
Integrated Impact Assessment of an Industrial Policy on SMEs: Lebanon case study

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Objectives of the Case Study

- Publication part of a regional exercise
 - Use the case study as a tool for policy-makers
 - Adopt an inter-active dynamic process in setting industrial policy (public-private)
 - Focus on a particular challenge and devise remedies
 - Conduct an Integrated Impact Assessment of the proposed policy on SMEs
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Impact Assessment on SMEs

An Impact assessment may include:

- Quantitative statistical methods (e.g., modeling). They are costly & often doesn't fully reflect reality (simplification of integrated linkages)
- Qualitative analysis. Used to investigate complex issues, but conclusions are more subjective and validity depends on quality of data and methodology adopted
- Participatory approach: Suitable for exploratory, low-budget or initial investigations. This conclusions are "preliminary" and require further examination. Methodology often not well developed

Source: University of Manchester, Impact Assessment Research Center

Impact Assessment Approach of Industrial Policy on SMEs: The 4 Stages

Activity & Process	Output	Outcome	Impact
<i>Policy intervention</i>	<i>1st order changes</i>	<i>Purpose behind measure</i>	<i>Ultimate goal</i>
What did we do & how?	What changed?	Did policy lead to desired effect?	Was overall goal achieved?
<u>Example / indicators</u>			
Set up one-stop-shop	# days to register firm down (or up)	More start-ups	Job creation, better business climate

Source: University of Manchester, Impact Assessment Research Center

Impact Assessment: Indicators should be

- Limited (not many) but comprehensive
- Applied consistently to different policies
- Able to provide clear, transparent evidence
- Appropriate to the stage of the assessment (i.e., get more aggregate as we move towards Impact Stage 4)

Roundtable Discussion Points

- Define what constitutes a Lebanese SME (for the case study)
- Select priority areas (theme) for Lebanese SMEs:
 - Not necessarily focus on a particular sector
 - Criteria for selection includes data availability, access to information, cooperation, relevance
 - Consider the indicative list, in particular focus on: job creation, finance, and technology (i.e., first 3 clusters)

Roundtable Discussion Points (2)

- List relevant measures (in effect or in the pipeline)
- Industrial policy is a discovery process where public & private agents learn about costs, opportunities, externalities & devise remedies => Identify policies & discuss implications
- Adopt the participatory / case study approach (not statistical or qualitative)
- Adopt an ex ante or ex post assessment?

An Indicative Thematic List of Challenges Facing Lebanese SMEs

Cluster	Sub-themes
Labor	Job creation, unemployment, wages, participation, market rigidities
Productivity	Technology transfer & absorption, mise-a-niveau, capacity building,
Market Imperfections	Access to finance, competition, market rigidities
Market Access & NTB	Hidden taxes, rules of origin, standards, norms, accreditation
Business & macro climate	Access to information corruption, doing business, investment funds, risk assessment & feasibility studies
South-South Trade	GAFTA, Syria, Egypt, Iraq, non-industrial liberalization
Export diversification	Innovation, R & D, non-conflict exports (not produced in destination markets or exported during off-season)
Government Reforms	Tax policy, debt, private sector development

Case Study: Scope & Proposed Outline

- Introduction, economic background, definitions
- Principal macro & micro challenges (e.g., debt, trade liberalization) and caveats in Lebanese economic policy
- Priority areas affecting Lebanese SMEs
- Best practices or lessons learnt

Case Study: Scope & Proposed Outline (2)

- The proposed policy: Objectives, scope, measures related to competitiveness & sustainability, process, etc.
 - Base line scenario (No action): expected impact
 - Short & Long term assessment of possible scenarios
 - Scenarios & associated measures
 - Expected implications on sustainable development
 - Recommendations, lessons learnt, suggestions
- Conclusions and recommendations (regional context)

Next Steps

- Discussions – as we go – with stakeholders
 - A draft (~30 pages) will be ready by Feb. 2007 (i.e., to the point & without delay)
 - Stakeholders will then have the opportunity to review draft & comment before its publication and dissemination regionally to decision-makers
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