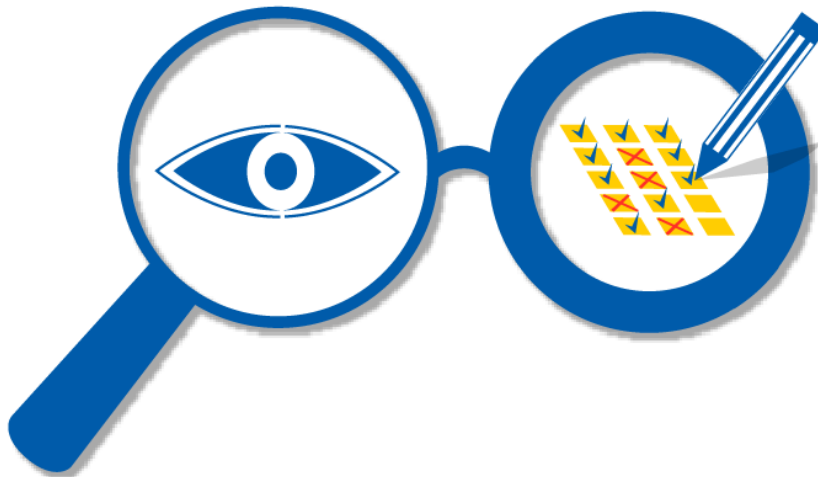


## Guidance Note

# MONITORING AND EVALUATION MECHANISMS RELATED TO THE SME DEVELOPMENT STRATEGY 2012-20 IN THE REPUBLIC OF MOLDOVA

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## CHAPTER 1

### MONITORING AND EVALUATION OF PUBLIC POLICIES

#### 1.1 Definition of Monitoring and Evaluation

Monitoring and evaluation (M&E) is an important part of the policy process as it measures the consequences of government actions and provides important feedback on the extent to which policy aims are being achieved. It provides evidence for the decision-makers on the policy process. Monitoring and evaluation are systematic and objective public management tools. The two concepts are closely linked and complement each other but they are not synonymous.

**Monitoring** is a continuing function that informs where an on-going policy intervention stands at a certain point of time in relation to its targets. Therefore, it defines clear objectives and performance indicators for policies to keep track of their developments. It collects data on the performance indicators of a specific objective on a regular basis and compares them with the declared targets. In other words, monitoring compares routinely the progress of an on-going intervention against the plan. It tracks the input, such as the allocated budget or costs for the implementation, the output for the beneficiaries and the impact on the policy issue. Managers and decision-makers receive crucial information about the progress being made and be warned about potential problems (OECD, 2002; Metz, 2005).

**Evaluation** assesses on-going, planned or completed activities, policies or programmes and thereby focusses on potential causes behind developments. It aims to analyse why certain outcomes have been achieved. Therefore, the results of the monitoring process can be crucial for evaluation. Evaluation provides information that helps determining the quality of policies and provides decision-makers the opportunity to bring new findings into the process. That is why evaluation should not be conducted at the end of the policy implementation process, but as a part of an implementation cycle. In that way, policy-makers might use the evidence of evaluation to modify and adjust their measures to achieve the best possible outcome (OECD, 2002; Metz, 2005).

Although monitoring and evaluation are related to each other, their concepts are clearly different. Monitoring relates the actual results to targets. Evaluation, on the other hand, analyses why results might have been achieved and why other intended results might not

have been accomplished. Monitoring is a tool for managers to determine the progress of a policy, project or programme and to detect potential problems at an early stage. Evaluation points out accomplishments and potentials. It highlights lessons for managers and recommendations to improve the work. While monitoring aims to keep track of where a policy, project or programme stands at a certain point of time in comparison to its targets, evaluation provides evidence on outcomes and inputs in order to show causal contributions of activities to results. Therefore, the results of monitoring might be an important precondition for proper evaluation (World Bank, 2004; OECD, 2009). Table 1 illustrates the main characteristics and differences between the two concepts.

**Table 1. Characteristics and differences of Monitoring and Evaluation**

| Monitoring   | Evaluation   |
|--|--|
| <ul style="list-style-type: none"> <li>• Clarifies programme <u>objectives</u></li> </ul>  | <ul style="list-style-type: none"> <li>• Analyses <u>why</u> intended results were or were not achieved</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Links <u>activities</u> and their <u>resources</u> to objectives</li> </ul>                         | <ul style="list-style-type: none"> <li>• Assesses specific <u>causal contributions</u> of activities to results</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Translated objectives into <u>performance indicators</u> and sets targets</li> </ul>                | <ul style="list-style-type: none"> <li>• Examines <u>implementation process</u></li> </ul>   |
| <ul style="list-style-type: none"> <li>• <u>Routinely collects data</u> on these indicators, compares actual results with targets</li> </ul> | <ul style="list-style-type: none"> <li>• Explores <u>unintended results</u></li> </ul>   |
| <ul style="list-style-type: none"> <li>• <u>Reports progress</u> to policy-makers and alerts them to problems</li> </ul>                     | <ul style="list-style-type: none"> <li>• Provides <u>lessons learnt</u>, highlights significant accomplishments and offers <u>recommendations for improvement</u></li> </ul> |

Source: Kusek & Rist, 2004.

In order to ensure the functionality of monitoring and evaluation and to make use of its added value, the key components and relevant aspects of the policy to be measured have to be identified. Moreover, a set of indicators to display the results of the assessment has to be established. In order to benefit from monitoring and evaluation it is crucial to incorporate the findings of the evaluation into the policy-making cycle and use the feedback for policy formulations and adjustments to the policy design (World Bank, 2004).

## 1.2 Purpose of Monitoring and Evaluation

Monitoring and evaluation is a crucial part of policy-making since it provides targeted data and information and helps to improve government performance. It supports governments reaching their goals and improving the efficiency and effectiveness of their measures by assessing the implementation process and consequences of government actions (OECD, 2009). Therefore, monitoring and evaluation is a useful tool for public management and an unavoidable element in effective administrative and political processes.

It analyses the contribution of different factors to a certain outcome and illustrates if and how policy aims have been achieved. It has to be embedded into the fundamental structure of a programme, project or policy measure and functions as a form of dialogue on the progress between the various stakeholders. In the context of a Strategy, monitoring is essential for four basic purposes:

1. *Provision of evidence for decision-making*

Monitoring and evaluation systems are part of political processes and provide evidence for policy-making. They provide real-time data and information on the performance of policies, programmes and projects and show if the aims of policy are achieved in an efficient and effective way. Policy efforts might be redirected and adjustments to the objectives and targets of policies can be made according to the evidence from monitoring and evaluation. Lessons can be learned and integrated in the decision-making process in order to move forward and improve government performance.

2. *Improvement of government performance*

Since monitoring and evaluation systems systematically track changes that support or hinder sustainable development, the information can be used in order to improve future delivery and decision-making. The provided information serves as an early warning system for potential policy re-adjustments. It points out shortcomings and shows what programmes and what kind of implementation works most successfully. Further, it gives information on why certain programmes or policies may or may not have been effective. Monitoring and evaluation supports policy-makers to decide between alternative strategies and to assess the benefits and risks of choosing certain options.

3. *Enabling accountability and transparency of strategy stakeholders*

Monitoring and evaluation illustrates how and the extent to which the objectives for which public funds have been spent were achieved. Therefore, it gives a foundation for scrutiny of public services activities. Consequently, the use of monitoring and evaluation allows a greater degree of public scrutiny and may enhance the transparency and accountability of policy action. Making the information available to public also influences the public perception of the government's work.

4. *Supporting policy advocacy*

The results demonstrated by the monitoring and evaluation process provide strong arguments for continuation, re-adjustment or termination of a particular policy. Monitoring and evaluation helps to understand policy shifts and decisions by presenting evidence of the necessity of action. It can also encourage decision-makers to act and initiate the policy-making process.

### 1.3 Level and types of Monitoring and Evaluation

Monitoring and Evaluation can be conducted for different kinds of interventions. On the one hand, it serves to observe and analyse policies, which work on a higher hierarchical level and aim to achieve a wider impact on specific issues. On the other hand, programmes and projects might be the subject of monitoring and evaluation. These are conducted at a lower level of hierarchy than policies and target a smaller range of target groups and areas. Also, the level of complexity and variety of objectives is generally lower than for policies. Mostly, programmes and project are part of a strategy to implement specific policies. Hence, the results of monitoring and evaluation of programmes and projects might also be useful for the monitoring system of a policy (Metz, 2005). Table 2 below illustrates the levels of monitoring and evaluation.

**Table 2. Levels of Monitoring and Evaluation**

| Policies   | Programmes & Projects  |
|--|--|
| <ul style="list-style-type: none"> <li>Higher hierarchical level (macro, national, sector)</li> </ul>                                      | <ul style="list-style-type: none"> <li>Lower hierarchical level</li> </ul>   |
| <ul style="list-style-type: none"> <li>Aim at wide-spread impacts</li> </ul>   | <ul style="list-style-type: none"> <li>Narrow range of objectives, target groups, geographic areas, etc.</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>Part of a strategy for policy implementation</li> </ul>                       |
| Monitoring & Evaluation  |  |
| <ul style="list-style-type: none"> <li>Subjects for monitoring: policy objectives, strategies for implementation, policy impact</li> </ul> |  |
| <ul style="list-style-type: none"> <li>Monitoring organised at central level</li> </ul>  | <ul style="list-style-type: none"> <li>monitoring is organised by the management of the programme/project</li> </ul> |
| <ul style="list-style-type: none"> <li>Based on programme and project monitoring</li> </ul>  | <ul style="list-style-type: none"> <li>Monitoring results feed into policy monitoring system</li> </ul>              |

There are specific types of monitoring that differ in the question of what is going to be assessed. Generally, there is a distinction between impact monitoring and implementation monitoring.

**Impact monitoring** assesses the outcomes of policies, programmes and projects. It aims to provide evidence on the effect of an intervention and its contribution to higher objectives. Impact monitoring shows if a policy, programme or project work successfully. It also points out the relevance and visibility of the effect of an intervention.

**Implementation monitoring** assesses the management of a policy, programme or project. That means that the question to be answered is not if a project functions well or not, but how it works. Implementation monitoring gives an insight into the conditions under which an intervention is taking place. For example, it might show if a programme is visible

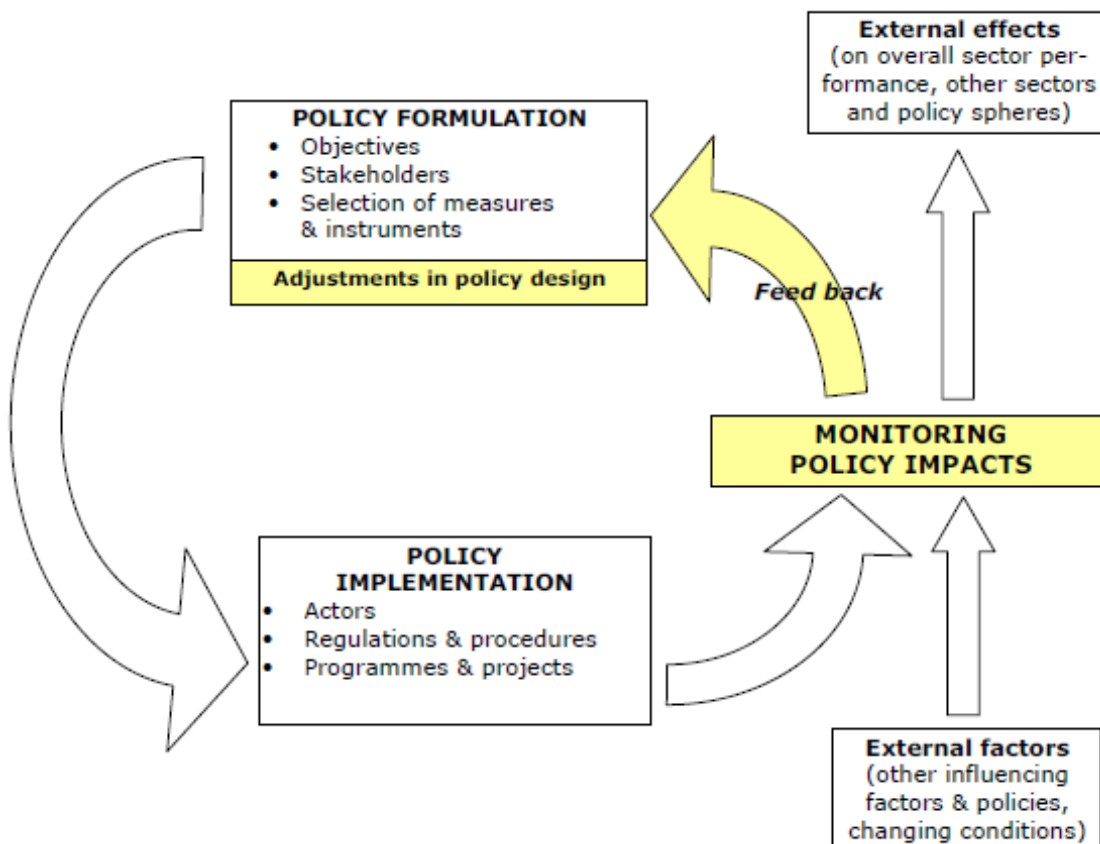
and accessible enough to the public and if results are being communicated. Implementation monitoring tracks inputs, such as financial inputs, human capital, office equipment etc., and the activities, which might include the organisational set-up and management, management of resources, activities performed, etc. and compares it to the achieved outputs and compares the actual achievements to the plan (Metz, 2005).

#### **1.4 Monitoring and Evaluation mechanisms**

Monitoring and Evaluation is not considered to be a one-time activity or an activity to close a process. It should not serve as a historical accounting exercise but should be a central part of the policy process. Since there is emphasis on the term *policy cycle*, M&E is not something that occurs at the end of a linear process, but is a link of the cycle (OECD, 2004). Monitoring and evaluation is embedded in the policy cycle together with policy problem identification, design and implementation, which constitute the other two indispensable parts of the process.

It is important to incorporate the evidence of M&E into the other activities of the policy cycle. The information arising from the monitoring and evaluation process might be used to modify policy formulation. Objectives and targets might be adjusted in the light of the results of monitoring and evaluation. Also, the implementation of the policy – the procedures, programmes and projects related to the policy – might be improved by taking into account the feedback from the M&E process. The Figure below illustrates the policy cycle involved.

**Figure 1. Monitoring and Evaluation in the Policy Cycle**



Source: Metz, 2005

In order to demonstrate achievements and deficiencies, it has to be clear from the very beginning what the policy measures aim to achieve. Parallel to that, the focus of the monitoring and evaluation has to be established. A key component of setting-up a proper M&E system is the identification of what is relevant to be measured. The policy will need to be translated into a set of indicators with coherent definitions that serve to keep track on government performance. These might be indicators like company growth, employment figures, firm birth and death rates, etc. A monitoring matrix may be developed to collect a wide set of indicators and record the evidence over time (OECD, 2009).

Monitoring and evaluation provides feedback to measure outcomes and consequences of government action. However, it is crucial that this feedback is used in the policy process for the design and implementation. It is important to communicate the results of the monitoring and evaluation process to the relevant beneficiaries or stakeholders and to work with them in the further steps.

Several actors are involved in the monitoring and evaluation process and have to cooperate efficiently. The policy-making authorities and the institutions analysing the



information for monitoring and evaluation purposes should be separated in order to ensure objectivity. Data and information are collected from various sources, such as National Statistics Offices, international organisations, implementing agencies, etc. The collected data then have to be organised to be used for the specific purpose of monitoring and evaluation. The institutions providing data and the specialists analysing the information must establish functional relations with each other. A close link between the actors in the monitoring and evaluation process fosters shared knowledge creation and transfer of skills since monitoring and evaluation enhances the development of an institutional memory.

### **1.5 Challenges to Monitoring and Evaluation**

In order to conduct effective monitoring and evaluation, it is essential to build the necessary institutional capacity. Developing sound performance indicators is crucial and the reporting system has to have the capability to do so. Further, the means to collect data on the selected indicators is required. The data have to be valid, verifiable, transparent and available for the intended purposes. The development of a solid statistical capacity can be difficult to implement when there are gaps in statistical data collection system or other reasons hinder the dissemination of data and information. The know-how and tools to collect, analyse and report on the data relating to the performance indicators have to be available. Also at managerial level, there has to be a grounded understanding of the usage of the data supplied. It is normally a long-term effort for institutions to develop these capacities which are indispensable for the success of a monitoring and evaluation system (World Bank, 2004).

Although results-based monitoring and evaluation systems are an essential part of policy-making and support policy-makers in making effective decisions, this means at the same time that the information provided may decrease the number of policy options available. While the room for manoeuvre for policy-makers may be affected by the information arising from monitoring and evaluation, their ability to make more effective decisions increases. The information of results-based monitoring influences not only policy agendas and the allocation of budgets and resources, but also impacts relations with beneficiaries and stakeholders, while also influencing public opinion in relation to the government's work. Hence, monitoring and evaluation systems have to be strengthened and institutionalised to increase their value and ensure their sustainability (World Bank, 2004).

## CHAPTER 2

### MONITORING AND EVALUATION OF THE SME DEVELOPMENT STRATEGY 2012-2020 IN THE REPUBLIC OF MOLDOVA

#### 2.1 Overview of the SME Sector Development Strategy 2012-20

The SME Sector Development Strategy for 2012-2020 (hereafter referred to as SME Strategy) serves as a framework for long-term and short-term policies aimed at the development of micro, small and medium-sized enterprises (SMEs) in the Republic of Moldova. This framework further supports the country's transition from the economic development model based on consumption towards a new paradigm focused on exports, investments and innovations, as well as taking into account current economic trends and the future prospect of European integration.

The Strategy's objective is to create a favourable business environment and to promote SME development while assuring social equality. SMEs are understood as a key factor of steady economic growth and increased national competitiveness. Therefore, the Strategy addresses six major priority directions: i) adjusting the regulatory framework to the needs of SMEs, ii) improving access to finance for SMEs, iii) developing human capital, iv) fostering SME competitiveness and entrepreneurial spirit, v) facilitating regional SME development, and vi) developing business partnership. The implementation of the Strategy is performed through three Action Plans covering the periods 2012-14, 2015-17 and 2018-20.

It is envisaged by the Strategy that by 2020 i) the number of SMEs will grow to 25 per 1000 inhabitants, ii) SMEs will contribute to 65% of overall employment, iii) the share of SMEs to GDP will be 38%.

#### 2.2 Institutional framework for the coordination, monitoring and evaluation of the SME Strategy

##### *Institutional set-up*

The **Ministry of Economy** is in charge of the overall coordination of the Strategy and Action Plans. Given the horizontal structure of the Strategy the implementation of the activities fall under the responsibility of around 25 different line ministries and government agencies (see Annex 1). Each action plan is structured along the six priority areas laid out in the strategy and each institution reports back to the Ministry of Economy on the progress of the implementation of actions.

The **Organisation for SME Sector Development – ODIMM** –acts as the main institution providing support to SMEs. In its capacity it provides access to information, stimulates dialogue between public and private sector, supports the development of the business support infrastructure, administers the state credit guarantee fund, provides consulting and training services to SMEs, and supports the development of business incubators in the country among other things.

The **Unit for SME Development and Liberal Professions** within the Ministry of Economy plays a key role in the monitoring process as it is directly responsible for the coordination and monitoring of the SME Strategy and Action Plan. The **Unit for Monitoring and Evaluation** within the Ministry of Economy, which consists of eight staff members, is in charge of monitoring and evaluation of the SME Strategy and Action Plan and 50 additional sectoral strategies. The **Monitoring and Policy Evaluation Division** within the State Chancellery is in charge of tracking progress of the National Development Strategy Moldova 2020, to which the SME Strategy is linked.

### ***Mechanisms for coordination, monitoring and evaluation***

The SME Strategy foresees an institutional framework for monitoring and evaluation including the following elements: Monitoring and evaluation of the Strategy shall be supported by a group that drafts semi-annual and annual reports assessing the level of implementation of the planned activities and identifies obstacles to implementation. The reports are submitted to the Ministry of Economy. It is foreseen that all the actors involved in the implementation of the Strategy will contribute to the preparation of reports on monitoring and assessment, which will ensure transparency and broad participation of the parties interacting in the process under implementation. The Strategy assessment will be carried out on the basis of performance indicators as outlined in the Action Plan and Strategy. The Ministry of Economy is responsible for preparation and presentation to the Government of Annual Reports on monitoring and assessment of the Strategy. The reports will be subsequently presented to the Government and published on the web page of the Ministry of Economy and other participating regulatory bodies.

As stated in the SME Strategy, coordination will be carried out at the semi-annual meetings chaired by Deputy Prime-Minister, Minister of Economy of the Republic of Moldova. At the annual meeting of the Government the results attained and existing shortcomings in the Strategy implementation will be briefly presented. A permanent dialogue between the public and private sectors within the Advisory Board is aimed at assurance of efficient and successful accomplishment of the Strategy. Priority directions under the SME Strategy, as well as the Assessment Reports, serve as a basis for the Government for allocation of financial resources for sector development and achievement of the formulated objectives.

## ***Reporting system***

The Ministry of Economy collects information on an annual basis from the different institutions on the progress in implementing activities as stipulated in the Action Plan. The different steps are described below:

- Step 1: The Ministry of Economy sends on a yearly basis a letter to all institutions involved in the execution of the strategy (25 ministries, agencies and further institutions, see Annex) with a request to report back on progress in implementation of the actions as defined in the action plan within a given deadline.
- Step 2: All organisations involved in the monitoring process report back in a non-standardized letter format on progress in realising their actions from the action plan. Progress measurements are based on performance indicators for each measure. These performance measurements contain indicators such as “strategy approved”; number of meetings held”, “number of events and participants” and similar, are listed in the original action plan. The performance indicators have been decided upon by each organisation in charge of the respective measure.
- Step 3: The team of the SME unit in the Ministry reviews the letters and gets back to the respective organization in case clarification is needed.
- Step 4: A template, very similar to the action plan document, is used in order to summarise the letters and reports received from the different organisations. Based on the information received, the SME Unit in the Ministry creates the annual report, which lists the action, the year, the responsible institution and the performance of the action in a template very similar to the action plan. Each action is headed ‘ongoing’ or ‘realised.’
- Step 5: This report is then send to the Minister of Economy for approval and published on the website after its approval.
- Step 6: The report is send in parallel to the State Chancellery for information purposes.

The financial justification of the Strategy is done separately for each action plan and includes budgetary and other funds, as well as financial support from donors. Each institution responsible for the action is responsible for their respective budget funds. The Ministry of Economy does not monitor the expenses and costs of the strategy.

Besides the annual reporting request from the Unit for SME Development and Liberal Professions of the Ministry of Economy, ODIMM reports to the M&E Unit of the Ministry of Economy on all activities that have been carried by the SME agency on a quarterly basis. The

monitoring is based on the performance indicators as indicated in the Action Plan matrix. In the future the Ministry of Economy should cooperate more closely and streamline the two parallel reporting monitoring processes. A standard monitoring template would be of beneficial to the reporting institutions.

In addition, the monitoring system covers only reports on the progress of implementation of the action plan, but not the achievement of overall goals. Although the annual report is published on the website, the findings of the report are not critically assessed to improve SME support programmes. There is no feedback loop back from the State Chancellery to the Ministry of Economy and little interaction besides the reports between the SME stakeholders. Moreover, systematic communication with the M&E Unit of the Ministry of Economy is still lacking. The purpose of monitoring is not only to determine whether and how much progress is being made but also to intervene to ensure effective implementation. This important part of the policy cycle appears to be missing.

***Implementation status of the institutional set-up for monitoring and evaluation***

The Ministry of Economy has put in place monitoring system that enables a regular reporting on implemented activities by line ministries and government agencies as stated in the SME Action Plan. But not all of the foreseen monitoring measures have yet been established to create efficient monitoring mechanisms (see Table 3).

**Table 3. Level of implementation of planned monitoring measures**

| Foreseen monitoring measures under the SME Strategy 2012-20  | Status quo  |
|--|---|
| <ul style="list-style-type: none"> <li>Drafting semi-annual and annual reports assessing the level of implementation of the planned activities and identify obstacles to implementation</li> </ul>   | <ul style="list-style-type: none"> <li>Group has not been formed</li> </ul>   |
| <ul style="list-style-type: none"> <li>All the actors involved in the implementation of the SME Strategy contributing to the preparation of monitoring and evaluation reports</li> </ul>   | <ul style="list-style-type: none"> <li>Ongoing</li> </ul>   |
| <ul style="list-style-type: none"> <li>Strategy monitoring carried out on the basis of performance indicators as outlined in the Strategy and Action Plan</li> </ul>   | <ul style="list-style-type: none"> <li>Reporting is based on the performance indicators</li> <li>Evaluation of measures is not available</li> </ul> |
| <ul style="list-style-type: none"> <li>Reports to be submitted to the Ministry of Economy, which is responsible for preparing and presenting to the Government of Annual Monitoring Reports, as well as evaluation of the Strategy and Action Plans</li> </ul> | <ul style="list-style-type: none"> <li>Ongoing</li> </ul>   |
| <ul style="list-style-type: none"> <li>The reports will be subsequently presented to the Government</li> </ul>   | <ul style="list-style-type: none"> <li>Ongoing</li> </ul>   |
| <ul style="list-style-type: none"> <li>The reports published on the web page of the Ministry of Economy and other participating regulatory bodies such as ODIMM</li> </ul>   | <ul style="list-style-type: none"> <li>Information not available</li> </ul>   |

## 2.3 Data collection and usage

The collection of data for monitoring and evaluation is crucial for knowing whether the desired outcomes of the policy measure have been reached. Data for monitoring and evaluation should be based on **performance indicators**. These are either **quantitative or qualitative variables** that help the actors to recognise achievements and to see if desired outcomes are moving closer. Therefore, the development of performance indicators is an important part of the monitoring and evaluation process and determines the entire following procedures of data collection, analysis and reporting. When translating the outcomes into a set of measureable performance indicators, the concerns of all stakeholders have to be included as well as the interests of the managers involved. At the beginning, **quantitative indicators** are being established that report on specific numbers or percentages in order to assess causality and draw conclusions. **Qualitative indicators**, on the other hand, help to understand processes, attitudes, behaviours, motives and conditions and might be used to measure perception. However, the collection, measurement and verification of qualitative indicators are generally more complex and costly (World Bank, 2004).

Data used for monitoring and evaluation might come **from various sources**, such as the internal management units within the Ministry, National Statistical Offices and external organisations. External sources might be for example other ministries, implementing agencies, public companies and municipalities, but also trade associations, think tanks and NGOs. After the collection of the data and information it is important to **store the data** and to make sure that the **data will be used** in the future. An integrated **database** with all the information of the preceding years would be the optimum and enables to compare data over time and draw conclusions from their development. Moreover, a **centralised coordination and quality assurance** of the process should be established to support the data collection and usage (World Bank, 2013 and Metz, 2005).

In order to improve the usage of data for policy making and monitoring, **data providers and data users should improve coordination**. The on-going interaction between statisticians or data providers and policy makers and researchers or data users is important to make the most out of the available evidence. Therefore, coordination between these two actors should be strong throughout the entire process. In the first phase of **designing a policy** or a programme, when goals and the framework are identified, **policy makers should be involved** to get a better understanding of the methodology. They can contribute to the identification of indicators of inputs, outputs, outcomes and impact due to their know-how of the existing information. An understanding of the measures/actions contained in the Strategy and Action Plan helps the policy-makers to provide usable data for the monitoring and evaluation and the assessment of the outcomes and impacts. It is important for data providers to present information and statistics in a way and in a language that is easily

accessible for end users. Joint trainings and professional development programmes for policy-makers as well as **formal mechanisms**, such as coordinating committees, and clearly defined responsibilities are important in strengthening cooperation and dialogue between providers and users.

The Ministry of Economy enquires data and information from each of the institutions involved in the action plan on a yearly basis. Each institution then reports back in an open letter and provides data according to the performance indicators that have been established for the actions. Following a bottom-up approach, the performance indicators were established according to the suggestions of the involved organisations. Depending on the action, the information is either qualitative or quantitative. There are different types of performance indicators in use:

- ✓ Qualitative policy output indicators:
  - Strategy/Law approved and published
  - Meeting minutes
  - Reports/Plans approved/published by the Ministry
- ✓ Quantitative policy output indicators:
  - Number of standards harmonised
  - Number of SMEs which profited from a certain action
  - Number of events organised/number of participants
  - Number of people trained
- ✓ Quantitative policy outcome indicators:
  - Number of enterprises created
  - Volume of investments made by SMEs

The written reports of the institutions that are responsible for certain actions of the Action Plan are summarised by the SME Unit of the Ministry of Economy. This annual report including all the data from the institutions is eventually published on the website of the Ministry of Economy, as well as being sent to the State Chancellery.

Although all the institutions report back to the Ministry of Economy on a yearly basis, there is no template on data collection to harmonise the open letters. The types of performance indicators are not clearly subdivided into quantitative and qualitative indicators and policy output and outcome data, which impedes the comparison of achieved results. The collected data are summarised in an annual report, but there is no database to store and compare the data of the previous years. Only data requested for the action plan are collected and the data are not used for any other purposes. The annual report focusses on the implementation of the actions, but does not relate the collected information to strategic goals and objectives. Furthermore, the annual report is not used for adjustment of the implementation process, so as to lead to more effective outcomes.

## 2.4 Assessment summary of the monitoring and evaluation system

### *Achievements and areas for improvements*

A monitoring and evaluation system has been introduced for the Moldovan SME Strategy along the lines of the M&E structures set out in the Strategy. Core elements of implementation monitoring have been introduced. The overall responsibility for monitoring and evaluation lies within the dedicated unit in charge of SME policy in the Ministry of Economy. Information on progress in implementing policy actions according to the action plan is collected annually from all institutions in charge, summarised by the SME Unit in the Ministry and reported to the government. The monitoring system still shows weaknesses when it comes to improved dialogue on the actual status of implementation and the feeding back of the data collected into an assessment of whether the objectives of the strategy have been reached or not. The following table provides an overview of the strengths and weaknesses analysed.

**Table 4. Level of implementation of planned monitoring measures**

|   | Strengths  | Weaknesses  |
|---|--|---|
| <b>Institutional framework and coordination for M&amp;E</b> | ❖ A dedicated unit within the MoE is in charge of the overall Strategy coordination and a unit responsible for M&E is in place   | ❖ No systematic communication has been established with the M&E Unit within the Ministry of Economy   |
|   | ❖ Several measures of the envisaged M&E system have been introduced <ul style="list-style-type: none"> <li>○ All implementing units report back to the MoE on an annual basis</li> <li>○ All information received are summarised by the Ministry of Economy in a template based on the Action Plan</li> <li>○ The Ministry of Economy reports once a year to the Government</li> </ul> | ❖ Little interaction beyond written reporting takes place between the different SME policy stakeholders, no institutionalised dialogue has been established yet <ul style="list-style-type: none"> <li>❖ No feedback loops from the State Chancellery back to the MoE exist</li> <li>❖ No systematic communication has been established with the M&amp;E Unit within the Ministry of Economy</li> </ul> |
| <b>Data collection and data usage</b>                       | ❖ Data is collected from all institutions involved on a yearly basis, based on pre-defined performance indicators.   | ❖ Reporting is not based on a template with clear instructions, the scope of information is thus determined by each institution and not by the Ministry of Economy.   |
|   | ❖ Data is stored paper-based in the Ministry of Economy and can be reviewed at a later stage if needed   | ❖ Data is not yet used beyond collecting information for the annual report for the analysis of the overall strategy performance   |



Based on the analysis above, the next section will provide concrete policy recommendations as to how to improve the monitoring system based on the already established components.

### ***Institutional coordination***

A first step to enhance the monitoring mechanism and to use it efficiently would be to **improve communication** between the different SME stakeholders. Key stakeholders should better interact with each other beyond written reporting and discuss problematic issues together whenever it might be helpful. To improve the coordination of the process, a **working group** should be established as set out in the strategy. This group is supposed to include the private sector and participants of the civil society. The **coordination** with the M&E Unit of the Ministry of Economics and the State Chancellery should be fostered. Therefore, it is necessary to **introduce feedback loops** on the reports being sent to the Ministry of Economy and the State Chancellery.

It is crucial to make use of the findings of the monitoring process and to incorporate them into the working process. The results of the monitoring process should be used to undertake re-adjustments to improve the overall performance. To do so, it is beneficial to establish **institutionally formalised procedures for potential re-adjustments** of the strategy based on the analysis of the objectives.

So far, the Moldovan monitoring system focussed on the progress of the implementation of the action plan. However, in order to improve the efficiency of the SME Strategy and Action Plan, monitoring of the strategy itself has to be introduced. That means an analysis of progress made on reaching the strategies' overall objectives. By doing so, outcome indicators have to be established and the findings from the annual action plan reporting have to be linked to the overall strategy's **objectives and goals**. The introduction of a **standardised form for the annual action plan reporting** instead of open letters would contribute to making work more efficient and help to gather all relevant information on a more comparative and thus meaningful basis.

### Good practice example: SME policy monitoring in Estonia

The "Estonian Entrepreneurship Growth Strategy 2014–2020" aims to enhance productivity and employment and to create a business-friendly environment for start-ups in Estonia. The implementation and follow-up of the strategy and – if necessary – adjustments are carried out according to the procedures provided by law. Besides the existing co-ordination mechanism, the Smart Specialisation Steering Committee is also involved. The information resulting from implementation of the strategy will be used to manage and follow-up the implementation plan as well to ensure that **knowledge is transferred** efficiently.

The **Steering Committee** consists of representatives of the Ministry of Education and Research, the Ministry of Economic Affairs and Communications, the Government Office, the Ministry of Finance and, if necessary, other ministries, as well as entrepreneurs. It co-ordinates actions in the area of smart specialisation. The Development Fund organises the work of the Steering Committee and contributes to the decision-making process.

The Steering Committee is responsible to **keep track of the implementation process of the set objectives**. If necessary, it might suggest to ministries, the Innovation Policy Committee and the Research Policy Committee to undertake re-adjustments in the measures and actions of the strategies.

The Ministry of Economic Affairs and Communications creates **annual implementation plans** for each year with a description of **indicators, budgets and responsible authorities**. The plan is confirmed by the Government of the Republic.

In Estonia, SME policy **evaluation** is conducted on a **regular basis**: a full evaluation takes place every 2 years and quantitative evaluation every year. The evaluation under the responsibility of the Ministry of Economic Affairs and Communication is executed with the **involvement of its own analysts, foreign experts and consulting companies**. A **timetable** is prepared before the end of the policy period and indicators are **established**. For the use of impact indicators, **benchmark values** are preferred over numbers. Realistic **targets** are crucial for the evaluation. Moreover, only data which will be used later on are collected in order to ensure efficiency, however, the data sources must be reliable. To guarantee objectivity and quality of the data, **peer review groups**, independent service providers for some phases and **scientists** are consulted. Many different approaches are used and an open database has been established. Information is gathered from **quantitative analysis, surveys, interviews and econometric analyses**.

Source: Estonian Ministry of Economic Affairs and Communications (2013)

### *Data collection and usage*

In order to improve the structure and efficiency of the data collection, a **template on data collection** could be developed. The Ministry of Economy could use this template to send it to the institutions when it enquires information for the annual report. **Performance indicators**, with distinct definitions and purposes, should be used in this template. In addition to that, outcome indicators to measure the performance of the strategy and the SME sector might be introduced. Moreover, a **database of performance indicators** could be established and managed by the SME Unit to keep an overview of progress, including a time-series of implementation progress.

Moreover, it is crucial to **establish a link between the data and the strategic goals and objectives**. The template might also include an assessment of each institution elaborating if the strategy objectives have been reached. Also, there should be also a possibility to give recommendations for further enhancement of the process and of the performance indicators.

In addition, once the **data** have been collected, they **should be stored for further use** and not exclusively serve the drafting of the annual report. For instance, the data should be used to analyse the overall performance of the strategy and the progress over time. The data are also useful to gain a clear understanding of the strength and weakness of the implemented measures. Hence, **adjustments of the strategy** should take place according to the findings of the data collection, if necessary.

#### **Good practice example: SME policy monitoring in the Netherlands**

In the Netherlands, monitoring and evaluation is a **formal obligation** by the Ministry of Finance that calls for evaluation of (financial) interventions at least once every five years and related policy interventions every seven years. Also, high-level politicians frequently require further research or monitoring and commit their institutions to monitoring and evaluation activities. Moreover, monitoring and evaluation is **understood as a crucial part of policy-making** that cannot be omitted.

The Ministry of Economic Affairs draws from **various sources to gather information**, such as the National Statistics Bureau, the Chamber of Commerce, administrative data and international sources. International sources are also used, for example the European Central Bank, the SBA Factsheets of the European Commission and the Global Entrepreneurship Monitor. The collected data and information are then organised to meet the specific requirements of the policy-makers.

In order to **organize the data collection and usage** properly, the Ministry of Economic Affairs **cooperates closely with the data suppliers** and a group of specialists coordinate the data efforts.

Within the Ministry, a **Chief Analyst** is in charge of monitoring and evaluation. Having a background in quantitative analysis and econometrics, the Chief Analyst coordinates a network of about 7 persons and manages the key steps in the process. The Ministry emphasizes the need for good relations with their data suppliers. At the National Statistics Bureau there is dedicated capacity for tailor-made data solutions, at the implementation agency there is one for dedicated capacity for monitoring and evaluation and the same applies to the Chamber of Commerce so as to foster efficient interaction and dialogue.

The organisation of the monitoring and evaluation **procedure follows a clear structure**. An **expert committee** established the ground rules beforehand to ensure effective monitoring and evaluation to add value to the policy process. These **ground rules** are further developed and fine-tuned on a regular basis. Besides that, useful tools for the procedure are promoted continuously, such as a **Handbook on Evaluation, monitoring and evaluation circles and an integral policy framework**.

Source: Ministry of Economic Affairs of the Netherlands

## CHAPTER 3

### STRENGTHENING THE MONITORING AND EVALUATION OF THE SME STRATEGY

#### 3.1 Introduction

As previously discussed in Table 3, the Ministry of Economy's monitoring system for the SME Strategy and Action Plan has the following key dimensions:

- Drafting semi-annual and annual reports assessing the level of implementation of the planned activities and identify obstacles to implementation;
- All the actors involved in the implementation of the SME Strategy contributing to the preparation of monitoring and evaluation reports;
- Strategy monitoring carried out on the basis of performance indicators as outlined in the Strategy and Action Plan;
- Reports to be submitted to the Ministry of Economy, which is responsible for preparing and presenting to the Government of Annual Monitoring Reports, as well as evaluation of the Strategy and Action Plans;
- The reports will be subsequently presented to the Government for adoption;
- The reports will be published on the web page of the Ministry of Economy and other participating regulatory bodies such as ODIMM.

This chapter sets out how the above elements can be implemented more effectively, on a step-by-step basis, as well as how the recommendations made in this report can be incorporated into future monitoring and evaluation of the SME Strategy and Action Plan. The Annexes also present a number of templates to be used in future M&E activities.

#### 3.2 SME Strategy and Action Plan Working Group

The SME Strategy states that: *“There will be formed a group responsible for assessment and monitoring of the Strategy; this group will be drafting semi-annual and annual reports assessing the level of implementation of the planned activities and problems / obstacles in the way of their implementation; the reports will be submitted to the Ministry of Economy.”* Furthermore, it was also anticipated that the SME Strategy would be coordinated as follows: *“At the semi-annual meetings chaired by Deputy Prime-Minister, Minister of Economy of the*

*Republic of Moldova; ... Permanent dialogue between the public and private sectors ... aimed at assurance of efficient and successful accomplishment of the Strategy.”*

In order for the Group (i.e. **SME Strategy Working Group**) to become operational and achieve its objective of assessment, monitoring and coordination of implementation, the following steps are foreseen:

- **STEP 1:** Determine the **membership of the SME Strategy Working Group** based on a mixture of public and private sector institutions. The Group is likely to include the key ministries and other state bodies involved in the implementation of the SME Strategy, namely:
  - Ministry of Economy, SME Unit / M&E Unit
  - ODIMM
  - Ministry of Finance
  - Ministry of Information Technologies and Communications
  - Ministry of Regional Development and Construction
  - Ministry of Education
  - Ministry of Labour, Social Protection / Family Employment Agency
  - Ministry of Agriculture and Food Industry
  - Agency for Innovation and Technology Transfer
  - National Bureau of Statistics
  - Moldovan Investments and Export Promotion Organisation
  - National Bank of Moldova

In order for the Group to be representative of the SME sector and to involve an element of dialogue, is important to include key private sector, academia and NGOs representatives such as:

- Chamber of Commerce and Industry
  - Central Union of Consumer Cooperatives
  - Moldovan National Business Agenda / Business Club “Timpul”
  - 1 or 2 SME/entrepreneurship/innovation academics
  - Other relevant private sector representatives / NGOs
- **STEP 2:** Determine the role of the SME Strategy Working Group in connection with M&E of the SME Strategy and Action Plan. The Deputy Prime-Minister and Minister of Economy would act as the Chair of the Group and invite all members to participate, setting out the role and responsibilities, frequency of the meetings, membership, etc. in writing.

- **STEP 3:** The Ministry of Economy (MoE) will convene the first meeting (to be chaired by the Deputy Prime-Minister and Minister of Economy), to explain the role and responsibility of the SME Working Group and discuss the first Monitoring Report. The MoE will act as the **secretariat of the SME Strategy Working Group** (convening meetings, setting the agenda, taking minutes and coordinating the implementation of the decisions made). The agenda and monitoring and evaluation reports will be circulated 5-10 working days prior to the meeting.
- **STEP 4:** SME Strategy Working Group will **meet on a six monthly basis** to monitor progress made in implementing SME Strategy and Action Plan, based on the Six Monthly / Annual Monitoring Reports. Intermittently, the Group will also review the Periodic and Overall Evaluation Reports (see Section 3.5 below)
- **STEP 5:** The SME Strategy Working Group must have **more than a box-ticking administrative function to work effectively** as the custodian of the SME Strategy and Action Plan. It will assess progress being made. However, if it encounters problems or barriers to progress, it will discuss and, if needed, **the Group will recommend intervention to ensure effective implementation**. Using the authority of the Deputy Prime-Minister and Minister of Economy, the responsible state or other institutions responsible for the individual measures will be required to implement the decisions of the SME Working Group in terms of implementation of agreed measures.
- **STEP 6:** The MoE will prepare minutes of the deliberations and decisions made by the SME Strategy Working Group, circulate them and will deploy the full power and authority of the office of the Deputy Prime-Minister and Minister of Economy to coordinate the effective implementation of the SME Strategy.

### 3.3 Stakeholders' contribution to M&E Reports

The SME Strategy states that: *"All actors involved in the Strategy implementation will contribute to the preparation of reports on monitoring and assessment."* The actors may be interpreted as the SME stakeholders (see Annex 1), which includes public, as well as private sector institutions.

In order for the actors/stakeholders to become operational and deliver an effective M&E capability in respect to the progress being made with the SME Strategy, it is necessary to obtain information on a systematic and comparable basis. The following steps are foreseen:

- **STEP 1:** MoE/M&E Unit will use a template based on the current action plan with instructions on the specific monitoring information that is to be collected for each

measure, present the deadline for submission and have specific contacts / email addresses for each of the relevant stakeholders. The template will provide an opportunity for the stakeholders to also provide a short narrative on issues/problems/observations on implementation of the measure that they are responsible for. A template for collection of systematic and comparable data can be seen in Annex 2 below. The template may need to be revised over time to better customise it to the specific needs of the SME Strategy as experience evolves over time.

- STEP 2: Each responsible institution will appoint a contact person for the SME Strategy. The MoE will periodically circulate the template to the key contact for the relevant institution, adding all the measures that the institution is responsible for. If necessary, the contact person will liaise within their respective institutions if more than one person or unit is involved in implementation of the SME Strategy. The contact person will collect the monitoring information on behalf of their institution and forward it to the MoE. The same process will apply for all the stakeholders associated with the SME Strategy and Action Plan. The monitoring template will be circulated at least 10 days before the deadline defined in the template so as to allow the contacts to organise the collection of the monitoring information.
- STEP 3: One or more civil servants will be nominated at the MoE/M&E Unit to be responsible for coordinating the monitoring activities, to obtain stakeholder contacts, to prepare and circulate the template, to ensure that all stakeholders deliver the monitoring information by the deadline, to check the quality of the feedback received and to ensure that the information obtained is consistent and comparable, so as to enable the monitoring report to be compiled.
- STEP 4: The six monthly and annual monitoring reports will be prepared using the feedback received. The Monitoring Reports will focus on progress being made, but will have the following sections as per Annex 3:
  - Matrix showing the overall progress of each measure (e.g. achieved, on-going, delayed, no progress, cancelled, etc.);
  - Narrative providing an overview of what has been achieved, what has been delayed, what is not making progress and what has been cancelled;
  - Narrative highlighting problems and possible solutions for the delayed/not achieved measures for the attention of the SME Working Group, including possible solutions;

- Assessment of progress against targets in a statistical and narrative sense (see Annex 5).
- STEP 5: Overall summary statistics will be added to the monitoring report to provide an overview of progress being made, such as: number of measures to be implemented, number/percentage achieved, number/percentage delayed, number/percentage cancelled, number/percentage other.
- STEP 6: The SME Working Group will meet and discuss the issues connected with the 6 monthly and annual reports, including the possible solutions to problems. Once the decision is made, this will be recorded in the minutes of the Group meeting. This will form the basis for MoE to follow-up with the relevant stakeholders and ensure implementation.

### **3.4 M&E Report Publication**

The SME Strategy states that: *“Ministry of Economy will be responsible for preparation and presentation to the Government of Annual Reports on monitoring and assessment of the Strategy. The reports will be subsequently presented to the Government and published on the web page of the Ministry of Economy and other participating regulatory bodies.”*

In order for the monitoring process to gain traction and ensure the effective implementation of the SME Strategy and Action Plan Working Group, the following steps are foreseen:

- STEP 1: The Six Monthly and Annual Reports on progress in implementing the SME Strategy will be officially presented to the Government.
- STEP 2: Once the Six Monthly and Annual Reports on progress in implementing the SME Strategy have been officially submitted to the Government, it is necessary to inform the SME stakeholders of the progress being made, the issues to be solved, etc. The reports and the minutes of the meeting will be publicly available and downloadable at two levels:
  - On the MoE website;
  - On the ODIMM website.
- STEP 3: The MoE and ODIMM will encourage feedback to be received from SME stakeholders on:
  - The Six Monthly and Annual Reports on progress in implementing the SME Strategy;



- Suggestions for facilitating implementation;
- Suggestions for measures to be incorporated into the future Action Plan.
- STEP 4: The feedback received from the SME stakeholders will be analysed by the MoE and presented in the following Six Monthly and Annual Progress Report, including suggestions for new measures.

### **3.5 Evaluation of the SME Strategy**

The focus has so far been on monitoring the SME Strategy and Action Plan. However, evaluation is equally important and will operate at two levels:

- Mid-term evaluations: at the point when each of the three year action plans are about to be completed, namely:
  - Six months before the end of the 2012-2014 Action Plan;
  - Six months before the end of the 2016-2017 Action Plan;
  - Six months before the end of the 2018-2020 Action Plan.
- Final evaluation: six months before the overall SME Strategy comes to an end (i.e. mid-2019) the final evaluation for the overall 9 year period of implementation (as opposed to the three 3 year action plans) of the SME Strategy. This will not be done for its own sake. Rather, the final evaluation will allow lessons to be learned and the next SME Strategy to be prepared for the period (e.g. 2021 – 2030) using the experience of the current strategy and rolling forward any measures contained in the final three year action plan (i.e. 2018-2020) that may not have been fully implemented.

For the evaluation of the SME Strategy to take place, the following steps are foreseen:

- STEP 1: The MoE will mobilise resources to commission and coordinate the mid-term SME Strategy evaluations, as well as the overall final evaluation of the SME Strategy.
- STEP 2: Develop the terms of reference for the independent evaluation, including aims and objectives, methodology for the evaluation, timescale for implementation, reporting and output requirements, including the basis for evaluating the tenders using price and quality criteria.

- STEP 3: Commission the independent evaluation (i.e. academia, private consultancies, research centres, etc.) and select the winning expert on the basis of a transparent process, including constituting an evaluation panel comprising an odd number (e.g. 3 or 5) of members of the SME Strategy Working Group.
- STEP 4: Ensure that the evaluation covers the main areas of interest: firstly, the extent to which the SME Strategy has been implemented according to its vision, targets and objectives; secondly, recommendations for more effective implementation of the next SME Strategy; and thirdly, measures to be incorporated into the next three year action plan. More generally, the typical issues that are covered in an evaluation were previously set out in Table 1, namely it:
  - Analyses why intended results were or were not achieved;
  - Assesses specific causal contributions of activities to results;
  - Examines implementation process;
  - Explores unintended results;
  - Provides lessons learnt, highlights significant accomplishments and offers recommendations for improvement.
- STEP 5: Oversee the implementation of the independent evaluation, including a presentation of the draft findings to be made to the SME Strategy Working Group followed by the delivery of the draft evaluation report for feedback and finally incorporation of relevant feedback into the final evaluation report (and next three year action plan, if relevant).
- STEP 6: For transparency reasons, the mid-term and final evaluations will be available on the MoE and ODIMM web sites.

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## **ANNEX 1: INSTITUTIONS INVOLVED IN IMPLEMENTING THE SME ACTION PLAN 2012-2014**

- Ministry of Economy
- Institute of economy, finance and statistics
- National commission on Financial markets
- E-Government Centre
- Customs Service, Ministry of Finance
- Ministry of finance
- Ministry of Information Technologies and Communications
- National bureau of Statistics
- Organisation for Small and medium Enterprise Sector Development
- International Organization or migration
- Agency for Innovation and Technology Transfer
- Posta Moldovei State Enterprise
- National Bank of Moldova
- Credit Line management, Ministry of finance
- Grant implementation unit, Government of japan
- Public Procurements Agency, Ministry of Finance
- Ministry of Education
- Chamber of Commerce and Industry
- Academy of Sciences of Moldova Agency for Innovation and technology Transfer
- Moldovan Competitiveness and productivity centre ARIA
- Ministry of Labour, Social Protection and Family Employment
- Ministry of Youth and Sports
- The European Bank for Reconstruction and Development Project BSA
- Local public authorities
- State Agency on Intellectual Property
- Moldovan Investments and Export Promotion Organisation
- Ministry of Foreign Affairs and European Integration
- National Association of Private Companies in the ITC field
- Competitiveness Enhancement Program financed by the World Bank
- Agencies for Regional Development of north, South and centre
- Ministry of Agriculture and Food Industry
- Central Union of consumer Cooperatives of the Republic of Moldova
- Ministry of Regional Development and Construction

## ANNEX 2: TEMPLATE TO BE SENT TO RELEVANT STAKEHOLDERS

### Collection of Monitoring Information Based on Action Plan Measures

| No   | Priorities / Objectives / Actions  | Action Costs (thousand lei) *<br>and Financing Sources |                                       |                      | Time<br>framework | Responsible<br>authority | Performance<br>indicators |
|--|--|--|---------------------------------------|----------------------|-------------------|--------------------------|---------------------------|
|  |  | State<br>Budget  | Development<br>Partners<br>assistance | Uncovered<br>sources |                   |                          |                           |
| <b><i>Priority 1. ADJUSTMENT OF REGULATORY FRAMEWORK TO THE SMEs NEEDS</i></b> |  |  |                                       |                      |                   |                          |                           |
| 1.1  | <b><i>Objective: Improvement of the SMEs Activity Regulation Framework</i></b>   |  |                                       |                      |                   |                          |                           |
| 1.1.1  | Development and approval of the Law on Small and Medium Enterprises  | Within approved budget                                 |                                       |                      | 2012              | Ministry of Economy      | Effective Law             |
| 1.1.2  | Preparation and approval of the Action Plan on Implementation of the Strategy for Small and Medium Enterprise Sector Development | Within approved budget                                 |                                       |                      | 2012              | Ministry of Economy      | Plan developed            |

**1. Extract all measures for which a particular institution is responsible.**

**2. Send the relevant measure(s) to the contact person at the particular institution. Use the same contact person over time.**

**3. For each measure, collect the following information as systematically as possible:**

Has the measure (e.g. 1.1.1) been implemented?

- Yes: date when implemented (e.g. March 2015)

- No: what is the status quo (e.g. cancelled /delayed/other). Revised date when it is expected to be implemented (e.g. March 2015)

Please provide information on the implementation of the measure / problems encountered (e.g. cause of delay/what happens next)

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Please attach any reports, regulations, etc. connected with the measure.

The deadline for submission of the monitoring report is COB on **xx month 2015**.

Please email the information to the Ministry of Economy at the following email address: [x.xxx@xxx.md](mailto:x.xxx@xxx.md)

**4. Perform a quality control process on all feedback received. Contact the institution for clarification, if necessary.**

### ANNEX 3: TEMPLATE MATRIX FOR REPORTING ON PROGRESS

#### Reporting of Progress with Implementation of the Action Plan Measures

| No         | Priorities / Objectives / Actions  | Status                          | Issue  | Next Steps  |
|------------|--|---------------------------------|--|---|
| <b>1.1</b> |  |                                 |  |   |
| 1.1.1      | Development and approval of the Law on Small and Medium Enterprises  | Completed: March 2015           | MoE finalised Law as planned. Law approved by Parliament                                       | -   |
| 1.1.2      | Preparation and approval of the Action Plan on Implementation of the Strategy for Small and Medium Enterprise Sector Development | Delayed: expected December 2015 | MoE has delayed measure due to lack of staff capacity. It is on track to meet the new deadline | Coordinate with MoE to ensure implementation by December 2015                           |
| 1.1.3      | Measure xxxx   | Other                           | Institution xxx has not made any progress or provided any feedback                             | SME WG to decide whether to cancel the measure or insist upon implementation as planned |

- 1. Prepare a brief summary of progress being made with each measure.**
- 2. Prepare six/annual monitoring reports in a way which clarifies the status and invites the SME WG to decide the Next Steps.**
- 3. Colour code the monitoring reports to enable rapid focus on the issues that need intervention by the SME WG.**
- 4. Prepare Next Steps to enable coordination of implementation in the forthcoming implementation period.**
- 5. Prepare Minutes of the SME WG discussions and conclusions.**

## **ANNEX 4: MONITORING REPORT CONTENT**

### **Cover Page**

### **Contents Page**

### **Introduction**

### **Monitoring Report**

Matrix showing the overall progress of each measure (e.g. achieved, delayed, cancelled, etc.)

### **Analysis of Progress**

Narrative providing an overview of what has been achieved, what has been delayed and what has been cancelled.

### **Bottlenecks and Issues for Decision**

Narrative highlighting problems and possible solutions for the delayed/not achieved measures for the attention of the SME Strategy Working Group, including possible solutions.

### **Monitoring Statistics**

Summary statistics will be presented such as: number of measures to be implemented, number/percentage achieved, number/percentage delayed, number/percentage cancelled, number/percentage other, etc.

### **Analysis of Targets**

Assessment of progress against overall targets in a statistical and narrative sense (see Annex 5).

## ANNEX 5: ASSESSMENT OF PROGRESS AGAINST NATIONAL TARGETS

### Statistical analysis:

| Target  | 2012                                    | 2013                       | 2014                       | 2015                       | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|----------------------------|----------------------------|----------------------------|------|------|------|------|------|
| Growth of the number of SMEs per 1000 persons up to 25 SMEs by 2020 | xxx SMEs per capita (baseline)          | x% change against baseline | x% change against baseline | x% change against baseline |      |      |      |      |      |
| Number of workers employed in SMEs up to 65% by 2020                | xxx workers employed by SMEs (baseline) | x% change against baseline | x% change against baseline | x% change against baseline |      |      |      |      |      |
| SMEs share in GDP up to 38% by 2020                                 | xxx SMEs share in GDP (baseline) data   | x% change against baseline | x% change against baseline | x% change against baseline |      |      |      |      |      |

### Narrative:

#### 1. Growth of the number of SMEs per 1000 persons up to 25 SMEs by 2020

What is the progress being made, what are the main reasons for the trend and is the target likely to be achieved or not and why?

#### 2. Number of workers employed in SMEs up to 65% by 2020

What is the progress being made, what are the main reasons for the trend and is the target likely to be achieved or not and why?

#### 3. SMEs share in GDP up to 38% by 2020

What is the progress being made, what are the main reasons for the trend and is the target likely to be achieved or not and why?

#### 4. Attribution to the SME Strategy

To what extent is the progress or otherwise attributable to implementation of the Strategy