



24/1/2022

**Mr. Secretary General
United Nations**

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

This is our Communication on Engagement Report, that describes the actions has been taken by the organization to support 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,

Eng. Tarek Shash

Deputy Executive Director

The Micro, Small & Medium Enterprises Development Agency
MSMEDA

UN Global Compact Communication On Engagement Report
COE (2020-2021)

Micro, Small & Medium Enterprises Development Agency (MSMEDA)

The Micro, Small & Medium Enterprises Development Agency (MSMEDA) was established by a Prime Minister decree in 2017, under his direction, (replacing the SFD which has been established since 1991) as a designated entity responsible for the development of the MSME and Entrepreneurship whether directly or through coordination of the efforts of the different stakeholders, with the mandate to develop MSMEs sector all over Egypt; securing the necessary favorable environment for their encouragement; motivating citizens to enter the labor 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.

MSMEDA operates through; a network of 33 Branch Offices covering all the governorates and comprising MSMEDA's One-Stop-Shop Units, partnership system with intermediaries (600 NGOs for Micro enterprises, and about 1800 bank branches) and community development partners. 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...) and innovative high – growth sectors and value chains.

MSMEDA services are:

- Financial Services:
 - o Small enterprise finance.
 - o Micro enterprise finance.
- Non-financial services.
- Human and Community Development

The Agency provides Various funding mechanisms includes:

- Grants to implement Labor Intensive Public Works & Community Development projects through NGOs, & small contractors, aiming to provide job opportunities for unskilled or semi-skilled labor.
- Loans for lending MSMEs through Banks, NGOs & Companies, in addition to Direct Lending SMEs through Agency branches (tradition loans, overdraft, venture capital& leasing, factoring, Islamic financing & financing renewable energy projects.)

It provides a variety of Non-Financial Services (BDS) working on product development, business Development, and entrepreneurship programs which include raising awareness on entrepreneurship and self-employment, training programs for start-ups or developing existing ones and mentoring and counselling.

MSMEDA's integrated programmers for human and community development are responsive to community needs and to the principles of social accountability, through:

- labor-intensive infrastructure projects.
- Community Development.
- Enhancing Employment Opportunities

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, the MSME& Entrepreneurship National Strategy and its Operation Plan has been developed with 6 pillars addressing specific concerns facing MSMEs and entrepreneurs. (under approval)

Activities:

Adhering to the UN Global Compact ten principles and in line with SDGs, MSMEDA in pursuit of achieving its goals and new mandate as the designated entity responsible for developing and supporting the MSME Sector in Egypt, has adopted a wide range of simultaneous and supportive measures in the last two years to mitigate the negative impacts of crisis on MSMEs, especially women owned projects & youth. Actions taken include, cash flow, grants, deferral of payments, new financial products to finance working capital, easing lending and administrative procedures for new SMEs. Also introduced structural support measures, aimed at strengthening SME resilience, which include digitalization, alternative markets and reskilling and innovation.

Adding to this, two surveys have been conducted to measure impact of crisis on MSMEs, in collaboration with ILO, The National Council for Women, AFDB & UNDP.

MSMEDA has worked for deeper collaboration on regional and international level; south-south collaboration, UFM, EUROMED, OECD, COMESA and many other networks aiming for sharing experience, sustainability and resilience.

Efforts has been crowned with Egypt signing a Country Program Agreement with the OECD, which will be a key source of information, practices and guidance for the successful design and implementation of structural reforms to address Egypt's main economic challenges. It will also enable the country to move towards closer alignment with OECD standards and serve as guidance for the implementation of the recently revised sustainable development strategy Egypt Vision 2030. The program will build on five pillars including a pillar addressing sustainable development and SMEs statistics. Noting that SMEs will be cross cutting in all pillars, MSMEDA will be working hard to make the most benefit of OECD support to SMEs in Egypt.

Also, Egypt as a COMESA Member State has formally launched the 50 Million African Women Speak platform (50MAWSP), joining over 30 other states across the continent in an initiative to empower women entrepreneurs through a digital networking platform.

The 50 Million African Women Speak platform aims to facilitate a dynamic and engaging exchange of ideas among women entrepreneurs, using in-built social media functionality to connect them with one another in ways that will foster peer-to-peer learning, mentoring and the sharing of information and knowledge within communities, and access to financial services and market opportunities between urban and rural areas, and across borders and between countries. The platform will be managed in Egypt through MSMEDA, which is working on enabling environment for SMEs and specially the Egyptian women.

The new MSME law has been approved and issued in 2020, addressing the unified definition, as well as tax and non-tax incentives for new & existing MSMEs. And recently MSMEDA issued its legislative regulation.

Adding to this, the SME portal has been upgraded 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.

In culmination of the efforts to achieve policy effectiveness and efficiency, by availability of SME data base that would contributes to fulfilling the Agency's mandate to govern the sector and enhance its environment, MSMEDA signed a protocol with CAPMAS aiming to provide a suitable environment for the growth of the MSME sector in Egypt. The protocol would support establishing a database covering these projects and the classification of them according to each project's size, capital, and labour, and support implementing field surveys and conducting the annual senses for projects.

Accompanied to this, the organization has recently established a knowledge center, aiming to fulfil its multi-layered mandate; policy advisory, regulatory reform, support service development, coordination and monitoring,

“Decent Life” is an initiative endorsed by The President with the main objective of improving the quality of life in the poorest rural communities within the framework of the Sustainable Development Strategy: Egypt Vision 2030, through decreasing multidimensional poverty and unemployment rates.

Accordingly, MSMEDA heads the Economic development & employment Committee in “Decent life” initiative”, with membership of stakeholders from ministries and local entities aiming to provide studies for projects and services in addition to support economic development and employment.

The initiative focuses on bettering the living standards in the Egyptian countryside, affecting millions of inhabitants. It also enhances social security, fairly distributes development gains, provides job opportunities to enhance citizens’ independence and motivates them to improve their own lives, adequate housing, healthcare, education, access to government services and financial services, as well as infrastructure.

Recently, 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 follows:

- Ring the Bell for Gender Equality Annual Event
- Target gender equality event
- Uniting Business Africa
- COP 27
- United Nations Global Compact Leaders Summit
- Arab week for Sustainable Development – organized by Arab League