

Chapter 3. Overview of key findings

LA7 countries (Argentina, Chile, Colombia, Ecuador, Mexico, Peru, Uruguay) devote significant efforts to SME policy and private sector development, identifying these as crucial areas for sustainable and inclusive growth and employment. In particular, they have made notable efforts to build up an institutional framework for SME policies, establish a rich variety of business and entrepreneurial development services, and harness SMEs in productive transformation efforts. The results of the assessment suggest LA7 countries redouble their efforts in this regard, while stepping up their policy efforts to seize the opportunities of increasing regional integration, large domestic markets, young populations and an emerging middle class. The redoubling of efforts is also important to respond to the pervasive challenges of low productivity and high informality among SMEs (especially the smallest firms), high levels of inequality and the need to shift to higher value added activities.

Overall key findings

LA7 SMEs operate mainly in traditional service sectors, with high levels of informality and a significant productivity gap

As detailed in Chapter 1, household surveys demonstrate in Latin American and Caribbean (LAC) show that the productivity gap between SMEs and large enterprises is significant: although they represent 60% of formal productive employment in the region, they are responsible for only a quarter of the total production value. This difference is particularly large for companies at the end of the size spectrum: Latin American microenterprises account for about 3.2% of production whereas in Europe they contribute 6 times more (20% of GDP) even though they have fairly similar levels of labour force participation.¹

Services account for most of SME employment in the LA7 countries, and a greater share than that of large companies (with the exception of finance and utilities), with SMEs especially active in wholesale and retail trade and food and accommodation. As discussed in Chapter 1, most LA7 SMEs participate in sectors with low aggregate levels of value added and low levels of human capital, competing in markets with poorly differentiated products (such as retail trade and agriculture). These firms are therefore highly exposed both to operating at low rates of return and to being displaced by larger firms (which are able to benefit from economies of scale, lower production and distribution costs, and the diffusion of key and new technologies). In contrast, only a small proportion of SMEs are integrated into value chains – either by providing specialized goods and services according to the specific requirements of their clients, or by providing intermediate goods and services to larger firms.

All LA7 countries must cope with the presence of a large informal sector. High levels of informality are present in most emerging economies, but in the LAC region, (including its upper middle-income countries, such as the LA7) informality is an integral part of the economic structure, with wide implications for the region's social and economic development. Indeed, the large majority of SMEs operating in the LA7 are microenterprises

that are family-based, engaged mostly in traditional service sectors, and managed largely by subsistence-driven entrepreneurs. These types of enterprise are more likely to operate in the informal sector as a response to unemployment and/or refuge from the regulations, complexities, and difficulties of the formal labour market.²

SME policy priorities and strategic frameworks are broadly aligned across the LA7, having recently evolved to focus on productive transformation

Over the last decade, in response to the global financial crisis (2008-2010) and the end of the commodity super-cycle (2014-2015), most of the LA7 countries have identified SME policy as means of spurring economic and employment growth, driving productive transformation and promoting technological upgrading of the enterprise sector.

Accordingly, all the LA7 countries pursue a pro-active SME development policy. In doing so, rather than developing standalone mid-term SME strategies, LA7 countries have included strategic SME policy orientations in other mid-term strategic documents; these are generally focused on the subjects of productive development and competitiveness, and aligned with the country's overall national development plan. The exception is Argentina, which, during the period of this study, focused on deploying a number of new SME support initiatives, in many cases linked to simplification of the business environment and productive transformation, and is currently working on a law that will provide a formal strategic framework going forward. The overall objective of this approach has been to reduce the country's dependence on the commodity/oil sector, develop advanced manufacturing and service activities, and further integrate into regional and global value chains. Yet although this productive transformation³ is often the *primary* objective of SME policy, it is not the only one. Other objectives, such as generating jobs and reducing poverty and inequality, are also relevant.

The great challenge is therefore how to structure an SME policy that supports and promotes productive transformation while also addressing the issue of informality and responding to the basic needs of the vast microenterprise population. As discussed in the previous section, the main actors of the productive transformation are opportunity-driven enterprises, with considerable growth potential and good management, representing a small share of the entire SME population. Striking an effective balance will thus require the design and implementation of programmes targeting different segments of the SME population – as well as managing a wider range of initiatives, investing more resources, and engaging in a more extensive dialogue with various categories of SMEs.

The sophistication of delivery mechanisms varies; most LA7 countries utilise passive call-for-proposals processes rather than more direct engagement at enterprise level

Although the strategic approach in the LA7 is sufficiently articulated, when it comes to implementation, tools are relatively weak. This is due to the limited reliance on quantitative objectives, the relative absence of robust action plans and limited inter-ministerial coordination. Furthermore, while all countries have established specialised departments or agencies dealing with SME policy under the responsibility of a vice-minister or undersecretary, the dividing line between policy design and policy implementation is not always clearly defined. Only two countries (Chile and Mexico) have established SME development agencies; in all other cases, the general directorate for SME policy is in charge of managing the entire policy cycle – from policy elaboration through to implementation and monitoring and evaluation (M&E) – with the support of a number of detached agencies

and bodies. This may create potential confusion of roles and conflicts of interest. Ministry officials are often better versed in dealing with legal, budget and general economic issues than in interacting with small-scale enterprises. Specialised agencies may be more effective in communicating with the enterprise sector and have more operational flexibility than ministerial departments.

Across all LA7 countries, a standard approach to policy implementation is to organise policy actions through periodic calls for proposals (*convocatorias*). The main role of the body in charge of policy implementation is to define the objective of the policy intervention, elaborate the terms of reference and eligibility criteria and run the call for proposals. In many cases, policy implementation is de facto delegated to intermediary institutions, such as chambers of commerce, producers' associations, local development agencies, private consultants and enterprise networks. This system allows for the containment of operational costs, while at the same time promoting the creation of enterprise support networks at the national and local levels. However, it also distances the main body in charge of SME policy implementation from a continuous dialogue with target enterprises and limits the exchange of information between SMEs and the public bodies in charge of SME policy at the central level.

Weak or non-existent monitoring and evaluation (M&E) efforts complicate policy-makers' ability to make performance-based decisions

Across all LA7 countries, evaluation is a particularly weak area, with only Chile consistently engaged in conducting impact evaluations for specific SME support programmes. While overall objectives have often been clearly stated, the implications for SME policy in terms of specific objectives and measurable targets have not always been fully developed, and the introduction of key performance indicators (KPIs) tracking progress in strategy, and even programme, implementation remains very limited.

When it comes to overall SME statistics, data collection in the LA7 is relatively good, with all countries regularly collecting SME data related to employment and turnover by class of enterprises. Some LA7 countries also collect data on value-added, though only in the cases of Mexico and Peru is it disaggregated by enterprise class and sector. Survey-based statistics are complemented by data from a more exhaustive census conducted at regular intervals (on average every five years) in all LA7 countries. However, the high incidence of informality makes it more complex to collect comprehensive data, particularly for the microenterprise segment. Household and labour force surveys, as well as census data, provide indications on the extent of informality, with a specific focus on labour informality.

Key findings by dimension

Dimension 1: Institutional framework

Policy makers in all the LA7 countries have accumulated significant experience in the area of private sector development, including SME policy, and all have established highly articulated institutional frameworks. On average, SME policy institutions have been set up and are operational, the strategic directions have been identified, and the co-ordination and consultation mechanisms have been put in place. However, the LA7 countries still face major challenges in terms of further mainstreaming SME policy into their wider country strategies for economic and social development, making co-ordination and consultation mechanisms more effective, and improving monitoring mechanisms and conducting impact evaluations at both policy and programme level. The LA7 countries also face a major

challenge in securing a consistency between the overall policy targets, which are often quite ambitious, and the tools at the disposal of the institutions in charge of policy implementation.

Furthermore, the presence of a large informal sector in most of the LA7 countries undermines the governments' ability to conduct inclusive SME policies and to reach the most vulnerable segments of the SME population. All LA7 countries have been particularly active in pursuing policies aiming at reducing informality, and in many cases they have been at the forefront in devising and testing new policy approaches. However, current efforts often focus on specific issues and lack a comprehensive strategy operating on various fronts (labour legislation, tax legislation, legislative simplification, local regulations, etc.).

Dimension 2: Operational environment/simplification of procedures

The LA7 assessment results for this policy dimension are relatively weak in comparison with those of other dimensions. Overall, this means that the targeted support provided to SMEs in other areas (such as innovation, associativity, and internationalisation) functions within a sub-optimal general business environment, with significant barriers to enterprise entry and competition. It is important that LA7 countries consider this overall picture and find the optimal policy mix between improving the general business environment and providing continuous, targeted support to enterprises with high growth potential.

Regulatory reform is still at an early phase. The LA7 countries, with the exceptions of Chile and Mexico, have not yet conducted systematic reviews of legislation and regulations pertaining to enterprise activity and have not fully applied regulatory impact assessment (RIA). Procedures for starting a business and filing taxes in the LA7 countries also remain problematic – even though tax administration reform is a priority for most LA7 countries, particularly in relation to the fight against informality. None of the LA7 countries appears in the upper-third tier of the 2019 *Doing Business* indicator for “starting a business”, which covers a total of 190 economies. The establishment of one-stop shops is still at a very early phase, though several countries are introducing electronic portals that include online company registration facilities.

In contrast, e-government initiatives have been developed in all LA7 countries and online tax filing services are fully operational and widely used by enterprises. Data interoperability varies greatly, with most LA7 countries having introduced partial interoperability.

Dimension 3: Access to finance

Most LA7 countries have a robust regulatory and institutional framework and a diversified environment of financing opportunities conducive to the financial inclusion of SMEs. This does not imply that there is no room for improvement with respect to the legal framework, but it does underscore the relatively favourable environment existing in the region.

Particular challenges remain concerning financial education strategies for SMEs and the enhancement of legal procedures to deal with bankruptcy. Regarding the former, LA7 countries should focus efforts on developing a unified strategy - correctly implemented at different levels of influence and supported by an adequate evaluation framework - to promote the universalisation of basic financial knowledge and allow SMEs to make better business decisions. Regarding the latter, there is a pressing need to address lengthy and costly bankruptcy procedures through such measures as the improvement of the regulatory

framework for secured transactions, the creation of insolvency registers and the improvement of procedures to allow entrepreneurs to restart their business activities after unsuccessful initiatives.

Dimension 4: Business development services (BDS) and public procurement for SMEs

In general, the LA7 countries have an established system of BDS for SMEs and entrepreneurs. There is a rich variety of programmes available for different types of entrepreneurs, in some cases provided through specialised agencies supporting specific beneficiaries. What is still missing, however, is a more coherent, *strategic* approach to targeted SME programmes, in this case BDS. This is important given (a) the diversity of SMEs and entrepreneurs; (b) the variety of support programmes and support agencies; and (c) the array of government priorities identified in national development plans or economic agendas, which range from the general (e.g. economic diversification and increasing productivity) to the relatively specific (e.g. increasing exports, business linkages, innovation in firms). In all cases, there is a weak link between the use of BDS as a policy tool and overall strategic objectives; notably, none of the LA7 countries has explicit details on the impact their planned BDS actions will have in terms of productivity, economic sophistication, diversification or other strategic objectives stated in their economic and competitiveness plans.

Regarding public procurement, all the LA7 countries have laws and regulations that facilitate the participation of SMEs in this important market by (with variations from country to country) cutting tenders into smaller lots, allowing the formation of consortia for joint bids, and ensuring that payments are made in time, among other things. All countries also have e-procurement systems and electronic registries of suppliers. However, not all of the e-procurement platforms handle the entire procurement process. Furthermore, only a few countries have in place direct support programmes to help SMEs take advantage of public procurement opportunities.

Dimension 5: Innovation and technology

Promoting innovative SMEs and entrepreneurship is a priority for all countries in the region and an important policy component to address the challenges of increasing productivity and competitiveness. Although national innovation systems are in place in most of the LA7 countries, there is no concrete evidence that the systems include elements specific to the promotion of innovation in SMEs and start-ups; notably, there are no specific SME and entrepreneurship committees focusing on this important policy area. The analysis points to an extensive offer of services covering support for incubators, accelerators, technology transfer offices, access to finance for innovative ventures, R&D incentives, and so on. Yet, the availability and accessibility of information on these schemes, including M&E, is often scattered and at times limited. LA7 countries could thus consider developing specific mechanisms to promote (a) innovative SMEs and entrepreneurship within their national innovation systems and (b) a more structured approach to disseminating information on innovation support programmes, including through online platforms.

Dimension 6: Productive transformation

As noted earlier in this chapter, over the last decade, most of the LA7 countries have identified SME policy as a crucial means of driving productive transformation for their economies, often identifying this as the primary objective of their SME policy efforts.

Accordingly, LA7 governments have clearly invested significant efforts to facilitate productive transformation by identifying barriers to competitiveness, growth, and access to information, and by putting in place corresponding policy and programmatic measures. During the past five years, these efforts have included an increasing amount of targeted measures focused on various segments of the SME population, and often designed to encourage associativity and facilitate inclusion in value chains. This demonstrates policymakers' understanding that trade and investment liberalisation efforts alone are not sufficient; rather, policies designed to promote economic diversification, build productive capacities and develop new comparative advantages in the manufacturing and service sectors are necessary to broaden and deepen trade flows and enable a more active role for SMEs.

The pilot or relatively new nature of many of the current LA7 programmes in this area underscores the importance of M&E systems; while the SME PI results demonstrate a solid level of policy implementation, the actual impact of these programmatic efforts remains to be seen. Putting in place robust M&E mechanisms that measure outcomes and impact, in contrast to a narrow focus on outputs, will be an important and necessary step for governments and stakeholders as they assess the performance of their strategies and corresponding programmatic efforts, informing future policy-making cycles.

Lastly, it is important to re-emphasise here that using SME development as an industrial policy tool requires a selection of and focus on the segment of the SME population that is most able to contribute to and advance the productive diversification of the country, obtain efficiency gains from participation in value chains, and succeed in export activities. It is this prioritisation that, while often present in specific programmes, is less clear at a strategic level in LA7 countries. Establishing priority areas for productive transformation at a strategic level (along with corresponding action plans), even while maintaining flexibility for future adjustments, could help policymakers to more clearly separate between general SME development measures relevant to the entire SME population and more specific interventions in priority sectors related to the process of productive transformation.

Dimension 7: Access to market and internationalisation

Overall, the LA7 countries are relatively well advanced in the areas covered by this dimension, demonstrating a solid level of policy implementation, though somewhat less so in terms of regional integration. One can typically find robust policy support for export promotion, which is targeted at SMEs via training and, to a lesser extent, subsidised financing support; a solid trade facilitation infrastructure in place, with specific programmes to lessen the burden on small exporters; targeted support for SMEs to incorporate e-commerce into their operations and adhere to quality standards; and SME development agendas that are aligned with regional integration efforts. Indeed, regarding the latter point, over the past decade each of the main regional trade blocs to which the LA7 countries belong (Pacific Alliance, Southern Common Market, Andean Community) have developed institutional frameworks with specific programmes to support SME development. However, the LA7 countries still tend to fall short when it comes to the M&E of these efforts, and should prioritise the creation of, or strengthening of existing, M&E systems in order to effectively measure these policies' impact and ensure the effective use of public funds in supporting SMEs' international market access.

SME Policy Index 2019 Scores for the LA7

Table 3.1 presents the 2019 assessment scores for each LA7 country, as well as for the LA7 and Pacific Alliance (PA). It is broken down by dimension, sub-dimension and thematic block, as well as the overall mean, standard deviation (StD) and weights used for each element. Scores range between 1 and 5, with a higher score indicating a more advanced level of policy development and implementation. For the detailed methodology of the assessment, please see Chapter 2.

Table 3.1. LA7 2019 SME PI scores

Dimension /sub-dimension / thematic block	Weight	ARG	ECU	URU	CHI	COL	MEX	PER	Avg. LA7	Avg. PA4	StD
1. INSTITUTIONAL FRAMEWORK		3.47	3.44	3.74	3.86	4.05	4.46	3.64	3.81	4.00	0.33
1.1 SME Definition	20%	5.00	4.33	5.00	3.67	4.33	4.33	3.00	4.24	3.83	0.66
Thematic Block 1: Planning & Design	100%	5.00	4.33	5.00	3.67	4.33	4.33	3.00	4.24	3.83	0.66
1.2 Strategic Planning, Policy Design and Co-ordination	40%	2.98	3.19	3.59	4.06	4.00	4.77	3.75	3.76	4.15	0.55
Thematic Block 1: Planning & Design	35%	1.48	2.92	3.37	4.55	3.37	4.48	3.22	3.34	3.90	0.96
Thematic Block 2: Implementation	45%	4.00	3.00	3.67	3.67	5.00	5.00	4.17	4.07	4.46	0.68
Thematic Block 3: Monitoring & Evaluation	20%	3.30	4.07	3.79	4.11	2.85	4.78	3.73	3.80	3.87	0.57
1.3 Public-Private Consultations	20%	2.62	3.50	2.92	3.43	3.76	4.26	3.67	3.45	3.78	0.50
Thematic Block 1: Frequency and Transparency	35%	2.41	4.29	3.51	3.67	4.06	4.68	3.59	3.74	4.00	0.67
Thematic Block 2: Private Sector Involvement	45%	3.20	4.00	2.13	3.73	3.87	3.60	4.33	3.55	3.88	0.66
Thematic Block 3: Monitoring & Evaluation	20%	1.67	1.00	3.67	2.33	3.00	5.00	2.33	2.71	3.17	1.23
1.4 Measures to Tackle the Informal Economy	20%	3.76	3.01	3.61	4.07	4.16	4.17	4.04	3.83	4.11	0.39
Thematic Block 1: Planning & Design	35%	3.01	1.78	3.39	3.89	4.83	3.84	4.72	3.64	4.32	0.97
Thematic Block 2: Implementation	45%	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	0.00
Thematic Block 3: Monitoring & Evaluation	20%	3.40	1.80	2.00	3.40	2.20	4.00	1.80	2.66	2.85	0.85
2. OPERATIONAL ENVIRONMENT / SIMPLIFICATION OF PROCEDURES		2.50	2.78	2.92	3.21	2.90	3.77	2.68	2.96	3.14	0.39
2.1 Legislative Simplification and Regulatory Impact Analysis	30%	1.63	2.14	1.76	2.98	2.33	3.80	2.33	2.42	2.86	0.69
Thematic Block 1: Planning & Design	35%	1.50	2.75	1.25	3.50	1.75	4.25	2.50	2.50	3.00	1.02
Thematic Block 2: Implementation	45%	2.00	2.17	2.50	1.67	3.17	3.50	2.00	2.43	2.58	0.62
Thematic Block 3: Monitoring & Evaluation	20%	1.00	1.00	1.00	5.00	1.44	3.67	2.78	2.27	3.22	1.47

Dimension /sub-dimension / thematic block	Weight	ARG	ECU	URU	CHI	COL	MEX	PER	Avg. LA7	Avg. PA4	StD
2.2 Company Registration	25%	2.65	2.64	3.51	3.13	3.28	3.93	2.98	3.16	3.33	0.43
Thematic Block 1: Planning & Design	35%	3.40	3.60	3.60	3.40	3.80	4.80	3.20	3.69	3.80	0.49
Thematic Block 2: Performance	45%	2.80	2.40	3.00	3.20	3.00	3.00	2.80	2.89	2.90	0.24
Thematic Block 3: Monitoring & Evaluation	20%	1.00	1.50	4.50	2.50	3.00	4.50	3.00	2.86	3.12	1.25
2.3 Ease of Filing Tax	25%	2.33	2.33	2.33	3.22	2.33	2.78	2.33	2.52	2.67	0.32
Thematic Block 1: Performance	100%	2.33	2.33	2.33	3.22	2.33	2.78	2.33	2.52	2.67	0.32
2.4 E-government	20%	3.84	4.46	4.64	3.63	3.98	4.76	3.26	4.08	3.91	0.52
Thematic Block 1: Planning & Design	35%	5.00	5.00	5.00	3.67	5.00	5.00	5.00	4.81	4.67	0.47
Thematic Block 2: Implementation	45%	4.20	3.80	4.20	3.00	4.07	4.47	2.47	3.74	3.50	0.68
Thematic Block 3: Monitoring & Evaluation	20%	1.00	5.00	5.00	5.00	2.00	5.00	2.00	3.57	3.50	1.68
3. ACCESS TO FINANCE		4.17	3.44	3.30	3.74	4.26	3.91	3.55	3.77	3.86	0.34
3.1 Legal, Regulatory and Institutional Framework on Access to Finance	25%	4.60	4.07	4.25	3.48	3.96	4.73	4.29	4.20	4.11	0.39
3.1.1 Banking Regulations	25%	5.00	4.20	4.20	1.00	1.00	5.00	5.00	3.63	3.00	1.70
Thematic Block 1: Planning & Design	100%	5.00	4.20	4.20	1.00	1.00	5.00	5.00	3.63	3.00	1.83
3.1.2 Legal Regulatory Framework for Commercial Lending	25%	3.40	2.07	3.47	3.57	4.85	4.57	2.17	3.44	3.79	0.98
Thematic Block 1: Creditor Rights (World Bank Indicators)	50%	2.00	1.33	2.33	2.33	5.00	4.33	3.33	2.95	3.75	1.23
Thematic Block 2: Tangible and Intangible Assets Register	50%	4.80	2.80	4.60	4.80	4.70	4.80	1.00	3.93	3.83	1.37
3.1.3 Credit Information Bureau	25%	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00
Thematic Block 1: (World Bank Indicators)	100%	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00
3.1.4 Stock Market Operations and Facilities for SMEs Listing	25%	5.00	5.00	4.33	4.33	5.00	4.33	5.00	4.71	4.67	0.33
Thematic Block 1: Planning & Design	100%	5.00	5.00	4.33	4.33	5.00	4.33	5.00	4.71	4.67	0.36
3.2 Diversified Sources of Enterprise Finance	25%	4.91	4.53	4.18	4.61	4.63	4.83	3.65	4.48	4.43	0.40
3.2.1 Bank Credit or Loans	65%	4.87	4.89	4.47	4.87	4.47	4.89	4.23	4.67	4.61	0.26
Thematic Block 1: Bank products	50%	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00
Thematic Block 2: Credit Guarantee Schemes	50%	4.56	4.64	3.22	4.56	3.22	4.64	2.42	3.90	3.71	0.85
3.2.2 Microfinance	10%	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00
Thematic Block 1: Planning & Design	100%	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00
3.2.3 Alternative Sources of Enterprise Finance	25%	5.00	3.40	3.11	3.80	4.91	4.60	1.62	3.78	3.73	1.11

Dimension /sub-dimension / thematic block	Weight	ARG	ECU	URU	CHI	COL	MEX	PER	Avg. LA7	Avg. PA4	StD
Thematic Block 1: Asset-Based Finance	40%	5.00	4.33	4.78	3.00	4.78	5.00	2.56	4.21	3.83	0.93
Thematic Block 2: Crowdfunding	30%	5.00	2.33	1.67	3.67	5.00	3.67	1.00	3.19	3.33	1.46
Thematic Block 3: Equity Instruments	30%	5.00	3.22	2.33	5.00	5.00	5.00	1.00	3.79	4.00	1.52
3.3 Financial Education	25%	4.10	3.05	1.91	2.86	4.28	3.33	3.08	3.23	3.39	0.74
Thematic Block 1: Planning & Design	35%	3.08	2.75	2.58	4.25	4.25	3.75	2.50	3.31	3.69	0.71
Thematic Block 2: Implementation	45%	5.00	4.20	1.80	2.60	5.00	3.40	4.20	3.74	3.80	1.12
Thematic Block 3: Monitoring & Evaluation	20%	3.86	1.00	1.00	1.00	2.71	2.43	1.57	1.94	1.93	1.02
3.4 Efficient procedures for dealing with bankruptcy	25%	3.05	2.13	2.86	3.99	4.17	2.75	3.16	3.16	3.52	0.66
Thematic Block 1: Design & Implementation	50%	3.77	2.58	3.05	4.32	4.34	1.83	3.32	3.32	3.45	0.85
Thematic Block 2: Performance	50%	2.33	1.67	2.67	3.67	4.00	3.67	3.00	3.00	3.58	0.78
4. SME DEVELOPMENT SERVICES AND PUBLIC PROCUREMENT		4.14	3.29	4.39	4.75	4.08	4.21	3.80	4.09	4.21	0.42
4.1 Business Development Services	40%	4.03	2.85	4.65	4.78	4.35	4.59	4.13	4.20	4.46	0.61
Thematic Block 1: Planning & Design	35%	3.00	3.00	4.50	4.50	4.75	4.50	4.00	4.04	4.44	0.69
Thematic Block 2: Implementation	45%	5.00	2.67	5.00	5.00	4.33	4.67	4.33	4.43	4.58	0.77
Thematic Block 3: Monitoring & Evaluation	20%	3.67	3.00	4.11	4.78	3.67	4.56	3.89	3.95	4.22	0.55
4.2 Entrepreneurial Development Services	35%	4.17	3.41	4.37	4.68	4.07	3.86	3.50	4.01	4.03	0.42
Thematic Block 1: Planning & Design	35%	3.40	3.40	4.20	4.20	4.20	4.20	3.40	3.86	4.00	0.40
Thematic Block 2: Implementation	45%	5.00	4.09	4.82	5.00	4.45	4.27	4.09	4.53	4.45	0.37
Thematic Block 3: Monitoring & Evaluation	20%	3.67	1.89	3.67	4.78	3.00	2.33	2.33	3.10	3.11	0.93
4.3 Public Procurement	25%	4.27	3.83	3.99	4.79	3.64	4.11	3.69	4.05	4.06	0.37
Thematic Block 1: Planning & Design	35%	4.80	2.80	4.00	4.40	3.00	3.60	4.60	3.89	3.90	0.72
Thematic Block 2: Implementation	45%	4.43	5.00	4.43	5.00	4.43	5.00	3.29	4.51	4.43	0.57
Thematic Block 3: Monitoring & Evaluation	20%	3.00	3.00	3.00	5.00	3.00	3.00	3.00	3.29	3.50	0.70
5. INNOVATION AND TECHNOLOGY		3.21	3.16	3.79	4.45	3.78	4.39	3.50	3.75	4.03	0.48
5.1 Institutional Framework	33%	3.23	2.54	4.10	4.75	4.63	4.53	2.98	3.82	4.22	0.83
Thematic Block 1: Planning & Design	35%	2.79	1.88	4.14	4.66	4.89	4.03	3.13	3.64	4.18	1.01
Thematic Block 2: Implementation	45%	3.67	3.44	4.56	5.00	4.56	5.00	3.44	4.24	4.50	0.65
Thematic Block 3: Monitoring & Evaluation	20%	3.00	1.67	3.00	4.33	4.33	4.33	1.67	3.19	3.67	1.11

Dimension /sub-dimension / thematic block	Weight	ARG	ECU	URU	CHI	COL	MEX	PER	Avg. LA7	Avg. PA4	StD
5.2 Support Services	33%	2.39	3.73	3.32	3.91	2.79	3.75	3.27	3.31	3.43	0.51
Thematic Block 1: Planning & Design	20%	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Thematic Block 2: Implementation	60%	3.32	4.65	3.97	4.52	2.87	4.47	3.45	3.89	3.83	0.64
Thematic Block 3: Monitoring & Evaluation	20%	1.00	3.67	3.67	5.00	4.33	4.33	5.00	3.86	4.67	1.27
5.3 Financing for Innovation	33%	4.00	3.21	3.95	4.70	3.94	4.88	4.24	4.13	4.44	0.51
Thematic Block 1: Planning & Design	35%	4.33	3.00	4.67	5.00	4.67	4.67	4.33	4.38	4.67	0.60
Thematic Block 2: Implementation	45%	4.00	4.00	4.00	4.50	4.50	5.00	4.00	4.29	4.50	0.36
Thematic Block 3: Monitoring & Evaluation	20%	3.40	1.80	2.60	4.60	1.40	5.00	4.60	3.34	3.90	1.34
6. PRODUCTIVE TRANSFORMATION		3.78	3.47	3.62	4.50	4.39	4.39	3.93	4.01	4.30	0.39
6.1 Productivity-enhancing measures	33%	3.05	3.85	3.29	4.52	4.37	4.55	4.08	3.96	4.38	0.55
Thematic Block 1: Planning & Design	35%	2.57	3.93	4.14	4.29	4.36	4.36	4.71	4.05	4.43	0.64
Thematic Block 2: Implementation	45%	3.40	3.40	3.00	5.00	4.60	5.00	4.20	4.09	4.70	0.76
Thematic Block 3: Monitoring & Evaluation	20%	3.10	4.71	2.43	3.86	3.86	3.86	2.71	3.50	3.57	0.74
6.2 Productive Association-enhancing measures	33%	4.57	2.85	3.68	4.62	4.43	4.49	3.68	4.04	4.30	0.61
Thematic Block 1: Planning & Design	35%	5.00	4.56	5.00	5.00	4.56	5.00	3.22	4.62	4.44	0.60
Thematic Block 2: Implementation	45%	4.33	2.20	2.73	4.60	4.60	4.60	4.33	3.91	4.53	0.93
Thematic Block 3: Monitoring & Evaluation	20%	4.33	1.33	3.50	4.00	3.83	3.33	3.00	3.33	3.54	0.91
6.3 Integration to Global Value Chains	33%	3.74	3.70	3.89	4.37	4.38	4.13	4.04	4.04	4.23	0.26
Thematic Block 1: Planning & Design	35%	4.75	4.75	4.63	4.75	4.75	4.50	4.63	4.68	4.66	0.09
Thematic Block 2: Implementation	45%	4.17	3.50	4.00	4.17	5.00	4.50	4.50	4.26	4.54	0.44
Thematic Block 3: Monitoring & Evaluation	20%	1.00	2.33	2.33	4.17	2.33	2.67	2.00	2.40	2.79	0.87
7. ACCESS TO MARKET AND INTERNATIONALISATION		3.71	3.82	4.36	4.33	4.43	4.14	4.10	4.13	4.25	0.26
7.1 Support Programmes for Internationalisation	40%	3.91	4.02	4.78	4.49	4.74	4.53	4.54	4.43	4.58	0.31
Thematic Block 1: Planning & Design	35%	3.60	5.00	5.00	4.20	4.80	4.20	5.00	4.54	4.55	0.51
Thematic Block 2: Implementation	45%	4.84	3.49	4.63	4.71	4.92	4.92	4.43	4.56	4.74	0.47
Thematic Block 3: Monitoring & Evaluation	20%	2.38	3.50	4.75	4.50	4.25	4.25	4.00	3.95	4.25	0.74
7.2 Trade facilitation	15%	4.25	4.33	4.25	4.67	4.67	3.58	4.67	4.35	4.40	0.36
Thematic Block 1: Trade Facilitation Indicators	25%	4.00	3.33	4.00	4.67	4.67	4.33	4.67	4.24	4.58	0.46

Dimension /sub-dimension / thematic block	Weight	ARG	ECU	URU	CHI	COL	MEX	PER	Avg. LA7	Avg. PA4	StD
Thematic Block 2: Planning & Design	25%	4.00	5.00	4.00	5.00	5.00	1.00	5.00	4.14	4.00	1.36
Thematic Block 3: Transparency and Predictability	25%	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00
Thematic Block 4: Simplification of Procedures	25%	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	0.00
7.3 Use of E-commerce	15%	4.08	4.30	4.33	4.39	4.66	4.25	2.79	4.11	4.02	0.57
Thematic Block 1: Planning & Design	35%	4.00	5.00	5.00	5.00	5.00	4.00	2.50	4.36	4.13	0.87
Thematic Block 2: Implementation	45%	5.00	4.20	4.20	4.60	5.00	5.00	3.80	4.54	4.60	0.45
Thematic Block 3: Monitoring & Evaluation	20%	2.14	3.29	3.43	2.86	3.29	3.00	1.00	2.71	2.54	0.80
7.4 Quality Standards	15%	1.95	3.71	3.87	4.79	4.42	4.48	4.41	3.95	4.53	0.89
Thematic Block 1: Planning & Design	35%	1.00	5.00	3.50	5.00	5.00	4.50	5.00	4.14	4.88	1.38
Thematic Block 2: Implementation	45%	2.60	3.40	4.60	4.60	4.60	5.00	4.20	4.14	4.60	0.78
Thematic Block 3: Monitoring & Evaluation	20%	2.14	2.14	2.86	4.86	3.00	3.29	3.86	3.16	3.75	0.89
7.5 Taking Advantage of the Benefits of Regional Integration	15%	4.02	2.41	3.87	3.03	3.15	3.20	3.33	3.29	3.18	0.50
Thematic Block 1: Planning & Design	35%	3.75	2.00	3.75	2.88	3.69	3.38	4.19	3.38	3.53	0.67
Thematic Block 2: Implementation	45%	4.50	3.00	4.17	3.33	3.33	3.33	3.33	3.57	3.33	0.50
Thematic Block 3: Monitoring & Evaluation	20%	3.40	1.80	3.40	2.60	1.80	2.60	1.80	2.49	2.20	0.67

Note: For further information on how scores were calculated, please see Chapter 2.

Notes

¹ See Figure 1.1 in Chapter 1 for more detailed information.

² See Chapter 1 for more detailed information. It is also important to note here, as stated in Chapter 1, that it would be erroneous to conclude that most entrepreneurs in the region operate in the informal sector, since the reality in the region is the opposite: the number of microentrepreneurs formalized is higher than those who remain in an informal condition.

³ For a further explanation of this concept, see <https://www.caf.com/en/topics/p/productive-transformation/>; <https://www.ilo.org/employment/areas/industrial-policy/lang--en/index.htm>; and (UN-Habitat, 2015^[1]). Overall productive transformation aims to create jobs and foster sustainable growth through sectoral transformation from agriculture to manufacturing and service sectors; diversification into new economic activities and into increasingly complex products across sectors; and technological change within sectors.

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- UN-Habitat (2015), *The role of cities in productive transformation: six case studies from Africa, Asia, and Latin America.*, UN-Habitat, <https://unhabitat.org/books/the-role-of-cities-in-productive-transformation/> (accessed on 1 February 2019). [1]

Part I. Findings by dimension



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