



Arab Republic of Egypt
The Cabinet
**Micro, Small & Medium
Enterprise Development Agency**
Executive Director

24/1/2024

**Mr. Secretary General
United Nations
New York
USA**

It is my great pleasure to reaffirm The Micro Small and Medium Enterprises Development Agency, ongoing support for the ten principles of the UN Global Compact with respect to Human Rights, Labour, Environment, and Anti-Corruption.

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

This Communication on Engagement elucidates the actions taken by the Organization to abide and incorporate the ten principles in daily operations and activities.

Sincerely yours,

**Mr. Bassel Rahmy
Executive Director**

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Micro, Small & Medium Enterprises Development Agency
MSMEDA

UN Global Compact Communication on Engagement Report

COE (2022-2023)

As Egypt continues to move ahead with a reform program designed to achieve more sustainable and inclusive economic growth, driven by a competitive and healthy private sector, the SMEs sector plays a leading role in meeting a great parts of the SDGs: promoting inclusive and sustainable economic growth, employment, and decent work for all (G 8) promoting sustainable industrialization and fostering innovation (G9), reducing income inequalities (goal 10). They can help cities become more inclusive, for instance, through urban regeneration projects that emphasize SME development. And, they can help achieve gender equality and women's empowerment through women's entrepreneurship.

According to the most recent Egyptian economic census, carried out by CAPMAS in 2017/2019, the total number of enterprises is 3.742 million, contribute with about 43% to the country's gross domestic product and over 75% of the total employment in the Egyptian market.

Given the perceived strategic importance of this sector, the government established the Micro, Small & Medium Enterprises Development Agency (MSMEDA) in 2017, under the Prime Minister direction, as the designated entity responsible for the development of MSMEs and Entrepreneurship whether directly or through coordination among stakeholders. MSMEDA's mandate is to secure the necessary favorable environment for MSME growth, spreading and fostering the culture of entrepreneurship, research, creativity and innovation, besides facilitating access to finance with inclusive programs and activities.

The organization operates through a network of 33 branch offices covering all the governorates and comprising One-Stop-Shop Units, besides partnership with intermediaries (almost 680 NGOs and about 1900 bank branches) and community development partners. The agency targets potential entrepreneurs, existing enterprises aiming to expand, the unemployed, young graduates, unskilled and semi-skilled youth, with a special focus on youth, women, marginalized and vulnerable groups and innovative high – growth & green sectors and value chains. (G5-G12-G1-G2).

MSMEDA services are:

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

The Agency provides various funding mechanisms includes:

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.) (G1-G5-G6-G11-G10-G12)

It also provides a variety of Non-Financial Services (BDS) working on product development, business Development, establishment & registration services 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. (G5-G1-G12-G4-G8)

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
- (G1-G2-G3-G6-G8-G11-G5)

Activities:

Building on Egypt Vision 2030 and aligning with the SDGs objectives and policies, the Agency is currently working with all concerned parties on developing a National MSME& Entrepreneurship Strategy, which will provide a road map for the healthy development of the sector. In parallel, and to serve the strategic objective of Egypt National Climate Change Strategy (NCCS) 2050, MSMEDA is supporting an integrated approach to motivate youth to establish environment-friendly enterprises in the innovative sectors. The strategy promotes MSMEs that contribute to mitigating or adapting to the climate change effects in the field of industrial, commercial, water conservation, energy efficiency and agriculture sectors. (G1-G4-G2-G7-G8-G9-G10-G13-G17)

Adhering to the UN Global Compact ten principles, 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.

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.

As Egypt has signed 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. MSMEDA is the implementing agency for a project "SME & Entrepreneurship Policy Review", which will support designing & monitoring a successful effective policy regulations for SMEs in Egypt.

Also, Egypt as a COMESA Member State has formally launched the 50 Million African Women Speak platform (50MAWSP), joining over 38 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 in Egypt is managed through MSMEDA, which is working on enabling environment for SMEs and specially the Egyptian women.

The legislative regulation of MSME law 152/2020 has been endorsed to support implementing the tax and non-tax incentives for new & existing MSMEs; flexible mechanisms for access to finance to entrepreneurs, simplified tax system for MSMEs, public procurement, and allocation of industrial lands.

MSMEDA has been a notable implementing player and in most of the national initiatives, such as:

- Supporting & Localizing Industry and initiating Industrial Complexes for MSMEs.
- "Decent Life" – Hayah Karema, which 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.

In this regard, MSMEDA presides over "Economic development & job creation Committee" within the initiative.

- Development of Upper Egypt, where MSMEDA provides finance to MSMEs, Human /Community Development and training, besides enhancing youth employability.
- Accommodating Refugees, as MSMEDA executes several interventions to meet the urgent need of improving live hood for refugees
- Life –Saving Boats, which boosts self-employment and calls for concerted efforts against youth illegal migration. Where MSMEDA implements different projects to limit youth irregular migration and create employment opportunities.
- Revival of Egyptian Handicrafts
- Driving Green Transition in Egypt, where MSMEDA applies an integrated strategy to engage in the government of Egypt’s environmental protection and climate-related initiatives and plans. The strategy motivates youth to establish environment – friendly enterprises in different scientific and innovative domains and provides better living conditions.
MSMEDA finance environment friendly projects in different governorates, such as: upgrading of Charcoal Production System, Generating Bioenergy (Biogas), collection and compressing of agricultural waste, new and renewable energy and converting vehicles into the usage of natural gas/fuel.

In addition, MSMEDA is contributing to the National Strategy for Human Rights, The National Coordinating Committee for Combating and Preventing Illegal Migration and Trafficking in Persons, The United Nations Sustainable Development Cooperation Framework, The National Strategy for Climate change, The National Strategy for the Protection, Rehabilitation and Empowerment of Persons with Disabilities and the National Strategy for Empowering Egyptian Women 2030.

MSMEDA has engaged and participated in numerous national and international events related to SDGs, such as both COP 27 & 28, Arab week for Sustainable Development – organized by the Arab League, among other different activities attended during the past two years.
