

# Enhancement of the Business Environment in the Southern Mediterranean



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# Key findings of the 2012 survey carried out by Oxford Research and Panteia for the EC

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# Situation Analysis



- Government developed an Industrial Development Strategy 2005-2025 that provides policies & defines targets & measures to promote industrial development & support SMEs
- Policy framework in Egypt is a market-based system for driving sustainable enterprise development, with some elements that are in line with European approaches to sustainable enterprise development



# Situation Analysis



- Most notable example is the demand support measure of the Eco-labelling Initiative, tied to ISO certification in addition to process optimization (achieved by 2 textile factories, Misr for Spinning & Weaving Co, Mehalla El-Kobra & Giza for Spinning, Weaving, Dyeing & Garments Co, Kafr El-Hakeim, Giza
- Other market-based measures include access to finance for cleaner production: Achieving Compliance with Environmental Regulation in Industry (ACI), the Industrial Modernization Programme (IMP), & the programmes linked to ENCPC



# Situation Analysis



- Pollution abatement & setting environmental standards & regulations was not among the priorities until the mid to late 1990s
- Promoting cleaner production through EPAP with focus on abatement rather than prevention (The National Strategy for Cleaner Production in Egyptian Industry)
- Market & regulatory frameworks are not yet fully geared towards supporting the greening of the private sector & promoting its sustainability



Egyptian Pollution Abatement Project (EPAP)

Achieving Compliance with Environmental Regulation in Industry (ACI)

Industrial Modernization Program (IMP)

Egypt National Cleaner Production Centre (ENCPC)

Eco Labeling Initiative (ELI)



# Objectives of the Environmental Support Program (ESP)



- Assist industry improve compliance with environmental legislation through adoption of Cleaner Production approaches
- 440 enterprises received assistance from the Environmental Compliance Office
  - 44 SMEs from five sectors have received support from the revolving fund
  - 93 enterprises have implemented EMS
  - 2,740 companies participated in awareness activities
  - 384 impact studies have been conducted
  - 680 clients served in five sectors
  - 88 loans approved (EUR 11m)
  - Capacity Building – 40 local consultants 7 professional staff (certified)



# Success Factors



- Donor coordination & harmonization – shifting from projects to programs & integrating policy level work with capacity development at different levels
- Programme managed to identify, analyse, & assess the scope & limitations provided by external factors (political power, budget allocations, staffing, legalisation and regulations etc.)
- Private and Public sector coordination & enabling & supportive environment for the private sector & thru PPP



# Characteristics of SMES in Egypt



- Informal
- Limited capital
- Primitive technology
- Lacking environmental dimension
- Lack capacity development programmes
- Lack integrated approaches
- Outreach
- Training
- Monitoring & evaluation



# Key Findings



The National Strategy for Cleaner Production in Egyptian Industry helped introduce the manufacturing companies to the new concept of environmental protection & benefits of cleaner production processes

Despite the different initiatives, programs & various projects, outreach capacity to large companies & SMEs is constrained by budgetary limitations

Funds directed to environmental activities estimated at only EUR 258 million representing 0.048% of total public expenditures



# Key Findings



Despite efforts the main bulk of micro, SMEs did not receive sufficient support to shift away from polluting production processes & environmentally sound waste disposal techniques

Successful case studies such as ACI & EPAP indicates that their outreach was confined to limited number of companies in certain industrial activities

Medium, small & micro industries whether formal or informal) represented around 20% of all M/SMEs in 2006 & exceeded 400,000 units



# Future Strategies in support of M/SMEs

- Identifying the main environment polluting industries
- Target industries with the highest polluting impact
- Targeting industries located within cluster communities
- Offering various & affordable options for clean production/waste disposal techniques
- Linking new production &/or waste disposal techniques with appropriate incentive schemes
- Monitoring & assessment of environmental projects & their impact on the enterprise in order to identify challenges & opportunities



**Thank you for your attention**

