EVALUATION OF THE
SMALL, MEDIUM, and MICRO ENTERPRISE
POLICY DEVELOPMENT PROJECT

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<th>Full Form</th>
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<tr>
<td>CAPMAS</td>
<td>Central Agency for Public Mobilization and Statistics</td>
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<td>CDPF</td>
<td>Country Development Programming Framework</td>
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<td>CIDA</td>
<td>Canadian International Development Agency</td>
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<tr>
<td>DTI</td>
<td>Department of Trade and Industry (South Africa)</td>
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<td>DU</td>
<td>Micro, Small, and Medium Enterprise Development Unit (MoFT)</td>
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<td>IDRC</td>
<td>International Development Research Centre</td>
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<td>GDMA</td>
<td>General Department for Micro, Small, and Medium Enterprise Affairs (MoFT)</td>
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<tr>
<td>GoE</td>
<td>Government of Egypt</td>
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<tr>
<td>KSA</td>
<td>Knowledge, skills and attitudes</td>
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<td>LFA</td>
<td>Logical Framework Analysis</td>
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<tr>
<td>MoE</td>
<td>Ministry of Economy</td>
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<td>MoF</td>
<td>Ministry of Finance</td>
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<td>MoFT</td>
<td>Ministry of Foreign Trade</td>
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<tr>
<td>MSME</td>
<td>Micro, small, and medium enterprises</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<tr>
<td>OSS</td>
<td>One Stop Shop</td>
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<tr>
<td>PIP</td>
<td>Project Implementation Plan</td>
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<td>PMC</td>
<td>Project Management Committee</td>
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<td>PMF</td>
<td>Performance Measurement Framework</td>
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<td>PSC</td>
<td>Project Steering Committee</td>
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<tr>
<td>PSD</td>
<td>Private sector development</td>
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<tr>
<td>RFP</td>
<td>Request for proposal</td>
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<td>SFD</td>
<td>Social Fund for Development</td>
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<tr>
<td>SME</td>
<td>Small and medium enterprise</td>
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<td>SMEPOL</td>
<td>Small, Medium, and Micro Enterprise Policy Development Project</td>
</tr>
<tr>
<td>SMMEIT</td>
<td>Small, Medium and Micro Enterprise Innovation and Technology (IDRC)</td>
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<tr>
<td>TIPS</td>
<td>Trade and Industrial Policies Secretariat</td>
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Evaluation
Small, Medium and Micro Enterprise Policy Development Project

1.0 INTRODUCTION

1.1 Objectives of the Evaluation

The Small, Medium and Micro Enterprise Policy Development Project (SMEPOL) officially started in June 2000 and is scheduled to end in July 2004. The Project is being implemented by the International Development Research Centre (IDRC) in conjunction with its Egyptian partner the Ministry of Foreign Trade (MoFT). The total budget for the SMEPOL Project is $5.9 million.

Dr. Mary M. Lynch was hired to undertake an Evaluation of the SMEPOL Project. The objectives of the performance assessment were to:

1. Assess progress of the Project to date in terms of achieving the intended results at the output and outcome levels, and specifically the policy changes the Project has contributed towards either directly or indirectly;

2. Review the enabling environment within which the Project is operating, the efficiency and effectiveness of the Project in adapting to the changing small and medium enterprise (SME) policy roles within government, and trends which will impact future policy changes; and

3. Recommend to CIDA whether an extension of the Project is warranted.

1.2 Methodology

The Methodology for the evaluation began with a review of the basic documentation on the Project. This included: Project proposals from MoFT and IDRC; Project Approval Document; Project Implementation Plan; Yearly Work Plans; Progress and Annual Reports; Steering Committee minutes; minutes of initial planning meetings; and other project documentation provided by IDRC and CIDA.

From this information, a Work Plan was formulated to guide the Evaluation process. As part of the Work Plan a detailed evaluation grid was developed. The grid, contained in Annex A, outlined the specific evaluation questions that would be covered, provided examples of performance indicators, and identified sources of data to be used to answer the questions.

Interviews were then held with over 50 individuals during a mission to Egypt between September 8 and 26, 2003 (see Annex B for a listing of the interviews undertaken). These included MoFT staff, Project staff, key stakeholders in the small and medium enterprise sector, Project Committee members, and consultants hired to undertake the research. In addition,
discussions were held with donors and experts in the SME field to review the broader context within which the Project operates.

Since research is a critical element within the Project in terms of developing ideas and informing decision makers, the Consultant reviewed all of the major research documents produced by the Project to date. This included reports that were made public by the Project as well as those which were internal and still under discussion.

1.3 Outline of the Report

The results of the Evaluation are contained in this report.

Section 2.0 provides a brief overview of SMEPOL and its evolution over time. A number of changes have taken place since the Project began and this is reviewed in order to set the stage for the assessment which follows. In addition, the continue relevance of the Project is briefly reviewed in terms of how the Project fits within the overall context of SME development within Egypt and CIDA’s programming framework for Egypt.

Section 3.0 outlines the results to date. The Section begins with the approach taken to reviewing the results. The results seen to date are then outlined along with an assessment of their sustainability. Section 4.0 then reviews the partnership approach being taken to implementing the Project.

Specific conclusions and recommendations are contained within Sections 2.0 to 4.0 as they relate to the various Project elements. In addition, Section 5.0 presents the recommendations on the appropriateness of an extension.
2.0 OVERVIEW AND RELEVANCE OF THE PROJECT

2.1 Project Goals and Objectives

The Goal of the SMEPOL Project is to support the transition towards a market economy by assisting the Government of Egypt (GoE) to improve the policy environment for micro, small and medium enterprise (M/SME) development. The purpose is to strengthen the capacity of MoFT to foster, influence, and develop GoE policies and legislation which support the development of M/SMEs.

The Project was started in recognition of the difficulties faced by SMEs in terms of the enabling environment within Egypt. The GoE is continuing to rely on SMEs to generate a large portion of the new jobs necessary to fight rising unemployment. These firms face a wide range of constraints to their development, however. This includes barriers in terms of the policy environment.

The Project was intended to address some of the policy issues by working with MoFT in two areas:

- the establishment of a more coherent policy framework through short term policy development; and
- longer term capacity building of MoFT in supporting SME development.

This dual approach of short term policy work combined with longer term capacity building is at the core of the activities undertaken within the Project to date.

In terms of the specific policy focus, five areas were identified in March 2001 as being the core of the policy agenda for SMEPOL. The development of these priorities was undertaken by MoFT with input from other stakeholders. These areas are:

- A consistent national policy framework for SME policy development that would enable better planning, coordinating and managing SME development.
- A unified operational definition of SMEs that would enable better planning, coordinating and managing SME development.
- Enhancement of the access by SMEs to a variety of financial instruments along market lines.
- Enhancement of the involvement of SMEs in government and public procurement in an economically sound and mutually beneficial manner through providing necessary SME related input to the Ministry of Finance (MoF).

3 For the remainder of the Report, the term SME will be used not M/SMEs. While the Project deals with policies affecting micro, small, and medium enterprises, the term “SME” is used more generically in Egypt to cover all categories of firms below “large”.

• Reduction in the cost of compliance with regulations dealing with enterprise establishment, operations, and growth.

In addition, a sixth policy area was added in 2002 that related to trade, competitiveness and export development, reflecting the mandate of MoFT.

In terms of capacity building priorities, the focus has been placed on strengthening the human and institutional capabilities of MoFT to carry out policy development both during the life of the Project and beyond. The primary focus has been on the provision of comprehensive training programs for Ministry staff.

2.2 Relevance of the Project to Egyptian Priorities

When the then Ministry of Economy (MoE) submitted its original proposal to CIDA for funding in 1998, the primary rationale for the Project was based on the critical role which SMEs were and would continue to play in the Egyptian economy.5

“Given the growing need for employment creation that can absorb the high unemployment rates, in addition to the various challenges posed by global economic development, there is an urgent need to create a strong competitive MSME sector that is able to take the leading role in the development process. It is in this context that MSME development became a focus for the attention of the GoE, donor agencies and non-governmental organizations. However, despite the importance of MSME development, no coherent policy for MSME development has been developed.”

Job creation continues to be one of the critical issues facing Egypt. The 2002 Egyptian poverty reduction report called for "job growth to set the economic foundation for more sustainable growth in jobs, productivity and incomes for the poorest groups".6 Within this job creation agenda, the GoE has continued to place an emphasis on the key role to be played by SMEs. This has been reflected recently by the Prime Minister who is spearheading the development of an SME law to better coordinate and deliver services to SMEs. A wide range of groups have become active in the development of the law including the National Democratic Party.

The growth of SMEs in the future is not assured, however. They face a wide range of obstacles—one of which is a difficult enabling environment. These policy difficulties are seen at a number of levels.

• There is a lack of coordination between the multiple government ministries and agencies responsible for SME policy and programs.

• The needs of the SME sector are not well understood. As a result, the support programs available are often inappropriate and do not effectively integrate the priorities of firms.

• SMEs have limited methods to provide their input into the policy making process which affects them.

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The legal and regulatory environment poses a direct problem for SMEs. SMEs are faced with a complex, opaque system of regulations that stifles their start-up and growth.

As will be discussed further under Section 3.0, SMEPOL has played a key role in Egypt over the last few years in supporting the process of resolving some of these issues. For example, consultations have been held on policy issues which have brought together the key stakeholders to discuss ideas and develop common approaches to their resolution. The research undertaken has begun to better define SMEs and their needs, and provide a solid basis for the development of policy options. MoFT, outside the direct Project initiatives, has also begun to integrate SMEs into bodies such as the Commodity Councils—giving them a more direct voice in policy making.

From the interviews conducted, there was a general consensus that SMEPOL has kept SME policy issues on everyone’s radar screen over the last few years. This was seen to be important since few other groups have been generating debate on broader SME policy issues. With the current drafting of the SME Law by the GoE, more groups are now engaged in looking at policy issues and suggesting policy alternatives. MoFT and SMEPOL staff are engaging in this debate as well and the research produced to date, with support from SMEPOL, has formed a part of this input.

2.3 Linkage to CIDA’s Priorities

CIDA in its Country Development Programming Framework (CDPF) for Egypt identified two priorities for the next ten years: foster better employment opportunities through support to small and medium enterprise development; and human resource development through support to basic education.

One of the objectives within the CDPF for the SME Program was to:

Support the definition and implementation of a coherent national support system for SMEs including the formulation of a realistic and effective policy, based on a better understanding of SME conditions and needs.

SMEPOL is providing support to the CDPF’s SME objective by focusing on the policy environment for enterprise development. SMEPOL is the primary project within CIDA’s portfolio that works in this area. By focusing on institutionalizing the SME policy formulation process, it also directly links to the CDPF’s objective of institutional strengthening.

Corporately, CIDA has also placed a priority on private sector development (PSD) including the policy environment within partner countries. CIDA’s newly released PSD Policy targets five specific results for the Agency.7 One of these results is “an enabling business climate conducive to supporting savings, investment and the development of socially and environmentally responsive enterprises”.

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2.4 Project Evolution and Changing Circumstances

In 1998, both the Ministry of Economy and IDRC submitted proposals to CIDA for funding of projects focused on development of SME policies. These proposals were complementary and a process was begun to agree on a joint design that would meld the two proposals under one project. This was finalized in early 2000. At the time the Project was being developed, both groups had active involvement in the SME sector.

The Ministry of Economy was playing a lead role in the development of a policy framework for SMEs. At that time it had already developed the Draft National Policy on Small and Medium Enterprise (June 1998). The Micro, Small and Medium Enterprise Development Unit (DU) had been established within the Technical Office of the Minister. The General Department for Micro, Small and Medium Enterprise Affairs (GDMA) had also been established. The DU’s responsibilities were to provide technical advice to the Minister and technical assistance to the GDMA, while the GDMA was given the responsibility to develop policies to support the sector’s development. In 1999, the Ministry was also given more responsibility for coordination of SME policy by a Presidential Decree (No. 378).

In 1998, IDRC as well had a priority on SME development. The Small, Medium and Micro Enterprise Innovation and Technology (SMMEIT) section was one of 14 areas of focus within IDRC. This reflected the priority being placed at that time on SME research within the agency.

Since 1998, however, both groups have undergone changes. In Egypt, the responsibilities of the Ministry of Economy were shifted twice. The first change was the addition of the foreign trade responsibilities to the MoE role. The most recent change was in November 2001 when the Cabinet was shuffled and the Ministry of Economy and Foreign Trade became the Ministry of Foreign Trade.

This change to MoFT had an impact on the context within which the Project was being implemented. As noted above, the Ministry of Economy had been designated by the GoE as having a lead role in SME policy development and coordination. With the shift in responsibilities initially to the Ministry of Economy and Foreign Trade, the SME policy role was reconfirmed by the GoE. However, with the Cabinet shuffle to MoFT, the Ministry was no longer directly in charge of economic considerations and the Presidential decree forming MoFT did not specify a role for MoFT in SME policy. As a result, it was not clear whether MoFT would be continuing its role in terms of SME policy support. The Minister remained committed to SMEs and requested a confirmation from the Prime Minister that MoFT would continue the development of SME policies. This was received and the project partners—MoFT, IDRC and CIDA—reconfirmed their commitment to proceeding with the SME policy agenda at MoFT.

While MoFT remained committed to SME policy, the change in the Ministry’s mandate did have two impacts on the Project which will be discussed further in Section 3.0.

The first was seen in terms of the acceptance by outside groups of the continued role of MoFT in SME policy development. A large number of Ministries are involved in some aspect of SME development. There has been competition between agencies since before the SMEPOL Project

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8 H.E. Dr. Youssef Boutros Ghaly has been the Minister since SMEPOL began—starting with the MoE and now at MoFT. This has been one of the critical strengths of the Project in terms of being able to weather changes in Ministry mandates and approaches and maintain the commitment to SME policy development.
started, and the debate on which is the "legitimate father" of SMEs has not abated. Even with the 1999 Presidential decree noted above, the Ministry's role in SME policy was not completely accepted by other stakeholders such as the Social Fund for Development (SFD). Part of the reason was that SFD had a similar mandate in terms of SME policies given by Presidential decree 424/1999 which assigned the SFD the responsibility of “developing the small enterprise sector through formulating and executing the policies of this sector”. This confusion of roles and responsibilities fuelled the territorial debates.

With the shift to MoFT, a number of stakeholders have argued that MoFT has no institutional mandate in the area of broad SME policy formulation since this responsibility is not part of the current decree governing MoFT. From the interviews conducted for the Evaluation, MoFT was seen to have a commitment because of the Minister, who was personally committed to the principles and ideas, not because it had an agreed role to play in the area.

This has made the networking aspects of the Project more difficult to implement as will be discussed later. The consultations which have taken place recently that have been sponsored by MoFT, have had participation by SFD—showing signs of greater cooperation on an issues level. Unclear mandates, however, continue to block the full acceptance of the role of MoFT in developing and promoting policies.

Second, an important result of the shuffle which created MoFT was seen in terms of the link between the policy agenda chosen for support and the ability to directly influence policy changes and link them to implementation. For example, one of the priority policy areas on which SMEPOL has focused is the issue of access to financial services. When MoE was in existence, the Central Bank was under the authority of the Ministry. This allowed the potential for a direct link between developing policies on improving access to financing and the ability to influence their implementation. With the dissolution of the MoE, the Central Bank became independent and the direct link was broken between policy formulation and the implementation of changes.

What this has meant is that the broader SME policies developed within MoFT, with support from SMEPOL, must rely on the degree of influence the Minister can exert within the system to affect changes both in terms of policy and implementation of programming. The stature of the Minister within Cabinet has allowed continued influence to be exerted to support policy changes as will be discussed later. The ability to implement changes is much less direct.

Changes have also taken place within IDRC in terms of its organizational priorities since 1998. IDRC’s Program Framework 2000-2005 laid out the priorities to govern programming for that period. Within this document, SMEs were no longer a priority for IDRC. As a result, the SMMEIT section was wound down within IDRC.

This new Program Framework had two implications for SMEPOL. First, the SMEPOL Project no longer fit easily within the programming streams and priorities of the agency. This meant that it became an outlier to the current programming areas. Second, there became less potential for support or cross-fertilization with other SME initiatives being undertaken within IDRC. These two elements have impacted Project implementation as will be discussed in Section 4.0.
3.0 RESULTS

3.1 Evolution of Results Frameworks

MoFT and IDRC developed a Project Implementation Plan (PIP) in February 2001. During the process of developing the PIP, a revised Logical Framework Analysis (LFA) was developed which outlined a series of results which were being targeted under SMEPOL. These targeted results have remained constant since Project start and are shown on Table 1. These results form the overall basis on which the Evaluation was undertaken.

<table>
<thead>
<tr>
<th>Project Goal:</th>
<th>Impact Level Result:</th>
</tr>
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<tbody>
<tr>
<td>To support the transition toward a market economy by assisting the Government of Egypt to improve the policy environment for SME development</td>
<td>An improved policy environment resulting in reduced financial and non-financial constraints and increased opportunities for M/SME development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Purpose:</th>
<th>Outcome Level Results:</th>
</tr>
</thead>
</table>
| To strengthen the capacity of the Ministry of Foreign Trade to foster, influence and develop GoE policies and legislation which support the development of SMEs | • MoFT has provided strategic vision for overall M/SME policy and has developed specific policies, legislation and regulations that facilitate M/SME development  
• Human and institutional capabilities of the Ministry to develop M/SME policies, legislation and regulations have been strengthened  
• Knowledge and information base available to MoFT on M/SME development issues has been improved  
• Collaborative relationships between MoFT and other stakeholders have been enhanced to support M/MSE policy development and implementation |
<table>
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<tr>
<th>Expected Results</th>
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<tr>
<td><strong>Output Level Results:</strong></td>
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<tr>
<td><strong>#1 Policy Development:</strong></td>
</tr>
<tr>
<td>• Overall M/SME policy framework strengthened</td>
</tr>
<tr>
<td>• M/SME policy development process at MoFT regularized</td>
</tr>
<tr>
<td>• Policy development carried out on priority issues</td>
</tr>
<tr>
<td><strong>#2 Institutional and Human Capacity Development:</strong></td>
</tr>
<tr>
<td>• MoFT staff have acquired the knowledge, skills and attitudes (KSAs) necessary for policy development through training, mentoring and participation in other project activities and interaction with staff/consultants</td>
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<tr>
<td>• MoFT has developed a base of in-house capability to transfer KSAs on M/SME issues on an on-going basis</td>
</tr>
<tr>
<td>• Manuals of Standard Operational Procedures developed and updated regularly</td>
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<td><strong>#3 Research and Information Systems:</strong></td>
</tr>
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<td>• Completed research and policy analysis on priority policy issues</td>
</tr>
<tr>
<td>• Capacity of decision support information system at MoFT strengthened to address M/SME policy issues</td>
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<tr>
<td><strong>#4 Networking and Public Awareness:</strong></td>
</tr>
<tr>
<td>• Regular channels of consultation with stakeholder groups, at local and national levels, established</td>
</tr>
<tr>
<td>• Results of research and other information on MoFT M/SME activities shared with stakeholder groups and the public</td>
</tr>
<tr>
<td>• Collaboration with international groups in the M/SME field enhanced</td>
</tr>
<tr>
<td>• Increased public awareness and support for M/SME development policies</td>
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</tbody>
</table>

While the targeted results have remained the same since Project start, establishing how the results were to be measured, proved difficult for a series of reasons. First, the PIP contained both a revised LFA and a Performance Measurement Framework (PMF). Normally, the PMF takes the results and the indicators from the LFA and identifies the data sources for collection, the frequency of collection, and who is responsible—basically outlining how the tracking of results will be operationalized. In the SMEPOL PIP, however, the PMF had different indicators for both the outcome and output level results than were included on the PIP LFA. Table 2 shows some examples of the differences in indicators within the PIP. Annex C has the complete comparison between the LFA and PMF indicators, along with more recent changes.
Table 2
Examples of Variation in Results Indicators

<table>
<thead>
<tr>
<th>Results</th>
<th>LFA Indicators from PIP</th>
<th>PMF Indicators from PIP</th>
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<tbody>
<tr>
<td><strong>Outcome Result #2.0</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The human and institutional capabilities of MoFT to develop SME policies, legislation and regulations have been strengthened</td>
<td>Extent of improvement in MoFT staff capabilities to conduct policy development activities independently (policy research, policy formulation, policy planning, report writing, interaction with stakeholders)</td>
<td># and type of tasks carried out independently by GDMA staff (research, policy formulation, planning, report writing, interaction with stakeholders)</td>
</tr>
<tr>
<td></td>
<td>Extent to which the GDMA has taken over SME policy functions from the DU</td>
<td></td>
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<tr>
<td><strong>Output Result #1.2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SME policy development process at MoFT regularized</td>
<td>Evidence that formal policy development agenda and explicit policy formulation procedures are in place</td>
<td>Full documentation of the policy development process is in place</td>
</tr>
<tr>
<td></td>
<td>Usefulness of procedures as perceived by MoFT staff and senior management</td>
<td># of times MoFT staff have used the policy formulation process</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Knowledge and skills acquired by MoFT staff in adapting and refining the policy development process (compared to old practices)</td>
</tr>
</tbody>
</table>

These examples highlight the differences in identifying how results would be measured within the Project. There is a substantial difference between having “policy agenda and policy formulation procedures in place” and “full documentation of the process”. The former says that a functioning process of policy formulation is operational; the latter that documentation of the process exists. The LFA indicators are more indicative of systemic changes in policies and capacity, while the PMF ones tend to be more process oriented. Technically, the LFA on CIDA funded projects is to be used, but this has never been the basis on which the Project has been tracking results. Project staff have instead used the PMF.

Second, the change in mandate of the MoE to MoFT also impacted the manner in which the results were being interpreted on the Project. As described above, the possibilities for influencing SME policy development became more indirect, with the Minister receiving support from the Project in terms of the development of policy options. The Minister then decides on the policies to put forward and the strategy for influencing other Ministries to accept the policy changes and adopt them. This meant that the emphasis in terms of results shifted. To the partners, the Project became less about policies being developed and implemented and more about improving the policy process within MoFT. This was reflected in further revisions to the results indicators in 2002 (see Annex C) which moved further away from the LFA indicators.
Third, tracking the development of policies and assigning attribution is difficult. Policy changes are often the result of a wide range of factors and influences. For this reason, it is important to recognize that what SMEPOL can do is to contribute towards changes in policies. For the most part, it can rarely cause changes to take place. In the discussion below, the policy results listed are one to which MoFT has contributed.

Given these constrains, discussions were held with Project staff to determine how best to assess the actual results being obtained. It was agreed that instead of choosing one set of indicators, that a more generalized approach would be used. The following summary of results to date takes this approach. Under each of the group of results, achievements to date are listed that fit into the general results categories targeted by the Project.

3.2 Results to Date

The following sections provide an overview of the results achieved to date in each of the four main components of the Project. For each component, a series of questions are addressed:

- What results have been achieved at the output level (e.g., short term results)?
- What progress is being made towards achievement of outcome level results (e.g., those which should be in place by the end of the Project)?
- How sustainable are the results likely to be after Project end?

3.2.1 Policy Development

### Outcome Result:

MoFT has provided strategic vision for overall SME policy and has developed specific policies, legislation and regulations that facilitate SME development

### Output Results #1 - Policy Development:

Provide training and technical assistance to upgrade and maintain the capabilities of the General Department for Micro, Small, and Medium Enterprise Affairs and Micro, Small and Medium Enterprise Development Unit staff resulting in:

- Overall SME policy framework strengthened
- SME policy development process at MoFT regularized
- Policy development carried out on priority issues

3.2.1.1 Output Results Achieved

Policy development is at the core of SMEPOL and its objectives. In this regard, SMEPOL aimed at two levels of output results:

- the implementation of a more structured process for policy development on SME issues at MoFT; and
- the development of policies for use by the GoE.
A process has been developed within MoFT for SME policy formulation. A draft procedures manual outlines the overall steps that are being taken for developing the policies. Figure 1 is taken from this manual and shows conceptually the stages being followed. The Figure is meant to be illustrative. The process is, in fact, more dynamic than it appears on Figure 1 with feedback between stages and the possibilities for spin-off policies throughout the process. The process focuses on the generation of relevant and high quality information, assimilation of views of stakeholders at every stage, and the creation of a positive policy environment. The formalization of the policies can then take a variety of forms including actual laws being developed and passed, Presidential or Ministerial decrees, or Government announcements.

The manual was developed jointly by the DU and GDMA and reflects the evolution of the process over the last three years. The manual has been accepted as the agreed method for dealing with stakeholders and the policy process in terms of SME policy development and is being implemented by both the DU and GDMA.

9 See the draft Procedures and Guidelines for the Policy Development Process, August 2003.
The policy results being seen from this process need to be divided into three groups:

- Progress on the original five core policy agendas;
- Influence on direct services being implemented through MoFT; and
- Influence on other Government policies and stakeholders.

**Core Policy Areas**

The work undertaken by SMEPOL on the original policy areas has contributed to policy changes within the GoE. This policy influence has been seen on three of the areas of focus: procurement; unified definition of SMEs; and the regulatory environment.

- **Procurement**

Procurement was identified by MoFT as a potentially important area for SMEs given the level of government purchasing which takes place within Egypt. Finding ways for SMEs to become involved in government procurement was seen as a potential new market for small firms. It was also recognized that there were constraints to the participation by SMEs, including the capacity of these firms to deliver quality products that would meet government specifications.

The MoF is responsible for executing and implementing all regulations pertaining to the procurement law including issuing directives and procedure orders. The work undertaken under SMEPOL focused on developing a better understanding of the methods to allow improved access by SMEs in an economically sound, accountable manner. These were then presented to MoF. The results to date from this work have been seen in two areas.

- The Project has contributed to the issuance of a Prime Ministerial decree indicating that 10% of all government procurement should be from SMEs.
- A Joint Inter-Ministerial Task Force has been established, which includes participation by MoF and MoFT, to determine how best to implement this SME procurement policy. The first meeting of the committee was held in September 2003.

While it may be unlikely that SMEs will ever directly provide 10% of government procurement, the fact that methods are being addressed to increase their involvement (including through subcontracting) is an important step in improving access to this market and building awareness in government to the potential of small suppliers.

- **Unified Definition of SMEs**

The need to have a unified definition for SMEs was identified as an issue in the Draft National Policy in 1998. At that time, nine different definitions of SMEs were being used by various governmental organizations. It was felt that a unified definition of the sector would enhance coordination among the various players—including government, non-governmental organizations, and donors—and facilitate the overall development effort. The ability to have an accepted definition for programming would also facilitate access by firms that were faced with a plethora of differing eligibility criteria for different programs.

Deciding on an appropriate definition is not a straightforward process, however. Extensive work has been undertaken by SMEPOL in examining the options, and developing suggested
definitions. Consultations were held, with various groups providing input and a proposed definition being developed and widely distributed.

The ability to move towards a unified definition, however, is reliant on the GoE having a policy which states a specific definition to be applied for SMEs. The opportunity to do this has arisen with the development of the SME law by the Prime Minister. MoFT, using the work done, has been able to influence the law in terms of not only having a definition included, but moving the law towards a workable definition as identified in the research on the subject. In addition, MoFT has provided MoF with recommendations on the definitions that could be used for the procurement and tax incentives.

It is difficult to know whether the final draft of the SME law with use MoFT definition. However, the inclusion of a definition in the law could be an important step forward in the rationalization of the programming support for SMEs.

- Regulatory environment

SMEPOL has been working on a number of areas in terms of developing a better understanding of the regulatory obstacles facing SMEs and how they could be overcome. One area where research has been done is developing an in-depth assessment of the One Stop Shop (OSS) concept. The OSS was an experiment undertaken by another CIDA funded project in Mansoura which brought together a number of government agencies to facilitate and streamline the registration and approval process for firms. SMEPOL researched the pilot, identified the positive spin-offs from the OSS pilot, and highlighted some policy changes that would be required to make the model more effective.

MoFT played a role in bringing this issue forward and influencing the Prime Minister to issue a Decree authorizing OSS in every Governorate. MoFT is now promoting the idea with Governorates with the intention that additional pilots could be established.

MoFT Direct SME Results

With the change in mandate to MoFT, the Ministry began to focus on how SME issues could be better integrated into Ministry operation. Policy changes have been identified by the Minister, with the DU and GDMA providing assistance in supporting the efforts of implementing these within MoFT. Some examples of the changes within MoFT in the area of SMEs are as follows.

- Commodity Councils

Commodity Councils provide a mechanism within MoFT for gathering entrepreneurs in various sectors. The Councils provide a direct link for firms into the Ministry and the Minister’s office to allow feedback on issues facing specific sectors.

The Ministry has decided to now place 2 SME representatives on the 13 Councils to ensure that the SME interests are also taken into account in the discussions. It is also hoped that the possibilities for linkages between firms can be explored. This is an important development since SMEs currently have limited methods for making their interests known to government.

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10 Recent drafts have not fully accepted the definition developed with SMEPOL support but proposed other alternatives.
SMEPOL has been assisting in areas such as identifying how to select SME representatives and methods for integrating their participation.

- **Export strategy**

The importance of exports to the economy of Egypt is widely recognized, as are the obstacles facing their expansion. Much of the focus to date, however, has been on the potential of large firms. MoFT wanted to develop a specific strategy for promoting SMEs participation in exports. SMEPOL has assisted in the development of this SME Export Strategy.

- **General Authority for International Exhibitions and Fairs**

A recommendation has been accepted by the Exhibition Authority to establish a unit aimed at specific support to SMEs. While smaller firms participate currently in some of the activities, it is felt that their participation could be enhanced if they were provided with additional assistance. The DU has delivered two SME workshops at the Authority and is working with the Authority to develop Terms of Reference for the establishment of the SME Unit. In addition, MoFT has been working with the Authority to grant preferential advantages to SMEs in terms of displays in local and international fairs and some discounts on the normal fee schedules charged by the Authority. A specialized International Exhibition for SME Technology has been held also.

**General SME Policy Support**

There have also been some spin-off results seen in terms of areas not originally anticipated in the PIP. Two results are particularly important.

- **SME Law**

MoFT is part of the core group of Ministries and agencies that are providing input into the development of the new SME law. SMEPOL staff have been able to provide support to the Minister by reviewing drafts and providing comments. In addition, as mentioned above, the research and work on policy areas under SMEPOL has been used as an input into the development of the SME law.

- **Donor Sub-Group**

A SME Donor Sub-group has been developed by donors and is chaired by the Canadian Embassy. The group is intended to be a forum for coordinating efforts in SME support among donors. SMEPOL staff act as the secretariat for the Donor Sub-group. This has allowed MoFT to play a role in increasing coordination among the various government agencies and ensuring that there is coordination between the SME policy work being done under SMEPOL and that being supported by other donors.

**3.2.1.2 Outcome Results**

The results to date show that SMEPOL has had an impact on both the SME policy environment in Egypt and the SME policy development process within MoFT. The policy gains which have been generated are important on a broad policy level. In general terms, these results support the targeted outcome result for the Project, namely--“MoFT has provided strategic vision for
overall SME policy and has developed specific policies, legislation and regulations that facilitate SME development."

In the PIP LFA and PMF, two indicators were targeted for assessing whether specific gains were being made in support of this outcome result:

- Level of recognition of MoFT’s role in SME development by key stakeholders; and
- Degree to which SME owners regard changes to the SME policy environment as beneficial.

In terms of MoFT’s role in SME development, from the interviews conducted, a number of conclusions emerged in terms of the views of stakeholders.

- The work under SMEPOL has played a critical role in maintaining the visibility of SME policy issues within Egypt. No other group has kept policy issues at the fore and provided a forum for discussion and debate over the last several years. This was seen to be an important contribution to the overall policy environment, ensuring that SME policy issues were kept on the political agenda.

- The key stakeholders also expressed strong support for the staff which have been working on SMEPOL. The group has gained a great deal of respect within Egypt, and is seen as an effective unit. The Senior SME Specialist and the Development Unit, in particular, were highly regarded and able to give the Minister and the Ministry: high visibility within the SME community; increased credibility in the SME area; and an increased perception that the Ministry is taking positions based on solid information. The GDMA has also begun to gain visibility within the broader stakeholder community.

Not surprisingly, however, the stakeholders also expressed a view that MoFT, as a Ministry, should not be playing the lead role in SME policy development. This was based on three factors. First, it has no official mandate in the area. Second, there continues to be an enormous amount of competition between the Ministries and agencies in the SME area—a fact which will only be marginally solved by the new SME law. Third, the commitment of MoFT to broad SME policy formulation (versus specifically for export promotion) is based on the Minister’s commitment to the issue. This means that a change in leadership in MoFT will decrease the role which the Ministry can and will continue to play.

Are there signs that SMEs believe there are benefits emerging from the policy work? On the positive side, SMEs have been given an opportunity to have input in some of the consultations done under SMEPOL and in the development of policies. This is extremely positive. On the other hand, the policy results to date are at a very high level—such as the issuance of decrees. These have not been translated into action that will begin to allow changes at an SME level. Until this takes place, SMEs will not see the benefits. Implementation of policies is key.

3.2.1.3 Sustainability

As noted above, with the shift in mandate to MoFT, there was also a shift more towards supporting the policy development process not specific policy reforms as key results from the Project. These process oriented results increased in importance with the hope that MoFT would be moving, on an on-going basis, towards a model of decision making based on broader
consultations and solid research and information. The result was to be a process which was “regularized” within MoFT.

As noted above, the policy formulation process is in place and is functioning well under the Project. Will this process be sustainable after Project end? The commitment appears to be there to continue with the decision support systems developed. However, a number of issues were raised that could cause problems for sustainability of the process within MoFT.

First, financial considerations are one of the biggest constraints. For example, the sectoral expertise is currently being provided by consultants not the DU or GDMA. While staff are knowledgeable about SME issues, the consultants do the research and develop the initial policy options. This information is then used as the basis for further refinement of the policy recommendations. To continue with the same level of policy research would require continued use of outside expertise. This was identified as a problem by the MoFT staff in terms of sustainability of the process since funds will likely not be available to hire consultants after SMEPOL. There was some concern that there may need to be a new approach to the policy formulation cycle because of this—is there a way to do informed decisions without access to outside experts?

Second, it was felt that the policy development process was also specific to SME policy concerns. It could continue to be applied as long at the Ministry was continuing to focus on SME related issues. A more general application within MoFT, however, would require revisions to the process to make it more generic and simplified.

Both of these issues highlight the need to re-examine the longer term applicability of the process being developed. While the process is sound and is producing solid results, there is also a need to ensure that the entire process is not dismissed after Project end simply because it is resource intensive or only seen to be applicable to broad SME issues. This is particularly true given the mandate of MoFT which is focused on export promotion.

3.2.2 Capacity Building

<table>
<thead>
<tr>
<th><strong>Outcome Result:</strong></th>
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<tbody>
<tr>
<td>Human and institutional capabilities of the Ministry to develop SME policies, legislation and regulations have been strengthened</td>
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<table>
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<tr>
<th><strong>Output Results #2 – Institutional and Human Capacity Development:</strong></th>
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<tbody>
<tr>
<td>Create a decision support system, equipped with an appropriate and effective information system to enable MoFT to ensure smooth development and implementation of policies for the SME sector resulting in:</td>
</tr>
<tr>
<td>• MoFT staff have acquired the knowledge, skills and attitudes (KSAs) necessary for policy development through training, mentoring and participation in other project activities and interaction with staff/consultants</td>
</tr>
<tr>
<td>• MoFT has developed a base of in-house capability to transfer KSAs on SME issues on an on-going basis</td>
</tr>
<tr>
<td>• Manuals of Standard Operational Procedures developed and updated regularly</td>
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3.2.2.1 Output Results Achieved

The Ministry’s original proposal to CIDA focused on the institutional development of the Ministry for policy support. The DU and GDMA had both been established at that point and the proposal identified key needs in terms of increasing both the knowledge of the staff on the SME sector, and the skills required to undertake an effective policy development process. It also called for the ability to transfer these skills and update them on an on-going basis. These ideas were carried through in the PIP and became the basis for a series of training programs and study tours to enhance the in-house capacity.

The planned program of capacity building is almost complete within MoFT. The support to both the DU and GDMA staff has been extensive and well received. Approximately 3,650 person days of training have been completed. Training programs have included: English training; computer courses; statistical courses; presentation and report writing courses; and specialized courses in SME development. In addition, international and domestic study tours have focused on gaining exposure to new ideas and models in SME development.

Both DU and GDMA staff feel that their skills and knowledge had been improved from this training, particularly in terms of technical understanding, and facilitation and communication skills. These improvements were also confirmed by outside stakeholders who believed that the staff were more effective at conveying SME policy ideas and promoting broad based consultations with stakeholders.

Internal training plans are in place and updated on a periodic basis to continue this capacity building effort. The program of training trainers is underway, with a database of training suppliers also having been established for future training needs. As noted above, a policy formulation manual is currently in draft form.

Besides the involvement in training programs, the participation on the Project was also supposed to be a method for capacity building—providing hands on experience for applying the skills in realistic settings. Training does not necessarily equal capacity building if the new tools can not be applied.

The GMDA staff felt their involvement in the policy formulation process was more instrumental in some ways in building their capacity, then simply having training programs. This hands-on approach has taught them how to deal with people, how to better articulate issues, and how to generate input from stakeholders. They also had an increased awareness of the need for consultations and building consensus in the policy process.

3.2.2.2 Outcome Results and Sustainability

Clearly there has been an enhancement of the staff capacity for policy development. The knowledge and skills within both the DU and GDMA have improved substantially. A group of core staff within the GDMA have the necessary training now to take over the policy formulation process, which was one of the original intentions of SMEPOL.
With these increases in human capacity, has the institutional capacity of MoFT been enhanced also? The desire to institutionalize the process within MoFT has been evident since the original proposal and concept. Is progress being made in reaching this outcome result?

To answer these questions requires a clarification of which group is in charge of policy development within MoFT and how the future process will be undertaken within MoFT.

According to MoFT documents, the DU is intended to serve three functions:

- Provide technical advice to the Minister on SME issues;
- Provide technical assistance to the GDMA; and
- Study SME development related issues under the Minister’s supervision.

The DU staff are outside the normal civil service and act as a special advisory unit within the Minister’s office. The DU staff are hired according to their background, education, and language skills. They are also paid above Ministry salaries to reflect their higher education and experience in the sector. When the DU was started by the Ministry in 1997, salaries were covered by the Ministry. SMEPOL project funding began to pay the DU staff salaries mid-way through the Project.\(^{11}\) At the time, there was concern within the Assembly about the increasing number of technical units attached to various Minister’s offices which were being created and funded through the Ministries. To continue the operation of the DU required that the salaries be covered by the Project, with the Ministry’s contribution to SMEPOL then shifting to other areas of program support.

The GDMA, on the other hand, is within the line Ministry structure and brings together staff from the Ministry’s different sectors to link their activities on SME development. The role of the GDMA focuses on:

- Developing policies to support SME development and to help make the targeted development efforts a success;
- Assisting in the provision of financial and non-financial assistance on a sound economic and developmental basis; and
- Increasing the sectors’ ability to compete on domestic and international markets, establishing mechanisms for decision support systems, creating a development policy formulation process, and increasing awareness and supporting efforts toward the sector’s overall development.

GMDA has had a change in mandate recently and is now under the Foreign Trade Policy Sector of MoFT. This is placing more priority for the group on export promotion for SMEs and strategies for improving competitiveness.

Given the respective roles of DU and GDMA, it is clear that the GDMA theoretically has the SME policy formulation role within MoFT. This was reflected in the original approach within SMEPOL which was to have a gradual shift in responsibilities between the DU and GDMA in terms of the policy development and project responsibilities.

The execution of SMEPOL, however, has seen the DU taking the lead with the GDMA staff providing occasional support. The DU staff have handled the policy formulation process,

\(^{11}\) All DU staff are paid from the CIDA contribution except one person who continues to be paid by MoFT.
supervised consultants, and undertaken the consultations. GDMA staff have provided some
back-up support in certain areas. Only recently has the GDMA begun to get more involved in
terms of being the “front” person on consultations, providing input into the process. GDMA staff
have also just begun one month placements within the DU to gain more on-the-job experience
with the work.

The GDMA staff have been anxious to become more involved in the process. However, two
primary reasons were mentioned by the DU for the slow involvement of GDMA in delivery to
date.

- The extent of the training programs being undertaken made it difficult for GDMA staff to
  participate in the training and still undertake their normal job functions. Project
  responsibilities were, therefore, kept to a minimum until the training was completed.

- GDMA staff required training, particularly in SME issues, before their participation could be
effective.

The recent moves to have the GDMA more involved in the Project are very positive since they
will allow greater capacity within the GDMA to handle future SME policy issues. This will be
particularly important in terms of their new mandate to focus more on SMEs and exports.
Everyone is in agreement that this process of increasing their involvement in the Project should
be accelerated.

What is not clear, however, is whether the role for SME policy development within MoFT is, in
fact, to be transferred to GDMA by Project end. Will it, in essence, be institutionalized within
that group as was the original intention of MoFT? Or is there another plan in place? Clarifying
this issue is important for two reasons.

- The experience internationally has shown that projects where capacity building interventions
  have largely focused on training, without institutionalization of these competencies, rarely
  have results being sustained at any level after the project ends. A pool of competent
  technicians and managers may be developed, but capacity also needs to be embedded in
  the organizational framework. This provides the momentum to continue to use the skills—
  without relying on individuals remaining in place for sustainability.

- The approach for the remainder of SMEPOL should have a clear vision of how these policy
  issues will continue to be handled after SMEPOL ends. This will allow the formulation of an
  appropriate strategy for ensuring the institutional capacity is in place, with the appropriate
  group or groups with MoFT, by the time the Project finishes. Otherwise there could be
  missed opportunities in terms of the potential to have greater impact within MoFT.

Currently, neither the DU nor the GDMA know what their roles will be in the future. Will the
functions be transferred as originally intended? Remain within a DU type arrangement? The
Ministry clearly wants to continue to have the DU in place after SMEPOL for a variety of
reasons. Without having the ability to fund this unit directly, however, they will be reliant on
finding other donor funding to continue the DU.12 This may be possible, but donor funding also
is attached to specific programming which may or may not have a policy development focus.
This could mean that the unit remains but is focused on other priorities besides policy

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12 The Ministry has already been requesting that other donors use a similar model of having DU type staff
in their projects.
formulation or SME development. On the other hand, the Ministry indicated that the recent reorganization of the GDMA was a sign of its increasing importance within MoFT in terms of SME issues.

Resolving the respective roles is important in order to clearly plan for future capacity building work. The training portion of the capacity building has almost been completed. The staff of the DU and GDMA have the core competencies required to under policy development. The question now becomes: how can the capacity of the institution be built to ensure a sustainable process of policy development by Project end?

3.2.3 Research, Information and Policy Analysis

| Outcome Result: |
| Knowledge and information base available to MoFT on SME development issues has been improved |

| Output #3 – Research and Information Systems: |
| Support research on relevant topics to provide MoFT with the necessary information and knowledge required for the policy and decision making process resulting in: |
| • Completed research and policy analysis on priority policy issues |
| • Capacity of decision support information system at MoFT strengthened to address SME policy issues |

3.2.3.1 Research

A key component of the Project has been the development and implementation of a policy research agenda. An important part of the policy formulation process, as shown on Figure 1 above, is undertaking research and developing an information base on key policy issues facing SME development. These are used as the basis for consultations and the development of policy options for consideration.

The role that research would play in SMEPOL was subject to an extensive amount of discussions during the initial negotiations between IDRC and MoFT. IDRC wanted a more formal applied research approach. MoFT was more interested in targeted research on very specific policy issues which would provide information for the Minister to consider and make decisions.

It was agreed that an agenda of policy issues would become the core of SMEPOL research and this would then be used to inform decision making by MoFT. These core issues were articulated in the March 2001 *Priority Policy Issues for the Development of the Micro, Small and Medium Enterprise Sector in Egypt*, and focused on the issues listed above: a national policy framework; unified definition; procurement; financing for SMEs; and regulatory constraints.
The research undertaken has reflected the role that it is playing in the decision making process, focusing on practical research and linked to policy options. Three types of research documents have been developed to date.

- **Background Documents**

Broader research on SME issues has been undertaken in a number of the key policy areas primarily at the beginning of SMEPOL. These reports, in some cases, included international comparative analyses that provided background of how other countries handled SME policies. The intention of this research was to inform MoFT staff and stakeholders on general SME issues such as the international experience with government policies and processes towards SMEs in general, and as well as in export promotion. Most have been published by MoFT and widely distributed.

Some reports such as the *Profile of M/SMEs in Egypt* were very well received by stakeholders who found them informative and useful for their work with SMEs. Other reports were seen to be useful by MoFT in terms of outlining the issues to be considered in SME policy formulation in specific areas. A number of the more general comparative reports, however, were seen to be less useful by stakeholders since they did not specifically focus on application to the Egyptian context.

- **Focused policy research**

The research which has had the greater link to the policy formulation process has been the highly technical reports done in specific areas of the policy research agenda. These have included the work on the SME definition, specific detailed regulatory obstacles faced by SMEs, and financing options. This research is highly focused and is aimed at developing policy options for consideration, along with action plans in some cases. The documents are used in three ways to:

- Inform MoFT on the dimensions of the policy issue, and possible options for resolution;
- Act as the basis for consultation and consensus building on the approach to resolving the specific SME policy; and
- Use as background for preparation of briefing memos to the Minister for consider in terms of moving the SME policy issue forward within the Ministry or GoE.

These documents are often shared with a select group of stakeholders most involved in the specific issue, but are not given to a broader audience. They are considered background documents for MoFT decision making.

The research is sound in most cases and provides detailed information for informing MoFT. Where some of the documents are less effective is in linking the analysis to how to implement policy changes. Two changes are being made now to address this issue. First, consultants are being required to provide clear and concise action plans for moving the policies forward. Second, in some cases, the research elements of the work and the specific options and action plans are being done by two separate groups. For example, a large study was done on the regulatory environment which documented in detail the regulations facing firms in different sectors. The follow-up work will now be done by a lawyer who will look at the specific laws identified in the study and recommend methods to streamline the process, along with ways of
doing this at the local level. This should result in more specific actions and processes that can begin to alleviate these regulatory bottlenecks.

- **Policies for consultation**

In some cases, the research has resulted in the development of specific policy frameworks for consultations with stakeholders and eventual GoE adoption. One of the key priority policy areas within SMEPOL was the updating of the 1998 *Draft National Policy*. Work has been undertaken to develop a new policy framework. This has involved undertaking specific research into the dimensions of the problems facing SMEs, development of draft policy frameworks, extensive consultations with stakeholders, and working sessions with key stakeholders to develop a joint action plan. The original intention of the document was to have an agreed upon policy framework for SME adopted by the GoE. While the document may not be adopted broadly by the GoE, partly because of the work underway on the SME law, it is possible that elements of the action plan may be adopted by other government agencies and moved forward.

3.2.3.2 Other Information Sources

In addition to these research efforts, SMEPOL has also been assisting in improving the in-house information available for on-going research, analysis, and outreach. These items are continuing to be developed and should provide good resources for continuing use by MoFT. A number of items are being put in place.

- **Website**

A website has been developed which serves a dual function: dissemination of the research and information being generated by MoFT with SMEPOL support; and provision of general information on SMEs and MoFT programming. The website allows the downloading of the research reports generated to date—allowing more access to the information. It will also eventually include more specific statistics on SMEs.

- **Resource Centre**

A resource centre has also been established which brings together domestic and international information on SME policy issues for use in in-house research in MoFT.

- **SME Database**

The lack of information on SMEs has been a problem for many years. SMEPOL has been developing a database of information on SMEs using existing sources. The database is still being constructed and will have both current and past information included. An agreement has been reached with CAPMAS to receive information from their database and surveys. Attempts are being made to get gender disaggregated data wherever possible. Once the data are cleaned, the information will be available through the website. This should be a useful source of information for a wide range of groups including business service providers.
• **Stakeholder Database**

At the beginning of the Project, a stakeholder mapping exercise was undertaken to identify which groups were active in supporting SMEs and what their areas of interest were in terms of policy issues. These stakeholders have now been placed in a database that is updated on a regular basis. The database allows easy identification of stakeholders, which should be involved in specific policy issues being addressed by MoFT, and facilitates contact with them as well as follow-up.

### 3.2.4 Networking and Public Awareness

**Outcome Result:**

Collaborative relationships between MoFT and other stakeholders have been enhanced to support SME policy development and implementation

**Output #4 – Networking and Public Awareness:**

Support networking between MoFT and other SME stakeholders to ensure policy consistency and promote implementation, and to enhance awareness of key SME development issues resulting in:

- Regular channels of consultation with stakeholder groups, at local and national levels, established
- Results of research and other information on MoFT SME activities shared with stakeholder groups and the public
- Collaboration with international groups in the SME field enhanced
- Increased public awareness and support for SME development policies

### 3.2.4.1 Consultative Processes

A key part of the policy formulation process has been the engagement of stakeholders in policy development. These consultations have taken a wide variety of forms including: formal groups such as the Inter-Ministerial committee for procurement issues; ad hoc committees on specific policy issues; workshops; focus groups; and working groups.

The interviews in MoFT and with key stakeholders highlighted the efforts being made to bring groups together to discuss SME policy issues and options. The comments indicated that there were clear benefits emerging from this approach to policy development.

- The consultations were seen as being a critical method for keeping SME issues at the front of policy debates. As mentioned previously, the policy work being done, with the support of SMEPOL has been some of the only work being undertaken in recent years. The consultations provided a venue for broader issues to be discussed and debated.

- The consultative approach has increased the openness of groups to collaborate on issues. There are a plethora of government, non-governmental, and donor agencies working in the SME field. As described earlier, limited coordination is seen between groups and there has
even been a reluctance for groups to discuss issues jointly. Turf wars, in particular, have been a problem. Stakeholders indicated that the consultations have increased the openness between stakeholders and their willingness to at least discuss issues jointly. This is an important step forward.

- Within MoFT, there has also been a recognition of the importance of consultations in building policy options. While the Ministry at first was reluctant to involve other groups in the analysis and development of policy options, the value of the approach has been affirmed and has strong support within the Ministry.

Establishing these collaborative approaches has been difficult, however. Both MoFT and outside stakeholders indicated that it was a complex undertaking that often did not have the anticipated results.

- Some of the consultations have aimed at building a consensus on the approach to take to implementing certain policy changes. The individuals involved in the consultations may come to an agreement on an approach or build an action plan. Moving these agreements forward within various Ministries and agencies, however, is far more difficult since commitment from the top of the organizations is required. Obtaining this is a complex process and highly political in many cases.

- While the consultations are meant to be inclusive, participation by key stakeholders has often proved difficult to obtain. This has been particularly true in situations where the discussions have focused on action planning where groups are meant to commit to action afterwards. Some key players have chosen not to be at the table.

- The stakeholders also made it clear that consultations or information sharing sessions to receive input are not the same as consensus building exercises among stakeholders. While providing input on documents and policy options developed by MoFT was seen to be important, effective consensus building required a broader approach where stakeholders were involved in identifying issues to be examined, designing approaches to tackle them, and formulating recommendations for future action. This was not the model used under SMEPOL.

This latter point is an important one from the point of view of the stakeholders. While MoFT wants to have some of their consultations being consensus building exercises, where everyone commits to future action, the other stakeholders indicated a reluctance to agree to this.

The work on the new policy framework is an illustration. A draft policy document called *SME Competitiveness in the 21st Century: A Proposed General Policy Framework for SME Development in Egypt* was prepared by MoFT. The process for developing the document has been far more broad based than the *Draft National Policy* from 1998. This is an example of how the policy formulation process has changed within MoFT. The work of the consultant started with verifying the needs at the Governorate level which was a new approach. There was then a series of consultations such as a synergy group, two 2 day workshops, and focus groups for the seven areas identified as priorities for action. In total over 200 people have provided input into the formulation of the policy framework.

Work is now being done on developing specific action plans for implementation of the policy framework. To be implemented these plans would involve a wide range of players working in
coordination. It has been more difficult to get participation by stakeholders in this portion of the work, however. From the interviews conducted, the stakeholders made a distinction between providing input into what they see as MoFT’s SME strategy for export competitiveness and their agreeing to take actions based on that strategy. They felt the two issues were separate. Without a link to implementation, the framework can not be effective, however.

This experience highlights the difficult issue of coordination between players. To build a consensus on issues appears to be something which none of the key stakeholders—including MoFT—can do on their own. Stakeholders are willing to participate in consultations because people think the information and research being generated is useful. They are also positive about being provided an opportunity for input and feedback on the work done. They are not, however, willing to accept one Ministry or agency as the leader of these policy changes.

Building consensus is a far more complex process that likely cannot be done from the bottom-up within the current context of the GoE. Dialogues can take place but under the current conditions, it is difficult to turn these into practical changes that increase coordination and improve effectiveness of policies and programs.

3.2.4.2 Public Awareness

A range of documents and publications have been produced and widely distributed to stakeholders based on the research done to date. As mentioned above, many of these documents have been well received and seen to be valuable to the broader stakeholder community. An SME newsletter has also been developed which provides information on MoFT’s plans for developing the SME sector and information on international experiences and lessons.

Other research that has been undertaken has been distributed to a more select audience that is involved in consultations on the issues. This more narrow focus for distribution is appropriate since many are studies that provide background for policy development. However, in some cases select pieces of the information collected could be distributed which might be useful for groups working directly with SMEs. For example, the regulatory study documented specific steps that an enterprise would need to take in certain sectors to get various approvals. The work is very specific and detailed and within the Project context was intended to provide specific identification of policies, regulations, and laws that needed to be reviewed. This same information, however, could be packaged in brief fact sheets that outlined these steps for firms. These would be useful to groups such as NGOs or business development centres which are attempting to assist SMEs in getting through the approvals process. This type of information dissemination would be different from the approach taken to date but could prove valuable to groups working with firms on these complex policy issues.

In addition to these items, SMEPOL has been undertaking preliminary work to develop a more broadly based public awareness campaign designed to promote an improved understanding of SME development issues.

A number of studies and surveys have been undertaken as a basis for designing the broader public awareness campaign. A recent survey in July 2003 focused on getting feedback from three major stakeholder groups: SMEs; government bodies, and other groups including donors,
NGOs, and consultants. The purpose was to assess public awareness in terms of both the importance of SMEs to the economy and the role of MoFT in supporting SMEs.

The results of the survey are quite revealing in a number of areas. First, there appears to be a recognition of the importance of SMEs in the Egyptian economy. This was not seen to be an issue. Second, SMEs feel that nobody is working in their interest. They have lost faith in government and think that claims by government that they are assisting SMEs are “newspaper talk”. Third, few SMEs or other outside groups understand the respective roles of the various agencies and ministries in SME support. Fourth, Government agencies felt they were making an effort to help SMEs but due to lack of coordination and conflicts between ministries, with each wanting to be the “legitimate father”, their efforts are not felt or are even blocked by ministries in the field.

The study concluded that a campaign to reach SMEs should effectively focus on gaining trust in government bodies and should be based on a feasible and consistent approach to outlining government services. This conclusion was discussed during some of the Evaluation interviews to see whether this type of broad based campaign would achieve the desired objectives of increasing awareness of issues and programs. There was general agreement that, as was indicated in the survey, awareness was not the issue but trust of SMEs in government. Government keeps announcing changes, such as the fact it will simplify regulations, but does not deliver. To gain trust means that promises have to be delivered on, not just made. In addition, some other campaigns are underway. USAID, for example, is funding an awareness campaign targeting media to assist them in better understanding what the issues are surrounding SMEs and some of the constraints. This more targeted approach is seen to be more effective. From the interviews conducted, a rethinking of the public awareness campaign strategy in the study needs to be undertaken to ensure that SMEs are not further alienated and the results are what is intended.

### 3.3 Cross-Cutting Themes

CIDA’s program in Egypt has four cross cutting themes that were outlined in the CDPF that were to be integrated into all CIDA programming. These are: gender equality; environment; child protection, and institutional capacity building. SMEPOL is integrating the institutional capacity approach throughout the Project and has done separate strategies for the other three.

One issue, which runs throughout the SMEPOL strategies, is the difficulty the team has had in the development of the strategies. This difficulty relates to a series of factors.

- The CIDA documents, such as the CDPF, have not been clear in terms of what was expected from the Project in terms of dealing with the cross-cutting themes. Since none of the core staff on the Project are familiar with CIDA requirements, or have ever worked on CIDA projects before, it was difficult to interpret what was required.

- The position of the Project staff as an integral part of MoFT has meant that the team had difficulty differentiating between whether they were supposed to do a “Project” strategy or a “MoFT” strategy. Were they supposed to be the same? Different?

- IDRC has also provided limited guidance in terms of approaches they have taken with policy projects elsewhere in the world. Examples of other strategies have not been provided to staff nor has expertise been sourced from within IDRC.
The result is that the SMEPOL strategies have a mixture of broad based issues facing MoFT—and even in some cases GoE—as well as Project specific elements. This makes it difficult to know what the Project is tackling or doing, versus the broader objectives of MoFT in these areas. The gender equality strategy is assessed here to illustrate these issues.

SMEPOL has produced a gender equality strategy. The document has two parts. One deals specifically with gender equality issues within the SMEPOL Project and how these will be addressed. The broad outlines of the approach are the same as seen within the Project PIP and provide targeted approaches within each of the Project’s four components. In general, many of the ideas are good in terms of integrating issues within the Project operation. The Project has even made some gains in terms of implementing these gender equality elements.

- SMEPOL has been working with MoFT in developing a unit to support gender issues within the Ministry. All Ministries have been asked by the GoE to establish such as unit and the Minister asked the DU to assist in developing the plan for MoFT’s unit. Part of their responsibilities will be covering specific issues relating to SMEs and exporting.

- The database being developed on SMEs, described above, will have gender disaggregated data available. Work is being done to ensure that all elements of the data being collected from various groups such as CAPMAS are disaggregated as much as possible—allowing differential analysis of issues.

- Staff training has also taken place in terms of the relationship between SME related and gender equality issues.

- A brochure has been developed for MoFT that outlines the role of MoFT in promoting gender equality.

The rest of the SMEPOL Gender Equality Strategy, however, provides broad based assessments and policy recommendations that go far beyond either the Project or MoFT responsibilities. For example, proposed policy actions include items such as specialized financial institutions, lower VAT on essential goods produced by women, and special vocational training programs for women’s entrepreneurship. This portion poses three problems.

- These broad based policy options are not linked to the scope of work within the Project. There are no mechanisms within MoFT or SMEPOL to have an influence on most of the areas.

- It is also unclear how some of the recommendations were arrived at and could be argued within the broader GoE system. They are simply stated as ideas.

- There is a tendency to view gender issues as being more relevant to microenterprises and poverty programming. In fact, issues facing women entrepreneurs and workers are much broader than this. Equal access to services and opportunities is as relevant for female workers in a medium sized enterprise as for women owners of microenterprises.

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13 CIDA’s own CDPF has this bias as well.
CIDA’s new Gender Equality Strategy for Egypt will be released soon and provide more specific guidelines for the issues which projects need to consider in their programming. This will include the need for projects to develop gender equality strategies which also link into CIDA’s objectives. CIDA’s new Gender Equality Strategy for Egypt will also emphasize the issue of ensuring that the spectrum of concerns facing women and their involvement in SMEs are viewed—not just those related to microenterprises.

The Project needs guidance from CIDA in terms of understanding how the Project should integrate the cross cutting themes and the nature of the strategies required for this integration.

3.4 Conclusions and Recommendations

SMEPOL was intended to work with MoFT in two areas:

- the establishment of a more coherent policy framework through short term policy development; and
- longer term capacity building of MoFT in supporting SME development.

The Evaluation has identified important gains that have been made in each of these areas. The Project has assisted MoFT in:

- Keeping SME policy issues on the GoE agenda;
- Supporting the initial process of policy changes in areas such as procurement and regulatory reform;
- Expanding the participation of SMEs in MoFT programs;
- Contributing valuable input to broader initiatives such as the SME law and the SME Donor Sub-group;
- Building the capacity of MoFT staff in SME policy development;
- Building information systems which will contribute to the longer term availability of quality inputs for future work on SMEs;
- Building methods of consultation which have brought diverse stakeholders together to discuss and contribute to finding common solutions to problems facing SMEs; and
- Increasing the knowledge base within Egypt on issues affecting SMEs.

A number of issues have also been identified here in terms of threats to the potential sustainability of the work. To improve the chances of sustainability of these efforts by Project end, a number of recommendations are presented for consideration.

- **Policy Development Process**

As noted above, the process of policy development has been effectively implemented but faces a number of challenges to continuing after Project end. It is *recommended* that:

- SMEPOL further explore two areas for ensuring that the policy development process is sustainable in the future and contributes to MoFT’s overall policy development approach.
  - Opportunities should be identified to experiment with alternative methods for some elements of the policy cycle. The issue of whether MoFT would be able financially to continue to implement the current model, requiring high levels of outside expertise, is
an important one to consider. There may be ways to adapt the model to require less resources. For example, methods for people within MoFT to undertake more of the research could be explored. Outside expertise would then only be accessed to supplement these in-house efforts. These and other ideas need to be investigated in terms of developing ways to maintain the integrity of the process, with less financial commitment.

- Methods also should be identified to make the policy development process fit more generically with other policy issues facing MoFT. Currently it is viewed within MoFT as having applicability primarily to SME policy development—not other types of policies on which MoFT is working. In fact, the process could have broader applicability. Support could be provided to other groups within MoFT interested in adapting the model on a broader basis. Methods could also be developed for sharing lessons learned on various aspects of the process such as undertaking research or consultations.

- **Embedding Institutional Strengthening**

For the remainder of the Project, it will be important to focus on ensuring that the skills and processes being developed are embedded within MoFT and able to continue to contribute to its policy development in the future. To do this, it is recommended that:

- MoFT clarify the role of the different groups in policy formulation to ensure that the institutionalization of the process can be appropriately planned and executed by Project end. This may require even bringing in other groups besides DU and GDMA to increase the pool of expertise.

- Future capacity programs then be developed which address both the individual skills and the institutional needs to allow the application of those skills on an on-going basis. This also highlights the importance again of ensuring that the process is viewed as having broader applicability within MoFT, beyond simply SME policy issues.

- **Dissemination of Information and Public Awareness**

The dissemination of information has focused to date on releasing executive summaries or complete reports as background research on the SME issues. It is recommended that:

- Consideration be given to also looking at the opportunities for distributing small sections or portions of the non-public research which have useful information for service providers dealing with SMEs. Examples of this would be fact sheets on steps in the regulatory process for a specific sector, or the information from the public awareness survey on which type of media and information sources are most effective in reaching SMEs.

From the information gathered by SMEPOL, the public awareness issues do not revolve around either the importance of SMEs or the constraints they face. The issue is delivering on promises of support which are made by government. Based on this, it is recommended that:

- The public awareness component of the Project be rethought to establish methods of building awareness which will not further alienate SMEs. A better focus might be a specific
link to concrete changes in policies or programs from which they can benefit, and the government can deliver.

- **Cross-Cutting Themes**

The team needs assistance in better understanding the expectations of CIDA in terms of the cross-cutting themes as well as methods to integrate these into the Project. It is recommended that:

- CIDA provide assistance to the Project in understanding methods to integrate the cross-cutting themes.
- IDRC provide assistance in terms of examples of their experience internationally in similar projects.

- **Results**

The results indicators for the Project have increasingly moved towards things like “documentation in place” or “number and type of studies completed”. This is further reflected in the reporting which focuses primarily on activities. Despite the evolution of the Project, the results statements appear to continue to be valid. It is recommended that:

- Support be given to the staff by CIDA in better defining results indicators which can move beyond the activity level and provide more insights into the progress being made. This could then be used as the basis for reporting.
4.0 PROJECT MANAGEMENT

4.1 Partnership Approach

4.1.1 Decision Making Structure

SMEPOL is a Project built on the basis of a high degree of partnership between the three groups—MoFT, IDRC, and CIDA. The development of the Project design and PIP were joint activities between MoFT and IDRC and reflect the agreements made between the two groups in terms of the priorities and approaches. All three partners are now actively involved in the directions and decisions made within the Project—adopting a partnership approach.

The Project has two Committees—a Project Steering Committee (PSC) and a Project Management Committee (PMC). The PSC provides the overall direction for the Project and includes participation by the Minister, IDRC, and CIDA. It reviews and approves Work Plans and is the forum for building a consensus on the overall Project approach. The PMC, with representatives from all three partners, is the forum for reviewing progress, providing advice and support to the DU, and reviewing Work Plans and reports before their submission to the PSC. The Project Management Committee provides a good sense of where the project is and a forum for discussing future directions and potential issues.

Feedback from the partners on this structure was positive in terms of promoting joint decision making, providing a method to coordinate and build consensus between the three groups, and ensuring flexibility in terms of adjustments that are needed. These committees guide the direction and implementation of the Project and provide a forum for debate, consensus building, and joint decision making.

A SMEPOL Research and Policy Advisory Committee has also been established which brings together some of the consultants, other outside experts, and the partners to specifically focus on the research aspects of the Project. This was started in 2002 to bring in some additional expertise in terms of developing and implementing the research agenda. The Committee is intended to provide advice on the strategic direction of the research agenda, comment on specific draft research results, and provide advice and recommendations on the policy priorities for SME development.

The outside members of this Committee that were interviewed saw it as another forum in which consultations take place with SMEPOL staff. They view it less as a formal Committee and more as an informal forum to discuss and debate issues. As such, it was seen to be useful.

4.1.2 Implementation Model

While the PSC and PMC provide the overall broad decision making structure, the actual implementation model used for SMEPOL is based on the principle of fully integrating the Project into MoFT operations. The Project is located within the Minister’s office and works directly with the top decision makers. The relationship within the Project is built on trust, with decision making on priorities being done on a joint basis. Flexibility has been allowed which has supported the changing environment and priorities within the Ministry. The structure has also allowed the Minister to receive support on a day to day basis on key issues.
Figure 2 shows the structure of the Project within the Ministry which has been followed until recently. Some recent changes in this structure are discussed later.

Figure 2 Organizational Structure

At first there was some reluctance to this type of in-house implementation approach. The Ministry was initially hesitant to have a Canadian advisor situated within the Ministry. For IDRC, this approach to policy formulation was very different from their usual approach of having independent groups developing the research and then providing information to Ministries. This in-house approach, versus the more traditional arms length approach, was unique.

MoFT, IDRC, and CIDA are now all in agreement that the structure has been highly effective for this type of policy development project. The DU staff, who are funded by the Project, see themselves as being the Minister’s staff—not a “project” unit. This is extremely positive. MoFT has also shown a strong financial commitment to the Project by funding both in-kind and cash expenses such as computer equipment for the GDMA. This commitment indicates the value seen within the Ministry of the overall approach and support being given by the Project.

While the overall management and guidance to the staff have been technically through the Advisor to the Minister, the Canadian SME Specialist and the Advisor have reached joint decisions on priorities and approaches, with the Canadian Specialist then taking on more of a
Project Coordinator role with the DU. This has been an effective approach in terms of balancing the Project priorities with others within the Ministry.

Some recent changes within MoFT have now made the structure shown on Figure 2 less clear. The Advisor to the Minister for MSME Affairs has been promoted to Deputy Minister of MoFT, creating a new position in the Ministry and an increase in responsibilities. The staff member within the DU who is paid by MoFT has been promoted to DU Manager. The intention of MoFT seems to be that this role will take over the previous responsibilities of the Advisor vis a vis SMEPOL. At the time of the Evaluation, these changes were in the process of being made and it was not completely clear what the implications were since a PMC had not been convened to discuss the changes.

There are two possible spin-offs from this which may affect the partnership approach which has been key to the success of the arrangement to date. First, as discussed above, the policy formulation process undertaken by SMEPOL is ultimately aimed at one client—the Minister. The research undertaken, the consultations held on various issues, and the policy options developed provide the basis for recommendations which go to the Minister for consideration. He then either asks for further work, a change in focus to the approach, or accepts the recommendations and decides whether they will be promoted within the broader GoE system. The effectiveness of this chain to date has been reliant on the close working relationship between the Senior SME Specialist and the Advisor to the Minister. The approaches taken and priorities set by these individuals are the feedback mechanisms into the project implementation which ensures that what is being done on the policy formulation side is in sync politically with what the Minister wants and is willing to move forward within the GoE system. This relationship has worked because of the level of trust between the Senior SME Specialist and the Advisor and the close direct working relationship between the Advisor and the Minister. Changes in this structure will mean that the Project staff will be more removed from the primary decision maker, the Minister, making these feedback mechanisms less immediate.

Second, the Senior SME Specialist has also played an overall role of Project Coordinator. One aspect of this role is helping staff balance the short term demands for information and support seen within a Ministry structure, from the longer term agenda of the SME policy work of SMEPOL. This balancing has been important to ensure that the DU is integrated within the Ministry and providing support for short term issues but also continuing to pursue the SME policy agenda. With the establishment of a DU Manager position, it is no longer clear, within the structure, how priorities will be set and who provides certain directions to DU staff.

In keeping with the partnership model, these kind of changes need to be a joint decision of MoFT, IDRC, and CIDA given their implications for Project effectiveness in the future. It is recommended that:

- The PMC convene to discuss the impact of changing roles and responsibilities and agree on the structure for SMEPOL for the remainder of the Project, including the individuals who are members of the PSC and PMC.

4.2 Project Staffing and Support

Two of the areas which CIDA requested be reviewed were the issues of the human resources used on the Project as well as the backstopping of the Project by IDRC.
4.2.1 Project Team

SMEPOL is a complex project and the team has done an excellent job to date. The current staff of the Project are very effective in pursuing the SME policy agendas, building relations with outside groups, and understanding the requirements of delivering policy options which are practical and can be moved forward. The team is well respected by outside stakeholders in terms of both their knowledge and professionalism. They have raised the profile of MoFT as well as contributed to the broader SME agenda in Egypt. Even with staffing changes, the team within both the DU and the GDMA have maintained their commitment to the principles of SME policy development and work to effectively implement them. The team will continue to be an important asset to MoFT after Project end.

The team has developed a database of qualified consultants and a system to source the expertise required for the various research assignments. They also supervise the work of the consultants, ensuring that they are high quality and address the need to be action oriented. The Egyptian consultants that have been hired as a result of this process have done a good job. A range of consultants have been used to cover the various issues on the policy agenda and there appears to be a good match, in general, between the assignments and the consultants selected.

4.2.2 IDRC Policy Influence Models

IDRC was interested in participating in the Project because of their focus on the link between research and policy. The IDRC Program Framework 2000-2005 specifically states that “IDRC will foster and support the production, dissemination and application of research results leading to policies and technologies that enhance the lives of people in developing countries”.

When their proposal was put forward for SMEPOL, IDRC was using a more traditional approach to this type of policy influence. The most common was the production of policy relevant research and analysis by outside researchers, and the dissemination of these research results through a wide range of fora.\footnote{For a full review of the IDRC policy projects see, Strategic Evaluation of Policy Influence: What Evaluation Reports tell Us About Public Policy Influence by IDRC Supported Research, Abra Adamo, April 30, 2002.}

In recent years, IDRC is increasingly looking for opportunities to link research results more closely to policy and policymaking—what they call "closing the loop". In most of their projects this has meant: linking like-minded researchers, policymakers, and members of civil society interested in common issues; and making the results of the research, that are being supported, more widely available.

In SMEPOL, IDRC is trying a unique approach by actually having the research and advisory unit within the Ministry and undertaking research that is action oriented. This provides a different model for policy influence from the arms length approach that is normally followed. The closest project IDRC has to this model is the Trade and Industrial Policies Secretariat (TIPS) in South Africa. Under this approach, the Department of Trade and Industry (DTI) asks for support in developing policies and TIPS provides the research. The project structure, however, is very different from SMEPOL. The project is outside the Ministry. The Ministry requests research be undertaken in certain topics and the Secretariat then delivers the research. The project has
been able to influence the thinking about policy issues due to the uniqueness of the Project counterparts. Many of the people who came to power within the DTI were researchers who had a heightened sense of the importance of information and research in policy development. This meant that the staff were usually receptive to information and research results.

While the TIPS project has some similarities to SMEPOL, there are also critical differences. First, the implementation unit is not an arms-length research group but a unit within the Minister’s office which is providing information for decision making. Second, the research is more action oriented and focused on specific policy development and formalization not on formal policy research. SMEPOL’s research is intended to result in policy changes.\footnote{For a more complete discussion of the various types of policy influence approaches see, IDRC. 2001. \textit{IDRC Supported Research and Its Influence on Public Policy: Knowledge Utilization and Public Policy Processes—a Literature Review.}}

Given its uniqueness, the tools are not available within IDRC, to any extent, to support the development and delivery of this new model. While the Regional Office has provided guidance, in terms of inputs to research agendas and overall review of documents produced, institutionally the policy influence models have provided little support for the SMEPOL staff. Even the process of hiring consultants on SMEPOL is different from the normal IDRC approach. IDRC does broad proposal calls for researchers to develop policy research. SMEPOL does Requests for Proposal (RFPs) for consultants to do highly specific research that MoFT wants developed. These differences in the model have meant that SMEPOL staff are developing their own tools such as RFPs without the benefit of IDRC’s experience.

As noted above, this lack of input has been seen in areas such as the ability to integrate cross-cutting themes into the policy Project and to have a clear identification of the results being targeted.

If the Project is to be extended, more specific support may be needed as part of IDRC’s contribution. Given this, it is recommended that:

- IDRC rethink how it could support this new model of policy influence including how to make the experience of other IDRC projects more relevant. This would be particularly helpful in areas such as suggestions for results indicators and tracking, gender analysis, and lessons from other policy support programs.

4.3 Risk Mitigation Strategies

Any policy development Project faces risks, and this Project is no exception. SMEPOL works in a political environment and therefore the risks are high on a number of levels including: the possibility of the Minister leaving; potential changes in mandate of the Ministry; shifts in government priorities; or shift in Ministry priorities. In addition, the SME policy environment within Egypt is complex with many players, little coordination, and even limited desire to coordinate in some cases. All of these elements pose threats to the Project and its ability to have policies adopted and implemented. Few of these risks were identified in the original PIP, nor were mitigation strategies developed.

The Project has been faced by some of these risks, however, and has done a good job in identifying and developing methods to mitigate them. This has been done as much by an
evolutionary process as a formal risk identification and mitigation strategy. In fact, the SMEPOL reports do not even mention risks and risk management.

How has the Project managed the risks? A few strategies have been particularly important in effectively dealing with these issues.

- The Project has taken a flexible approach to implementation. This has allowed, for example, the addition of trade as the sixth policy priority with the change in Ministry mandate. This flexibility has been key.

- The efforts at consultations and building a consensus have not only focused on the specific policy issues being reviewed but on more broadly attempting to improve GoE coordination and provide fora in which discussions could be held.

- The importance of donors in this equation of coordination has also been recognized. The agreement for SMEPOL to provide the Secretariat function for the SME Donor Sub-group has been an important element in supporting greater coordination among donors but also between the work of MoFT and the broader community.

- Efforts to broaden the involvement of people within MoFT have reflected the need to build a broader base of support for the policy formulation process which will continue regardless of the leadership of MoFT.

These types of strategies have been effective in dealing with a very difficult policy environment within which the Project operates. However, the staff indicated that one lesson emerging from the Project to date was the need to anticipate risks and changes, and better plan for those changes.

While many of the risks are far beyond even the control of MoFT, methods can be developed to begin to mitigate them. For example, a change in Minister could result in the priority on SME policy development within MoFT decreasing sharply. This would clearly impact SMEPOL and its policy agenda since it is geared towards decision making by the Minister. However, if the policy formulation process is more generically adapted within MoFT, then some sustainability will be seen regardless of the change. In addition, the work being done on SMEs and export development allows a continued niche for SME policy work.

Some risks are within the control of the MoFT and need to be better articulated. For example, the reorganization of GDMA was planned by MoFT but not widely known within the Project until it was taking place. This has an impact on the capacity building being done, and therefore poses a risk to sustainability of the capacity efforts. Being able to better understand changes taking place, anticipate their impact, and then plan for the transition would mitigate threats to the Project continuity and momentum.

For these reasons, it is **recommended** that:

- An exercise be undertaken by the SMEPOL staff to review the risks to the work they are undertaking, identify methods to mitigate those risks, and determine any changes in operations or approaches which are needed to implement the mitigation strategy.
5.0 EXTENSION

SMEPOL is currently scheduled to end in July 2004. It is estimated that there will still be approximately Cdn$1.0 million left in the CIDA budget unspent at that point. This raises the possibility of extending the Project.

One of the questions which CIDA wanted the Evaluation to cover was: is an extension of SMEPOL warranted? The conclusion of the Evaluation is that an extension is warranted. This is based on three factors.

- The interviews with stakeholders clearly indicated the important role which SMEPOL has played in providing a forum for SME policy investigation and debate. While much of this debate has shifted to the development of the new SME law, the stakeholders still thought that SMEPOL could continue to play an important role in the short term by continuing to support a more structured and inclusive review of SME issues.

- While progress has been made in terms of the promotion of the original policy agenda, there are still gains that can be made based on the work to date. In particular, the work on the regulatory environment and the development of the SME policy framework need more time to be developed and have a chance of being implemented.

- The capacity building aspects also need additional time. While staff skills are in place, as described above, the policy development process has not been institutionalized within MoFT and this will take time.

Given this conclusion, it is recommended that:

- The Ministry/IDRC develop a proposal for an extension that covers the following elements:
  - Clearly identifying the results being targeted for Project end not just activities to be undertaken;
  - Defining the priority policy areas to be focused upon;
  - Identifying methods for consolidating institutional capacity building including which groups will be responsible for continuing policy development and what this means in terms of capacity building needs of MoFT;
  - Outlining the approach to be taken to project implementation and any proposed changes in roles or responsibilities;
  - Identifying how the remaining CIDA funds will be utilized and the proposed timeframe; and
  - Identifying the contributions that MoFT and IDRC will be making to the extension.

In order to adequately develop this plan, both partners need to be explicit about some approaches they plan to use for the extension. In the case of MoFT, this includes specifically outlining how they will manage both the policy development and the capacity development aspects of SMEPOL. In terms of the policy development some of the questions that need to be addressed by MoFT include:
• Which policy areas are the Ministry prepared to push forward within the GoE structure for adoption? Which areas are aimed at policy changes within MoFT?
• What mechanisms does it intend to use to influence policy changes and reforms in areas which are outside the MoFT direct mandate?
• What mechanisms will be used within the Project to clearly provide feedback on policy areas to staff during the policy formulation process?
• How do the priorities identified fit with the original intention of SMEPOL?

For capacity building aspects, some of the key issues for MoFT to include are:

• What is the plan for institutionalizing the policy development process within MoFT?
• What will be the respective roles and responsibilities for policy formulation and how are they integrated into the extension plan?
• What implications does this have for capacity building needs aimed at both individuals and the institution?

In the case of IDRC, there is a need to articulate the contributions that IDRC will be making to the extension. This should include, but not be limited to:

• What has the financial contributions by IDRC covered to date and what are the projected contributions intended to cover for the extension to the Project?
• How will the IDRC staff, funded by CIDA, support and contribute to the Project? What specific roles and responsibilities will they have on the Project?
• How does IDRC plan to provide more support in areas such as results management, gender equality issues, and broader lessons from policy influence models?

After the MoFT/IDRC proposal for an extension is submitted, CIDA can then review it and determine whether it continues to fit within the overall SME Program and CIDA’s pro-poor agenda.
### SMEPOL PROJECT ASSESSMENT GRID & DATA SOURCES

<table>
<thead>
<tr>
<th>Development Results</th>
<th>Document Review</th>
<th>IDRC Canada and Cairo</th>
<th>MOFT including Project staff</th>
<th>Embassy staff</th>
<th>Other Stakeholders</th>
<th>Project Consultants</th>
<th>Other Experts</th>
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<td>✓</td>
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</tr>
<tr>
<td>What progress has been made in achieving specific results to date at the:</td>
<td></td>
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</tr>
<tr>
<td>• Output level?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>• Outcome level?</td>
<td></td>
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<tr>
<td>How do these results:</td>
<td></td>
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</tr>
<tr>
<td>• Compare to the intended results?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tr>
<tr>
<td>• Match expectations of CIDA and the partner?</td>
<td></td>
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<tr>
<td>To what extent has the SMEPOL Project helped in influencing policy changes in relation to the M/SME environment? Has this been at the:</td>
<td></td>
<td></td>
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<tr>
<td>• Central Government level?</td>
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<td>✓</td>
<td>✓</td>
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<tr>
<td>• Various regional levels?</td>
<td></td>
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<tr>
<td>What specific policy changes has the Project contributed towards either directly or indirectly?</td>
<td></td>
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<tr>
<td>• What impact have these policy changes made at the M/SME level to date?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>• How will M/SMEs be impacted in the future either directly or indirectly</td>
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</table>

16 The evaluation matrix is based on CIDA's *Framework of Results and Key Success Factors* which is the Agency wide approach to be taken to evaluations.
17 The "Embassy staff" include both the Embassy as well as Project Support Unit specialists. "Other stakeholders" are groups such as the SFD which play a key role in the SME area and are key stakeholders in the Project. "Other Experts" includes outside experts, enterprise associations, and other donors.
<table>
<thead>
<tr>
<th>Interview &amp; Group Meetings</th>
<th>Document Review</th>
<th>IDRC Canada and Cairo</th>
<th>MOFT including Project staff</th>
<th>Embassy staff</th>
<th>Other Stakeholders</th>
<th>Project Consultants</th>
<th>Other Experts</th>
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<tbody>
<tr>
<td>by these policy changes?</td>
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<tr>
<td>Are there lessons regarding results for similar initiatives including:</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tr>
<tr>
<td>• Differences in results by type of policy intervention?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>• Differences in results by degree to which policy work requires coordination across Ministries?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>• Lessons in terms of capacity development?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>• Success factors for effective networking?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>• Other criteria?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Have lessons changed over time as more experience is gained with the project and have these been incorporated?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>What are the key factors that facilitated or hindered the achievement of:</td>
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<tr>
<td>• Policy related results</td>
<td>✓</td>
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<tr>
<td>• Capacity building results</td>
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<td>✓</td>
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<td>✓</td>
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<tr>
<td>• Networking results</td>
<td>✓</td>
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<tr>
<td>To what extent are women targeted by or involved in the SMEPOL Project?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tbody>
</table>

### Success Factors (Relevance, Sustainability, Partnership, Appropriateness)

1. **Relevance**

Does the Project make sense in terms of the conditions, needs, or problems to which it is intended to respond? | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Is the Project consistent with: | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

• Conditions and needs within the GOE and specifically MOFT? | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

• Conditions and needs of M/SMEs? | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
### Interviews & Group Meetings

<table>
<thead>
<tr>
<th>Document Review</th>
<th>IDRC Canada and Cairo</th>
<th>MOFT including Project staff</th>
<th>Embassy staff</th>
<th>Other Stakeholders</th>
<th>Project Consultants</th>
<th>Other Experts</th>
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<tbody>
<tr>
<td>Priorities of CIDA?</td>
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<tr>
<td>Results being targeted?</td>
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<tr>
<td>Results being achieved?</td>
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<tr>
<td>Match between the results targeted and the type of interventions being undertaken?</td>
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<tr>
<td>Lessons to date?</td>
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<tr>
<td>Does the Project effectively identify, target, and track the conditions within the country and their impact on M/SMEs?</td>
<td>✓</td>
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### Sustainability

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<tr>
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<th>IDRC Canada and Cairo</th>
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<th>Embassy staff</th>
<th>Other Stakeholders</th>
<th>Project Consultants</th>
<th>Other Experts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there local ownership of the Project activities with commitment for results and sustainability of initiatives?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Are there specific mechanisms and budgets committed to maintain the benefits/results?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
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<tr>
<td>Is there adequate institutional capacity to maintain results?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Is the domestic policy and institutional environment conducive to maintaining the results?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Are there lessons regarding the time and conditions required for similar initiatives to become sustainable?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Are there external factors that influence the ability to move towards sustainability of the various elements?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Are the structures and visions of MOFT and other stakeholders consistent with continuation of their role in M/SME support?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
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</tr>
<tr>
<td>Interviews &amp; Group Meetings</td>
<td>Document Review</td>
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<td>Other Stakeholders</td>
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<tr>
<td>Are issues of sustainability integrated into Project design and execution?</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>3. Partnership</td>
<td></td>
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<tr>
<td>Was the approach to shared responsibility and accountability for project implementation effective in terms of maximizing the results achieved?</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
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<tr>
<td>Do the decision making structures function well?</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
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</tr>
<tr>
<td>Are the roles and responsibilities clear between partners and organizations?</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
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<tr>
<td>Does a consistent vision exist regarding the future approach to M/SME support?</td>
<td>✔</td>
<td>✔</td>
<td></td>
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<tr>
<td>Was the Project able to engage stakeholders outside of MOFT?</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the integration of the Project into Ministerial operations enhance the sense of ownership or have an impact on results obtained?</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>4. Appropriateness of Design</td>
<td></td>
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<tr>
<td>What role does IDRC and MOFT play in identifying and developing the project?</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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</tr>
<tr>
<td>What factors influence the design and delivery of the Project?</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>• Priorities of MOFT?</td>
<td></td>
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<tr>
<td>• Priorities of other stakeholders in the M/SME field?</td>
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<tr>
<td>• Supply issues in terms of IDRC’s capacity or approach?</td>
<td></td>
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<tr>
<td>• Other factors?</td>
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<tr>
<td>Was a risk analysis done in the planning phase and used during the</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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</tr>
<tr>
<td>Implementation?</td>
<td>Document Review</td>
<td>IDRC Canada and Cairo</td>
<td>MOFT including Project staff</td>
<td>Embassy staff</td>
<td>Other Stakeholders</td>
<td>Project Consultants</td>
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<tr>
<td>Are methods in place to integrate lessons learned into the Project design and approach?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Are the Project resources, capacities and strategies sensible and sufficient to achieve the intended results?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<td>✓</td>
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</tbody>
</table>

4. Appropriateness of Resource Utilization

<table>
<thead>
<tr>
<th>Are suitable human resources involved in delivering the project:</th>
<th>Document Review</th>
<th>IDRC Canada and Cairo</th>
<th>MOFT including Project staff</th>
<th>Embassy staff</th>
<th>Other Stakeholders</th>
<th>Project Consultants</th>
<th>Other Experts</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Match between skills of staff and needs of the MOFT? Other stakeholders?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tr>
<tr>
<td>• Ability to source expertise needed?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>• Ability to meet gender objectives?</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
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<table>
<thead>
<tr>
<th>Are the IDRC staff able to transfer skills?</th>
<th>Document Review</th>
<th>IDRC Canada and Cairo</th>
<th>MOFT including Project staff</th>
<th>Embassy staff</th>
<th>Other Stakeholders</th>
<th>Project Consultants</th>
<th>Other Experts</th>
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<table>
<thead>
<tr>
<th>Is IDRC able to provide the goods and services required for the project?</th>
<th>Document Review</th>
<th>IDRC Canada and Cairo</th>
<th>MOFT including Project staff</th>
<th>Embassy staff</th>
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<th>Project Consultants</th>
<th>Other Experts</th>
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<table>
<thead>
<tr>
<th>Do the partners have effective systems of monitoring key indicators on the projects?</th>
<th>Document Review</th>
<th>IDRC Canada and Cairo</th>
<th>MOFT including Project staff</th>
<th>Embassy staff</th>
<th>Other Stakeholders</th>
<th>Project Consultants</th>
<th>Other Experts</th>
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<table>
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<th>Are financial resources being used economically?</th>
<th>Document Review</th>
<th>IDRC Canada and Cairo</th>
<th>MOFT including Project staff</th>
<th>Embassy staff</th>
<th>Other Stakeholders</th>
<th>Project Consultants</th>
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</table>

5. Innovation, Creativity and Timely Action

<table>
<thead>
<tr>
<th>Does the Project explore new ideas and approaches to achieve its results?</th>
<th>Document Review</th>
<th>IDRC Canada and Cairo</th>
<th>MOFT including Project staff</th>
<th>Embassy staff</th>
<th>Other Stakeholders</th>
<th>Project Consultants</th>
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<table>
<thead>
<tr>
<th>Does the Project anticipate and respond to change based on adequate information?</th>
<th>Document Review</th>
<th>IDRC Canada and Cairo</th>
<th>MOFT including Project staff</th>
<th>Embassy staff</th>
<th>Other Stakeholders</th>
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<table>
<thead>
<tr>
<th>Is SMEPOL operating in a manner which is complementary to GOE M/SME initiatives and where lessons can be</th>
<th>Document Review</th>
<th>IDRC Canada and Cairo</th>
<th>MOFT including Project staff</th>
<th>Embassy staff</th>
<th>Other Stakeholders</th>
<th>Project Consultants</th>
<th>Other Experts</th>
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<td>IDRC Canada and Cairo</td>
<td>MOFT including Project staff</td>
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<tr>
<td>transmitted between organizations?</td>
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<tr>
<td>Are the organizations able to work</td>
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<td>together to reach a common objective?</td>
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Annex A – SMEPOL Evaluation
M.M. Lynch Consultants International Inc.

Page A-6
November 2003
LIST OF INTERVIEWS
SMEPOL EVALUATION\textsuperscript{18}

- Ministry of Foreign Trade
  Manal Hussein Abdel Razek  Deputy Minister, Ministry of Foreign Trade

- SME Development Unit
  Mohamed Abdel Aziz Youssef  SME Development Specialist
  Mohamed Shawky  SME Development Specialist
  Nabil Yehia Rashdan  Manager
  Nirmeen Mahmoud El-Sayyad  SME Development Specialist
  Rasha El-Ghor  Administrative Assistant
  Rasha Habashy  SME Development Specialist
  Samer Sayed A. Mohamed  IT Specialist, System Administrator
  Yehia K. Duzdar  SME Development Specialist

- General Department
  Ahmed Abdel-Raizek  Technical Researcher and Translator
  Emad El-Sayed Salem  Economic Researcher
  Enas Mohamed Gamil  Economic Researcher
  Khaled M. Abdel-Rehim  Technical Researcher
  Nourhane Badawy Hassan  Public Relations Specialist
  Sherine Mohamed Fayed  Economic Researcher
  Sonia Mohamed Abdel-Hafeez  Public Relations Specialist

- IDRC
  Dr. Brent Herbert-Copley  Director, Social and Economic Equity, Program and Partnership Branch
  Dr. Eglal Tached  Regional Director, Cairo
  Dr. El-Wathig Kameir  Senior Program Specialist, Cairo
  Greg Goodwin  Senior SME Specialist, SMEPOL

- Outside Groups
  Abd El-Karim Kebiri  Senior Advisor, Enterprise Management & Development, ILO
  Dr. Alia El Mahdi  Vice Dean for Graduate Studies & Research, Cairo University
  Amr Abou El Azm  Senior Officer, International Cooperation Sector, Social Fund for Development
  Amro I. Abouesh  Microfinance Advisor, Banque Du Caire
  Antoine Courcelle-Labrousse  Facility Coordinator, Program Manager Egypt, North Africa

\textsuperscript{18} As of September 24, 2003.
Dr. Ayman Mahmoud               Enterprise Development, International Finance Corporation  
Bas Auer                       Executive Director, El Mobadara       
Hanaa El Hilaly                General Manager, International Cooperation and Corporate Communications, Social Fund for Development  
Dr. Ibrahim El-Ghanam          SME Advisory Director, Foundation for International Training  
Ibrahim Laafia                  First Secretary, Economic Modernization, European Union  
Lamy S. Makary                 Makary Consulting  
Magdy S. Khalil                Team Leader, Small Business Development, USAID  
Mamdouh Afia                   Managing Director, Almanar  
Martin Weiss                   Team Leader, SME Promotion Project, GTZ  
Mary George Samouel            Under Secretary for Canada & Latin America, Ministry of Foreign Affairs  
Mohamed A. El-Hamamsy          Deputy Chairman, Vodafone and Chair of the Canada-Egypt Business Council  
Nader Fergany                  Almishkat  
Nemat Guemena                  Consultant, EQI  
Raafat Radwan                  Chairman, The Cabinet Information and Decision Support Center  
Randa Fahmy                    Vice President, EQI  
Richard Carothers              Project Director  
Richard A. Szudy               Project Team Leader, Egypt Environmental Initiatives Fund  
Robert Feige                   Expert, International Trade, Economy, European Union  
Dr. Salama Fahmy               Project Manager, SMBSP  
Dr. Samir Makary               President, Makary Consulting  
Tamer Raafat El-Meehy          Managing Director, Entrust Development & Management Consultants  
Dr. Tarek Nouiar               Head of Developmental Studies Sector, The Cabinet Information and Decision Support Center  
Wolfgang B. Klesse             Expert, Industrial Modernization, European Union  
Yasser Abdel Wahab             Manager, Training Centers and Clusters  
Yehia El Agami                 President, Small Enterprise Development Organization  
Ziad Bahaa-Eldin               Managing Partner, Bahaa-Eldin Law Office  

CIDA and PSU

Rick McTaggart                 Head of Aid and Country Program Director  
Eman Omran                    Senior Development Officer  
Ghada Abdel Tawab             Gender Equality Program  
Naela Refaat                   Program Advisor  
Suzie Griess                   PSU Director  

Annex B - SMEPOL Evaluation                                             Page B - 2
## Annex C
### Comparison of Results Frameworks

<table>
<thead>
<tr>
<th>Results Targeted PIP&lt;sup&gt;19&lt;/sup&gt;</th>
<th>Performance Indicators Revised LFA in PIP</th>
<th>Performance Indicators PMF in PIP</th>
<th>Performance Indicators Revised 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome #1.0</strong>&lt;br&gt;M.O.F.T. has provided strategic vision for overall M/SME policy and has developed specific policies, legislation and regulations that facilitate M/SME development</td>
<td>1.0.1 Level of recognition of M.O.F.T.’s role in M/SME development by key stakeholders</td>
<td>1.0.1 Level of recognition of M.O.F.T.’s role in M/SME development by key stakeholders with regard to:&lt;br&gt;- Unified SME definition&lt;br&gt;- M/SME National Policy Framework&lt;br&gt;- Various policies developed</td>
<td>1.0.1 Level of recognition and approval of M.O.F.T. role in M/SME development by key stakeholders with regard to M/SME National Policy Framework</td>
</tr>
<tr>
<td>1.0.2 Degree to which M/SME owners regard changes to the M/SME policy environment as beneficial</td>
<td>1.0.2 Extent to which M/SME owners regard changes to M/SME policy environment to be positive compared to 1999</td>
<td>1.0.2 Level of participation of stakeholders in policy development process</td>
<td></td>
</tr>
<tr>
<td><strong>Outputs #1.1</strong>&lt;br&gt;Overall M/SME policy framework strengthened</td>
<td>1.1.1 Draft national policy updated (date, status of approval)&lt;br&gt;1.1.2 Unified definition of M.S.M.Es proposed, status of acceptance by other GOE entities</td>
<td>1.1.1 Draft national policy updated (date, status of approval)&lt;br&gt;1.1.2 Unified operational definition of M.S.M.Es recommended</td>
<td>1.1.1 Draft national policy updated (date, status of approval)&lt;br&gt;1.1.2 Number and type of stakeholders participating in policy development process</td>
</tr>
<tr>
<td><strong>Output #1.2</strong>&lt;br&gt;Policy formulation process at M.O.F.T. regularized</td>
<td>1.2.1 Evidence that formal policy development agenda and explicit policy formulation procedures are in place&lt;br&gt;1.2.2 Usefulness of procedures as perceived by M.O.F.T. staff and senior management</td>
<td>1.2.1 Full documentation of the policy development process is in place&lt;br&gt;1.2.2 # of times M.O.F.T. staff have used the policy formulation process&lt;br&gt;1.2.3 Knowledge and skills</td>
<td>1.2.1 Documentation of the policy development process is in place&lt;br&gt;1.2.2 Level of acceptance by M.O.F.T. to the policy formulation process</td>
</tr>
</tbody>
</table>

<sup>19</sup>Note that the results and the performance indicators listed on the PMF in the PIP are not exactly the same as those listed in the revised Logical Framework Analysis in the PIP.
<table>
<thead>
<tr>
<th>Results Targeted PIP&lt;sup&gt;19&lt;/sup&gt;</th>
<th>Performance Indicators Revised LFA in PIP</th>
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<th>Performance Indicators Revised 2002</th>
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</thead>
<tbody>
<tr>
<td><strong>Output #1.3</strong>&lt;br&gt;Policy development carried out on priority issues</td>
<td>1.3.1 Number and type of policies, regulations and legislation proposed by the project for approval&lt;br&gt;1.3.2 The status of approval for each policy proposal</td>
<td>1.3.1 Number and type of policies, regulations and legislation proposed by the project for approval&lt;br&gt;1.3.2 The status of approval (by MOFT) for each</td>
<td>1.3.1 Number and type of policies, regulations and legislation proposed by the project (identified, recommended, approved, action plan for implementation)</td>
</tr>
<tr>
<td><strong>Outcome #2.0</strong>&lt;br&gt;The human and institutional capabilities of MOFT to develop M/SME policies, legislation and regulations have been strengthened</td>
<td>2.0.1 Extent of improvement in MOFT staff capabilities to conduct policy development activities independently (policy research, policy formulation, policy planning, report writing, inter-action with stakeholders)&lt;br&gt;2.0.2 Extent to which the GDMA has taken over MSME policy functions from the DU</td>
<td>2.0.1 # and type of tasks carried out independently by GDMA staff (research, policy formulation, planning, report writing, interaction with stakeholders)</td>
<td>2.0.1 Quality of tasks carried out by GDMA staff (research, policy formulation, planning, report writing, interaction with stakeholders)</td>
</tr>
<tr>
<td><strong>Output #2.1</strong>&lt;br&gt;MOFT staff have acquired the knowledge, skills and attitudes (KSAs) necessary for policy development through training, mentoring and participation in other project activities</td>
<td>2.1.1 Number of training courses by subject and type, number of trainees, by sex&lt;br&gt;2.1.2 Assessment of the training effectiveness&lt;br&gt;2.1.3 Level of utilization and effectiveness of the acquired knowledge and skills in the work situation</td>
<td>2.1.1 Assessment of training satisfaction and acquisition&lt;br&gt;2.1.2 List of knowledge, skills and attitudes utilized in work situation</td>
<td>2.1.1 # of training days&lt;br&gt;2.1.2 Assessment of training satisfaction and acquisition&lt;br&gt;2.1.3 Level of participation of MOFT staff in conducting project activities</td>
</tr>
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</thead>
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<tr>
<td><strong>Output # 2.2</strong>&lt;br&gt;MOFT has developed a base of in-house capacity to transfer KSAs on MSME issues on an ongoing basis</td>
<td>2.2.1 Capacity of MOFT to train staff on an on-going basis</td>
<td>2.2.1 An internal training plan in place</td>
<td>2.2.1 An internal training plan in place/degree of implementation</td>
</tr>
<tr>
<td></td>
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<td>2.2.2 Level of implementation of the plan</td>
<td>2.2.2 Level of interaction between DU and GDMA staff</td>
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<tr>
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<td>2.2.3 Internal updating of needs assessment</td>
<td>2.2.3 Assessment of internal training satisfaction and acquisition</td>
</tr>
<tr>
<td><strong>Output #2.3</strong>&lt;br&gt;Manuals of Standard Operational Procedures developed and updated regularly</td>
<td>2.3.1 Effectiveness of standard operating procedures</td>
<td>2.3.1 Procedures as perceived by MOFT staff and senior management</td>
<td>2.3.1 Degree of acceptance to the use of SOPs</td>
</tr>
<tr>
<td><strong>Outcome #3.0</strong>&lt;br&gt;The knowledge and information base available to MOFT on M/SME development issues has been improved</td>
<td>3.0.1 Extent to which in-house information and data has improved (documents, databases)</td>
<td>3.0.1 # of computerized documents produced from database and level of internet use</td>
<td>3.0.1 Degree of use of resource centre</td>
</tr>
<tr>
<td></td>
<td>3.0.2 Extent of linkages between MOFT staff and outside experts/information sources</td>
<td>3.0.2 # and type of linkages between MOFT staff and outside experts/information sources</td>
<td>3.0.2 Level of use of information produced by the project by others</td>
</tr>
<tr>
<td></td>
<td>3.0.3 Evidence that research results and data have been used in policy analysis and development</td>
<td>3.0.3 # of references to research studies in policy development documents or other evidence of use in policy development documents</td>
<td></td>
</tr>
<tr>
<td><strong>Output 3.1</strong>&lt;br&gt;Completed research and policy analysis on priority issues</td>
<td>3.1.1 Number and type of research studies completed</td>
<td>3.1.1 Number and type of studies completed</td>
<td>3.1.1 Number and type of studies completed (English/Arabic)</td>
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<td></td>
<td>3.1.2 Quality and usefulness as judged by peers and project management, including attention</td>
<td>3.1.2 Quality and usefulness as judged by peers and project management, including attention</td>
<td>3.1.2 Quality and usefulness as judged by stakeholders and</td>
</tr>
<tr>
<td>Results Targeted PIP</td>
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<tr>
<td><strong>Output 3.2</strong></td>
<td>Capacity of decision-support information system at MOFT strengthened to address M/SME policy issues</td>
<td>3.2.1 Quality and timeliness of data and information available, including extent of gender disaggregation</td>
<td>3.2.1 Degree of usage of SME information (website usage)</td>
</tr>
<tr>
<td></td>
<td>3.2.2 Degree to which systems are used for operational activities and policy development</td>
<td>3.2.2 Degree to which systems, as opposed to old practices, are used for operational activities and policy development</td>
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<tr>
<td><strong>Outcome #4.0</strong></td>
<td>Collaborative relationships have been established between MOFT and other stakeholders to address M/SME development issues</td>
<td>4.0.1 Stakeholders attitudes regarding openness of MOFT to outside consultation, collaboration</td>
<td>4.0.1 Behaviour change of stakeholder and Ministry staff regarding collaboration</td>
</tr>
<tr>
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<td>4.0.2 Evidence that stakeholders’ input has been reflected in the policy development process</td>
<td>4.0.2 Stakeholders’ input has been documented and reflected in policy development process through analysis</td>
<td>4.0.2 Level and type of stakeholders participation in policy development process</td>
</tr>
<tr>
<td><strong>Output #4.1</strong></td>
<td>Regular channels of consultation with stakeholder groups, at local and national levels, established</td>
<td>4.1.1 Number, type and intensity of consultation channels</td>
<td>4.1.1 Number, type and intensity of consultation channels</td>
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<td>4.1.2 Reach (breakdown of participants by type of institution, location, sex)</td>
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<td>4.1.3 Usefulness of consultation channels</td>
<td>4.1.3 Established channels used regularly (yes/no)</td>
<td></td>
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<tr>
<td>Results Targeted PIP&lt;sup&gt;19&lt;/sup&gt;</td>
<td>Performance Indicators Revised LFA in PIP</td>
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<tr>
<td>Output #4.2 Results of research and other MOFT activities shared with stakeholder groups and the public</td>
<td>4.2.1 Number and type and timeliness of publications, workshops and web-site material</td>
<td>4.2.1 % of research and other activities shared with stakeholders and public</td>
<td>4.2.1 Quality and usefulness as perceived by stakeholders</td>
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<td>4.2.2 Quality and effectiveness of the dissemination process</td>
<td>4.2.2 Quality and usefulness as perceived by stakeholders'</td>
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<tr>
<td>Output #4.3 Collaboration with international groups in the M/SME field enhanced</td>
<td>4.3.1 Number and type of linkages</td>
<td>4.3.1 Number and type of linkages</td>
<td>4.3.1 Number and type of linkages</td>
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<td></td>
<td>4.3.2 Usefulness, as perceived by MOFT staff</td>
<td>4.3.2 Percentage of MOFT staff who consider such collaboration useful</td>
<td>4.3.2 Degree of usefulness to MOFT staff</td>
</tr>
<tr>
<td>Output #4.4 Increased public awareness and support for M/SME development policies</td>
<td>4.4.1 Extent of awareness and support</td>
<td>4.4.1 Level of awareness against baseline study</td>
<td>4.4.1 Number and type of tools used for awareness</td>
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<td>4.4.2 Level of awareness against baseline study</td>
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</table>

<sup>19</sup> M.M. Lynch Consultants International Inc.