



MARKETLINKS

# GROWING SMALL AND MEDIUM ENTERPRISES: WHAT WORKS?

PRESENTATION TRANSCRIPT

MAY 14, 2019

## PRESENTERS

Natalie Shemwell, Resonance

Ron Ashkin, Project Director for USAID LinkSME project in Vietnam

## MODERATOR

Anastasia de Santos, Economist at USAID Office of Trade and Regulatory Reform

Hafizullah Amiree: Hello everyone

Vanessa Evans: Hello from London, UK

Hafizullah Amiree: as I am new to attending such online webinars so if someone kindly describe

Hafizullah Amiree: like how we can share our talks

Sharon Williams: Good morning, Hafizullah! and Welcome. Hi Vanessa!

Sharon Williams: Thanks for joining

Hafizullah Amiree: Welcome

Charlin - Marketlinks: We'll get started in about 45 minutes!

Hafizullah Amiree: got it

Charlin - Marketlinks: As you're joining, please introduce yourself and say where you're joining from! I'm Charlin joining from DC

Dick Tinsley: Dick Tinsley from sunny Colorado

Charlin - Marketlinks: Good morning, Dick, welcome!

Akena Robert: Hi everyone, am Akena Robert joining from Uganda

Dick Tinsley: your mic is on but that is good as it confirms the audio is working

Charlin - Marketlinks: Thanks!

Dick Tinsley: it works

Dick Tinsley: no echo online

Uwingabiye Alice: hi, I am Alice Uwingabiye from Rwanda

Captioner-Karen: Good morning. If you elevate me to Host, I can open the captioning pod

Stephen Muhangi: Hi, this is Stephen join from Lira - Northern Uganda

Evelyn Ifeyinwa Ezeagu: Hi, this is Ifeyinwa from Nigeria

Hafizullah Amiree: Hafizullah Amiree, from Kabul

Stephen Muhangi: I was getting worried because am not getting any audio

Charlin - Marketlinks: Hi, everyone we'll get started soon

Charlin - Marketlinks: Welcome Stephen and Evelyn

Charlin - Marketlinks: Hi Hafizullah

INdra klein: Hi, indra klein, dc

Charlin - Marketlinks: Hi Indra!

Charlin - Marketlinks: Welcome

Hafizullah Amiree: Hi charlin

INdra klein: @Charlin, looking forward to today's session

Charlin - Marketlinks: No worries, Stephen! We'll have audio soon

Charlin - Marketlinks: Thanks for answering the poll questions! This is helpful information

Thomas Rojas: Any use of diaspora in SME development in Vietnam?

peter byemaro Kazungu: There is no audio

INdra klein: lousy audio

Jess (Marketlinks): One moment please

Jess (Marketlinks): Can you hear us now?

Stephen Muhangi: no audio on my side too

INdra klein: yes, thank you

Vanessa Evans: Yes thanks

Kristin O'Planick: yes

Mary Lynch: yes

Sohel: yes

peter byemaro Kazungu: no

Jolly: yes. Thanks

INdra klein: Would you ask presenter to speak a little slower?

Dick Tinsley: I agree

Martin Villemure: How can we download the PPT on our computer?

INdra klein: How does project define weak, strong?

Jess (Marketlinks): I have just uploaded the PPT in the file share pod to the left

Dick Tinsley: how many of these SME are family enterprises, and are there reasons why it is difficult to expand beyond what can be managed by family members

Kristin Beyard - Resonance: We used different rating scales, the report outlines how weak v. strong is defined. The report file can be downloaded through this webinar

Kristin Beyard - Resonance: We primarily used DFID's definition

Dick Tinsley: does the government have the financial resources to enforce registration and collect taxes

INDra klein: @Kristin, thank you

Kristin Beyard - Resonance: @Dick Tinsley - we can talk about your first question in the Q&A

Marc Schleifer: Can you talk about why you limited your perspective on policy issues to just two things: business registration and taxes? Both of those are critical, but given that there are a wider range of operational policy issues facing SMEs, including interactions with officials that lead to demands for bribes? (I don't see any mention of corruption in your presentation at all). Also, can you please explain how the benefits of formalization can be considered unclear when informal firms are unable to access formal finance, attract investment, expand market share, and hire legally?

Dick Tinsley: let me expand my second question to include is it cheaper and easier to provide a gratuity to the government officer than formally register the business

INDra klein: Do govts have similar classifications for businesses & what controls are in place to deter unethical practices, such as bribes?

Sohel: How do we define moderate and high level

Sohel: How do we define moderate and high level?

Kristin Beyard - Resonance: @ March Schleifer - on your first question, we had to limit our discussion to topics where there were experimental and quasi-experimental studies. So not corruption or other systemic issues, though those are very important.

INDra klein: Given the challenges faced with regard to mkt linkages, thoughts on what changes have been implemented in training, to include cultural nuances (gender as well)?

Kristin Beyard - Resonance: @ Sohel - can you expand upon your question please?

INDra klein: To what degree has technology (mobile) facilitated the processes?

Kristin Beyard - Resonance: @ Indra - where possible, we explored differences between women-owned or male-owned SMEs, but there was very limited research on these distinctions

Emily Varga: This sounds like HICD (Human and Institutional Development) framework

anna: Would it be possible to get a copy of the presentation after the webinar?

INDra klein: Since there appear to be so many "informal" SME's, are there any efforts in creating collaborations similar to chamber of commerce to some degree?

Jess (Marketlinks): Hi Anna, the slides are available in the Files pod on the far lower left corner of your screen :)

anna: Thanks Jess!

Joseph Merton: Mobile technology has greatly decreased the cost of gathering market information. For training purposes, the cost of developing and deploying devices and apps may be high, the medium to long term impact is positive.

Tatiana Pulido (BFS): How context specific are the findings in the 5 theories of change you talked about in this presentation?

Thomas Rojas: When talking about context, please advise how important regional versus country context matters.

peter byemaro Kazungu: how can we get the link to the report?

Vai Krishnan: Natalie - super interesting. Two questions - what do we know about who provides (training/consulting) services and their impact. and 2. in development programs if the underlying assumption is that donor organizations subsidize SME development services, what is the breakeven period for SMEs once they are weaned of external funding/subsidies

FATUMA MUZUNGU: how do the findings change for an SME with 10 employees viz a viz one with 200?

Charlin - Marketlinks: Hi Peter, the report is available for download in the Files section

INDra klein: With regard to lack of knowledge/skill sets, can you elaborate on educational backgrounds, diversity & trust with regard to data exchange/training?

Nicholas Klissas: I'm very interested in the report's findings on competition. Were competition assessments considered, or rather, the application of traditional anti-trust policy. Through APEC, Viet Nam recently conducted an APEC-OECD competition assessment examining several sectors of the economy for anti-competitive effects.

Sharon: When looking at level of evidence and level of impact, did you find any differences in impact and/or evidence between women-owned SMEs and male-owned SMEs?

Kristin Beyard - Resonance: @ Tatiana - many of the studies we reviewed covered multiple countries/contexts. Where a study was strictly limited to one country context, we made sure to compare and compare studies from different contexts and summarize outputs and outcomes

Thomas Rojas: Why only two linkages? How was access to finance not determined as an important intervention?

Anastasia de Santos (USAID): Nick, we were unable to look at competition policy, again because there are not experimental or quasi-experimental studies on that. But agree that it's important

Kristin Beyard - Resonance: @Sharon - we did find differences in women-owned and male-owned SMEs, but the research/data on these distinctions were limited

Anastasia de Santos (USAID): Tom, we do cover access to credit in the report, just couldn't cover everything in the today's presentation. Quick preview: credit information and collateral reform work

Anastasia de Santos (USAID): We couldn't say much about equity/angel finance because of lack of quasi-experimental studies

Thomas Rojas: Thanks Anastasia, just wondering why in Vietnam the IP decided not to intervene on access to credit. Not a problem there?

Bonnie McClafferty: is it possible to disaggregate product categories? For example, do food supply chain SMEs differ from durables?

Anastasia de Santos (USAID): Ah good question for Ron then

Sharon: How is sustainability of service provision/linkages integrated into the Vietnam program?

Indra Klein: From a donor's perspective: what needs to change with regard to expectations during course of project, as well as how funding can be better met to better facilitate transition from project to full market independence?

Indra Klein: What % of locations do participants have access to reliable access to smart phone? Where applicable, is there data that illustrates any impact?

Hafizullah Amiree: So how the main constraints identified and what are the interventions for them?

Kristin Beyard - Resonance: @Bonnie - we didn't disaggregate outcomes based on product categories, though that would be very interesting to explore - again we limited our analysis to experimental and quasi-experimental studies that exist on SME development - most of which looked at the SME as a whole

Kristin Beyard - Resonance: \*the SME sector as a whole

Charlin - Marketlinks: This link in the slide is in the 'Helpful Links' Section on the left!

Charlin - Marketlinks: The\*

Dick Tinsley: when you mention SME does this include producer organizations including those initiated by USAID and other donors

Joseph Merton: A performance measure from a donor's perspective should be focused on the actual market performance of the intervention after the capacity of the SME is built. If the SME cannot perform or sustain in the market, then the intervention should be re-evaluated.

Dick Tinsley: How can it be reevaluated if the MEL is designed to justify all interventions as success!!!

Anastasia de Santos (USAID): On definition of SMEs, producer organizations could be included but I don't think they were the typical firm in most studies

Charlin - Marketlinks: Continue to post your questions here!

Thomas Rojas: How about involving the host government in sustainability of SMEs through more effective public R&D and blended finance in requisite education and physical infrastructure?

Joseph Merton: A good way to work with the MEL is to re-formulate it around private sector metrics such as the Balanced Scorecard, adapted per situation and level of SME development

INDra klein: Can anyone elaborate on taxes? To what degree is it a hardship, esp. for SME's with limited capacity? (Perhaps, female-owned businesses in which husband may have voice)?

Dick Tinsley: <https://smallholderagriculture.agsci.colostate.edu/mel-impressive-numbers-but-of-what-purpose-deceiving-the-tax-paying-public/> Here is my analysis of MEL and it is scandal

Charlin - Marketlinks: thanks, Dick

Anastasia de Santos (USAID): Thomas, we do cover publicly funded R&D in the report and it works. Blended finance would be interesting, if someone could study it rigorously

Lindsay Alemi - Palladium: Can you provide the link to the report, Anastasia? I think I missed it.

Dick Tinsley: <https://smallholderagriculture.agsci.colostate.edu/financially-suppressed-economy-2/> I think this page will explain the tax problem

Charlin - Marketlinks: Hi Lindsay, the link is on the left under SME Evidence Report

INDra klein: Did study find any differences with regard to millennial & older business owners? If differences exist, what accounted for such?

Charlin - Marketlinks: [https://www.marketlinks.org/sites/marketlinks.org/files/theories\\_of\\_change\\_-\\_high-growth\\_sme\\_development\\_5.13.19.pdf](https://www.marketlinks.org/sites/marketlinks.org/files/theories_of_change_-_high-growth_sme_development_5.13.19.pdf)

Charlin - Marketlinks: Here's a link to the report as well

Lindsay Alemi - Palladium: Excellent, thank-you!

Kristin Beyard - Resonance: @ Indra - age of SME owner was reviewed in the research, but identified as a gap

INdra klein: ugh...lost all of the comments in chat

Charlin – Marketlinks: Indra, sorry about that, you should be able to see them

Kristin O'Planick: Natalie noted the importance of continued research given there are still many gaps. Could you say a bit in broad strokes about where those gaps are and which ones we should perhaps prioritize?

INdra klein: older comments, no

Dick Tinsley: <https://smallholderagriculture.agsci.colostate.edu/> here is the link to the smallholder agriculture website I manage. please check the issues page for several references to business, etc.

M. Nakayama: consultancy service was identified effective, are the SMEs willing to pay for the service?

INdra klein: @Charlin, are comments archived and available for review?

USAID Dakar: How can we drive changes towards an entrepreneurial mindset?

Charlin - Marketlinks: Yes Indra, they are archived. Apologies they are not visible. The chats will also be published on the event page

INdra klein: @Charlin, thank you!

Joseph Merton: Thanks Dick. I have always advocated for a change in measurement. The current framework relies upon established standards. A need does exist to shift the standards of M&E towards those of the private sector where financial performance can be measured. I know this is a tall order given the unique types of operations, but it is possible.

Kristin O'Planick: Ron, I like the clear focus that you have with your project. How was that decided (by you or the mission)? And do you get challenged that you should be doing lots of additional interventions?

Dick Tinsley: the concern with family business is that it is an impoverished society in which low wages make too much temptation for pilferage and everything has to be supervised by an individual with vested financial interest thus a family member. This for either male or female manage businesses. I do recognize that many SME are women managed. Just visit Talid Thai outside Bangkok and across the highway from AIT

FATUMA MUZUNGU: any distinction of the SMEs in terms of gender?

Kristin Beyard - Resonance: @ Fatuma - a few people have asked this question. Indeed, we reviewed differences in gender of SME owners, and this is described in the contextual factors and gaps sections of the report. The evidence on gender-based differences were lacking

INdra klein: Vietnam: what % of SME's are working together to meet demand?

Marc Schleifer: Ron, question about your comment that "You can't create a business environment because businesses create value"; not sure how that squares with evidence from around the world that you can introduce particular reforms that lower barriers and stimulate enterprise growth. Could you clarify that comment?

Saroja Thapa: While working on linking the local Vietnamese SMEs with foreign firms, was communication (language) between the buyers and producers a constraint?

Joseph Merton: Dick, another factor in re-framing the question is the scale of the operation. If the operation is involved in a true supply chain and market-oriented production, we are talking about a SME in the definition of a small business with 10 to 50 employees that has an established market but has structural problems. The financial performance measures are relevant in these cases. If we are working with sole-proprietorship or single-family operations, these are more of income generating activities that may grow into a SME given the correct incentives and markets.

Charlin - Marketlinks: <https://openknowledge.worldbank.org/handle/10986/31421>

Uwingabiye Alice: how can we measure the impact technical assistance interventions on MSE Business performance?

Dick Tinsley: the sole proprietorship are the ones in direct contact with the smallholder farmers which as an agronomist is my concern.

Charlin - Marketlinks: Here's the report Anastasia mentioned

Charlin - Marketlinks: I've added the report Anastasia mentioned in the links section on the left

Thomas Rojas: In Vietnam how is the host government directly participating in the sustainability of SMEs?

Dick Tinsley: Also, the webinar has been mostly on market etc. and not on SME or sole proprietor providing contract services such as contract mechanization for land prep and threshing which address the primary operational constraints for smallholder farmers,

Anastasia de Santos (USAID): Dick, we focused on SMES, defined as firms with 10-250 employees

INDra klein: @Charlin, I don't see last report indicated

Anastasia de Santos (USAID): So, no, we don't cover smallholders

Charlin - Marketlinks: It's on the left 'Profiting from Parity' @ Indra

Thomas Rojas: Where's the Journey to Self-Reliance in this IP approach?

INDra klein: @Charlin, ok. see it

INDra klein: thank you!

Joseph Merton: @Dick, the main thing again is the need to create a common set of evaluation standards. Each country is different and uses its own sets of technologies, market, and agricultural practices. For example, where I spent a significant amount of time, Bolivia, the system is communal at the farm level, and highly commercial and diversified at the wholesale and commercial end. The micro sole proprietors may be family oriented, but usually they are diversified in a variety of other income generating activities.

Sohel: How to calculate full time equivalent jobs when we cannot track working hours?

Charlin - Marketlinks: We'll post this link on the event page as we post other post-event resources

Marc Schleifer: Thank you to the presenters!

Charlin - Marketlinks: The poll questions are up!

Saroja Thapa: Thank you Ron!

Jane S: Excellent presentation! Thanks so much to Natalie and Ron!

Kristin O'Planick: Great webinar! I hope to see more evidence that can help us evolve our theories of change

Thomas Rojas: Thanks for a great webinar.

Jillian Baker (MEDA): Well done! A nice balance on theory with practice. Great to see the focus on theories of change

Samuel Akpn: When will USAID do a webinar that has Africa and Nigeria in focus?

Charlin - Marketlinks: Thanks for joining everyone

Joseph Merton: Thank you!

Irene Burns: Thank you!

Ashapura Das Purba: Thanks to the amazing presenters!