



OECD Review of SME and Entrepreneurship Policy in Egypt

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Methodology

- ❑ Based on the standard CSME country review methodology, including a **diagnostic questionnaire**, a **fact-finding mission** by an OECD team to hold stakeholder interviews, and **peer review of draft report**.
- ❑ Reviews have covered countries including Brazil, Canada, Indonesia, Ireland, Israel, Italy, Kazakhstan, Mexico, Poland, Thailand, the Slovak Republic and Viet Nam.
- ❑ In addition to **standard chapters** (performance, business environment, policy framework, national programmes, local dimension), this review includes **special chapters** on SME digitalisation and fintech agreed with the Egyptian authorities.
- ❑ The review was accompanied by a series of **capacity building workshops** for policy makers in Egypt including presentations and discussions of international good practice.



Egypt context

- ❑ Egypt is the most populous and fastest growing economy (over 5 years) in the Middle East and North Africa (MENA) region
- ❑ Key to maintaining this momentum will be increasing the private sector's role in the economy, and in particular, the role of SMEs and entrepreneurs.
- ❑ This is recognised in the Egypt Vision 2030 national strategy, which emphasises the growth of existing SMEs and creating innovative, high-impact start-ups.
- ❑ SME policy is guided by the SME Law of 2020, which sets out the definitions, expected budgets and main financial and non-financial policy instruments



State of Egypt's SME economy

- Egypt has a strong entrepreneurial spirit, measured by intentions to start a business.
- It has a growing population of innovative, venture-backed tech start-ups.
- Some 53% of establishments are informal (unregistered).
- Women account for only 14% of business owners.
- SMEs have high digital readiness but lack the most sophisticated digital uses
- Priorities are to:
 - grow more medium-sized, innovative and export-oriented SMEs
 - increase SME productivity rates
 - increase formalisation
 - increase women entrepreneurship
 - increase SME digitalisation.



The business environment for SME and entrepreneurship development

- Further lowering the cost of regulatory compliance would increase formalisation and business creation and growth.
- Progress is being made on formalization – including temporary licenses and a formalisation strategy.
- Access to finance has improved although there is still room for growth in lending.
- Growing research spending could trigger more innovative start-ups.



Policy efforts to support SME and entrepreneurship development

- ❑ Policy is guided by key strategic documents – Egypt Vision 2030, the MSME Development Law of 2020, the MSMEDA National Strategy and Operational Plan
- ❑ A large number of bodies are involved in SME and entrepreneurship policies and SMEs need guidance in identifying relevant programmes.
- ❑ Policy coordination for entrepreneurship has been strengthened, with the formation of the Permanent Entrepreneurship and Start-ups Unit in the Egyptian Cabinet
- ❑ There is also a lead public authority responsible for implementing the MSME Law – the Micro, Small and Medium Enterprises Development Agency (MSMEDA) – but it needs a stronger strategy and policy monitoring arm



Selected recommendations on support programmes

- Introduce a mandatory SME Test and increase policy capacity for this.
- Expand the capitalisation and product offering of the credit guarantee scheme.
- Train and certify more business development consultants and strengthen demand through subsidies and matching platforms.
- Increase the competency levels of incubators with standards and certification processes.
- Create an integrated Support Centre for SME Exports with online presence and links to other programmes.
- Implement a skills training network and subsidies for SME training.
- Develop a women's entrepreneurship strategy.
- Introduce a digital diagnostic tool for SME greening.
- Create Digital Innovation Hubs giving SMEs access to internet, digital tools and training programmes

Thank you!



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