



Enhancement of the Business Environment in the Southern Mediterranean

National seminar for Egypt

17 and 18 December 2014



A project funded by the European Union



Project Context



- Project linked to the **Euro-Mediterranean Industrial Cooperation** process and the work programme for 2014-2015 adopted at the 9th ministerial meeting, in Brussels, 19 February 2014
- **Follows the assessment to support necessary reforms in SMEs policy development**
- **3-year regional project** funded by the EU (3 Million EUR)
- Part of the **Private sector development in the Southern Mediterranean Programme** (12 Million EUR) targeting SMEs at micro, meso and macro-level



Project Overall Objectives



- **Enhance the business environment and promote SMEs in the Southern Mediterranean region in line with EU best practices**
- **Expand the private sector through the development of more robust, inclusive and sustainable growth**

Type of Technical Assistance



Production of studies & analytical work



Capacity building, coaching, mentoring



Exchange of good practices, policy dialogue with key stakeholders



National Seminars



- Skills development & Innovation, Algeria, June 2014
- SME Observatory & Green Economy, Morocco, June 2014
- Innovation & Second Chance, Tunisia, September 2014
- E-Government, Israel, September 2014
- Export promotion & Market access, Lebanon, October 2014
- Innovation, Palestine, October 2014
- Euro-MED Networks & Enterprise Skills, Jordan, November 2014
- **Green Economy, Egypt, December 2014**



Work Programme



Built around principles/themes where progress is needed throughout the region

1. Governance of the Small Business Act for Europe (SBA) : Institutional Enhancement and Public/Private Dialogue
2. Access to finance for SMEs
3. Entrepreneurship, in particular for youth and women



Euro-MED Charter for Enterprise Small Business Act for Europe



- 2000 Adoption of the European Charter for Small Enterprises at the EU level
- 2004 Adoption of the Euro-Mediterranean Charter for Enterprise at the 5th ministerial conference in Caserta, Italy
- 2008 Adoption of the Small Business Act for Europe (SBA)
- 2011 Ministers decide to gradually align the Charter with the SBA

The SBA aims at providing guidance to promote and develop SMEs in updating the Euro-MED Charter for Enterprise within the Euro-MED industrial cooperation



Discussion



Why SMEs are so important ?



Small Business Act for Europe



Main objective: create a **common framework for SME initiatives** and implement the “**Think Small First**” principle in policy making

In brief, the SBA is:

- a **set of 10 principles** which should **guide the design and implementation of policies** both at EU and national level. This is essential to create a level playing field for SMEs throughout the EU **and improve the administrative and legal environment to allow these SMEs to unleash their full potential to create jobs and growth;**
- an ambitious package of concrete and far reaching new measures including **five legislative proposals which translate these principles into action** both at EU and Member State level;
- designed to ensure the **full political commitment** of both the Commission and the Member States together with regular monitoring of its implementation.



The 10 SBA principles



1. Support entrepreneurship
2. Give a 2nd chance (bankruptcy procedures)
3. “Think Small First” (reduce burdens)
4. Public administration responsive to SME needs (e-government)
5. Improve access to public procurement & use of state aid
6. Facilitate access to finance
7. Benefit from Single Market opportunities
8. Access to skills and innovation
9. **Eco-innovation/environment opportunities**
10. Access to external markets



Euro-Med Charter/ SBA Assessment



- **Objective:** Assess the level of implementation of key principles of SME and entrepreneurship policy
 - Framework based on the SBA for Europe;
 - Focus on policy design and implementation;
 - Comparison across countries and time;
 - Performance benchmarked against EU good practices
- Analytical tool: the **SME Policy Index**, already applied in:
 - the Western Balkans and Turkey (2007, 2009, 2012)
 - the Eastern Partnership countries (2012)
 - the Southern Mediterranean (MED countries) (2008, 2013)
 - the ASEAN (ongoing)



Partners



1. **Regional Scope:** ALG, EGY, LEB, MOR, ISR, JOR, PA, TUN
2. **International partner organisations:** Assessment and coordination by the European Commission, the European Training Foundation and the OECD; in consultation with the EIB
3. **Med partners:**
 - a. **National coordinators** are the main contact point and facilitator in each country
 - ✓ **National coordinator in Egypt: Dr Amr Taha**
 - b. **Government agencies and bodies** facilitate information and perform self-assessments;
 - c. **Private sector** representative organisations provide substantial input throughout the process;
 - d. **Local experts** support the assessment and collect data and information;
 - ✓ **Local expert in Egypt: The Egyptian Centre for Economic Studies (ECES)**



The “assessment grid”



- The Index is built on a number of dimensions organised according to the principles of the Small Business Act for Europe (SBA);
 - A previous (2008) assessment was based on the Euro-Med Charter for Enterprise;
- Policy dimensions are subdivided into sub-dimensions and those in turn include a number of analytical indicators;
- Progress is assessed on the basis of a five-step policy development path at the level of individual indicators;
- There is a good level of comparability between the current and the 2008 assessment, as most of the indicators have remained unchanged.



The SME Policy Index methodology



The SBA policy dimensions

- 1) Education and training for entrepreneurship
- 2) Bankruptcy and second chance
- 3) "Think Small First" principle
- 4) Public administration responsive to SME needs
- 5) Adapt public policy tools to SME needs
- 6) Access to finance
- 7) Supporting SMEs to benefit from Euro-MED Networks and Partnerships
- 8) Promote skills upgrading and innovation
- 9) **Promote green growth**
- 10) Tapping into the opportunities of growing markets



Dimensions → sub-dimensions → Indicators

| | | |
|----|--------------------------------|--|
| 9) | SMEs in a green economy | |
| | 9.1 | The "greening" of the current strategies in the field of SMEs, industry and innovation |
| | 9.2. | Improving availability of expertise to SMEs on environmental issues |
| | 9.3 | Promoting the use of environmental management systems and standards |

Indicators Level of reform

| | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| The "greening" of the current strategies in the field of SMEs, industry and innovation | | | | | |
| Improving availability of expertise to SMEs on environmental issues | | | | | |
| Promoting the use of environmental management systems and standards | | | | | |

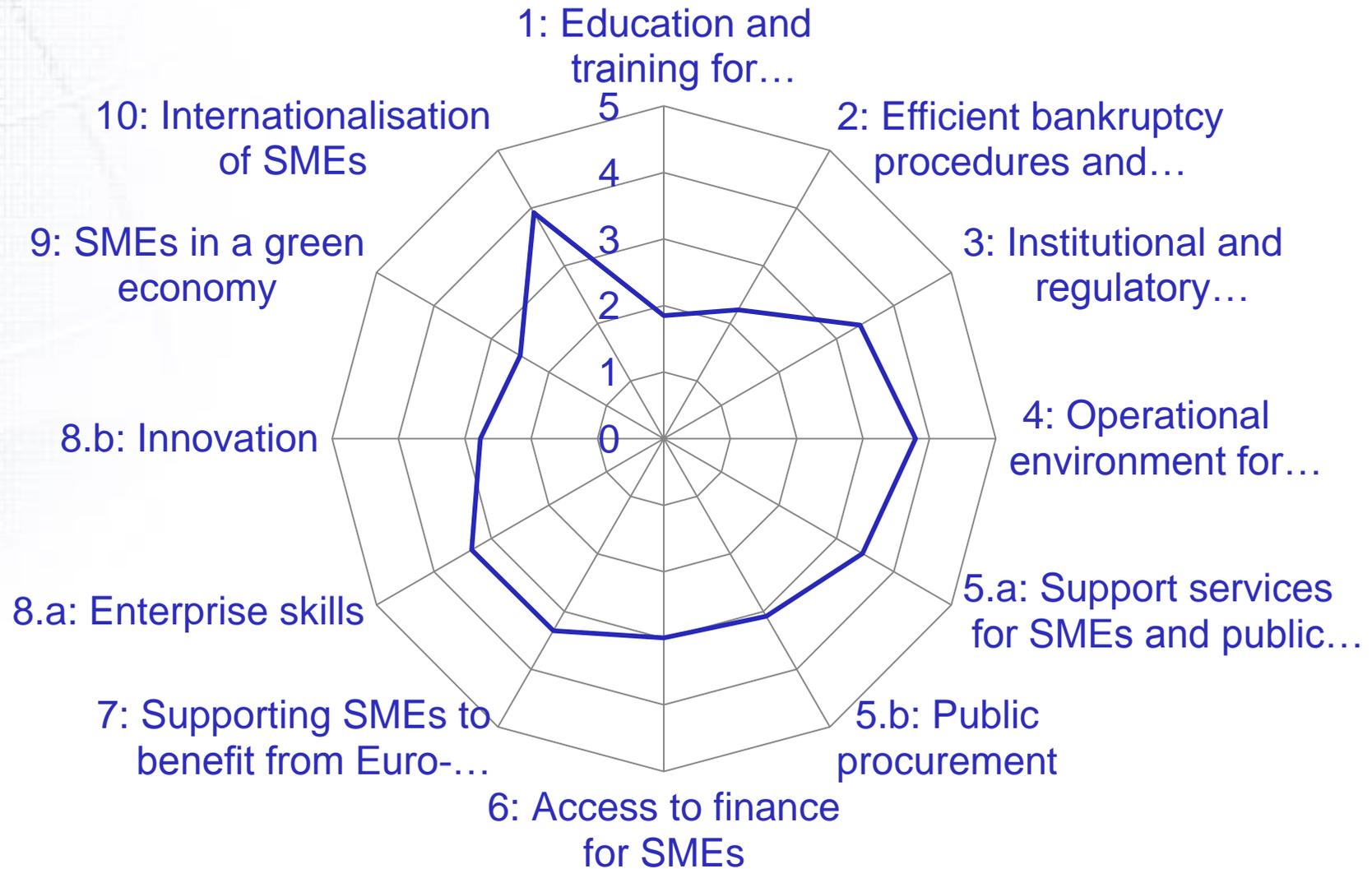


Preliminary overall performance



Egypt 2013

Assessment scores





Assessment Grid



| | | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 | Weights |
|-----|--|---|---|---|---|--|---------|
| 9.1 | The greening of current strategies in the field of SMEs, industry and innovation <i>(Not assessed in 2008)</i> | No reference is made in the policy framework to eco-efficient business and products or eco-innovation | There are plans to include these elements in the new policy documents to be developed. | Eco-efficient business and eco-innovation are mentioned in the strategies in the field of SMEs, industry and innovation. | These elements are associated with concrete targets in Action Plans. | The strategy for SMEs promotes eco-efficient business and products, while the innovation strategy directs measures towards eco-innovation. | 1 |
| 9.2 | Improving availability of expertise to SMEs on environmental issues <i>(Not assessed in 2008)</i> | There is no information regarding this element and only commercial expertise is available | The package on information regarding environmental issues and tools is under preparation. | Information regarding environmental issues and tools is available. | SME support organisations (chambers of commerce, local governments, NGOs, etc) provide environmental support. This is not coordinated at national level and no specific funding is available. | There are specific programmes/funding to provide expertise through SME support organisations with nationwide coordinated approach, contact points and information. | 1 |
| 9.3 | Promoting the use of environmental management systems and standards <i>(Not assessed in 2008)</i> | The use of environmental management systems (EMS, ISO 14001, local systems) and standards is not promoted, and little known by business and the public. | Businesses know about the existence of EMS but the government is not actively engaged in their promotion. | The government provides information on the EMSs available to SMEs in the country, but no support measures are in place for SMES to apply for certification. | There is specific funding and other incentives available for the implementation of EMSs and standards, information is widely available. | Level 4 + EMS are required by procurement rules and by the market. Specific systems available for SMEs (e.g. EMAS Easy) ^a | 1 |



9.1 - Key findings



- There are clear efforts to **integrate green growth** in the national policy framework.
- Egypt introduced the **National Strategy for Cleaner Production**, which aims at encouraging the adoption and implementation of cleaner production methods in Egyptian industry.
- Egypt also adopted a **National Environment Action Plan 2002-2017**, which outlines specific measures.
- However, according to the assessment, existing national strategies are lacking concrete action plans dealing with eco-efficiency and eco-innovation related explicitly to SME development.



9.2 - Key findings



- A few institutions (mainly affiliated to ministries e.g. MofE, MIFT) are **providing information on environmental issues or offer technical assistance and consultancy service** for SMEs.
- These are: the Private Public Sector Industry (PPSI) project, the Egyptian National Cleaner Production Centre (ENCPC) and the Environmental Compliance Office, which offer expertise in the areas of cleaner production, energy efficiency, eco-innovation and green technology.
- **SMEs are often badly informed about environmental issues. They also tend to lack the in-house capacity to successfully address these issues.** The government and private sector associations can therefore play a crucial role in facilitating access to both environmental information and expertise.



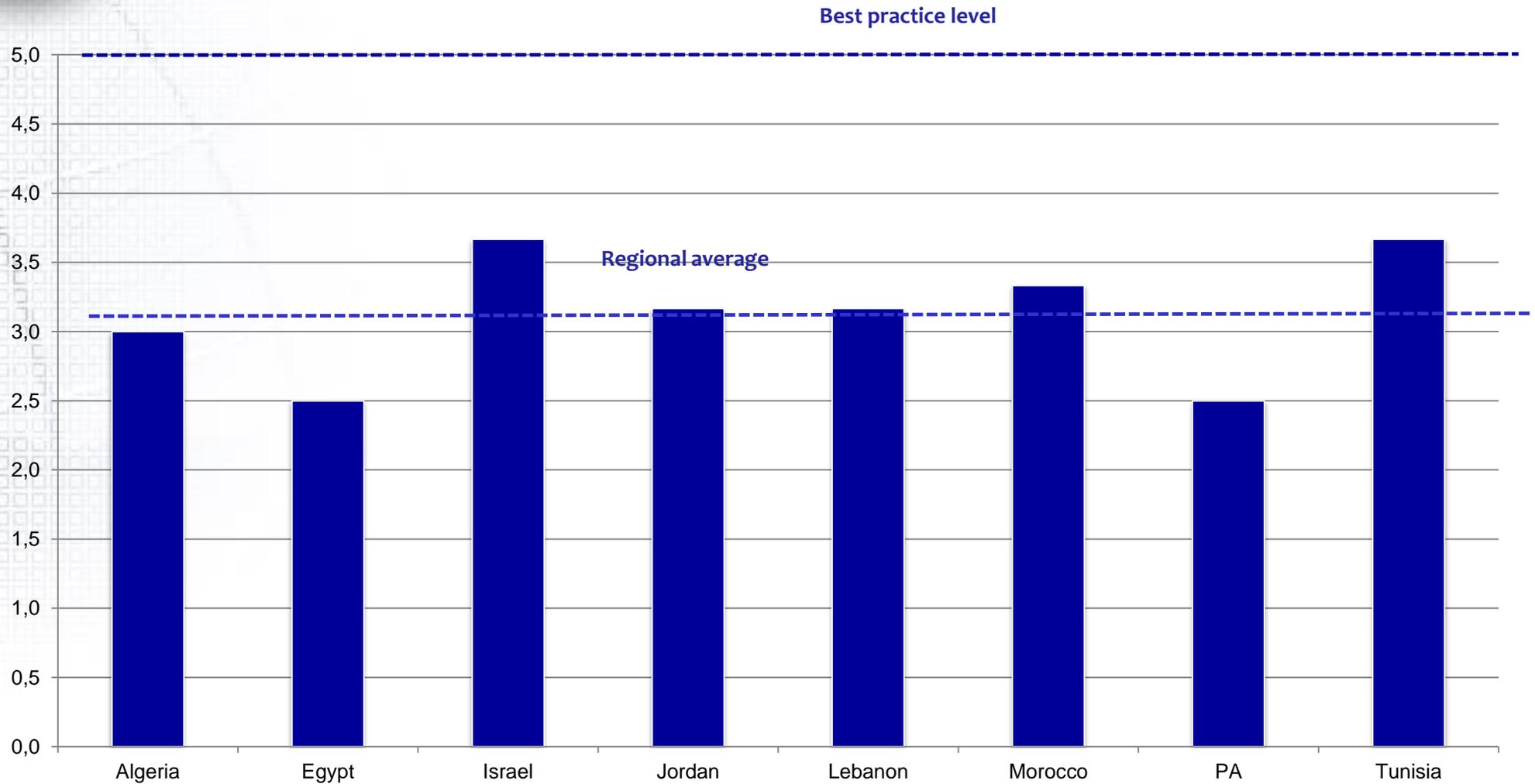
9.3 - Key findings



- Several institutions promote the use of environmental management systems (EMSs) and standards such as the Egyptian Environmental Affairs Agency (EEAA), the Egyptian Organisation for Standardisation and Quality Control (EOS), the Egyptian National Cleaner Production Centre (ENCPC), the Environmental Compliance Office (ECO) and the IMC.
- Another support system, Achieving Compliance with Environmental Regulation in Industry (ACI), is a component of the Environmental Sector Programme (ESP) and its objective is to assist industries to improve compliance with environmental legislation through the adoption of cleaner production approaches (European Commission, 2012).
- However, according to the assessment, these **programmes are limited to larger companies and lack clear instruments and mechanisms that are designed for SME needs.**



Regional Comparison





Regional Comparison



| Indicators | | AL | EG | IS | JO | LE | MO | PA | TU |
|---|------|-----|------------|-----|------|-----|-----|------|------|
| 9.1. The “greening” of the current strategies in the field of SMEs, industry and innovation | 2013 | 3.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.5 | 3.0 | 4.0 |
| 9.2. Availability of expertise to SMEs on environmental issues | 2013 | 3.0 | 2.5 | 4.0 | 3.50 | 3.5 | 3.5 | 2.50 | 3.5. |
| 9.3. Promoting the use of environmental management systems and standards | 2013 | 3.0 | 3.0 | 4.0 | 3.0 | 3.0 | 3.0 | 2.0 | 3.5 |
| Weighted average | | 3.0 | 2.5 | 3.7 | 3.2 | 3.2 | 3.3 | 2.5 | 3.7 |



The way forward for Egypt



The analysis indicates that all MED economies have strategic documents or laws in place to promote sustainable development and green growth, however, the degree to which these documents refer to the SME sector varies across economies and in several cases their application to SMEs remains a key challenge.



The Way ahead for Egypt



- Priority actions include:
 - ✓ Include elements of eco-efficient business and products and eco-innovation with reference to SME developments in its national strategies e.g. in the National Strategy for Cleaner Production.
 - ✓ Involve a wider range of institutions such as chambers of commerce, local governments and NGOs, to offer environmental support to SMEs.



2-day workshop on SBA Principle 9 SMEs in Green Economy

- Key findings Sustainable enterprise development policies in Egypt and their impact
- Exchange of good practices on selected indicators
- Group exercises: SWOT analysis
- Group exercises: recommendations to improve scores and action plan (who does what, by when, using what resources?)
- How to measure the effectiveness of policies



12. Useful links



➤ **Euro-MED industrial cooperation**

http://ec.europa.eu/enterprise/policies/international/promoting-neighbourhood/mediterranean/index_en.htm

➤ **Small Business Act for Europe**

http://ec.europa.eu/enterprise/policies/sme/small-business-act/index_en.htm

➤ **Euro-Med – Good practices database**

<http://ec.europa.eu/enterprise/policies/sme/best-practices/database/europed/index.dfm?fuseaction=welcome.detail&language=FR>

➤ **Small Business Act for Europe – Good practices database**

<http://ec.europa.eu/enterprise/policies/sme/best-practices/database/SBA/index.cfm?fuseaction=welcome.detail>



Thank you for your attention

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