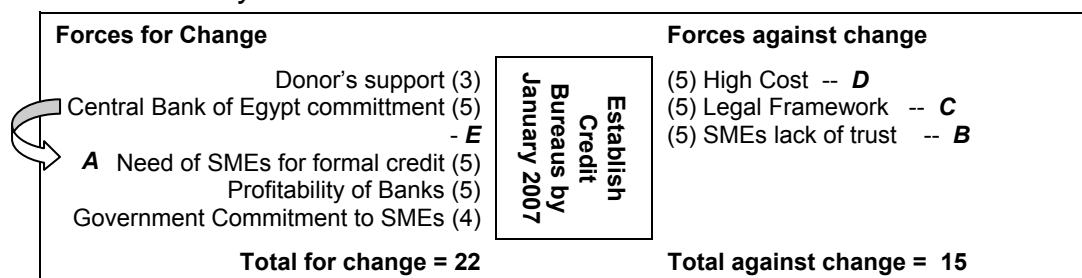
*Links*

- Research Centres
- Donors
- SMEPOL / MoF (powerful)
- SEDO (powerful)
- Economic Committee of the Council of Ministers (powerful)

*External Environment*

- World Bank (interest – stable economic environment)
- International business community (interest – greater opportunity for investment)

**2. Force Field Analysis**



**3. Action Strategies**

A = Quick effective coordination between banks and CBE

B = Awareness campaign for SMEs

C = Simplify legal framework (amendments)

D = Utilize donor support to minimise costs

E = Develop full and comprehensive implementation strategy for establishment

**4. SWOT Analysis (of the SMEPOL project)**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Established Credibility in SME policy formulation</li> <li>▪ Need for Credit Bureaus captured in MOF's <i>National Competitiveness Strategy</i></li> <li>▪ Ability to mobilize project resources to develop implementation strategy</li> <li>▪ Research on international experiences</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>▪ No Decision Making Power</li> <li>▪ TIME</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>▪ Access to Economic Committee</li> <li>▪ Members of Donor Sub-Group</li> <li>▪ Steps taken by CBE</li> <li>▪ Current Government committed to Economic Reform</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>▪ Resistance from SMEs</li> <li>▪ Political Instability</li> <li>▪ Legal Framework</li> </ul>

*Conclusion*

Despite the great potential for SMEPOL to help bringing this objective to reality, the fact is that the project will finish in December 2005. The conclusion therefore is that the project must embed the process in the Central Bank of Egypt. A first step would be to commission international consultants to develop an implementation strategy – this should be done in coordination with the CBE. (Unfortunately, there are not yet consultants in Egypt with the relevant expertise since it is a new issue). Raising awareness about the value of Credit

Bureaus could be done by using the proposed SMEPOL regional workshops to spread the message.

### **Group 3: Establishing and operating 5 “Trading Houses” in 1 year**

Trading Houses are commercial intermediaries specialized in the long term development of trade in goods and services supplied mainly by other parties. They focus on marketing and information provision among other things. They often serve as commercial intermediaries between suppliers and buyers located in different countries. The aim is to increase exports and foreign investment through the setting up of trading houses in Egypt.



#### *1. RAPID Analysis of the Issue*

##### *Context*

- Key Actors (and support for the objective):
  - Ministry of Foreign Trade S
  - GAFI S
  - Ministry of Finance (SMEPOL) S
  - SFD S? (unsure, but can be convinced)
- The key policymaking actors are supportive or can be convinced.
- But, SME awareness of the topic is low.

##### *Evidence*

- Much research exists – all of it supporting the establishment of trading houses.
- Surveys of SMEs highlight the need for some kind of trading houses
- International experience exists on their value
- But, there is not enough evidence on how to operationalize them in Egypt
- There is a need for a feasibility study to evaluate the trading houses regarding profitability
- If it is not profitable, there may need to be subsidies from the government in the short term

##### *Links*

- Banks
- SMEs themselves
- Export guarantee companies
- Media
- Commercial representation
- Chambers of Commerce
- Import-export companies

##### *External Environment*

- Donors – supportive
- WTO – may be against if subsidies are required
- International businesses – supportive

## 2. Force Field Analysis

Forces for Change	Establish and Operate Trading Houses within a Year	Forces against change
Banks (4) SMEs (3) Donors (4) Media (2) SFD (2) MOFTI (5) MOI (3)	Establish and Operate Trading Houses within a Year	(3) Lack of awareness -- <b>B</b> (2) WTO (1) Import-export companies (1) Commercial representation (4) Lack of qualified expertise -- <b>A &amp; C</b>
<b>Total for change = 23</b>		<b>Total against change = 11</b>

## 3. Action Strategies

A = Depend first on foreign expertise and gain experience from them.

B = Use the media, chambers of commerce and workshops to increase awareness.

C = Training courses through the Foreign Trade Training Center (FTTC) to build capacity and ensure expert staff.

## 4. SWOT Analysis (of MOFTI)

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ High level support – the Minister</li> <li>▪ Excellent studies and comprehensive survey</li> <li>▪ Plenty of funds to carry out further research (FS)</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>▪ Lack of coordination between SMEPOL and other main players</li> <li>▪ We don't have enough power to influence all the other stakeholders</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>▪ Donors, other government agencies, the media all support the idea</li> <li>▪ Facilities for training courses through FTTC</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>▪ WTO rules (at the beginning)</li> <li>▪ Lack of qualified staff</li> <li>▪ Lack of awareness means the companies will not be profitable at the very beginning</li> <li>▪ SME exports low quality</li> <li>▪ Cost of service</li> <li>▪ Export procedures and regulations</li> </ul>

## 5. Conclusion

Some of the key steps would be to:

- Establish a committee including the main players for the sake of coordination
- Establish certified private labs for quality control
- Establish a one-stop-shop to facilitate export procedures
- Promote awareness about this service among SMEs
- Give Trading Houses subsidies at the very beginning
- Use foreign staff at the start
- Carry out training
- Enhance further the support from the Minister.

**Further Information** (John Young)

In his final presentation, John Young told workshop participants where they could find further information (see [Appendix 1, Slides 103-104](#)).

**Wrap up** (Greg Goodwin)

At the end of the workshop Greg thanked all the participants and facilitators for their hard work.

