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Promoting entrepreneurship for productive capacity-building

The UNCTAD Entrepreneurship Policy Framework and its implementation

Note by the UNCTAD secretariat

Executive summary

Many developing countries and economies in transition encounter challenges in the design and implementation of entrepreneurship policies. To assist policymakers in this endeavour, UNCTAD has developed the Entrepreneurship Policy Framework. While cautioning that one size does not fit all, the Framework draws attention to policy objectives and recommendations that could provide a basis to develop country-specific initiatives, measures and institutions to promote and facilitate entrepreneurship. It boasts a practical checklist, an inventory of good practices and selected monitoring indicators.

As the Framework is a living document, the lessons learned, as well as challenges encountered in Brazil, Ghana, Nigeria, Panama, Zimbabwe and other countries, will serve to further improve the document and implementation guidance, providing practical recommendations to policymakers on how best to adopt and adapt it to their national context to facilitate the role of entrepreneurship in social and economic development.

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Introduction

1. Entrepreneurship is vital for economic growth and development. The creation of new business entities generates value added, fiscal revenues, employment and innovation, and is an essential ingredient for the development of a vibrant small- and medium-sized business sector. It has the potential to contribute to specific sustainable development objectives, such as the employment of women, young people or disadvantaged groups. Entrepreneurship development can also contribute to structural transformation and building new industries, including the development of eco-friendly economic activities.

2. The Framework aims to support developing-country policymakers in the design of initiatives, measures and institutions to promote entrepreneurship.* While cautioning that one size does not fit all, it suggests policy options and recommended actions in priority policy areas that have a direct impact on entrepreneurial activity. It proposes checklists and numerous good practices and case studies. It features a user guide, a step-by-step approach to developing entrepreneurship policy, and a set of indicators to measure progress.

3. Experts from more than 100 countries helped develop the Framework during the series of Multi-Year Expert Meetings on Enterprise Development and Capacity-building on Science, Technology and Innovation, held in Geneva from 2009 to 2012.

I. Entrepreneurship Policy Framework and implementation guidance

4. The Framework identifies six priority areas for policy focus (figure 1).

Figure 1

Key components of the UNCTAD Framework



Source: UNCTAD.

5. For each area, the Framework:

- (a) Identifies policy objectives and options in the form of recommended actions;

* The Online Inventory of Best Practices in Entrepreneurship and a downloadable copy of the Framework are available at www.unctad.org/epf.

- (b) Proposes checklists, case studies and good practices;
- (c) Provides an interactive online inventory of good practices;
- (d) Offers a user guide and methods for policy monitoring and evaluation;
- (e) Provides a set of indicators to measure progress.

6. The Online Inventory of Good Practices in Entrepreneurship complements the Framework and provides an opportunity for all stakeholders to contribute cases, examples, comments and suggestions as a basis for the inclusive development of future entrepreneurship policies. The inventory includes selected policies and programmes from developing countries and economies in transition.

7. Combined with the online inventory, the Framework becomes a policy toolkit that offers an interactive step-by-step approach for policymakers to formulate and implement a national entrepreneurship strategy (see figure 2).

Figure 2

National entrepreneurship strategy formulation and implementation



Source: UNCTAD (www.unctad.org/epf).

8. To accommodate feedback received through the online inventory and through numerous policy forums held by UNCTAD on entrepreneurship, the Framework has been designed as a living document. UNCTAD will continuously integrate in the Framework lessons learned from its technical assistance work on entrepreneurship development.

9. For such technical assistance, UNCTAD counts on its network of 34 Empretec centres that provide training and other business development services to entrepreneurs. The Framework acts as a blueprint for projects aimed at helping developing-country policymakers design and implement successful entrepreneurship development programmes. UNCTAD offers such technical assistance to countries upon request.

10. The six areas of the Framework, further detailed in this note, are examined in a dedicated section, which features examples of good practice where policies have been successfully implemented.

11. Policymakers aiming to develop initiatives, measures and institutions to promote and facilitate entrepreneurship and business start-ups can implement the Framework by following a number of steps:

- (a) Assessing the current state of entrepreneurship in the country. This involves evaluating the current business environment in which entrepreneurs start up, operate and grow their businesses, looking at the overall business climate and identifying country-specific challenges. As part of this step, policymakers should assess the role of entrepreneurship in the country's overall development objectives, particularly with regard to

sustainable development. The checklists provided at the end of each section may guide this process, and other tools may be of help;

(b) Defining the overall entrepreneurship strategy and priorities, both in terms of objectives and targets. Identifying which groups of entrepreneurs need assistance and pinpointing policy and programme gaps and shortcomings of relevance to these groups are particularly important;

(c) Designing a focused and coordinated set of measures to address the gaps and shortcomings identified. The examples and cases provided in this document and the best practice cases included in the web-based inventory, an integral part of this policy framework, can help by providing policy options that can be adopted and adapted to specific circumstances and goals. The entrepreneurship strategy and priorities, and the concrete measures, should yield actions plans for coordinated implementation;

(d) Monitoring and assessing the impact of the policy measures and regularly evaluating feedback from lessons learned. Entrepreneurship policy should be managed dynamically to ensure continued relevance and effectiveness of policies and measures. To allow a periodic evaluation of policies, it is important to define a number of measurable objectives and targets. These can be translated into key performance indicators that can be tracked over time to show improvements or deteriorations in a host country's conditions for entrepreneurship. The policy objectives and their performance indicators should be limited in number, and certain criteria must govern the selection of indicators. Those criteria are presented in chapter III, and an illustrative set of possible indicators is provided in table 7.

12. An overview of the six priority areas of the Framework is provided below.

A. Formulating national entrepreneurship strategy

13. Entrepreneurship is one of the most important drivers of job creation and economic growth, and is crucial for the development of a vibrant formal small- and medium-sized business sector. It enhances productivity growth and can also help find practical business solutions to social and environmental challenges, including climate change. Despite its importance, entrepreneurship is not always actively encouraged in all developing countries by means of dedicated policy initiatives. Both economic theory and practice demonstrate that entrepreneurship may generate social gains beyond private gains. A proactive role of governments in supporting entrepreneurship is therefore justified, and it requires a systemic approach. National entrepreneurship strategies should be tailored to each country's specific conditions. It is therefore important to clarify how entrepreneurship is expected to contribute to overall national development objectives and where policies and institutions should intervene to achieve these objectives. See table 1.

Table 1
Formulating national entrepreneurship strategy

<i>Policy objectives</i>	<i>Recommended actions</i>
(a) Identify country specific challenges	Map the current status of entrepreneurship in the country Identify country-specific entrepreneurship opportunities and challenges
(b) Specify goals and set priorities	Define strategies to achieve specific goals and reach specific target groups Develop and prioritize actions
(c) Ensure coherence of entrepreneurship strategy with other national policies	Align entrepreneurship strategies with overall development strategy and other private-sector development strategies Manage interaction and create policy synergies
(d) Strengthen the institutional framework	Designate a lead institution Set up an effective inter-agency coordination mechanism and clarify mandates Engage with the private sector and other stakeholders Ensure business-like service delivery
(e) Measure results, ensure policy learning	Define clear performance indicators and monitor impact Set up independent monitoring and evaluation routines Incorporate feedback from lessons learned

Source: UNCTAD.

B. Optimizing the regulatory environment

14. The unleashing of entrepreneurship requires an environment that enables the entrepreneur to create, operate, manage, and if necessary, close a business within a context where compliance with the rule of law governing disclosure, licensing and registration procedures, and the protection of physical and intellectual property are guaranteed.

15. The regulatory environment should encourage people to set up their own business, try new business ideas and take on calculated risks, keeping administrative burdens to the minimum required to support public policy and sustainable development objectives. At the same time, entrepreneurship development requires rules and regulations to ensure standards that society as a whole deems necessary, such as inclusive and sustainable development. These standards relate to health, security, the environment, employment and any other standards that society as a whole deems necessary to ensure inclusive and sustainable development.

16. The following table provides a synopsis of policy objectives and recommended actions.

Table 2
Optimizing the regulatory environment

<i>Policy objectives</i>	<i>Recommended actions</i>
(a) Examine regulatory requirements for start-ups	<p>Benchmark time and cost of starting a business</p> <p>Benchmark sector- and region-specific regulations</p> <p>Set up public–private dialogue on regulatory costs and benefits</p> <p>Balance regulation and standards with sustainable development objectives</p>
(b) Minimize regulatory hurdles for business start-ups where appropriate	<p>Review, and where appropriate, reduce regulatory requirements (e.g. licenses, procedures, administrative fees)</p> <p>Introduce transparent information and fast-track mechanisms and one-stop shops to bundle procedures</p> <p>Enhance procedures based on information and communications technologies (ICTs) for businesses registration and reporting</p>
(c) Build entrepreneurs' confidence in the regulatory environment	<p>Ensure good governance</p> <p>Make contract enforcement easier and faster</p> <p>Establish alternative conflict resolution mechanisms</p> <p>Guarantee property protection</p> <p>Reduce the bankruptcy stigma and facilitate re-starts</p>
(d) Guide entrepreneurs through the start-up administrative process and enhance the benefits of formalization	<p>Carry out information campaigns on regulatory requirements</p> <p>Clearly define the link between regulatory requirements and public services, including business support services</p> <p>Assist start-ups in meeting regulatory requirements</p>

Source: UNCTAD.

C. Enhancing entrepreneurship education and skills development

17. Entrepreneurial skills centre around attitudes (soft skills), such as persistence, networking and self-confidence on the one hand, and enabling skills (hard skills) on the other, including basic start-up knowledge, business planning, financial literacy and managerial skills. Effective entrepreneurship education policies and programmes focus on developing these entrepreneurial competencies and skills, which are transferable and beneficial in many work contexts. The aim is not only to strengthen the capacity and desire of more individuals to start their own enterprises, but also to develop an entrepreneurial culture in society. Government policies on entrepreneurship can ensure that it is embedded in the formal educational system and offered as a formal subject through community, rural and apprentice training programmes (see table 3).

Table 3

Enhancing entrepreneurship education and skills development

<i>Policy objectives</i>	<i>Recommended actions</i>
(a) Embed entrepreneurship in formal and informal education	<p>Mainstream the development of entrepreneurship awareness and entrepreneurial behaviours, starting at primary school level (e.g. risk taking and teamwork behaviours)</p> <p>Promote entrepreneurship through electives, extra-curricular activities, career-awareness seminars and visits to businesses at the secondary school level</p> <p>Support entrepreneurship courses, programmes and chairs at higher education institutions and universities</p> <p>Promote vocational training and apprenticeship programmes</p> <p>Promote and link up with entrepreneurship training centres</p>
(b) Develop effective entrepreneurship curricula	<p>Prepare basic entrepreneurial skills education material</p> <p>Encourage tailored local material, case studies and role models</p> <p>Foster interactive and online tools</p> <p>Promote experiential and learning- by- doing methodologies</p>
(c) Train teachers	<p>Ensure teachers engage with the private sector and with entrepreneurs, and support initiatives that bring entrepreneurs to educational establishments</p> <p>Encourage entrepreneurship training for teachers</p> <p>Promote entrepreneurship educators' networks</p>
(d) Partner with the private sector	<p>Encourage private-sector sponsorship for entrepreneurship training and skill development</p> <p>Link up business with entrepreneurship education networks</p> <p>Develop mentoring programmes</p>

Source: UNCTAD.

D. Facilitating technology exchange and innovation

18. Entrepreneurship, technology and innovation are mutually supportive. Technology provides entrepreneurs with new tools to improve the efficiency and productivity of their business, or with new platforms on which to build their ventures. In turn, entrepreneurs fuel technological innovation by developing new or improving existing products, services or processes and ensuring commercialization. In developing countries, both angles are important to varying degrees, depending on the level of local economic development, the

rate of adoption of technologies in use internationally and the innovation capabilities of local firms or research institutions. Taking into account the two-way relationship between technology or innovation and entrepreneurship, the following table presents the elements addressed in this area.

Table 4

Facilitating technology exchange and innovation

<i>Policy objectives</i>	<i>Recommended actions</i>
(a) Support greater diffusion of ICTs to the private sector	<p>Launch awareness and capacity-building campaigns on ICT use</p> <p>Stimulate the introduction of ICT in business</p> <p>Support the development of online and mobile market information platforms</p> <p>Provide ICT training to target groups such as women and rural entrepreneurs</p>
(b) Promote inter-firm networks that help spread technology and innovation	<p>Promote horizontal linkages through cluster development</p> <p>Provide assistance for standardization and quality certification to networks of local enterprises (including social and environmental standards)</p> <p>Promote business linkages through supplier development</p>
(c) Build bridges between public bodies, research institutions, universities and the private sector	<p>Identify joint research activities with clearly designated participants and beneficiaries</p> <p>Promote public-private partnerships and mixed public-private structures to diffuse innovation</p> <p>Develop market friendly university-industry collaboration</p> <p>Promote institutional synergies at the sectoral level</p>
(d) Support high-tech start-ups	<p>Establish high-tech business incubators, knowledge hubs and science parks</p> <p>Facilitate start-ups that commercialize innovation</p> <p>Build networks in knowledge-intensive sectors with leading science experts and academics around the world</p> <p>Give researchers and innovators streamlined access to cost-effective patent protection</p>

Source: UNCTAD.

E. Improving access to finance

19. Inadequate access to finance remains a major obstacle for many aspiring entrepreneurs, particularly in developing countries. As recent studies confirm, the global financing gap for micro-, small- and medium-sized enterprises (MSMEs) remains enormous. Entrepreneurs of all types and sizes require a variety of financial services, including facilities for making deposits and payments as well as accessing credit, equity and guarantees. Many entrepreneurs in developing countries can benefit from targeted

capacity-building in financial literacy and innovative delivery mechanisms using modern banking technologies. The table below refers to a number of actions that can be taken to improve access to finance.

Table 5

Improving access to finance

<i>Policy objectives</i>	<i>Recommended actions</i>
(a) Improve access to relevant financial services on appropriate terms	<p>Develop public credit-guarantee schemes</p> <p>Stimulate creation of private mutual guarantees</p> <p>Promote foreign direct investment in financial services, supply-chain finance (factoring) and leasing</p> <p>Facilitate collateral-free loan-screening mechanisms</p>
(b) Promote funding for innovation	<p>Provide incentives to attract venture capital investors and business angels</p> <p>Encourage equity and risk-capital-financing modalities</p> <p>Provide performance-based loans and incentives for innovation and green growth</p> <p>Facilitate the use of intellectual property as collateral</p>
(c) Build the capacity of the financial sector to serve start-ups	<p>Establish a national financial charter</p> <p>Promote public-private sector access to finance partnerships or specific groups</p> <p>Provide capacity-building grants and technical assistance to expand lending activities (e.g. financial service provision through post offices and other proximity lenders and use of new banking technologies to reach rural areas)</p>
(d) Provide financial literacy training to entrepreneurs and encourage responsible borrowing and lending	<p>Set up financial and accounting literacy training</p> <p>Undertake appropriate supervision of financial products offered to social and micro-entrepreneurs</p> <p>Expand private credit bureau and public credit registry coverage</p>

Source: UNCTAD.

F. Promoting awareness and networking

20. Negative sociocultural perceptions about entrepreneurship can act as significant barriers to enterprise creation and undermine the impact of policy intervention in support of entrepreneurship. The impact of regulatory reforms in support of start-ups or to facilitate access to finance for entrepreneurs will be less than optimal if large sections of the population do not consider entrepreneurship to be a viable and rewarding option, that is, if they would only consider entrepreneurship if forced, or out of necessity. Fostering an entrepreneurial culture that positively values entrepreneurs and entrepreneurship is a key determinant of the success of an entrepreneurship policy framework; it is also a crucial

factor to overcome the culture of dependency – either from governments or aid donors. A synopsis of objectives and actions is provided in table 6.

Table 6

Promoting awareness and networking

<i>Policy objectives</i>	<i>Recommended actions</i>
(a) Highlight the value of entrepreneurship to society and address negative cultural biases	<p>Launch entrepreneurship outreach and awareness campaigns at national, regional and local levels in collaboration with all stakeholders</p> <p>Utilize the media and spaces for policy dialogue, speeches, presentations and reports to communicate support for entrepreneurship</p> <p>Disseminate information about entrepreneurship, including social entrepreneurship, and its impact on the economy</p> <p>Publicly celebrate entrepreneurship role models by means of awards and other initiatives</p> <p>Involve entrepreneurs in policy dialogue processes to raise awareness of government officials</p>
(b) Raise awareness about entrepreneurship opportunities	<p>Advertise business opportunities linked to national sustainable development strategies and related incentive schemes</p> <p>Organize information and career fairs, forums and summits on business opportunities, including in specific economic sectors or on specific business models such as microfranchising</p>
(c) Stimulate private sector-led initiatives and strengthen networks among entrepreneurs	<p>Support private-sector-led campaigns</p> <p>Facilitate business exchange platforms, business portals, fairs, business associations and clubs</p> <p>Engage the diaspora community in local entrepreneurship networks</p>

Source: UNCTAD.

II. Good practices and lessons learned

21. Since its launch in April 2012 at UNCTAD XIII, the Framework has proved useful in the discussions, design and implementation of entrepreneurship policies in a number of countries: Brazil, Ghana, Nigeria, Panama and Zimbabwe. In these countries, UNCTAD has collaborated with policymakers through the network of established Empretec centres, facilitating the dialogue between the public and private sectors. As a first step, these national governments have initiated a consultation on entrepreneurship through national forums, regional seminars, benchmarking exercises and review mechanisms engaging stakeholders. These initiatives are noteworthy. This dialogue helps to build trust and forge partnerships for the entrepreneurship policy development and implementation process. The Framework emphasizes that the initial phase is critical and provides guidelines to set up a mechanism to gauge the current state of entrepreneurship in the country concerned and develop priorities and targets. More specifically, the following developments took place in the aforementioned countries.

22. Brazil: the Minister of Development, Industry and Foreign Trade convened an international seminar on national entrepreneurship policy in June 2012 (see box 1). Other participating stakeholders included the University of Brasilia, Endeavor Brazil, the European Union, the Technological Development Support Centre and the National Confederation of Trade, Goods and Services, and Tourism. Participants discussed best practices in formulating an entrepreneurship strategy. UNCTAD presented the Framework and engaged in a discussion with stakeholders.

Box 1. Brazil: International seminar on national entrepreneurship policy

Brazil has a very promising economy. Although growth rates have slowed down in the aftermath of the global economic crisis, the economy has maintained its momentum in entrepreneurship and small and medium-sized enterprises (SMEs). These areas are often a hotbed of innovation. A healthy partnership between the public and private sectors to encourage start-ups is behind the Brazilian entrepreneurship drive led by the Brazilian Microenterprise and Small Business Support Service (SEBRAE). According to SEBRAE, the increase in new companies in Brazil is related to a growing entrepreneurial spirit. However, there is still considerable room for improvement in the business environment. Brazilian entrepreneurs face difficulties in starting and closing a business, a complex tax system and difficulties in access to finance. Moreover, entrepreneurship education is insufficient, despite good efforts to introduce it into the formal and informal education system. To tackle this in a comprehensive manner, the Government set up a plan to design a national entrepreneurship strategy. The starting point for policymakers in Brazil was to map the state of entrepreneurship in the country.

The Government, with the support of Endeavor Brazil and SEBRAE, conducted six workshops with stakeholders around the country to come to a full understanding of the specific challenges to entrepreneurial development. Stakeholders identified specific objectives to pursue through the promotion of entrepreneurship using the World Café methodology (www.theworldcafe.com/method.html) to stimulate brainstorming and interaction. The workshops highlighted 11 areas for intervention: the economic environment; regulatory framework; governance; infrastructure; education, training and dissemination; technology and innovation; taxation and business facilitation; investment, financing and credit; culture and entrepreneurship profiles; and entrepreneurship for special target populations. A draft national public policy will take into account the UNCTAD Framework.

23. Based on the UNCTAD database on good practices, the seminar provided an insight into effective entrepreneurship policies carried out in the region. The initiative culminates a process by the Government of Brazil to map out the current state of entrepreneurship in Brazil as a first step towards designing a national entrepreneurship policy. The seminar concluded with a review by participants of a draft national public policy on entrepreneurship.

24. Ghana: Its experience in developing a private-sector development strategy reflects a comprehensive and inclusive process based on wide consultation with stakeholders in Ghana, in order to ensure a broad-based policy embraced by all stakeholders (see box 2). The Government of Ghana continues to actively incorporate feedback from lessons learned and promotes dynamic economic policy development.

25. For example, in 2011, the Government – together with other stakeholders – gathered at a workshop organized by UNCTAD and the Ghanaian Panel on Economic Development, under the auspices of the Friedrich Ebert Foundation and the Institute of Statistical, Social and Economic Research at the University of Ghana. Experts said that, despite economic

achievements, current economic transformation was too slow to create decent employment opportunities for the young and rapidly growing workforce in Ghana (box 2).

Box 2. Ghana: Panel on Economic Development focuses on entrepreneurship

Ghana still has an agrarian and commodity-dependent economy. Its transformation into a manufacturing, industrial and service-based economy is an important issue for growth, employment, poverty reduction and wealth creation. Ghana's economic development looks very promising, with high rates of economic growth, increasing oil revenues and high prices for its main commodities. Its economic governance and political stability are also more effective than in most other African countries. In addition, the purchasing power of the urban middle class is growing. This creates favourable conditions for demand for local agriculture and industrial products. Nationally, the skills base has also improved so that more opportunities can be taken up by local firms.

Experts attended a workshop held jointly by UNCTAD and the Friedrich Ebert Foundation. They said that Ghana's Second National Medium-Term Private-Sector Development Strategy 2010–2015 was an ambitious and well-crafted strategy. The Strategy addressed most of the private sector's constraints in Ghana. The Strategy enabled the private sector to fully engage in its design and implementation. The spirit of some initiatives embedded in the Strategy – the Small and Medium-Sized Enterprise Growth Initiative and the Business Innovation and Linkages Challenge Fund – rightly put small and medium-sized enterprise development within the broader national competitiveness agenda. However, entrepreneurship policy was not fully engrained in this Strategy.

Experts identified the following weaknesses in the Strategy: the fragmented nature of policies dealing with entrepreneurship; an absence of entrepreneurship in the national education curriculum; insufficient university–industry linkages for innovation and technology commercialization; limited capacity-building of financial institutions, resulting in very high interest rate spreads for SMEs; lack of awareness about existing support measures; need for a clear strategy to generate decent jobs for the large informal sector workforce; and lack of an integrated entrepreneurship development programme. Positive aspects included provisions to help start-ups with easy regulatory requirements; alternative dispute resolution mechanisms and commercial courts; the existence of local language entrepreneurship training materials (developed by non-governmental organizations); various measures to enhance financial inclusion for women and youth; awareness of the importance of entrepreneurship among public officials; and public support and endorsement of entrepreneurship by top government officials. Experts further noted the need for greater coordination among initiatives and adapted the Framework checklists to the Ghanaian context. The workshop adopted recommendations made and representatives from the Ministry of Trade and Industry expressed interest in the formulation of a national entrepreneurship strategy for Ghana with UNCTAD support.

26. Nigeria: The Nigerian Government recently revised its national MSME policy based on a thorough review process led by the Federal Ministry of Trade and Investment. The Government organized several peer review workshops in six geopolitical zones. Stakeholders provided useful comments. Business associations, government officials, and relevant private- and public-sector institutions engaged in a constructive dialogue with the Small & Medium Enterprises Development Agency of Nigeria (SMEDAN). The Government aimed to ensure that the national policy took stock of international best practices in MSME development, and responded to current challenges (box 3).

Box 3. The feedback mechanism of micro-, small- and medium-sized enterprise policies in Nigeria

The development of the MSME sector has been identified as one of the key components to achieve Nigeria's Vision 2020 objectives of employment generation, wealth creation, poverty reduction and sustainable economic growth and development. In Nigeria, SMEs constitute over 80 per cent of all business enterprises and cover a full range of economic activities. A 2010 survey carried out by SMEDAN showed that the MSME sector contributed 46 per cent of the country's gross domestic product.

On the one hand, there are 17.26 million microenterprises (which employ less than 10 persons), resulting in a minimum total employment of 32.41 million people. This group is dominant in wholesale and retail, the repair of motor vehicles and household goods, which account for about 49.6 per cent of employment, followed by agriculture (20.4 per cent). The typical microenterprise is operated by a sole proprietor or manager aided mainly by unpaid family workers and temporary staff. The output value and levels of technology and skills are very low. Funding is mainly derived from individual resources, with some help from family, friends and traditional mutual fund societies (*esusu*). On the other hand, small-scale enterprises, which employ from 10 to 49 persons, cover much the same spectrum of enterprise types but are concentrated at the more modern and sophisticated end. While most are sole proprietorships, a significant number are incorporated businesses. This segment has a large reservoir of educated manpower and technical skills, as well as improved access to banks. It has the highest potential for growth through nurturing, capacity-building and support. Organizationally, they are well represented by professional and trade associations. Overall, MSMEs in Nigeria have not achieved their full potential as a result of some critical inhibiting factors, such as a lack of access to finance and poor infrastructure.

The national MSME policy dates back to 2007. After five years of implementation, the Government of Nigeria decided to revise it, taking into account feedback and lessons learned, and updated it to be in tune with current challenges. The revised MSME policy and entrepreneurship strategy extensively integrates the UNCTAD Framework's recommendations. It delineates several programmatic areas, namely national entrepreneurship strategy, finance, institutional, legal and regulatory framework, human resources development, technology, research and development, extension and support services, marketing, infrastructure, awareness and networking.

The revised policy proposes an institutional framework for policy implementation and monitoring, with SMEDAN as the primary responsible institution and a national SME council to be set up as the apex organ for MSME development. It also includes an action plan and institutional framework for implementation. The draft capitalizes on the UNCTAD Framework in a coherent and complementary way. UNCTAD also suggested:

- Focusing on entrepreneurship creation in the action plan and institutional framework for implementation;
- Setting a specific policy objective to generate start-ups in diversified industries and services outside farming;
- Specifying actions for priority targets groups such as women, youth and persons with disabilities.

Source: UNCTAD Entrepreneurship Policy Framework and Implementation Guidance (<http://unctad.org/epf>).

27. Panama: 2012 was a landmark year for SMEs in that country. The Government provided bold support for entrepreneurship. Important events included the following:

- (a) The inauguration of an entrepreneurship centre by the Ministry of Micro-, Small- and Medium-sized Enterprises (AMPYME);
- (b) The initiation of a master plan on the development of an entrepreneurial environment by AMPYME;
- (c) The organization of the first national entrepreneurship policy forum in Panama (see box 4).

28. The Minister for AMPYME opened the Forum, “Entrepreneurial Panama: The role of public policy and innovation”, which gathered more than 300 participants from the country’s entrepreneurial environment. The Forum identified key areas for discussion, namely innovation and technology, entrepreneurship education and access to finance. Three working groups used the Framework methodology as a guideline for identifying relevant policy options and recommended actions. The groups made use of the Framework's checklists to obtain a preliminary assessment of each area, discussed best practices in the region and evaluated monitoring indicators (see box 4).

Box 4. Panama's national entrepreneurship policy forum

The entrepreneurship policy forum organized by UNCTAD in collaboration with the Development Bank of Latin America (CAF), the City of Knowledge Foundation and Empretec Panamá in May 2012 resulted in 11 actionable recommendations for entrepreneurship policy that cover the three key areas identified. Each recommendation includes a description of the situation in Panama, a justification for the need for policy intervention in the area, reference to good practices in the region and clear objectives accompanied by an action plan with assigned responsibilities, a time frame and the estimated funding needed to implement it. These recommendations were presented to the President of Panama on 23 May 2012 at the inauguration of the new AMPYME Entrepreneurship Centre in Panama City. The 11 policy recommendations are listed below.

Facilitating technology exchange and innovation

1. Strengthen the means of communication and diffusion of policies and programmes for ICTs and their impact on SMEs.
2. Conduct an analysis of entrepreneurship, technology and innovation that provides a clearer picture of the current situation in Panama.
3. Strengthen and reinforce university/enterprise/State alliances with the aim of promoting innovation and technology in SMEs.

Enhancing entrepreneurship education and skills

4. Develop and implement a law that incorporates the obligation to establish a chair on entrepreneurship at all levels of the educational system. The law should clearly state the role of the public, private and education sector, and base itself on good practices from the government and from international bodies such as UNCTAD.
5. Develop an interactive teaching methodology that makes use of case studies adapted to local conditions.
6. Establish a diploma programme in entrepreneurship for teachers and professors.
7. Develop a public-private organization that promotes entrepreneurship in the different regions of the country, taking as its base the AMPYME Entrepreneurship Centre in Panama City.

Improving access to finance

8. Facilitate the access of SMEs to the stock market.
9. Include the recognition of both tangible and intangible goods as guarantees into regulation.
10. Create financial mechanisms that reduce the gap between seed capital and angel investors with regard to access to funds.
11. Develop a database with complete information and details on available credit lines and services for entrepreneurs.

29. In Zimbabwe, about 100 stakeholders representing large businesses, banks and entrepreneurs were brought together by UNCTAD and Empretec Zimbabwe. The event provided participants with an opportunity to share their experiences in entrepreneurship policy with government representatives. Participants stressed that there was a need to have a clear definition of entrepreneurship and to tackle the following constraints:

- (a) The priorities and type of entrepreneurship that the country wishes to encourage and focus on are not clear;
- (b) There is an interest in favouring start-ups and SMEs, and some initiatives such as contract farming and indigenization have been undertaken but they are fragmented;
- (c) Subcontracting, contract farming and tourism-related activities have been undertaken at the firm level to encourage the transition to the formal business sector;
- (d) Entrepreneurship policy statements are embedded in sectoral policies;
- (e) Various Government ministries champion policies at their own levels but there is no single ministry that is specifically tasked with coordinating the strategy.

30. Participants called upon the Ministry of Economic Planning and Investment Promotion to promote the development of a national entrepreneurship policy with the assistance of UNCTAD and Empretec, and support from funding partners. For continuity, the workshop participants set up the high-level Zimbabwe Panel of Entrepreneurship Development, the goal being to develop and launch an entrepreneurship policy within 12 months.

31. These experiences in adapting and adopting the Framework have highlighted – from a practical perspective – the needs described below.

Mapping the current status of entrepreneurship

32. Entrepreneurship may be held back by very different factors. It is important to map the current status of entrepreneurship in the country and identify the main challenges and opportunities. The constraints may vary fundamentally within countries at a regional level. Benchmarking among countries and among regions within the same country may help pinpoint the strengths and weaknesses of a country's entrepreneurship development. At the same time, policymakers should treat country or regional comparisons with caution. Each country or region has a unique history as well as specific initial conditions and preferences that need to be taken into account when formulating a tailor-made strategy. This is why a broad stakeholder dialogue is needed, which builds on benchmarks as a solid information base, but ensures that national strategies reflect country-specific conditions and preferences. For example, the experience of Brazil shows that a national policy should take into account regional differences, providing guidance for implementation at regional and State levels.

Developing action plans, assigning responsibilities and ensuring coordination

33. Entrepreneurship development involves a range of policy actions areas, each of which may fall under the responsibility of different government institutions and ministries. It is therefore important to designate a lead institution. In addition, there is a need to clearly coordinate the different stakeholders involved in the implementation of a national entrepreneurship strategy. Typically, the strategy outlines the responsibilities for the different strategic objectives and outputs. It also designates institutions at different levels to implement specific objectives and maintain priorities. These institutions take ownership and charge, and will be held accountable. For implementation, action plans include a time frame

with intermediate and final objectives, source and amount of funding, monitoring mechanisms and evaluation criteria. Finally, it is important to secure high-level government buy-in of the objectives and action plans of the national strategy. Leadership endorsement generates awareness and commitment to developing entrepreneurship. For example, in Panama, the support of President Martinelli – a successful entrepreneur himself – to private initiative and the empowerment of AMPYME have provided leadership and a clear assignation of responsibility at national and provincial levels where AMPYME has offices.

Stimulating a multi-stakeholder dialogue

34. In developing entrepreneurship policy, it is important to engage a multi-stakeholder dialogue involving the private sector, academia and local, regional and national institutions. Their involvement in policy development and implementation contributes to stakeholder buy-in. This process spreads awareness about the benefits of introducing entrepreneurship in the society. Above all, involving entrepreneurs is crucial, as they are the ones who stand to gain or lose the most from an entrepreneurship policy. Events such as entrepreneurship forums or round tables provide a platform for consensus building and incorporation of feedback. At the same time, this dialogue also develops the capacity and knowledge of government officials about entrepreneurship. For example, in Ghana, the Ghanaian Panel on Economic Development, under the auspices of the Friedrich Ebert Foundation, provides a mechanism for periodic consultation.

Conducting regular review mechanisms

35. Regular review mechanisms strengthen the capacity of policymakers and government officials to keep abreast of trends and realities and improve their capacity to develop and implement policies. Entrepreneurship policies should be implemented dynamically to ensure their continued relevance and effectiveness. To allow periodic evaluation of policies, it is important to define a number of measurable objectives. Such objectives can be translated into key performance indicators, which can be tracked over time to show improvements or deteriorations in the framework conditions for entrepreneurship. For example, the Government of Nigeria has developed a mechanism enabling periodic policy reviews, taking into account national and international experiences.

III. Challenges

36. An analysis of recent developments in entrepreneurship strategies and policies also highlights the following challenges to be addressed to ensure an adequate impact of these measures:

(a) Insufficient alignment with other policies: As outlined in the Framework, the promotion and facilitation of entrepreneurship should be part of an overall strategy on the private sector, education, technology and innovation, and enterprise development that encompasses broader objectives related to the creation of productive capacity. These policies should be carefully aligned, as coordination and coherence are essential to achieve a positive impact;

(b) Lack of clear objectives and priorities: Entrepreneurship policies may pursue a variety of differing objectives and priorities. They may, for example, put emphasis on modernizing agricultural societies, leapfrogging into next-generation technologies, diversifying exports, creating new economic opportunities for women, boosting youth employment or overcoming ethnic divides. It is essential to clearly identify a set of

objectives that can drive all other aspects of the national entrepreneurship strategy, from the institutional set-up to the specific policy instruments used in order to avoid confusion, overlaps and intangible results;

(c) Weak stakeholders buy-in and coordination: The aim of an entrepreneurship policy is to mobilize the key players in a country's entrepreneurship environment. Government at the national, regional and local levels should be actively involved in both the design and the implementation of entrepreneurship policies, including organizations such as entrepreneurs' associations; chambers of commerce, professional associations, employer federations; trade unions and staff associations; trade and investment promotion agencies and specialized cooperatives. In an effective entrepreneurial environment, all stakeholders should be part of the decision-making process and contribute to facilitating entrepreneurship. Further, the way entrepreneurship policies are implemented is as important for success as the right choice of instruments. The first step is to designate a lead institution to deal with entrepreneurship development. Regardless of where entrepreneurship policy is situated in a government work plan, responsibility for entrepreneurship development should be defined at the government level (see box 5).

Box 5. Designing comprehensive entrepreneurship strategies

Singapore: In the early 2000s, the Government of Singapore undertook a process to set up an institutional context to develop entrepreneurship. In 2002, it established SPRING Singapore, the enterprise development agency under the Ministry of Trade and Industry. The agency's mission is to help Singaporean enterprises grow and to build trust in Singapore products and services. As part of its strategy to strengthen the environment for enterprise development, SPRING gives a prominent role to supporting entrepreneurship and early stage start-ups. In 2003, the Government appointed a minister in charge of entrepreneurship. That same year, it created the Action Community for Entrepreneurship (ACE), which plays a key role in entrepreneurship promotion. It is a private- and public-sector movement aimed at creating a more entrepreneurial Singapore by building a pro-enterprise environment, building an entrepreneurial culture and facilitating networking and learning. Under the coordination of the minister and a steering committee, ACE has several task forces on education and technology as well as subcommittees that work in funding for start-ups, mentoring, networking, communications and facilitating access for start-ups to overseas markets.

Costa Rica: Based on a critical analysis of country-specific challenges, Costa Rica's National Entrepreneurship Policy 2010–2014 defined eight strategic key areas to foster entrepreneurship: (a) promoting a culture of entrepreneurship, (b) ensuring systemic institutional articulation, (c) establishing a national incubation system, (d) fostering an information and monitoring system, (e) providing financial instruments for entrepreneurs, (f) offering guidance to entrepreneurs throughout all stages of a business, (g) strengthening innovation and technological development and (h) encouraging entrepreneurs to export. In each of these areas, the policy maps the current status, develops strategic objectives, provides a detailed action plan and suggests evaluation indicators. The process of defining priorities involved a multi-stakeholder dialogue among public and private entities as well as civil society. It was the result of an inter-institutional committee established by the Ministry of Economy, Industry and Commerce. Although the Ministry is the lead institution, the policy benefits from the coordinated efforts of institutions including the Ministries of Education and Science and Technology, the National Institute of Learning, the Technology Park. In line with Costa Rica's public policy to support SMEs, the National Entrepreneurship Policy boasts cross-cutting issues including support for women entrepreneurs and the encouragement of environmental responsibility.

South Africa: The city of Johannesburg developed the Youth Entrepreneurship Strategy and Policy Framework in 2009 with the vision of contributing to South Africa becoming the leading country in entrepreneurship development in the developing world by 2025. The Strategy is aligned with the Government's priority to tackle very high rates of youth unemployment and with activities of the National Youth Development Agency of the Department of Trade and Industry, which offers a range of services to aspiring young entrepreneurs including training, mentorship and access to finance. The Strategy is under the political leadership of the Department of Economic Development. Partners and stakeholders also include other city departments, schools, youth organizations, the private sector and non-governmental organizations and training institutions. Three programmatic interventions are proposed, which address mentorship for aspiring young entrepreneurs, assisting young entrepreneurs into organizing themselves in cooperatives and connecting them with the best performing sector in the city's economy, and providing technical knowledge as well as financial support to young entrepreneurs.

Source: Online Inventory of Best Practices in Entrepreneurship (www.unctad.org/epf).

IV. Monitoring and evaluation

37. Monitoring and evaluation should also reflect a comprehensive nature of entrepreneurship policies. Periodic assessment using indicators in each area may allow policymakers to adapt national policies. The availability of relevant and comparable indicators from other countries may also help policymakers benchmark the status of entrepreneurship and to take informed decisions. In principle, indicators should specifically reflect the policy objectives identified under each area and should be able to measure trends to help policymakers adjust policies and programmes. They should be uniform across countries to allow benchmarking and prevent policymakers and agencies from selecting favourable indicators.

38. Information and data used to build the indicators should be readily available or simple to collect, in order to avoid overburdening and costly surveys. They should be collected periodically and in a timely manner, so that relevant trends can be accurately reflected.

39. The UNCTAD Framework contains an illustrative set of specific indicators to facilitate data collection and monitoring at the national level reflecting all six areas of the Framework (see table 7). These indicators are general guidelines, so countries should adjust and refine this tool. Table 7 also presents potential data sources.

Table 7
Indicators to measure effectiveness of entrepreneurship policies

<i>Policy area</i>	<i>Possible indicators</i>	<i>What they monitor</i>	<i>Data sources</i>	<i>Main features</i>
Formulating a national entrepreneurship strategy	Number of formal business start-ups created annually	Success of entrepreneurs in starting and sustaining businesses	National statistics, surveys	Availability dependent on national statistical offices Data available only when surveys are conducted
	Survival rates			
	Share of total start-ups in target areas such as high-tech enterprises, green enterprises, social enterprises or enterprises in key exporting sectors	Success in reaching specific targets for different sectors Improved economic opportunities for target groups of the population		
	Share of total start-ups in target groups such as women, youth, minorities and rural populations	Economic impact of entrepreneurship		
	Job growth due to start-ups			
	Revenue generated and taxes paid by start-ups (values and growth rates)			
Optimizing the regulatory environment	Number of procedures to open a business, number of agencies involved	Ease of starting or closing a business	World Bank, Doing Business	Annual Comparable Readily available Global coverage (183 economies)
	Number of days, cost to start or close a business	Effectiveness of the judicial system		
	Number of days, cost to register a title to property			
	Timeliness of dispute-resolution mechanism			
Enhancing entrepreneurship education and skills	Share of secondary schools offering entrepreneurship programmes and extra-curricular activities	Availability of entrepreneurship education	Global Entrepreneurship Monitor (GEM), Global Report Eurostat Organization for Economic Cooperation and Development (OECD), Education at a Glance Global Entrepreneurship and Development Index (GEDI)	Annual Comparable Readily available Varied coverage (e.g. 87 countries for GEM, 71 countries for GEDI, OECD countries and candidates)
	Share of technical and vocational schools offering entrepreneurship programmes and extra-curricular activities	Success of higher education institutions in enterprise-relevant research and in commercializing results of research		
	Number of annual spin-offs from universities			

<i>Policy area</i>	<i>Possible indicators</i>	<i>What they monitor</i>	<i>Data sources</i>	<i>Main features</i>
Facilitating technology exchange and innovation	Share of graduates with science or engineering degrees	Success in promoting science or engineering careers	OECD, European Innovation Scoreboard	Annual
	Number and occupancy rates of science parks, technology hubs and incubators	Availability and success of facilities for the promotion of technology-intensive start-ups	National statistical offices	Comparable and readily available (for OECD and GEDI)
	Share of technology-intensive start-ups in total start ups	Success in promoting technology-intensive start-ups	GEDI	Good coverage for OECD and GEDI
	Share of technology-intensive start-ups with venture capital funding			
Improving access to finance	Share of microfinance or SME loans in total business loans	Performance of banking sector in facilitating loans to entrepreneurs	OECD	Annual
	Average value of collateral required for SME loans (percentage of loan)	Support by private investors for start-ups	World Bank	Comparable
	Total venture capital invested in SMEs	Adequacy of financial infrastructure for entrepreneurship lending	World Economic Forum, global competitive-ness index	Readily available
	Credit bureau coverage (percentage of adult population)			Global or limited coverage according to data sources
Promoting awareness and networking	Results of opinion or attitudinal surveys and evaluations following awareness campaigns	Success in fostering a positive societal attitude toward entrepreneurs	European Commission, Flash Eurobarometer Report	Comparable
	Number of business associations devoted to women, youth, rural entrepreneurs and SMEs	Opportunities for networking for specific target groups		Coverage limited to European Union countries Data available only when surveys are conducted

Source: UNCTAD.

V. Concluding remarks

40. Since the recent launch of the Framework, UNCTAD has applied the methodology for policy discussions and advice in selected countries. To date, it has been limited to interventions in Brazil, Ghana, Nigeria, Panama and Zimbabwe – countries where UNCTAD already provides technical assistance through the Empretec centres, and where a process was already in place to develop a national entrepreneurship strategy. These initial experiences, however, have provided valuable insights and lessons learned that are highlighted in this document.

41. It is important to note that the Framework is designed to be adapted and adopted in developing countries and economies in transition in a systemic manner. The steps identified

by the Framework will maximize its impact, ensuring that its implementation is done in a coherent and comprehensive manner. These steps are as follows:

- (a) Assessing the current status of entrepreneurship in the country;
- (b) Developing the overall entrepreneurship strategy and identifying priorities;
- (c) Designing a focused and coordinated set of measures to address the gaps and shortcomings identified;
- (d) Monitoring and assessing periodically the impact of policy measures and incorporating lessons learned.

42. Policymakers aiming to develop entrepreneurship and business start-ups are invited to continue striving to make the Framework operational and useful in their efforts to promote entrepreneurship. In this regard they are invited to share good practices and lessons learned. In particular, countries are invited to comment on how UNCTAD can help them set up a monitoring and evaluation mechanism that will complement the Framework and serve as practical and user-friendly guidance on the assessment of entrepreneurship development and of the impact of the implementation of related measures in their countries.
