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**Enhancement of the Business Environment in the  
Southern Mediterranean**

**National Seminar for Egypt**

**“Turning Environmental Challenges into  
Commercial Opportunities  
for Egyptian SMEs »**

**Principle 9 of the Small Business Act for Europe**

**Cairo, 17-18 December 2014**



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### **Disclaimer**

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## 1. Introduction

A seminar entitled “**Turning Environmental Challenges into Commercial Opportunities for Egyptian SMEs**” was organised on 17-18 December 2014 in Cairo, Egypt, in the framework of the “Enhancement of the Business Environment in the Southern Mediterranean”, a three-year project funded by the European Union (€3 million), which aims at promoting SMEs in the Southern Mediterranean region.

The seminar was organised to support the Egyptian Government in implementing reforms in priority areas identified in the report “*SME Policy Index: The Mediterranean Middle East and North Africa 2014, Implementation of the Small Business Act for Europe*”.<sup>1</sup>

The report assessed SME policies in Egypt and eight other economies in the Mediterranean region on ten different indicators and provided policy recommendations to Governments to help unleash the potential of their SMEs. The assessment, conducted in the framework of the Euro-Mediterranean industrial co-operation process, was based on the “Small Business Act” for Europe (SBA), a comprehensive SME policy framework adopted by the EU to promote SMEs.

With a view to improve the implementation of the SBA, in particular its principle 9 “Enable SMEs to turn environmental challenges into opportunities”, the seminar focused on three major themes:

- Greening of current strategies and their implications for SMEs, industry and innovation
- Promotion of environmental Management Systems & Standards for SMEs
- Availability of expertise for supporting green and sustainable approaches by SMEs

In addition, a special session on measuring the effectiveness of policies was held to provide participants with additional knowledge on how to monitor and evaluate the impact of new macro-economic policies and regulations in general and environmental policies in particular.

The seminar ran for two days, and the programme included seven sessions on the aforementioned topics. It was opened by Dr. Amr Taha, SBA coordinator, Industrial Modernisation Centre (IMC), and Ms. Rikka Torppa, Economic Section, Trade, PSD and Budget Support Operations, EU Delegation to Egypt. Ms. Marie-Jose Char (Team Leader, EBESM project) introduced the EBESM project and the programme of the seminar and its objectives.

The programme of the seminar included training and presentations of EU and MED good practices. Each session focused on a succinct outline of topics with concrete and immediate measures needed to green the economy and opportunities and challenges this transition meant for SMEs. Participatory workshops, jointly moderated by resource persons, were conducted as well as topic-specific SWOT analysis to generate ideas and proposals that the country could adopt and apply to facilitate and encourage a transition to a green economy. The recommendations and action plans provided in this report summarise and synthesise the outcome of this collective work.

## 2. Seminar Objectives

This event sought to enhance the capacity of participating government officials and representatives from the private sector and civil society including, academia, NGOs, etc. to fully

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<sup>1</sup> [http://www.keepeek.com/Digital-Asset-Management/oced/finance-and-investment/sme-policy-index-the-mediterranean-middle-east-and-north-africa-2014\\_9789264218413-en#page1](http://www.keepeek.com/Digital-Asset-Management/oced/finance-and-investment/sme-policy-index-the-mediterranean-middle-east-and-north-africa-2014_9789264218413-en#page1)

understand principle 9 of the SBA, identify main challenges and constraints encountered in its development and to explore actions and policies needed to enhance their implementation.

The specific objectives of the seminar were to:

- Enhance participants' analytical and decision-making capacity in adopting a green and sustainable approach by SMEs;
- Enhance participants' knowledge on effective green and sustainable policies;
- Assess the existing situation and identify emerging policy solutions by setting objectives, priorities, and actions involving stakeholders; and
- Promote an interactive dialogue between different actors, in order to effectively feed the policy-making process.

### **3. Participants**

This event brought together around 50 participants, representatives from public authorities (such as the Ministry of Industry and Trade, the Ministry of Environment, the Industrial Modernisation Centre, etc), business associations, including women and young entrepreneurs, and universities, to explore how a "greening" of industrial strategies for Egyptian SMEs, allied to strong policies for innovation, could become an engine for revitalising the economy and create new employment. In order to achieve successful and sustainable outcomes of the seminar, an inclusive participatory approach was adopted whereby representatives from both the private and the public sectors with experience in different industries and responsibilities collaborated to realise the set objectives of the seminar. Participants were experienced in the field of business and SME development, cleaner production, certifications and standards. The broad range of expertise enabled stimulated and productive discussions providing valuable input for the SWOT analysis and the action plans.

### **4. Seminar Overview**

During this two-day seminar, fruitful discussions took place and participants showed great interest throughout the seminar. All presentations were followed by dynamic sessions of questions/answers from and between the participants.

The majority of questions and debate were mainly related to the practical aspects of environmental management, greening public policies, how to engage with economic actors and resolve financing issue related to supporting Green Economy opportunities for SMEs.

Experience and success stories in EU and MED countries have been used to conceptualise the strategies, policies and measures proposed by the seminar.

The workshops conducted during the seminar were useful in formulating perceptions and soliciting contributions from participants on the manner in which Egypt should support the efficient implementation of principle 9.

All these findings are reflected in a synthetic form in Section 6: "Recommendations".

#### **4.1 Topics discussed**

The first session provided an overview of the Small Business Act for Europe (SBA) and its principle 9 "SMEs in a Green economy". Key outcomes and recommendations of the 2013 assessment were also presented and discussed, in particular the benefits of having concrete action plans dealing with eco-efficiency and eco-innovation related explicitly to SME

development, the effectiveness of environmental information services provided to SMEs as well as the appropriate support for SMEs to implement environmental management systems (EMSs) and standards.

The second session gave a detailed overview of sustainable enterprise development policies in Egypt and their impact. Key findings and recommendations of several initiatives and studies carried out in this domain, including a study on sustainable enterprise development in the Mediterranean partner countries undertaken for the European Commission where presented and discussed.

Key findings of the 2012 survey carried out by Oxford Research and Panteia for the EC included the following:

- 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
- 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

In response to the financial and economic crisis that brock in 2008, the United Nations Environment Programme (UNEP) launched the Green Economy (GE) initiative in October of the same year. The initiative advocates investing in the environment as a means to address the financial and economic crisis countries are facing. Following this path contributes towards revitalising and diversifying the economy, promoting the efficient use of resources, reducing waste and pollution, enhancing competitiveness and market access, creating jobs, while at the same time conserving the environment, and promoting health and human welfare. In order to promote investing in the environment, it is essential to make and communicate a strong and convincing economic and business case for greening economies for both the public and private sector. Greening of businesses, including SMEs, enhances resource efficiency, promotes competitiveness, creates new and innovative businesses and market opportunities and consequently increases profits.

Main challenges facing the effective engagement of SMEs in greening their activities, include lack of information and awareness to the benefits of green investments, lack of expertise, lack of access to appropriate technologies, and insufficient financial resources to be directed towards green investments. The development of a green model is one of the main requirements needed to support and facilitate the green transition of companies. As far as public action is concerned, there is currently a lack of clear vision and policy by the Government to green the economy. Moreover, weak institutions and good governance represent a serious impediment for adopting green economy as a tool to achieve sustainable development.

A study undertaken by the United Nations Economic Commission for Africa (ECA) in 2014 for a selected number of businesses, including SMEs in Egypt revealed that about 60% of the companies surveyed were not entirely aware of the opportunities offered by transitioning to GE, while about 35% have indicated that GE is a reality, and several have indicated that it is yet to be further developed. Furthermore, about 85% of the respondents have indicated that GE

strengthened the social and environmental responsibility of a company, while about 25% stated that the full potential of GE remains uncertain. A number of companies representing about 35% of the respondents have started GE research.. Furthermore, about 45% of the respondents have reported their plans to put in place measures to promote the efficient use of natural resources in the next couple of years, while about 85% have reported the lack of necessary expertise.

Session 3 clarified the concepts of eco-efficiency and eco-innovation and introduced European policies and strategies in this domain. In industrialised countries, manufacturing costs are heavily related to raw materials (40%) and natural resources (energy/water) consumptions. In order to maintain the competitiveness of its industry while reducing its environmental footprint, the European Union has developed ambitious strategies to boost resource efficiency (described as "eco-efficiency") and environmental innovation ("eco-innovation"), with a special focus on SMEs that represent 99% of businesses and provides 66% of jobs. The potential saving has been estimated at € 630 billion per year - equivalent to a 3.9% GDP increase<sup>2</sup>. To support this smart, sustainable and inclusive growth (as by the Lisboa agenda), several flagships initiatives have been launched by the EU such as resource efficiency platform, multi-stakeholders alliances (called European Innovation Partnerships), Research and Development (R&D) funding schemes (Programme Horizon 2020<sup>3</sup>), and waste, climate and energy policies (i.e. the recently approved EU 2030 framework for climate and energy policies). Some of those initiatives could be used, adapted or implemented in Egypt at a national or regional scale.

Session 4 focused on the challenges and opportunities in Egypt for SMEs in greening the economy. Egypt's industrial competitiveness ranks rather low in the world competitive index (World Economic Forum, 2014)<sup>4</sup>. A transition towards an Industrial Sustainable Development path is therefore needed to encourage innovation capacity and promote competitiveness and consequently increased profits and growth for SMEs. A solutions-based approach has to be embraced for the best-practice model of a resource efficient company, which includes quality, skilled human capital, IT, and process efficiency and innovation. To achieve this, a coherent strategy needs to be put forward with a continuous improvement process of analysing, planning, implementations, and monitoring. This approach at its core is a Change Management Process, which engages all employees at the company level, as well as all stakeholders on a macro-level. An integrated approach enables the resource efficiency alongside the Value Chain, thereby contributing to the sustainability of each single company up to the entire national economy.

Session 5 discussed the appropriate technical support and environmental expertise for Egyptian SMEs. Similar to the natural ecosystem, a circular system capitalising on synergies and with zero waste production, Business Ecosystems, or Eco-Industrial Networks, need to be established by integrating the work of all relevant stakeholders in order to achieve Industrial Sustainable Development. One step towards this transition could be the establishment of a One-stop-shop (OSS), which integrates all business support services needed by SMEs. Success stories for SMEs can be achieved through small and effective implementation milestones. The service portfolios need to be adapted to the needs of the customers and should cover a complete system analysis, implementation measures, monitoring, and communication of successes. In addition, collaboration with other stakeholders creates advantages for the social, environmental, and economic dimensions for the company and society, creating a triple win situation.

Session 6 focused on the Environmental Management Systems (EMS) and standards for SMEs, as essential monitoring tools that allow companies to supervise and optimize their consumptions of raw materials and production of waste in their supply and manufacturing chain. Those

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<sup>2</sup>Guide to resource efficiency in manufacturing: Experiences from improving resource efficiency in manufacturing companies". Europe INNOVA (2012) & Ellen MacArthur Foundation (2012) Towards the Circular Economy: Economic and business rationale for an accelerated transition.

<sup>3</sup> For more information on the R&D EU funded programme Horizon 2020, see: <http://ec.europa.eu/programmes/horizon2020/>

<sup>4</sup> Global Competitiveness Report 2013-2014: [http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2013-14.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf)

schemes can be verified by independent bodies to obtain ISO14001, Eco-Management and Audit Scheme (EMAS) or ISO 50001 certifications, recognised internationally and required by a growing number of public and private market players. However, only 29% of European SMEs have introduced measures for saving energy and raw materials, compared to 46% of large enterprises<sup>5</sup>. In order to facilitate the implementation for smaller organisations with less available time or expertise, the EU EMAS offers a simplified version, relevant for Egyptian SMEs, and that can be implemented in few basic steps by micro and small companies.

Session 7 discussed the measurement of the effectiveness of policies through monitoring and evaluation. Policy makers are frequently confronted by the question of measuring impacts, and in particular the impact that new macro-economic policies and regulations may have on the performance of SMEs. This session allowed participants to discover various aspects of the Regulatory Impact Analysis (RIA), a tool used for this task. RIA is defined as “*a systematic approach to critically assessing the positive and negative aspects of proposed and existing regulations and non-regulatory alternatives*”<sup>6</sup>. As an introduction, the recent history of the tool was described as having started in the late 70’s in the USA, with a rapid generalisation in the OECD economies and an increased introduction by the World Bank and other institutions in developing economies.

The two types of RIA were described: 1) *Ex Post*, which assesses the actual impacts of an existing regulatory measure; and 2) *Ex Ante*, measuring the likely impacts of a regulatory proposal. The three major fields of RIA application are economic, social and environmental regulations. The presentation also highlighted the positive governance aspects of RIA, in particular consultation with consumers and other civil society stakeholders during the process.

Naturally, the methodological limits and practical difficulties of implementing RIA were identified and described, such as the lack of consensus on economic modelling, the time and budget shortages, the intangible effects and correlations, and difficulties of monetisation etc...All these aspects require mitigation actions, standardisation of methods and most importantly the need for a clear expression of assumptions and models used, to ensure transparency of the way in which conclusions were reached.

As a conclusion, examples of some specialised RIA application used in various countries were given as well as examples of environmental issues such as carbon emission that can be addressed by RIA.

## **4.2 Workshops outcomes**

During the workshops, participants have been divided into smaller groups facilitated by the experts to discuss and develop a SWOT analysis linked to the indicators used to assess the implementation of principle 9 of the SBA. The results of the SWOT analysis are shown below.

### **a) "Greening" of current strategies in the field of SMEs, industry and innovation**

Prior to the SWOT analysis, participants discussed the similarities of businesses that successfully implemented resource efficiency measures. They agreed that these companies had in common vision for the opportunities to grow, the willingness to change and to gain competitive advantage, to embrace environmental, eco-efficiency, leadership and the commitment of its management to embrace their social responsibility towards the community.

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<sup>5</sup>Guide to resource efficiency in manufacturing: Experiences from improving resource efficiency in manufacturing companies". Europe INNOVA (2012)

<sup>6</sup> [www.oecd.org/gov/regulatory-policy/ria.htm](http://www.oecd.org/gov/regulatory-policy/ria.htm)

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• Large domestic market with young and numerous population</li> <li>• Central geographic location, well connected regionally</li> <li>• Cooperation agreements with international donors and experts</li> <li>• Presence of large industrial facilities and international manufacturers</li> <li>• Availability of natural resources</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of environmental expertise and adequate technical skills</li> <li>• Weak environmental awareness and green economy knowledge</li> <li>• Fragile political and social institutions</li> <li>• Lack of public/private funding and R&amp;D</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Job creation, in particular for women and youth and other minorities</li> <li>• Cost reduction and increased competitiveness of SMEs</li> <li>• New market development in particular in the waste, energy, building and water sectors</li> <li>• Health, environmental and social improvement for workers and local communities</li> <li>• Large scale infrastructures (Suez Canal...)</li> </ul>	<ul style="list-style-type: none"> <li>• External competition from international actors</li> <li>• Inadequate subsidy schemes against energy/water/resources savings</li> <li>• Lack of environmental regulation control and enforcement</li> <li>• Regional political and social instabilities</li> </ul>

The SWOT analysis of the current situation in Egypt shows great potential in greening the economy. This is linked to major infrastructures projects, a central geographical situation and a growing business ecosystem. This potential is hampered, however, by a lack of technical expertise to promote ambitious environmental policies, in particular in a context of national transition, social uncertainties and regional instability.

#### **b) Support and expertise on green activities for SMEs**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• Large domestic market</li> <li>• Human resources availability (qualified experts and technical staff)</li> <li>• Availability of specialised actors: NARECA &amp; IMC, Egyptian Association for Educational Resources (EERA), Universities, Ministry of Industry, NGOs, FEI, Research Institutions, Private Sector, Environmental Research Institute, Egypt National Cleaner Production Centre (ENCPC)</li> <li>• Success Stories applied in Egypt</li> <li>• Support of International donors (EU, GIZ, UNIDO, UNEP, World Bank)</li> <li>• International Networks (access to international expertise)</li> </ul>	<ul style="list-style-type: none"> <li>• Weak business framework implementation (i.e. 6M=Machine, manpower, measurement, material, method, management)</li> <li>• Lack of technical capacity/skills to implement resource-efficient systems</li> <li>• Lack of necessary training programs</li> <li>• Gap between demand and supply of these services</li> <li>• Financial services not available</li> <li>• Lack of good manufacturing practices (GMP)</li> <li>• Language barrier/gap between different parties along the value chain &amp; in the Business EcoSystem</li> <li>• Resistance to change</li> <li>• Lack of vision for long term benefits</li> <li>• Lack of knowledge of available experts</li> <li>• Lack of appropriate analysis of the market</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Development of consulting market and capacity Building activities</li> <li>• Collaboration and partnership with different entities</li> <li>• Company growth (incl. employment and increased market share)</li> <li>• Attraction of new investors</li> <li>• Reduction of environmental pollution</li> </ul>	<ul style="list-style-type: none"> <li>• Current high unemployment</li> <li>• Negative attitude and low productivity</li> <li>• Lack of expertise</li> <li>• Lack of appropriate qualifications</li> <li>• Brain Drain (exodus to other countries)</li> <li>• Lack of trainings programs</li> <li>• Lack of long-term plans</li> </ul>

Regarding examples provided on successful collaboration between stakeholders, participants highlighted that success was driven by the willingness to have an open dialogue with relevant stakeholders by their customer-focused approach (CRM established), the motivation to be 'One Step Ahead', the commitment to embrace the Triple Win concept, and to ensure access to resources to maintain the company's sustainability. Participants further emphasised that this approach contributed to increased resource-efficiency, productivity and sustainability of the company, opening new market and employment opportunities, improving employee loyalty and ownership, and facilitated the access to innovation and R&D.

During the SWOT analysis, however, weaknesses identified are predominating. Coherent with the preceding assessment, participants agreed that there is a high potential for improvement in terms of support and expertise on green activities for SMEs. Nevertheless, they also highlighted the strengths available in Egypt and SMEs that can turn around these weaknesses and lead to the achievement of the potential opportunities.

### c) Promotion of Environmental Management Systems & Standards for SMEs

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Availability of Authorities working on renewable energy</li> <li>• Available certification schemes (ISO 14001, ISO 9001, ISO 18001, EIA, OHSA, EMS)</li> <li>• Increasing CSR activities (ISO 26000)</li> <li>• REACH Regulations for the chemical sector</li> <li>• Green Star certificates for the hotel industry in Egypt</li> </ul>	<ul style="list-style-type: none"> <li>• Mainly a voluntary system (legal enforcement/regulations are lacking)</li> <li>• 'Implementation on paper': bureaucratic tool</li> <li>• Added-value not clear</li> <li>• Risk of corruption</li> <li>• Lack of know-how, skills and resources (white and blue collar level)</li> <li>• Responsibilities within the company not clear</li> <li>• Lack of financial resources and time</li> <li>• Lack of visibility of certifying companies/bodies (lack of knowledge on whom to contact)</li> <li>• Certification system complicated for SMEs</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Lean Manufacturing</li> <li>• Improvement of processes and standards</li> <li>• Supply-chain management</li> <li>• Industrial map/data base</li> <li>• Corporate Social Responsibility (CSR)</li> <li>• Cleaner production</li> <li>• More efficient processes</li> <li>• Cooperation and good governance</li> <li>• Anti-corruption compliance program</li> </ul>	<ul style="list-style-type: none"> <li>• Resistance to change</li> <li>• Lack of participatory management systems</li> <li>• Unpredictability of laws and regulations</li> <li>• Unawareness of global market trends</li> <li>• Trade obligations</li> <li>• Misuse of resources</li> <li>• Fear to jeopardise the business</li> <li>• Losing market share (loss of jobs)</li> <li>• Access to wrong information</li> <li>• Political situation</li> </ul>

With respect to the implementation of EMS and other environmental standards, the results of the SWOT analysis showed that weaknesses at firm and country level are prevailing. This is in line with the 2013 assessment where a high potential, in terms of energy and resource-efficiency standards and certifications, exists in Egypt. At the same time the threats identified outweigh the number of opportunities, since participants repeatedly indicated that existing international certifications might not be feasible for the Egyptian markets due to lack of knowledge, skills and resources, and the fear of potential negative outcomes.

## 5. Action plans

The seminar laid emphasis on the practicability and implementation potential of the proposed actions. It was emphasized from the start that the outcome of this two-day seminar should be clear, structured, feasible and ambitious action plans to be implemented within the pre-defined period by different entities. This was a clear signal to participants to contribute their valuable inputs in order to determine the next steps towards the reformation of the three major topics discussed. The action-based approach, which was also reflected during the implementation of the seminar, led to the active engagement of participants, who developed in a collaborative working atmosphere specific recommendation for up to five years for each of the three major themes.

### a) Actions to enhance eco-efficiency and eco-innovation in SMEs

N°	Action	Responsibilities	Resources/Description	Term
1	Situation analysis, benchmarking and gap analysis	IMC, SFD, IDA NQI, MoE, Mol (a cross-agency working group to be established)	State of the art, references, standards on eco-efficiency/eco-innovation in SMEs	Short
2	Update of Industrial maps & databases	IMC, Mol	Update of industrial databases and GIS maps of SMEs (sector, size, turnover, energy/water consumption, waste production...)	Short
3	Review, update and implement public policies and strategies in GE	Mol, MoE, MoP	Integration of eco-efficiency/eco-innovation criteria into public policies and strategies supporting SMEs	Short-Medium
4	Awareness raising and knowledge sharing on Green Economy	IMC, ITC, FEI, business/trade associations, medias	Forum, alliances, workshops and committees for business leaders, trade unions, public authorities, management schools	Short-Medium
5	Greening of incentives, funding and taxes schemes	SFD, Mol, MoE, MoF, Moln	Reallocation of subsidies, taxes and incentives to promote energy/water/resources savings, waste recycling and environmental management	Medium-Long
6	Development of eco-industrial zones	IMC, IDA, Mol, MoE, MoP, Moln	Greening of existing industrial areas and launch of eco-industrial sites (clusters etc.)	Medium-Long
7	Design of green financial mechanisms and instruments	Mol, Moln, banks	Identification and launch of financial mechanisms and tools to support eco-innovation / eco-efficiency and green SMEs	Medium
8	Environmental education and green skills development	MoE, Mol, IMC, MoER	Greening of vocational training, formal/informal education and training, business and technical management skills	Medium
9	Collaboration enhancement between industry and R&D with a long term strategy for R&D and sufficient budgetary resources	IMC, FEI, MIT, STDF, MoER, STM	Better interconnection between universities, research centres and industry. Promotion of green incubators/entrepreneurships, technology transfer and patents	Medium

*MoE = Ministry of Environment - Mol = Ministry of Industry - MoIC = Ministry of International Cooperation - MoF= Ministry of Finance - MoP = Ministry of Planning - MoLA= Ministry of Legal Affairs - Moln = Ministry of Investment - MoER = Ministry of*

**b) Actions to support environmental expertise for SMEs**

N°	Action	Responsibility	Resources/Description	Term
1	Define relevant Egyptian standards for key industrial sectors	EOS, IMC, Chambers of Industry, MoE	Expertise of: NGOs, Private Sector, technical support	Short
2	Identify & define expertise needed / gap analysis / diagnostic	IMC, Chambers of Industry, Mol	Research experts, international experts, technical support	Short
3	Creation of Database of experts   registration platform	ITC, IMC, Investor associations, Cleaner Production Centres	Software, Portal, Communication, Promotional plan	Short
4	Capacity Development and technical trainings for consultants, experts, managers and employees	ITC, IMC	Technical knowledge from university, training centres and donors	Short-Medium
5	Contact /info points for SMES on sub-national level (region, city, clusters etc.)	Governorates, IMC, SFD, Chambers	Expertise, human capital (contact persons), communication tools	Short-Medium
6	Introduction of sustainability criteria into curricula/ university teaching	Mol, IMC, ITC and MoER	International expertise, educational curriculum plan	Medium
7	Knowledge transfer through (international) exchange program	MolC	Agreement protocol with international organisations & ministry cabinets for scholarships	Medium
8	Trainer and Service Provider Incubation – Assisted, long-term CD	Mol, IMC, ITC	International expertise, Incubation facility, green entrepreneurship	Medium
9	Establishment of One-stop shop for resource efficiency services	IMC, Mol, Chambers of Industry	Collaboration of stakeholders involved in previous actions; Infrastructure/facilities	Medium

**c) Actions to promote Environmental Management Systems & Standards for SMEs**

N°	Action	Responsibility	Description/Resources	Term
1	Raise awareness of CEO/Management	Mol, FEI, PPP	Success Stories, Seminars, Expertise, Media, Website & Forum	Short-Medium
2	Training operational / middle management	ITC, IMC, Universities	Capacity Building programs	Short-Medium
3	Benchmarking/ analysis of Implementation	IMC, Universities, EOS, IDA	Technical expertise/ experts	Short-Medium
4	Funding EMS certification	Mol, IMC, EGAC , EEAA, STDF	Private Sector, Banks	Medium

	schemes			
5	Support Implementation systems with technical assistance (TA)	Mol, Private sector	Consultants and experts	Medium
6	Sustainable Public Procurement	Ministry of Planning, Ministry of Finance, SAAP, Ministry of Industry	Change of Law approximating EU law	Medium-Long
7	Incentives & tax benefits	MoF	Change of law/ policies	Medium-Long

All these issues need to be addressed by Egypt. There are, however, several areas where technical assistance would be needed and may well be worth (continued) support from the EU, and other donors, as an element of development cooperation.

## 6. Recommendations and Conclusions

With access to a large labour force, and an extensive network of national and international network of experts, sizable domestic market, its central geographical location and the strategically important Suez Canal, Egypt has the capacity to develop a strong and sustainable industrial base. With SMEs representing more than 90% of the Egyptian industry, it is crucial to increase the capabilities of the Egyptian SMEs to turn environmental challenges into commercial opportunities.

Based on the discussions and outcome of the seminar, a number of recommendations emerged. These include the need for having (i) a **long-term vision, strategy and commitment for greening the economy** led by the Egyptian Government and implemented by relevant national agencies; (ii) an **updated mapping of potential business opportunities for SMEs**; (iii) a **regulatory reform and market-based incentives, tax schemes and financial loans to encourage investment in green infrastructure**; remove market distortions and environmentally damaging subsidies; (iv) a **communication campaign** targeting different stakeholders to raise awareness to the benefits of greening businesses from the private and public perspective; (v) **easy access to environmentally sound technologies and increase public/private investment** in clean technology and green R&D activities, and to **encourage patenting** for innovative technologies; (vi) a **long term capacity building programme** to provide the necessary expertise, and enhance the capacities of enterprises to use sustainability and corporate social responsibility (CSR) tools and guidelines; (vii) a **renewed collaboration and governance framework** between the private sector, public authorities and civil society in policy formulation and implementation, **including Public-Private-Partnership (PPP)**.

It was also recommended to **develop indicators that measure public benefits** derived from greening businesses to the economy at large in terms of resource efficiency, enhanced competitiveness, contribution to gross domestic product (GDP), employment generation, poverty alleviation, environmental conservation, and improved health and human welfare.

### The way ahead for Egypt

Create a forum (or a working group) for SMEs to address challenges facing the greening of businesses, exchange of knowledge and information between SMEs, and between them and the Government. The forum that would include, in addition to SMEs, relevant government bodies would meet on a periodic basis, develop a programme for implementation, secure funding to

support the implementation of proposed activities to include training, public awareness campaigns, research and development among other. The industrial Modernization Centre may consider providing the secretariat of this forum.

Furthermore, during the wrap session, Dr. Amr Taha, informed the participants of the follow up actions to the seminar as follows:

1. IMC will establish a working group to follow up on the implementation of the action plans developed during the seminar. The working group will formulate a coordinating mechanism as well as a monitoring and evaluation plan for the initiatives that will come out from the action plans;
2. The working group will arrange for a follow up seminar to assess the implementation of the actions plans;
3. The working group mission will be to:
  - a) Establish a one-stop-shop for eco-efficiency and eco-innovation; and
  - b) Prepare Egypt to be the regional hub for services related to green economy.

## **Annex A : List of Presentations (Presented and made available)**

1. Overview of SBA Principle 9 and results and recommendations of the 2014 evaluation of the implementation of this principle in Egypt. By Ms Marie-Jose Char.
2. Sustainable enterprise development policies in Egypt and their impact; Key findings of the 2012 survey carried out by Oxford research and Panteia for the European Commission. By Dr Hussein Abaza.
3. Findings of the UNECA Study on Challenges and Opportunities for Green Businesses in Egypt. By Dr Hussein Abaza.
4. A New development Paradigm. By Dr. Hussein Abaza.
5. Eco-Efficiency. By Dr. Hussein Abaza.
6. The "greening" of current strategies in the field of SMEs, industry and innovation. By Mr Jérémie Fosse.
7. Challenges and opportunities in Egypt for SMEs in green economy. By Mr Markus Donath and Ms Lamia Afify.
8. Technical support and environmental expertise for Egyptian SMEs. By Mr Markus Donath and Ms Lamia Afify.
9. Environmental Management Systems (EMS) and standards for SMEs. By Mr Jérémie Fosse.
10. Measurement of the effectiveness of policies through monitoring and evaluation. By Mr Oliver Clark.

## **Annex B : Bibliography**

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- Policy Framework for Long-Term Responsible Investment: The Case for Investor Engagement in Public Policy, UNEP Finance Initiative, United Nations Global Compact, 2014
- Towards a Green Economy, UNEP, 2011 ;
- Green Economy and Trade: Trends, Challenges and Opportunities, UNEP, 2013;
- Sustainable Industry Toolkit, OECD, 2011;
- Eco-innovate! A guide to eco-innovation for SMEs and business coaches, EIO, 2013;
- A systemic perspective on eco-innovation. Thematic Report, European Commission, 2013;
- MEDTEST: Transfer of Environmental Sound Technology in the South Mediterranean Region, UNIDO, 2012 ;
- Roadmap to a Resource Efficient Europe, European Commission, 2011;
- Global Competitiveness Report 2013-2014, World Economic Forum, 2014;
- GIZ study: Baseline Analysis – Awareness, need and demand for resource efficiency and renewable energy, 2013.

### **Annex C: Useful links**

#### **On European eco-efficiency and eco-innovation initiatives:**

- European eco-innovation observatory: [www.eco-innovation.eu](http://www.eco-innovation.eu)
- Connecting SMEs to green Economy: [www.greeneconet.eu](http://www.greeneconet.eu)
- Eco-innovation Action Plan (EcoAP):
- [http://ec.europa.eu/environment/ecoap/index\\_en.htm](http://ec.europa.eu/environment/ecoap/index_en.htm)

#### **On European Environmental Management Systems schemes**

- Eco-Management and Audit Scheme (EMAS):  
[http://ec.europa.eu/environment/emas/index\\_en.htm](http://ec.europa.eu/environment/emas/index_en.htm)
- Environmental Compliance Assistance Programme for SMEs (ECAP):  
[http://ec.europa.eu/environment/sme/programme/programme\\_en.htm](http://ec.europa.eu/environment/sme/programme/programme_en.htm)
- European eco-labels: [http://ec.europa.eu/environment/ecolabel/index\\_en.htm](http://ec.europa.eu/environment/ecolabel/index_en.htm)

#### **On Mediterranean environmental initiatives:**

- Horizon 2020 to depollute the Mediterranean: [www.h2020.net](http://www.h2020.net)
- Switch-Med Sustainable Consumption and Production: [www.switchmed.eu](http://www.switchmed.eu)
- Med-Test to green Mediterranean industries: [www.unido.org/medtest](http://www.unido.org/medtest)

### **Annex D: Other useful links on the Euro-MED industrial cooperation and the SBA**

- Euro-Med industrial co-operation  
[http://ec.europa.eu/enterprise/policies/international/promoting-neighbourhood/mediterranean/index\\_en.htm](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](http://ec.europa.eu/enterprise/policies/sme/small-business-act/index_en.htm)
- EuroMed – Good practice database  
<http://ec.europa.eu/enterprise/policies/sme/best-practices/database/euomed/index.cfm?fuseaction=welcome.detail&language=FR>
- Small Business Act for Europe – Good practice database  
<http://ec.europa.eu/enterprise/policies/sme/best-practices/database/SBA/index.cfm?fuseaction=welcome.detail>