



Arab Republic of Egypt  
The Cabinet

**Micro, Small & Medium  
Enterprise Development Agency**

Executive Director

27/1/2019

Mr. Secretary General  
United Nations

I am pleased to confirm Micro, Small & Medium Enterprises Development Agency (MSMEDA) ongoing commitment and support to the ten principles of the UN Global Compact with respect to Human Rights, Labour, Environment and Anti-Corruption.

This communication on engagement describes the actions taken by the organization to abide to and incorporate the ten principles of the United Nations Global Compact as a part of its daily operations and activities.

We also pledge to participate in the UN Global Compact activities, through country/local networks; specialized initiatives and work streams and partnership projects.

Sincerely yours,

  
Mrs. Nevein Gamea  
Executive Director

## **The Micro, Small & Medium Enterprises Development Agency**

### Communication on Engagement (2017-2019)

The Micro, Small & Medium Enterprises Development Agency (MSMEDA) was established by Prime Minister decree number 947/2017 and amended by decree 2370/2018, as the designated entity responsible for the development of the MSME and Entrepreneurship whether directly or through coordination of the efforts of the different stakeholders, thereby replacing The Social Fund for Development (SFD) which was established since 1992.

MSMEDA has received a major reorientation according to the Prime Minister amendment decree in 2018, stating that MSMEDA is under his direction with the mandate to develop MSMEs sector all over Egypt; securing the necessary favourable environment for their encouragement; motivating citizens to enter the labour market via these enterprises; spreading and fostering the culture of entrepreneurship, research, creativity and innovation; and coordinating the efforts of all the entities concerned in this field. Facilitating access to finance with inclusive programs and activities through providing loans to MSMEs whether directly or indirectly

Accordingly, Support to the development of micro, small and medium-sized enterprises has become an over-arching priority to the Agency, and has been working hard with national and international stakeholders to enhance the business environment that would significantly impact MSMEs and entrepreneurship performance.

Given that MSMEDA Board of Directors is headed by The Prime Minister in addition to 13 members; 7 of them are ministers in addition to deputy governor of CBE and 5 developmental experts and The Executive Director of the Agency, diligent efforts by the Egyptian government, MSMEDA and concerned entities have helped in improving the institutional set-up that affects the operations of MSMEs. And a broad range of policy measures, including regulation and legal instruments, as well as government and market –based good practices has been adopted recently.

MSMEDA is Working through 3 Regional Offices & One-Stop-Shops to ensure greater outreach. Targeting Potential entrepreneurs, Existing enterprises that aim to expand, the unemployed, young graduates from technical, vocational and higher education, unskilled and semi-skilled youth. With a special focus on: youth & women, marginalized and vulnerable groups (female headed households, disabled-owned MSMEs, poor...), Innovative and High – growth sectors and value chains, Green MSMEs (G5- G12 – G1- G2)

The Agency provides Various funding mechanisms includes:

- Grants to Governorates & Ministries, to implement Labor Intensive Public Works & Community Development projects through NGOs, & small contractors, aiming to provide job opportunities for unskilled or semi-skilled labor, through; restoration and rehabilitation of the poor households, river Nile banks protection & lining, rehabilitation and raising the efficiency of public buildings, maintenance and rehabilitation of rural roads, portable water networks, health services, education & environment. (G1 – G2 - G3 – G6 – G8 –G11 –G5).
- Loans to lending MSEs through Banks, NGOs & Companies, in addition to Direct Lending to SMEs through Agency branches (tradition loans, overdraft, venture capital & leasing...) (G1 – G5- G6 – G11 – G10 - G-12).

In addition to a variety of Non-Financial Services working on product development, business Development & entrepreneurship, which includes; diagnostic and technical training services, consultancy (Business Information – preparation of economic feasibility studies), development of productive clusters for small and micro enterprises, marketing, facilitate digital coding for customer products & Supporting women's services. (G5 – G1 – G12 – G4 – G8).

Noting that MSMEs account for an overwhelming majority of private sector business and economic activity in both developed and developing countries, the World Bank and OECD, mentioned multiple reasons explaining why MSMEs development is critical for achieving the SDGs; as they are major creators of jobs, they are particularly important for poverty reduction, especially in rural areas and amongst women and other socially disadvantaged groups.

Because of their role and place in the national economies, MSMEs are taking a lead in helping to meet most of the economic-related SDGs including promoting inclusive and sustainable economic growth (G8), increasing employment opportunities and decent work especially for the poor (G8 – G10), advancing sustainable industrialisation and innovation (G8), and creating positive push for a higher quality of life, better education and good health for all (G3-G4)

Accordingly, and in integration with Egypt Vision 2030, influenced by the European Union's Small Business Act principles and aligned with the SDGs objectives and policies, MSMEDA has developed the MSME& Entrepreneurship National Strategy and its Operation Plan (2019 – 2021), with six pillars addressing specific concerns facing MSMEs and entrepreneurs; legal and regulatory environment, access to finance, Entrepreneurship promotion, exports and integration into value chains, business development services and automation and use of technology. (G1 – G4 – G2 – G7 – G8- G9 – G10)

Also, MSMEDA has drafted a new MSME law which addressed the Unified definition, as well as tax and non-tax incentives for new MSMEs and those registering in the formal economy. The law is under review by the parliament to be approved.

Adding to this, SME portal has been launched with the aim of providing MSMEs will all information and services available in the ecosystem that would support starting their business and develop the existing ones.

As a result of Agency's continuous efforts to contribute toward improving the position of women and supporting them economically and socially, as well as empowering them through funding small and micro projects (G5), MSMEDA has been awarded the UNDP Gender Seal Award in the public sector. Egypt is the first country in the Arab region to receive this seal, and MSMEDA is the first entity in Egypt and Arab region to receive it.

The Agency has set up a strategy and a road map in line with SDGs principles and objectives, that would maintain its cohesion and quality performance toward the task assigned to it. A strategy that focuses on facilitating procedures, diversifying finance products, increasing finance outlets and tools, concentrating on supporting industrial enterprises and providing finance to the poorest governorates, and most of all maintain MSMEs policies and regulations.

MSMEDA has engaged and participated in many events, as the following:

- 4th CSR Annual Conference on: “the impact of responsible business on economic & social empowerment” and to the 2nd CSR Matchmaking Forum 2018, which has been organized by the International Labour Organization (ILO), the Federation of the Egyptian industries (FEI) in cooperation with the ALEXBANK, Professional Development Foundation (PDF) and Sawiris Foundation for Social Development, with the support of the Global Compact Network Egypt, American Chamber of Commerce, Gerhart Center (AUC), ANIMA Investment Network, BUSINESSMED, COMMUNICATE and RADA.
- Attending the Communication of Engagement report training
- Egyptian Businesses for Peace Iftar Event (2018), which addressed the migrants, refugees, youth employment, gender equality & equity and more.
- The Fingerprint Summit (2018) which discussed the common challenge - the gap between what needs to be done and what is actually done, that faces Numerous organizations, governmental entities, private sector companies and nonprofit organizations. This gap is commonly referred to as the “Execution Gap” and represents an organizational issue difficult to overcome.
- Egyptian Businesses for Peace Iftar Event 2017
- Sustainable Business Circle events (2016) and 2017 which was regarding the Corporate Governance and Sustainability.
- The Inclusive Business Circle (IBC) events:
  - o Inclusive Business Help advancing the SDGs (2018)
  - o Supply Chain Sustainability (2017) from an Egyptian Perspective where multiple stakeholders shared their knowledge, experience, and tools in regards to Supply Chain Sustainability and How Businesses can Integrate SMEs and Bottom of the Pyramid individuals throughout their supply chain
  - o Small Producers Inclusion (2017) with the aim to discuss the challenges around Inclusive businesses in Egypt by creating a regular, interactive setting through which inclusive business topics and trends
- The Women’s Economic Empowerment Conference (2017)