

Evaluating an Export Matching Grant and Rebate Scheme

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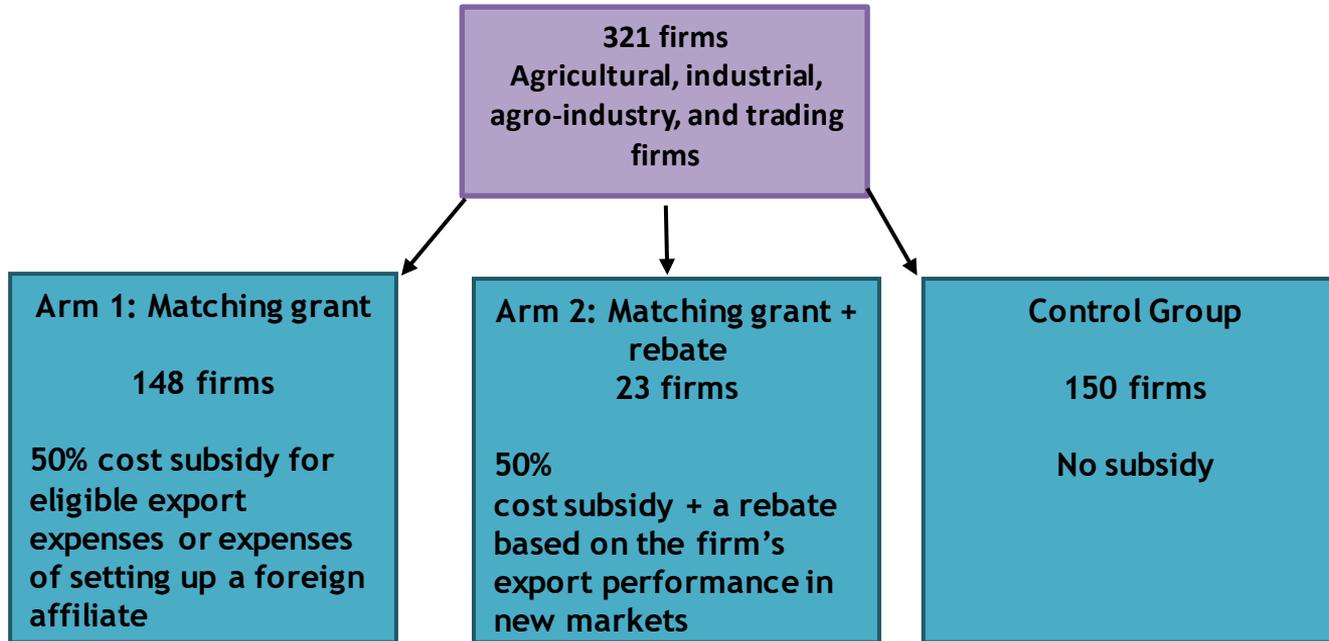
Context and Motivation

- Tunisia seems to be trapped into a low productivity-low value added export-low economic growth situation.
- EDP III -a \$50 million WB financed Export Development Project III (EDP III), with a \$22 million matching grant component to promote export diversification
- "[o]ver the past twenty years matching grants have been a mainstay of World Bank projects to enhance private sector competitiveness...as of 2012 there had never been a successful randomized evaluation of a matching grant program, and seven World Bank-funded evaluations had recently been derailed because of political pressures and other implementation difficulties." Campos et al (2014)
- **Our target is not to be the number 8 in Campos et. al's list!**
- Export promotion schemes of various types have also been implemented in a large number of developing countries, but we are not aware of any randomized evaluation of a matching-grant program targeted toward export promotion

Intervention

- For the first time in this decade old program in Tunisia, we are using an RCT to evaluate the impact of the export matching grant.
- We are also testing a new policy: a pay-for-performance rebate scheme for export.

IE Design



Descriptive Stats

TABLE 1 – Summary statistics

Variable	Obs	Mean	Std. Dev.
Firm age	321	15.389	10.817
Capital in 2017 (1,000 TND)	321	2469.906	9225.025
% of capital that is Tunisian	321	96.829	12.692
Number of target countries	321	2.433	.796
Number of employees	321	67.321	147.949

Source : Application form.

Implementation

- Timeline :
 - ✓ Applications rounds and baseline surveys: July 2018 – May 2019.
 - ✓ Follow-up survey rounds: January 2020 onwards.
 - ✓ First set of results expected in Spring 2020 (our sales pitch to participate in ComPEL's next exotic location workshop).

Implementation (cont.)

Key Challenge: Resistance from stakeholders (CEPEX, the private sector, sectorial unions...) to randomized selection.

- ✓ Lesson: Perseverance pays off! Our RCT methodology has since been embraced by local media and CEPEX as a success and a way to establish firms' trust in the selection procedure.
 - *"I am happy to no longer receive phone calls demanding that a firm be accepted into the program, threatening to use connections to enroll, or questioning the outcome of a firm's candidacy."*

High Level TASDIR+ Management

Implementation (cont.)

- *“The novelty, which is also noticeable for this new approach in Tunisia, is that it provides more transparency for the selected firm. It also allows small and medium-sized firms that have potential to have just as much probability of benefiting from the program as bigger, more established, and more experienced firms.”*

The online news site Kapitalis, reporting on the public randomization session on Sept. 6, 2018.

L'ECONOMISTE
maghrébin



Il s'agit d'une nouvelle méthode appelé Random selection. Le Fonds de Développement et de la Diversification des Marchés TASDIR+ réalise une première. Il s'agit d'une première importante en Tunisie, en Afrique et dans le Monde Arabe. Il s'agit de l'adoption du mode de sélection aléatoire pour l'évaluation rigoureuse de son programme.

Implementation (cont.)

Challenge: Introducing an innovative product in an established program

- ✓ Monitor intervention rollout closely to ensure adequate delivery.

Challenge: Program misperception

- ✓ Identify communication loopholes early-on, and prepare to continue to address misperceptions even after program rollout.

Challenge: Locating firm-level administrative data and securing access.

- ✓ Start early! Allow ample time for negotiations.

Implementation (cont.)



Customs Director General and CEPEX president (center) signing a data sharing agreement to allow the transfer and study of data until 2020 for our IE.

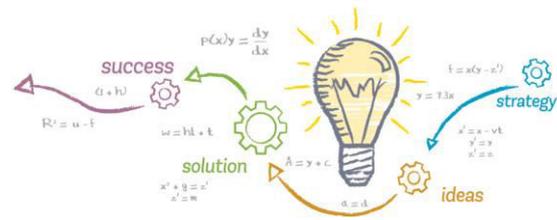
Qualitative Results

- Despite difficulties in implementation and a smaller-than-expected sample size, firms are responding to the rebate in the way it was intended: they are attracted to its relatively higher flexibility and incentivized to take more risks to be competitive.



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Thank you!