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Research Report

Path to National Champions: Transforming Support Policies for Small- and Medium-Sized Enterprises (SMEs)

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Video Report

South Korea's 'national champion policy,' designed to foster global enterprises, has yet to deliver measurable outcomes in sales and productivity, suggesting inefficiencies in resource allocation linked to 'the risk of picking winners.' Accordingly, the incentive structure of growth policies for Small- and Medium-Sized Enterprises (SMEs) needs an operational shift, moving away from conventional subsidy assistance toward a bespoke model that integrates private investment, consulting, and networks to address their business challenges collaboratively. Furthermore, in order to enhance policy accountability and effectiveness, it is crucial to consolidate support details and performance outcomes while ensuring transparency through public disclosure.

Path to National Champions: Transforming Support Policies for Small- and Medium-Sized Enterprises (SMEs)

Minho Kim, Fellow at KDI

I. Issue

Amid intensifying competition for technological dominance, advanced countries are stepping up the reintroduction of targeted industrial policy to concentrate support in specific industries or firms.

Industrial policy is making a global comeback.[1] The COVID-19 pandemic has dealt a disruptive blow to the global supply chain, alongside the intensifying competition for technological hegemony among major economies, especially the US and China. These shifts are reshuffling the world economic order into the New Washington Consensus, where governments actively intervene in strategic sectors, such as semiconductors, artificial intelligence, and carbon-neutral technologies, prioritizing national economic and technological leadership.

To boost national industrial competitiveness and drive economic growth, government measures under industrial policy transform industrial structure and enhance the business environment. There are two types of industrial policy: horizontal industrial policy, aiming to improve the general business landscape without targeting specific areas, and targeted industrial policy, providing tailored support to focus areas. With horizontal policies perceived as insufficient to address the heightening technological rivalry, advanced economies have proactively embraced targeted policies to strengthen their critical industries and firms.[2]

Korea provides substantial subsidies to firms through its national champion policy, but studies on its effectiveness remain limited.

National champion policy is a typical example of targeted industrial policy. The South Korean government selects firms with substantial growth potential and supports them in materializing that potential through fiscal and technological assistance and regulatory relief. When successful, this enterprise development policy stimulates economic growth by enabling them to become global market leaders and bolsters economic security in strategic sectors. Its implementation approaches include supporting the establishment of joint ventures in strategically critical sectors like technology, energy, and defense in line with national interests (e.g., Japan's Renesas Electronics and Rapidus) and fostering large enterprises in specific industries (e.g., Europe's Airbus and Korea's heavy and chemical industry promotion policies).[3] However, domestic and international studies on its policy effectiveness are limited, lacking case studies from diverse countries

* Summarized and adapted from Kim, Minho, *National Champions and Industrial Policy: An Examination of the Effectiveness and Consequences of Picking Winners Strategy in Industrial Policy,* KDI Policy Study, 2023 (in Korean).

1) According to Evenett *et al.* (2024), a global review of industrial policies revealed that over 2,500 were implemented worldwide in 2023, predominantly driven by advanced economies.

2) The US has introduced tax credits and subsidies to support domestic production and facility investments under the Inflation Reduction Act and the CHIPS and Science Act. Similarly, Japan has allocated substantial fiscal resources to bolster its domestic semiconductor industry by attracting TSMC, establishing and supporting Rapidus, and advancing cutting-edge technologies.

3) Refer to Criscuolo *et al.* (2022), Kim *et al.* (2021).

and comprehensive discussions on policy effectiveness.[4)]

This study analyzes the effectiveness of Korea's national champion policy and offers recommendations for improvement by comparing its operational approach with those of other countries.

This study examines projects to propel promising firms into globally competitive enterprises under Korea's national champion policy. Its flagship project, 'World Class 300,' was launched in 2011 with an annual budget of over 50 billion won, aiming to expand growth engines and create quality jobs by subsidizing select firms to world-class enterprises. Several similar subsidy programs are also in operation, including 'Global Small Giants 1,000+', 'Small Giants 100+', and 'Green New Deal Promising Enterprise 100.' The Korean Ministry of SMEs and Startups plans to introduce a new initiative for 2025, the 'Jump-up' program, which will offer consulting and networking support to high-potential firms.

This study first analyzes the operating mechanism and effects of World Class 300 under Korea's national champion policy. Building on this analysis, it evaluates the effectiveness of government support and recommends improvement measures for policy effectiveness by rethinking support methods. In particular, it highlights the need to move beyond short-term subsidies to practical assistance that accurately identifies and resolves growth bottlenecks. Oftentimes, the impediments to growth for these high-potential firms cannot be addressed through subsidies alone. Accordingly, drawing lessons from overseas cases, this study proposes a new bespoke support model to empower individual firms to take the lead in meeting their specific needs.

II. Characteristics of the World Class 300 Project

Korea's flagship national champion policy program, World Class 300, provided targeted annual subsidies to 30~56 firms selected through a government-led process.

The World Class 300 (WC300) project, a key initiative in Korea's mid-market enterprise development policy, was launched in 2011. WC300 was included as a core initiative in the innovation economy sector of the 'Three-Year Plan for Economic Innovation' to foster Korea's hidden champions (Ministry of Economy and Finance, March 5, 2014). As its title suggests, WC300 aims to propel about 300 firms into becoming world-class enterprises. Its support package encompasses R&D funding (up to 1.5 billion won annually per firm for three to five years), human resources, financing, and consulting.[5)] Between 2011 and 2018, the project selected and supported 30 to 56 firms annually, with total government contributions amounting to 837.4 billion

4) Refer to Juhasz and Lane (2024).

won. Since 2021, it has been rebranded as World Class 300 Plus. To be eligible, firms must have annual sales between 40 billion and 1 trillion won, with either an average annual sales growth rate of 15% or higher over the past five years or an average R&D investment-to-sales ratio of 2% or higher over the past three years. These criteria target firms that are not only sizable but also demonstrate strong growth potential or substantial R&D investment. In 2015, an additional criterion was introduced, requiring firms to have direct or indirect export ratios of 20% or higher, targeting businesses with significant export capabilities. Unlike other programs for Small- and Medium-Sized Enterprises (SMEs) with broader eligibility criteria, WC300 stands out as a national champion policy program, concentrating resources on the select promising few with the potential and vision to grow into global enterprises.[5)]

Eligible firms submit growth strategy reports covering four areas: export expansion, technology acquisition, investment, and management innovation and employment. The selection committee then conducts a comprehensive assessment based on these areas and their prospect of becoming hidden champions. The government leads the selection, evaluation, and operation of WC300 through designated agencies, with government subsidies funding technology development and globalization costs rather than private investment in individual firms.

Table 1 presents the annual numbers for firms selected under WC300, the number of designations revoked, and the amounts of government support allocated for R&D projects. Between 2011 and 2018, 313 firms were selected, with 42 revocations for reasons such as voluntary withdrawal or failure to meet qualifications. On average, 271 firms received 3.15 billion won per R&D project.

Table 1. World Class 300: Selection and Support Funding by Year

(Number, 100 million won)

	2011	2012	2013	2014	2015	2016	2017	2018
Selection (Number)	30	37	33	56	30	50	36	41
Revocation (Number)	4	4	6	11	5	6	3	3
Support funding (100 million won)	752	1,060	810	1,518	845	1,601	1,062	1,085

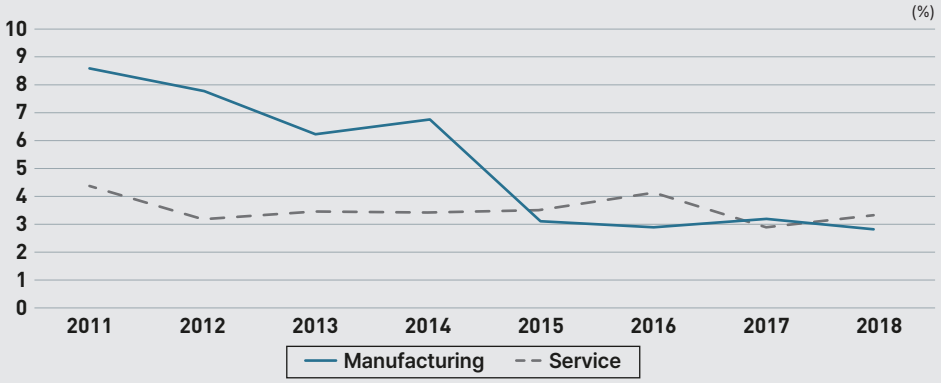
Source: Ministry of Trade, Industry and Energy, "List of Selected Companies for World Class 300," 2011~2018 (in Korean).

5) The Announcement for World Class 300 Project Implementation Plan defines a world-class company as "a firm that independently enhances its growth capabilities, secures future growth engines and competitive advantages through continuous innovation, and strengthens market dominance by competing, trading, and collaborating with global companies in high-growth potential markets based on independent trading relationships" (Ministry of Knowledge Economy, 2011). This definition highlights the project's ambition to foster world-class enterprises, although it remains abstract in specifying the definition of such firms.

The declining share of high-growth firms led to a large drop in the number of firms satisfying WC300's sales growth criterion, making it harder to identify eligible firms.

Before analyzing the performance of WC300 firms, the proportion of firms meeting the eligibility criterion for sales growth—defined as an average annual sales growth rate of 15% or higher over the past five years—is examined. Figure 1 illustrates trends in the ratio of eligible firms in the manufacturing and service sectors.[6] In the service sector, the ratio declined slightly. In contrast, the manufacturing sector saw a notable drop from 8.5% in 2011 to about 3% after 2015. As economic dynamism in manufacturing weakened and WC300 remained focused on manufacturing firms, identifying eligible firms became increasingly difficult, narrowing the pool of candidates where support could be most effective.

Figure 1. Proportion of Firms Meeting the Sales Growth Criterion by Year



Note: Proportion of firms with 5-year average annual sales growth rate ≥15% in the "Survey of Business Activities."
Source: Author's calculations using Statistics Korea's "Survey of Business Activities" (2006~18).

III. Analysis of World Class 300 Effectiveness

This section examines the performance of WC300 firms. A quantitative model is employed to assess the project's effectiveness by comparing the performance of supported firms with control groups of unsupported firms that shared similar characteristics observed before receiving support.[7] These results reflect the relative performance of WC300 firms, not their average performance, compared to carefully selected control firms. The analysis period spans from 2011 to 2018, with control groups by year drawn from firms that met the WC300 qualifications—those satisfying the sales revenue requirement and either the sales growth

6) This study analyzes data linking the Korea Institute for Advancement of Technology's "World Class 300 Companies" information with Statistics Korea's "Survey of Business Activities."

7) Using the propensity score matching methodology, control groups were constructed by identifying firms with characteristics similar to those receiving support. The effects of such support were then estimated through the difference-in-differences method. For a detailed explanation of the analytical approach, refer to Kim (2023).

rate or R&D investment ratio criteria.

An analysis of WC300 outcomes reveals no significant impact on sales, value-added, or productivity, suggesting that resources may have been allocated to firms misaligned with the project's objectives.

The comparative analysis reveals that WC300 had no statistically significant impact on sales or value-added growth (Table 2). Effective targeting of firms needing government assistance should have resulted in increased sales.[8] In Table 2, the estimated effect of 0.07 for sales indicates that recipient firms achieved 7% higher sales growth relative to unsupported firms over the three years following support. However, this result is chiefly driven by a small number of firms, while many recipients exhibited lower sales growth rates afterward, leaving the overall policy effect statistically insignificant. Despite selective targeting and resource concentration, the outcomes do not conclusively demonstrate that recipients achieved growth breakthroughs. This suggests that subsidies may have been allocated to firms with limited potential or relatively low funding needs, rather than those urgently requiring capital for productivity improvements or growth-oriented investments. In particular, the absence of statistically significant increases in tangible assets among recipients, compared to their counterparts, indicates that the subsidies did not translate into increased investment.

Table 2. Impact of WC300 on Business Activity: Three Years Later

	Sales	Value added	Tangible assets	Number of employees	R&D expenses	Number of patents	Exports
Impact of support	0.07 (1.61)	0.08 (0.90)	0.08 (1.51)	0.12*** (2.90)	0.19** (1.97)	0.18*** (2.84)	0.28** (2.16)
Number of observations	322	322	322	322	316	307	300

	R&D intensity	Domestic sales ratio (sales-exports)	TFP	Labor productivity	Per capita labor costs	Overseas affiliate investment	Number of overseas affiliates
Impact of support	0.12 (1.26)	-0.20 (-1.21)	-0.03 (-0.31)	-0.04 (-0.40)	-0.05 (-1.49)	-0.15 (-0.78)	0.05 (0.92)
Number of observations	316	322	322	322	322	196	215

Note: 1) ( ) represent t-statistics; all analyses include industry- and year-fixed effects.
2) ** and *** denote statistical significance at the 5% and 1% levels.
Source: Author's calculation using data from Statistics Korea's "Survey on Business Activities" (2007~21) and the Korea Institute for Advancement of Technology's "World Class 300 List."

8) Banerjee and Duflo (2014) demonstrated, both theoretically and empirically, that providing funding to firms facing financing constraints leads to increased sales. Conversely, for firms without such constraints, government support funds are more likely to be allocated toward purposes such as repaying existing loans rather than driving company growth, as these firms have already optimized their investment activities.

Analyzing the impact from different standpoints reveals meaningful outcomes in employment, R&D expenses, patent counts, and exports. The results suggest that WC300's R&D support helped recipients expand technological assets. Nevertheless, R&D intensity, measured as the ratio of R&D expenses to sales, did not increase substantially, suggesting the possibility that provided R&D support substituted existing R&D expenditures in recipients that already had high R&D intensity.[9] Meanwhile, post-support average annual increases of 4% in employment and 9.3% in exports over the three years align with the WC300 objectives of job creation and global expansion.[10] Despite the considerable growth in exports, the absence of meaningful increases in sales and value-added suggests that exports may have substituted for domestic sales. Export costs related to logistics and raw materials may explain why increased exports did not translate into higher value-added. Domestic sales, calculated by subtracting exports from total sales, showed a slight average decline, though not statistically significant.

Productivity indicators and per capita labor costs—the chief barometers of business competitiveness and job quality, respectively—trended downward, though statistically insignificant, suggesting that WC300 was ineffective in securing competitiveness through organizational innovation to improve productivity. Given the aim of upgrading select firms to global enterprises, productivity improvement is imperative to achieving global competitiveness and growth. Additionally, the lack of increases in investments in overseas affiliates indicates no active international expansion via investment.

WC300 aims to advance high-potential Korean SMEs toward establishing a presence in global markets. However, the analysis reveals a limited impact on their growth breakthroughs and competitiveness improvements, highlighting the need for revising firm selection and support methods.

9) Hong and Hwang (2019) similarly criticize WC300, while Won Hong and Yang Heiseung (2023) present findings indicating that government R&D support has negligible effects on the R&D investments of firms with already high R&D intensity.

10) Table 2 presents the performance analysis results three years after receiving support, showing no significant effects across all variables one year and five years after support. While notable effects were observed three years post-support in exports, R&D expenses, patent counts, and employment, the significance of these effects diminished after five years. For detailed analysis results for one and five years after support, refer to Kim (2023).

IV. Discussions on the Effectiveness of Policy Support Schemes

Korea's national champion policy aims to foster innovation and promote exports among SMEs to drive growth and job creation.

However, concentrating resources on less competitive firms through selective support risks undermining economic efficiency and distorting market dynamics.

Relational support is likely more effective than transactional support for high-potential firms.

Effective business growth support requires tailored assistance that meets the diverse needs across the growth stages of

Korea's national champion policy is structured to achieve three overarching objectives: job creation, expanding growth engines, and reducing polarization between SMEs and large enterprises. To these ends, the policy is built on two strategic pillars: enhancing innovation capabilities and boosting SME exports.[11] However, reliance on a subsidy-driven approach targeting a limited number of firms presents several challenges.[12]

First, the government likely lacks sufficient information to optimize firm selection. While policy effectiveness hinges on identifying the right firms, it is difficult for the government to possess better knowledge of their innovation and growth potential than private investors. Second, firms have incentives to focus on lobbying and rent-seeking to secure government support instead of productive activities. In some cases, consulting firms exploit public support by preparing business plans for firms applying for government programs and taking a share of the awarded funds as compensation for successful applications. With such practice, resource waste and selection misalignment are highly probable. Third, selective support risks distorting market competition by favoring only a few. Supporting uncompetitive firms can lead to inefficient resource allocation and ultimately lower overall economic productivity. All these challenges are referred to as "the risk of picking winners" inherent in targeted industrial policy.

OECD (2013) showed that for high-potential firms undergoing organizational change, relational support, such as business mentoring and strategic advice, can be more effective in driving growth than transactional support, like subsidies. This study also found that firms with lower growth potential favor direct financial assistance. In other words, overreliance on financial measures like subsidies in national champion policies could increase the risk of picking winners and reduce the likelihood of support reaching the intended targets.

Moreover, restricting subsidies to R&D activities fails to address the diverse challenges firms encounter throughout their growth stages. OECD (2021) revealed that business growth is influenced by numerous factors on multiple fronts, including not only R&D but also management and organizational innovation, investments in intangible assets, digital

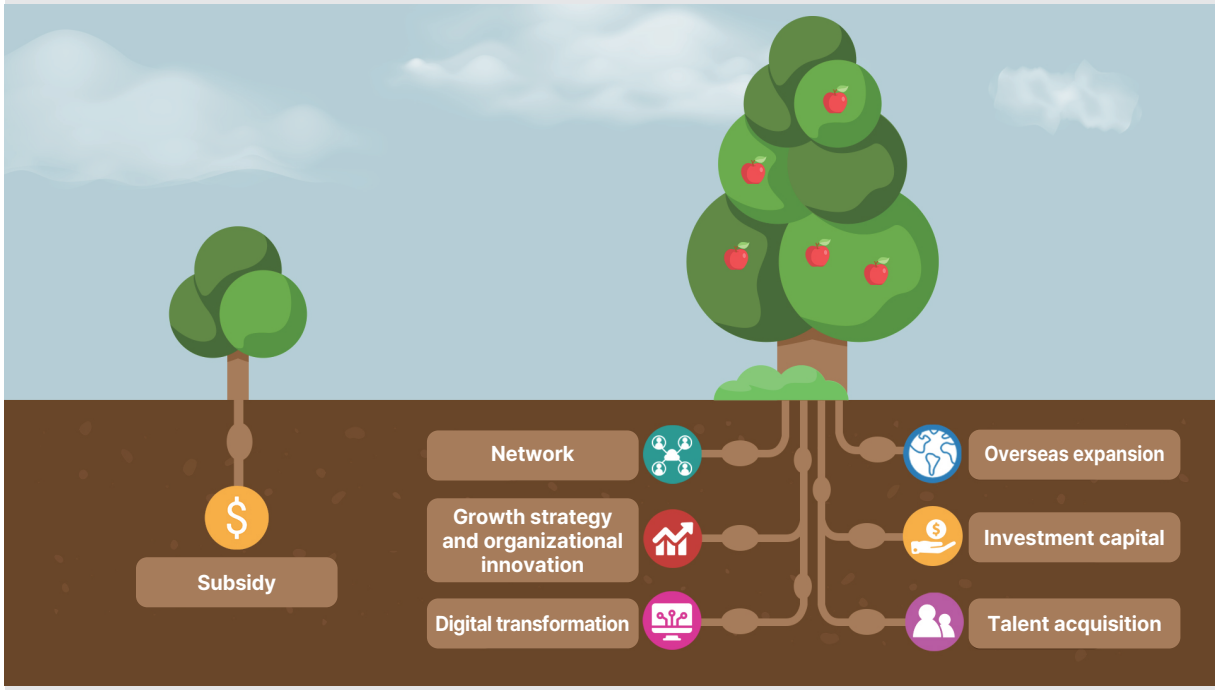
11) The rationales for supporting national champion firms include enhancing global competitiveness through economies of scale, improving productivity in related and downstream industries by fostering upstream sectors, strengthening the strategic positioning of industries in global markets, and reducing foreign dependence in critical security areas such as energy and telecommunications (Criscuolo *et al.,* 2022; Liu, 2019). For instance, Korea's heavy and chemical industry promotion policy in the 1970s serves as a case of a market-complementing policy aimed at nurturing upstream industries that serve as capital goods for other sectors.

12) Refer to Lincicome (2021).

individual firms rather than focusing on a single activity.

transformation, and global expansion and cooperation. Since intensive R&D activities are not the sole path to growth for firms with high potential, one-dimensional policies are unlikely to be effective. Put differently, effective business growth support reflects the multidimensional nature of business growth and tailors to the needs of individual firms (Figure 2).

Figure 2. Subsidy vs. Support for Diverse Growth Factors



Note: Author's creation.

V. International Policy Practices

In this context, OECD (2013) highlighted a key feature of Scotland's 'Companies of Scale' program—an effective initiative for enabling growth breakthrough in high-potential firms—as highly customized support with no 'fixed' support instrument. This program prioritizes business management and organizational development over transactional support for innovation.

Innovate UK, the UK's innovation agency, designed its flagship business support initiative, the 'Scaleup Programme,' using a bespoke model. This program targets firms with promising prospects for industrial innovation, global expansion, and growth. Its tailored 1:1 support mechanism enables collaboration with participating firms to address their specific needs. Scaleup directors, consisting of entrepreneurs with scaleup experience, conduct on-site evaluations and draft reports to

select recipient firms. These directors are paired with recipient firms to identify major tasks and connect them with experts and resources in areas such as finance, M&A, intellectual property (IP), supply chains, and talent management. An independent interim evaluation conducted two years after its launch reported outcomes far superior to other business support programs: 79 recipients created 773 jobs and generated 46.7 million pounds in revenue, achieving a cost-benefit ratio of 1:25.6 (producing 25.6 pounds for every one pound of public investment).[13)]

Another recent policy feature in major economies is actively fostering networks and leveraging private sector services to address the unique needs of recipients. The European Innovation Council (EIC) operates the 'Scaling Club,' a support program for deep-tech firms in the EU to achieve an average annual increase in corporate value of over 40% through tailored coaching and connecting to relevant business partners and investors. EIC manages a community of firms, investors, and business partners. To this end, EIC collaborates with private organizations such as Tech Tour, an investor-oriented community, and Hello Tomorrow, an innovation acceleration network. These private partners connect firms with private investors and experts, as well as select and evaluate firms to join the Scaling Club based on their experience in the tech ecosystem. Unlike Korea's government-led support, the EU design and operation emphasize private-sector leadership in recipient selection and funding.

VI. Policy Recommendations

The time has come for Korea to shift gears in its national champion

In conclusion, Korea should shift gears in its national champion policy to the bespoke model that facilitates collaboration with SMEs to address their unique challenges through reforming operational frameworks and support systems.[14)] This model involves developing tailored growth strategies for individual firms, assessing the alignment of their organizational functions with these strategies, and providing operational support. Revamping the current support mechanism can

13) For details of the interim evaluation, refer to Innovate UK EDGE (2022). According to a survey conducted among supported companies during the evaluation, 78% anticipated entering new markets or securing new contracts, while only 13% believed that similar growth would have occurred without program support.

14) The government can support businesses through horizontal policies that facilitate overall business activities without targeting specific sectors, as opposed to targeted industrial policies. Before implementing targeted industrial policies, it is essential to first explore whether innovation activities can be effectively promoted through existing horizontal measures, such as R&D tax credit systems and talent development in science and technology innovation.

policy from government-led subsidization to select firms to a bespoke operational model, where the government collaborates with firms to address their specific challenges.

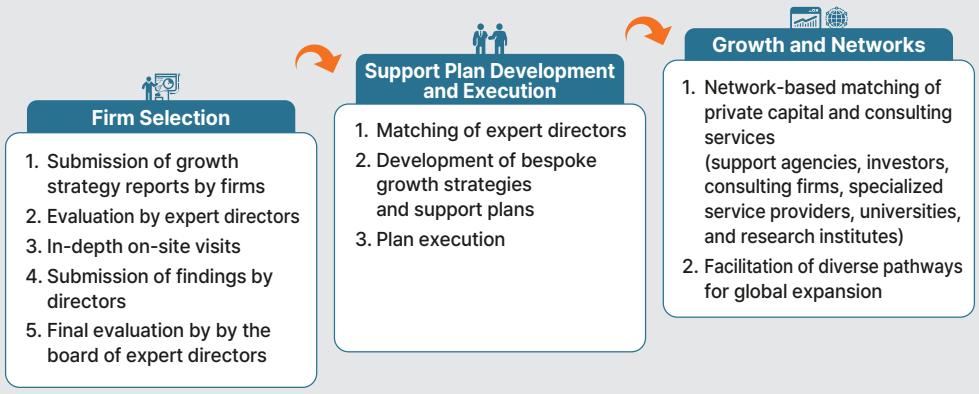
To enhance the effectiveness of the national champion policy, its framework—including firm selection and support measures—should transition to a private-sector-led approach.

mark the turning point toward growth while incentivizing management teams or firms with a strong commitment to participate actively in the program. In contrast, temporary subsidies should be avoided, as they are more likely to attract firms with limited growth potential.

This shift entails a fundamental transformation of the government support mechanism, requiring policy managers and support agencies to reorganize and specialize their operational practices around collaboration with recipient firms. The reconfiguration necessitates integrating the selection process and support measures with private investment and expertise. Private investment efficiently allocates resources by assessing recipients' growth prospects, and the bespoke operational model fosters their growth through network-building, management consulting, and technical support.

In this context, one viable approach is to designate one flagship project, such as World Class 300 Plus, under Korea's national champion strategy to adopt the bespoke model. Its operational framework can be designed with reference to Figure 3.

Figure 3. Bespoke Operational Model



Note: Author's creation.

(Firm Selection) Program directors with ample scaleup experience or expertise should lead site visits and produce detailed assessment reports in order to identify firms where government support can be most effective. As these directors provide exclusive consulting services to matched firms, their involvement in the selection process strengthens accountability. Incorporating private investment is also an option, with the selection focusing on firms that have already secured private funding.[15)]

15) In Korea, the Scale-up TIPS program has been operating since 2021 as a private investment-led R&D support project.

(Support Plan Development and Execution) Program directors can be matched with firms to provide 1:1 tailored consulting and other necessary services for a defined period. As in the UK's Scaleup Programme, directors possess expertise in diverse fields, such as finance, M&A, international markets, intellectual property, supply chains, leadership, and talent management. They can publicly establish and operate an expert pool of specialists with scaleup experience. If setting this up is challenging in the short term, a practical alternative would be to work with private consulting firms with specialized expertise as primary partners.[16)]

(Growth and Networks) The primary function of support programs is network building, with support agencies operating these networks by selecting partners, such as accelerators, investment firms, consulting and professional service providers, and universities. The networks connect firms with investors and accelerators for funding and consulting. They also help firms leverage private consulting services related to IP management, technology development, and international expansion.

Under the bespoke model, the private sector takes the lead in delivering support, focusing on the challenges firms face. Empowering the private sector attracts businesses seeking private funding to develop and commercialize innovative technologies while struggling to scale up, rather than those banking on government subsidies. The Ministry of SMEs and Startups has incorporated the bespoke elements in designing its 2025 Jump-up Program, a key government initiative for building corporate growth ladders.[17)] Switching to the bespoke operational model for other programs to identify and support high-potential firms warrants consideration.

Enhancing policy accountability and effectiveness requires centralized management of support details and performance data alongside transparent public disclosure.

In addition to the operational transition, establishing a consolidated management system for government support is essential for enhancing the overall effectiveness of policy support initiatives. This system can centralize support data and ensure firm-level transparency, thereby boosting the effectiveness of programs and firm selection by strengthening program accountability and providing an analytical basis.[18)] Currently managed under the SMEs Integrated Management System (SIMS) by the Ministry of SMEs and Startups, SME support programs do not publicly disclose firm-level funding details, reducing

16) Support policies should be designed to foster the growth of private consulting expertise and expand the market size.

17) Ministry of SMEs and Startups, "Announcement of Recruitment for Jump-Up Program Participants for 2025," Nov. 18, 2024.

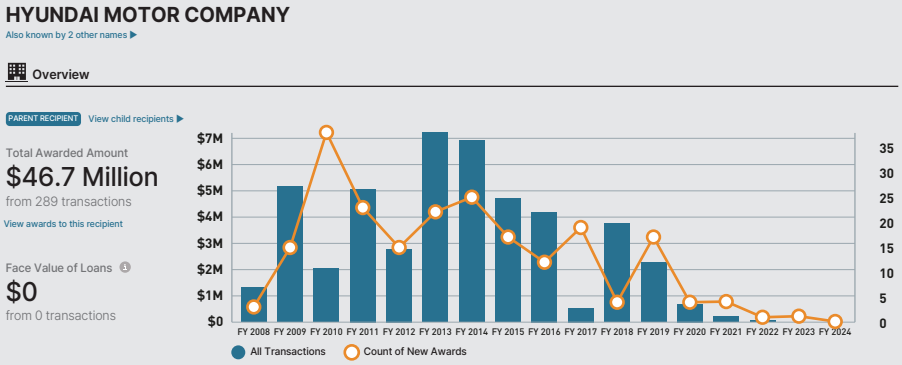
18) Kim and Han (2020) demonstrated that leveraging AI technology in selecting support targets can enhance the effectiveness of support programs.

accountability and persistently raising concerns over skewed support in specific firms.[19] A noteworthy consideration is developing an easily accessible platform encompassing all support programs, similar to usaspending.gov in the US (Figure 4).[20] Its implementation would require legal amendments on data disclosure on government support and the creation of standardized data reporting and management systems. For instance, the National Finance Act could include provisions requiring ministries and agencies to manage and disclose the execution details of government support funds at the level of individual recipients.[21]

Given the low incentives for actively restructuring government support projects, institutionalizing independent evaluations is crucial for improving future outcomes.

Moreover, better evaluation methods should complement more transparency. At present, government support initiatives have limited incentives to reform or terminate, even with poor performances. Without measurable improvements, private firms would typically restructure unproductive projects more swiftly, highlighting the critical role of evaluation in effective policy governance. One viable option is formalizing an independent evaluation body to assess program design, firm selection and operation cycle, and overall performance, providing recommendations. Responsible entities can be required to improve support programs based on their recommendations and disclose the results to the public.[22]

Figure 4. Example of US Federal Subsidy Expenditure Disclosure for Hyundai Motor



Source: Search results for HYUNDAI MOTOR across all fiscal years on USASPENDING.gov.

19) Hong (2020) empirically analyzed the phenomenon of support concentration using SIMS data.

20) Under the DATA Act (2014), the US discloses government expenditures—including federal grants, financial assistance, contracts, and non-contract wage expenditures—on the usaspending.gov platform, categorized by industry, beneficiary, agency, and region.

21) Article 20(2) of the Framework Act on Small and Medium Enterprises, which pertains to the establishment and operation of an SME big data platform, could be expanded into a comprehensive government support management system to disclose detailed support information for individual firms. Additionally, the Act on Promotion of the Provision and Use of Public Data could mandate the inclusion of detailed support information for projects overseen by public institutions.

22) The operations of the Independent Evaluation Group at the World Bank and the Independent Evaluation Department at the Asian Development Bank can serve as references.

New policy initiatives should operate systematic pilot programs to enhance effectiveness.

Lastly, as for new policy initiatives, pilot programs can be actively implemented to minimize trial-and-error costs and enhance effectiveness. The UK's Innovate UK Scaleup supported 29 firms during its pilot phase. Lessons from the pilot informed the adoption of a board of directors as part of its support mechanism, with scaleup directors—composed of private experts with first-hand scaleup experience—playing a pivotal role.[23] Similarly, if Korea's Ministry of SMEs and Startups operates pilot programs targeting firms in the early stages of new support initiatives, such as the Jump-up Program designed after the bespoke model, policy outcomes could improve by incorporating insights from post-support company interviews and detailed performance evaluations.[24] ■

23) Refer to Scaleup Institute (2020).

24) Expert involvement in performance evaluation and experimental design is critical during the operation of pilot programs to ensure objective and rigorous target setting and evaluation. Additionally, since methods that are effective on a small scale may not yield comparable results in other contexts, it is essential to carefully design the required information and sequencing for program implementation (List, 2024).

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