



Helping enterprises grow – evidence from evaluations

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Proiect co-finanțat din Fondul European de Dezvoltare Regională prin POAT 2007-2013

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Topics

- Assistance to the productive sector
- Measuring impacts
- Results taken from evaluations

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Assistance to the productive sector 2000-2006

- Enterprise and R&D support was 45 Bn EUR
- SMEs received 83% of this funding
- Direct investment support was the main instrument with 69% of total spending

Result:
1 Mn new jobs (est.)

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Rationale

The main field of interventions is the SME sector

- Basic statistics for the SME sector*:
 - 20 Mn enterprises (99.8%)
 - 85 Mn persons employed** (67%)
 - Value added 3090 Bn EUR** (58%)

aim: facilitate access to financial resources for SMEs

*EUROSTAT 2005
** Non financial private sector

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Programme types



Training



Capital grants and loans



R&D

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What we can measure?

- Inputs: money spent
- Intermediate outcomes
 - Employment
 - Investments
- Firm performance
 - Growth (of turnover or productivity)

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How to measure?

- Indicator: 1 Mn new jobs!
- Compared to what?
 - Persons working within the framework of assisted projects?
 - More persons working at the beneficiaries' as before the programme?
 - More persons working at the beneficiaries' compared to other enterprises?
 - What would have happened without the intervention?

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Factors that have to be taken into consideration

- External trends
 - External growth
 - Technological development
- Selection bias
 - What is the difference between the assisted and the other enterprises?
 - What is the selection criteria of the programme officers?

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Measurement tools

- Monitoring data (indicators)
- Macroeconomic models
- Interviews and surveys
- Econometric methods based on micro level data
 - (Random assignment)
 - Matching
 - Growth differences (DiD)
 - Instrumental variables
 - Regression discontinuity

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EC literature review

ERDF Ex-post evaluation	Impacts		
Country	Investment	Employment	Growth
East Germany	+		
East Germany	+		
East Germany (2000-2006)	+	+	
Italy	+		
Italy	+	+	+
Sweden			+
Sweden			(for short time)
Sweden		+	0
Spain			+

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World Bank literature review

World Bank		Impacts		
Country	Period	Investment	Employment	Growth
UK	1988-1996		+	+
UK	1985-2004	+	+	0
UK	2003-2005		+	0
Ireland	1991-1995		+	0
USA	1987-1992			+
USA	1987-1992			+
Australia	1994-1997			+
New Zealand	2000-2006			(only for export)
Japan	1986-1999			+

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Other studies

Other studies		Impacts		
Country	Period	Investment	Employment	Growth
Romania	1991-2000		+	+
Southern Italy	1996-2000	+	+	+
Hungary (ERDF)	2004-2006	+	+	0
Northern Italy (ERDF and national)	2001-2003	(only in the short run)	+	

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Some selected findings

- Assisted firms are often more successful than the average even before the programme
- Soft loans can reach similar impacts as grants
- Higher impacts for larger amounts of support, but decreasing
- Dead weight is significant, but no complete substitution (real added value)
- Permanent impacts can be measured only some years after programme participation

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Conclusions

- Positive impacts on the physical infrastructure (at least in the short run) and on employment
- Mixed evidence on growth
- Impacts vary over geographical location, program type and firm characteristics (industry, size, etc.)
- Handling the selection bias is very important

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Thank you for your attention!

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