



Promoting SME Development in the Suez Canal Economic Zone

Workshop

Summary of the discussions

22 April 2026, Cairo

The OECD and the Suez Canal Economic Zone Authority organised a technical workshop to examine how the Zone can better support the integration of Egyptian SMEs into international trade and global value chains. The workshop brought together public authorities, private sector representatives, financial institutions and development partners to identify practical actions and international good practices that can be adapted to the Egyptian context.

Building on the strategic discussions of the previous day, the focus shifted to implementation. The central question was how to translate investment attraction into broader economic impact, particularly for SMEs, startups, suppliers and local economies connected to the Suez Canal Economic Zone.

The workshop was structured around three interconnected areas. The first addressed Egypt's SME landscape, including challenges related to informality, access to finance and the role of institutions in supporting firm upgrading. The second focused on linkages, exploring how foreign direct investment can connect with domestic firms, how startups and innovation ecosystems can support industrial activity, and how the Suez Canal Economic Zone can serve as a platform for SMEs to access international markets. The third focused on financing, examining how banks, public institutions, development partners and technical assistance providers can better coordinate to reduce risks and improve access to finance.

A central message throughout the workshop was that the Suez Canal Economic Zone should evolve beyond a platform for large-scale investment and become an integrated ecosystem supporting SME formalisation, supplier development, industrial upgrading, innovation, digitalisation and export readiness. While Egypt already has a wide range of relevant institutions and instruments, the main challenge lies in improving coordination and ensuring that these tools operate as a coherent and accessible support system.

The discussions also underscored that neither finance nor investment attraction alone are sufficient. SMEs require a broader set of enablers, including technical support, certification, market access, digital tools, financial literacy and stronger linkages with buyers. Similarly, the development impact of foreign investment

depends on what happens after entry, particularly the extent to which investors integrate locally, develop supplier networks and contribute to skills and knowledge transfer.

Finally, the workshop emphasised the importance of implementation capacity. The focus was placed on translating policy ideas into practical systems and operational tools. In this context, the Suez Canal Economic Zone was seen as a key platform to test and advance approaches that link investment attraction with industrial development, with potential lessons for other countries.

Session 1 – Setting the scene: overview of SMEs in Egypt and in the SCZone

Moderator: Mr Jorge Galvez Mendez, Senior Policy Analyst, OECD Global Relations and Co-operation Directorate

Panellists:

- Mr. Osama Bakry, Central Sector MSMEs, Micro, Small and Medium Enterprises Development Agency
- Ms Vasiliki Mavroeidi, Team Lead and Economist, OECD Economic Transformation and Development Division
- Eng. Amr El Batrik, CEO, Orascom Industrial Parks
- Mr Yugo Kimura, Economist, OECD Centre for Entrepreneurship, SMEs, Regions and Cities

Summary

The session highlighted the role of SMEs and entrepreneurs in Egypt's economic development and examined how the Suez Canal Economic Zone can better support SME upgrading, formalisation and integration into value chains.

A key point was the importance of practical support for entrepreneurs from the earliest stages of business creation. Many entrepreneurs require guidance not only on finance, but also on licensing, permits, leasing premises, tax files, approvals and access to relevant networks. SME support should therefore function as a hands-on platform helping firms move from informal or early-stage activity towards formalisation and growth.

The discussion also noted ongoing work to update the SME policy and legal framework in Egypt, including revising the thresholds used to define micro and small enterprises in light of economic changes. This is important to ensure that firms remain eligible for relevant subsidies, tax exemptions and support measures. Greater attention is also being given to industrial SMEs, particularly those that can replace imports, fill domestic market gaps and support local production.

From a production transformation perspective, Egypt was presented as having important opportunities, including a diversified industrial base, deeper trade engagement and new regional opportunities linked to the African Continental Free Trade Area. However, upgrading remains a major challenge. Egypt participates in some global value chains, but often in downstream or assembly-based segments. Moving towards higher-value, more knowledge-intensive activities will require stronger capabilities, better

infrastructure, and closer links between industrial policy, innovation policy, trade policy and regional development policy.



Session 1 — Setting the scene: overview of SMEs in Egypt and in the SCZone

The session stressed that industrial parks and zones are tools, not objectives in themselves. Their success depends on whether they are aligned with the economic strengths of the territory and connected to broader policy objectives. Fiscal incentives alone are not enough. Long-term competitiveness depends on infrastructure, land development, investor services, skilled labour, regulatory quality, training systems and quality of life for workers.

Several international examples showed that spillovers from zones do not happen automatically. They require deliberate supplier-development programmes, matchmaking, partnerships with universities and training institutions, and investments in quality infrastructure, testing and certification. The experience of countries such as Costa Rica and Poland illustrated how zones can connect multinational firms with domestic suppliers and develop skills around specific industrial needs.

The discussion also pointed to the potential to better connect Egypt's startup ecosystem to industrial activity. While Egypt is one of Africa's leading startup hubs, many startups remain concentrated in Cairo and in digital services. The Suez Canal Economic Zone could experiment with incubators, accelerators and spaces where startups work directly with factories on AI, prototyping, testing, digital tools and manufacturing services.

The role of zones in territorial development was also emphasised. Zones should not only attract investment, but also support SME development, regional spillovers and territorial cohesion. This means connecting the Suez Canal Economic Zone not only to its immediate surroundings, but also to more distant territories that may not automatically benefit from zone development.

Practical experience from industrial park development highlighted the importance of reducing entry barriers for SMEs. Ready-built small factories and "plug and play" models can help entrepreneurs begin industrial production more quickly. However, industrial SMEs face significant constraints, including lack of collateral, weak credit histories, limited financial records, informality, licensing difficulties and limited export readiness.

A recurring concern was that SMEs may be discouraged from entering zones if export requirements are too demanding at an early stage. Many firms first need time to improve quality, obtain certification, identify buyers and build export capacity. The discussion also highlighted the lack of industrial venture capital, with much of the funding ecosystem focusing on fintech, ICT and digital startups rather than industrial or manufacturing entrepreneurship.

Overall, the session underscored that Egypt already has many SME laws, incentives and institutions, but implementation remains critical. Entrepreneurs need clearer rules, stronger trust in the system, better awareness of available support and a more unified SME support platform.

Session 2 – Connecting SMEs to global markets through free economic zones

Moderator: Mr Raffaele Trapasso, Manager, MENA Competitiveness Programme, OECD Global Relations and Co-operation Directorate

Panellists:

- Mr Stratos Kamenis, Economist, OECD Investment Division
- Massimo Deandreis, Director General, S.R.M. Centro Studi - Intesa Sanpaolo Group
- Ms Ulrika Ringdahl, CEO, The Smile Venture Hub, Sweden
- Ms Yasmine Mahrous, Corporate PR and Digital Transformation Manager, Saraya Middle East

Summary

The discussion focused on how the Suez Canal Economic Zone can act as a gateway for SMEs to access international markets and integrate into global value chains. A central message was that SMEs are a core driver of economic activity and that Egypt's strong entrepreneurial base needs to be channelled into productive firms capable of generating jobs, innovation and exports.

A key point was that foreign direct investment should not be assessed only by its volume, but by its quality and its contribution to productivity, innovation, skills and connectivity. FDI can support SMEs indirectly through linkages with multinational enterprises, including supply relationships, partnerships, labour mobility and knowledge spillovers. However, these benefits are not automatic. They depend on the absorptive capacity of domestic firms and on a supportive policy framework.

The discussion highlighted the existence of significant productivity gaps between foreign and domestic firms, which can limit spillovers if SMEs are unable to meet required standards. It was also noted that local sourcing does not necessarily imply upgrading, as it may remain limited to low-value activities. The policy focus should therefore be on increasing the quality and sophistication of linkages.

A structured and sequenced approach was emphasised, involving the identification of multinational firms and potential SME suppliers, diagnosis of capability gaps, provision of training and certification, and complementary financial support. International examples such as supplier development programmes in Portugal were referenced to illustrate how these processes can be organised in practice. The role of diaspora investors was also identified as a potential channel to strengthen linkages, given their ability to combine capital, networks and local knowledge.



Session 2 — Connecting SMEs to global markets through free economic zones

The session also drew on international experience in innovation and cluster development. Cases such as life sciences innovation hubs in Northern Europe illustrated how successful ecosystems rely on close collaboration between academia, industry and the public sector, with a strong international orientation from the outset. These models showed that innovation requires sustained support over time and that clusters need to be deliberately built around specific areas of comparative advantage. For the Suez Canal Economic Zone, this suggests a need to start with targeted sectors and develop mechanisms that connect startups, investors and industrial activity.

Concrete business experience highlighted how foreign investors operating in the Zone can contribute to local production, supplier relationships and export activity. Examples were provided of manufacturing operations that combine export-oriented production with local sourcing and partnerships. Digitalisation emerged as a key enabler, with applications in logistics, production and market access through the use of AI, IoT and digital platforms. At the same time, it was emphasised that digital transformation is a gradual process that requires investment, training and adaptation to local conditions, particularly in sectors such as agriculture.

The broader trade and logistics context was also a major component of the discussion. The Mediterranean was presented as a central hub for global trade, with a significant share of global shipping, container traffic and energy flows passing through the region. The Suez Canal's position within this system was identified as a major strategic advantage, comparable to other successful logistics hubs that leverage geographic positioning. Benchmark cases such as Tangier Med illustrated how ports can evolve into integrated ecosystems combining logistics, manufacturing, energy, training and innovation.

The discussion also highlighted emerging opportunities linked to digital infrastructure, including underwater data cables and related services such as data centres and maintenance. At the same time, it was noted that investment patterns remain uneven, with relatively limited European investment compared to other regions. Strengthening maritime and logistics co-operation, including shipping connections, port partnerships

and digitalisation of procedures, was identified as a way to attract additional investment. A key insight was that trade integration can precede and facilitate future investment flows.

Overall, the session emphasised that the Suez Canal Economic Zone should function as a platform for exchange and learning, where foreign investors and domestic firms interact, build capabilities and integrate into global markets. Achieving this requires stronger coordination across institutions involved in investment, SME support, innovation and trade, supported by formal mechanisms that ensure coherence and continuity in policy implementation.

Session 3 – Strengthening SME competitiveness and expanding access to finance

Moderator: Mr Jorge Galvez Mendez, Senior Policy Analyst, OECD Global Relations and Co-operation Directorate

Panellists:

- Mr. Dario Grassani, Deputy CEO, CFO and Board Member of ALEXBANK
- Dr. Adarsh Varma, Senior Economist, NxtZones
- Mr Christopher Lau, Director, Invest Ontario
- Robert Skidmore, Chief of Sector Enterprise Competitiveness, International Trade Centre

Summary

The discussion focused on SME finance and the conditions required to support investment readiness, growth and export capacity. A central message was that while access to finance remains a key constraint, it is rarely the only one. SMEs also face structural barriers related to weak balance sheets, limited market access, lack of certification, insufficient financial literacy, unreliable accounting practices and low levels of trust in financial and regulatory systems.

A key point was that financing tools need to be designed based on clearly identified constraints. Not all challenges require financial resources. In many cases, the underlying issues relate to risk perception, lack of business readiness, absence of buyers, or limited integration into supply chains. Effective policy design therefore requires a clear diagnosis of why firms are not exporting, scaling or linking with larger companies, followed by the selection of appropriate instruments such as grants, loans, guarantees, concessional finance or risk-sharing mechanisms.

The discussion emphasised that finance must be combined with technical assistance. SMEs need support before accessing finance to become bankable, including improvements in accounting, certification, quality standards and business planning. They also require post-financing support to ensure effective use of funds, build credit histories and strengthen their long-term viability. International experience showed that combining finance with advisory services, market access support and certification can significantly improve outcomes, including in sectors such as agriculture and export-oriented activities.

The importance of institutional capacity and implementation was also highlighted. Financing mechanisms need to be managed by organisations with the appropriate skills and systems, depending on whether they are delivering large volumes of standardised SME loans or structuring complex investment

operations. At the same time, funding arrangements should strike a balance between simplicity and accountability, ensuring that they are accessible to firms while maintaining clear performance requirements.



Session 3 — Strengthening SME competitiveness and expanding access to finance

From a financial sector perspective, informality and lack of transparency were identified as major barriers. Many SMEs operate in cash-based environments without reliable financial records, making it difficult for banks to assess risk. Weak financial discipline and limited trust in banks further constrain access to finance. At the same time, banks need to better adapt to SME realities by developing tailored products, strengthening client relationships and engaging more directly with firms.

Partnerships were identified as a key solution. Collaboration between governments, banks, development finance institutions and technical assistance providers can help reduce risk, improve access to finance and provide complementary support. Examples included blended finance approaches, guarantees, concessional funding and technical cooperation programmes that combine financing with capacity-building.

The discussion also highlighted the importance of aligning finance with broader development objectives. Incentives and financing tools should be linked to industrial priorities, supplier development, sustainability and SME upgrading. This includes promoting green finance, ESG standards and circular economy approaches, as well as integrating SMEs into value chains through targeted incentives and support mechanisms.

Sustainability and export requirements were identified as emerging drivers of SME competitiveness. New regulatory frameworks, particularly in European markets, will require firms to meet environmental standards. Early adaptation to these requirements can improve access to finance and position SMEs more competitively in international markets.

A recurring theme was the role of the Suez Canal Economic Zone as an integrator. By bringing together financial institutions, public authorities, development partners, technical assistance providers, quality infrastructure and private firms, the Zone can help reduce fragmentation and create a more coherent

ecosystem. This includes facilitating coordination between supply and demand for finance, linking SMEs with buyers and investors, and supporting the transition from informal activity to formal, export-oriented production.

Overall, the session underscored that improving SME finance requires a systemic approach that combines financial instruments, technical support, institutional coordination and trust-building, with the Suez Canal Economic Zone playing a central role in enabling this ecosystem.

Overall conclusion

The discussions highlighted a clear shift in focus from investment attraction to implementation and impact. While the Suez Canal Economic Zone has established itself as a key platform for foreign direct investment, its next phase of development will depend on its ability to function as a gateway for SMEs, supporting their formalisation, upgrading, access to finance and integration into international markets.

A central message was that finance alone is insufficient. SMEs require a broader ecosystem of support, including technical assistance, certification, market access, buyer linkages, financial literacy and post-investment guidance. At the same time, informality and mistrust remain significant barriers, underscoring the need to strengthen confidence in the regulatory, tax and financial systems.

The role of foreign investment was framed in terms of its quality and its capacity to generate linkages. These linkages do not occur automatically and require deliberate supplier development efforts to ensure that domestic firms can meet the standards and requirements of international investors. In this context, the Suez Canal Economic Zone has a critical role to play as an integrator, bringing together public institutions, financial actors, development partners, technical assistance providers, universities and private firms into a coherent and coordinated system.

The discussions also pointed to the importance of connecting Egypt's startup ecosystem more closely to industrial activity, expanding beyond digital sectors into areas such as industry-tech, logistics and manufacturing-related innovation. Similarly, digitalisation was identified as a key enabler, but one that requires sustained investment, training and adaptation to local conditions.

Sustainability emerged as an increasingly important dimension of competitiveness, with environmental standards, green finance and circular economy models shaping access to both export markets and financing. At the same time, the Suez Canal remains a core strategic asset, and its integration with the SCZone continues to provide a strong foundation for trade, logistics and industrial development.

Across all discussions, implementation and coordination were identified as the main challenges. Egypt already has a wide range of institutions, policies and instruments in place. The priority is to connect these into a coherent pipeline that supports SMEs from early-stage development through to financing, upgrading, supplier integration and export readiness.

Overall, the competitiveness of the Suez Canal Economic Zone will depend not only on its geographic position, infrastructure or incentives, but on its ability to build trust, reduce operational frictions, support SMEs and translate investment into sustained and inclusive economic transformation.