



ECES

**The Egyptian Center
for Economic Studies**

Cluster-based Development for Job Creation & Poverty Reduction in Egypt

Tuesday, September 6th, 2016

**Governmental Efforts for Boosting SMEs in
Egypt- with Special Focus on Clusters**



Contents

- Status-quo: SMEs & Clusters
- SMEs Challenges
- Needed System & Governmental Efforts
- Specific Examples

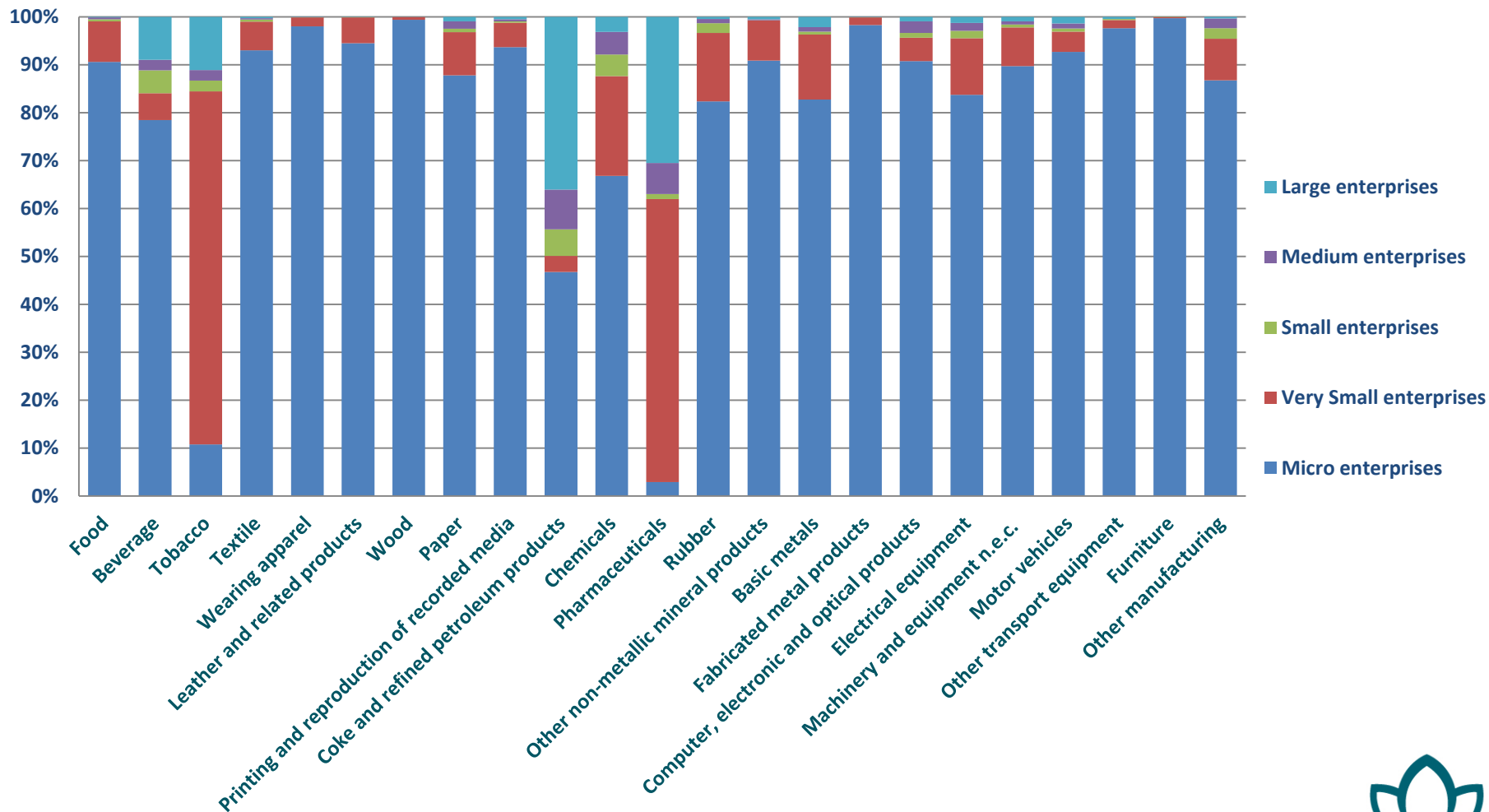


Status-quo: SMEs & Clusters in Egypt



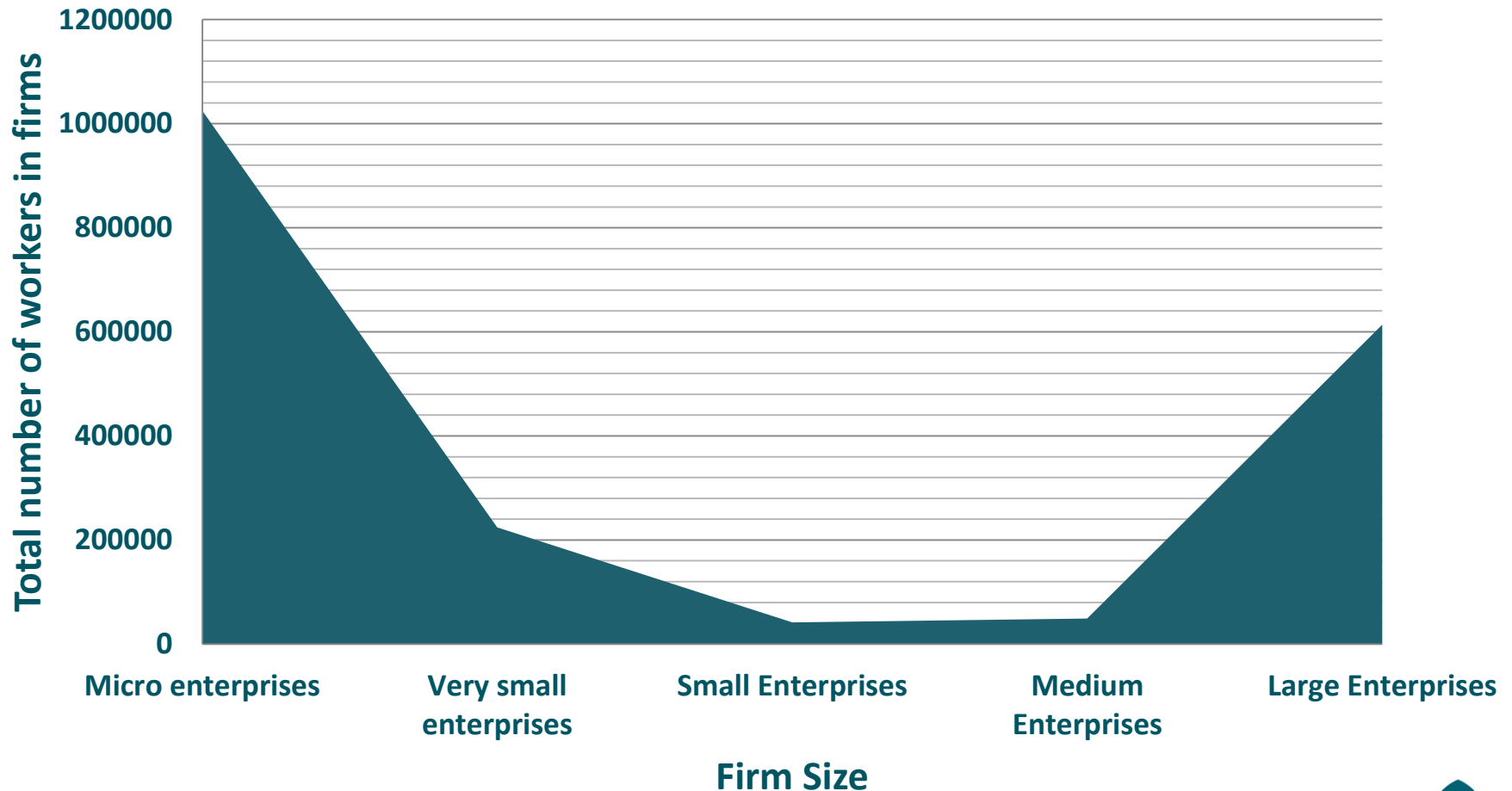
Status-quo: SMEs in Egypt

Distribution of Firm Size Across Different Industries



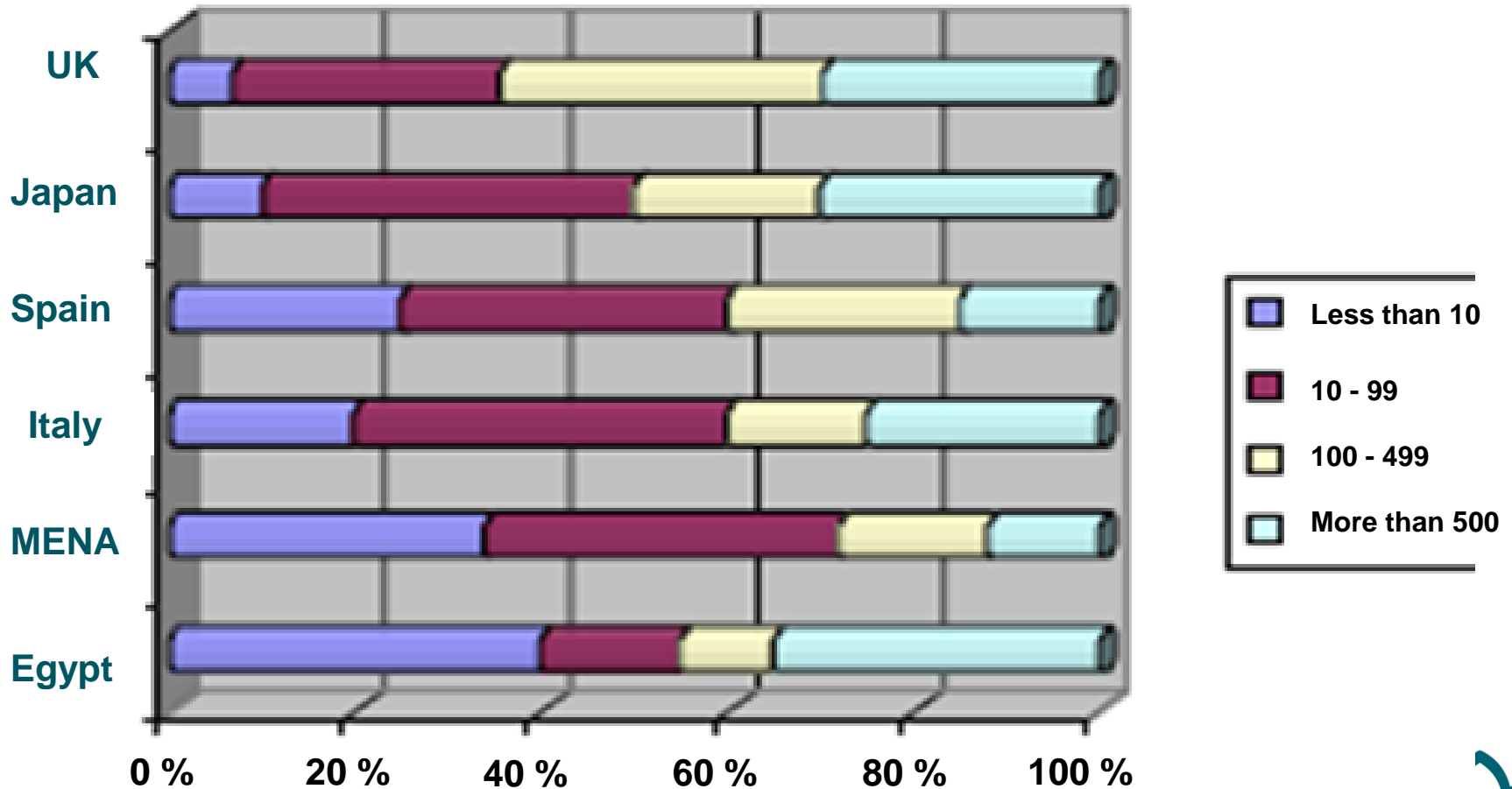
Status-quo: SMEs in Egypt

Distribution of Total Number of Workers Across Different Sizes



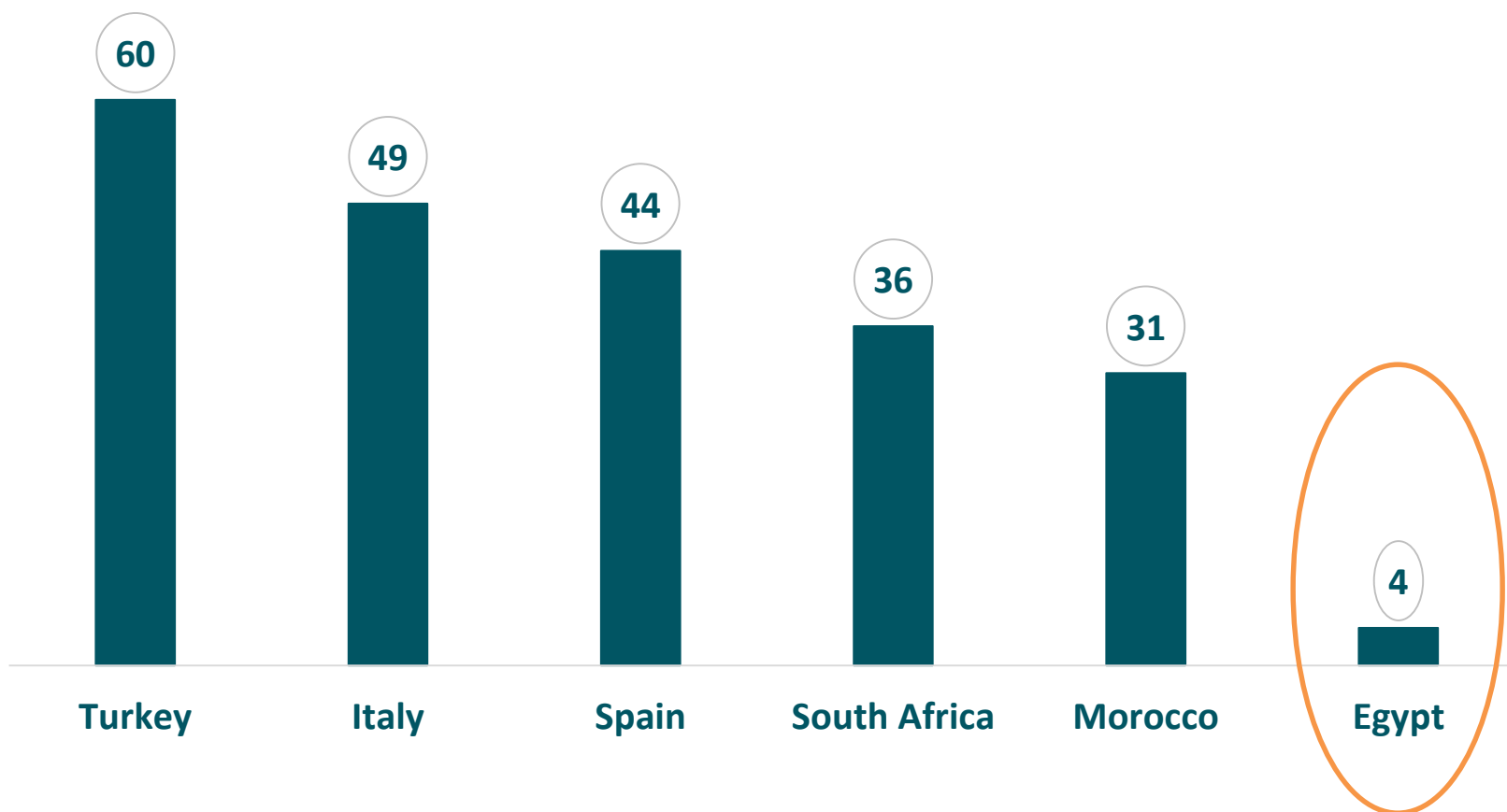
Status-quo: SMEs in Egypt

Missing Middle in Egypt Compared to Other Countries

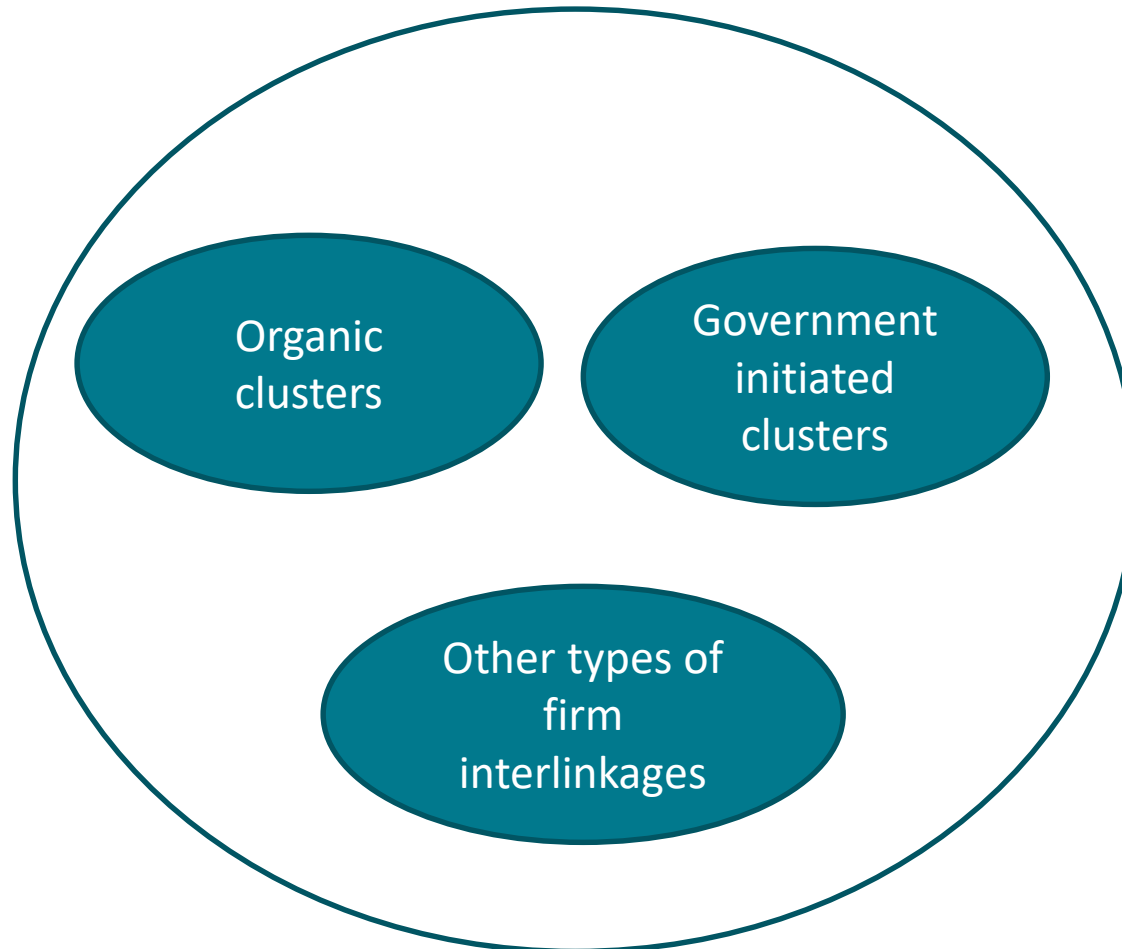


Status-quo: SMEs in Egypt

% Share of Small and Medium Enterprises in Country's Exports: Egypt in Comparison with Other Countries



Status-quo: Clusters in Egypt (Broad Definition)



Status-quo: Clusters in Egypt

- 145 organic clusters in Egypt (Source: SFD)
- Distributed across 25 governorates
- 79 % of organic clusters are informal
- Main Sectors: Agro-industry, Food, Wood, Leather, Textile, Chemicals, Metallurgical, Mining & Building products.
- No study quantifying non-organic clusters (Robeiki, Merghem, Mahala ...etc)
- Handicrafts
- Other models (new)



Status-quo: Clusters in Egypt

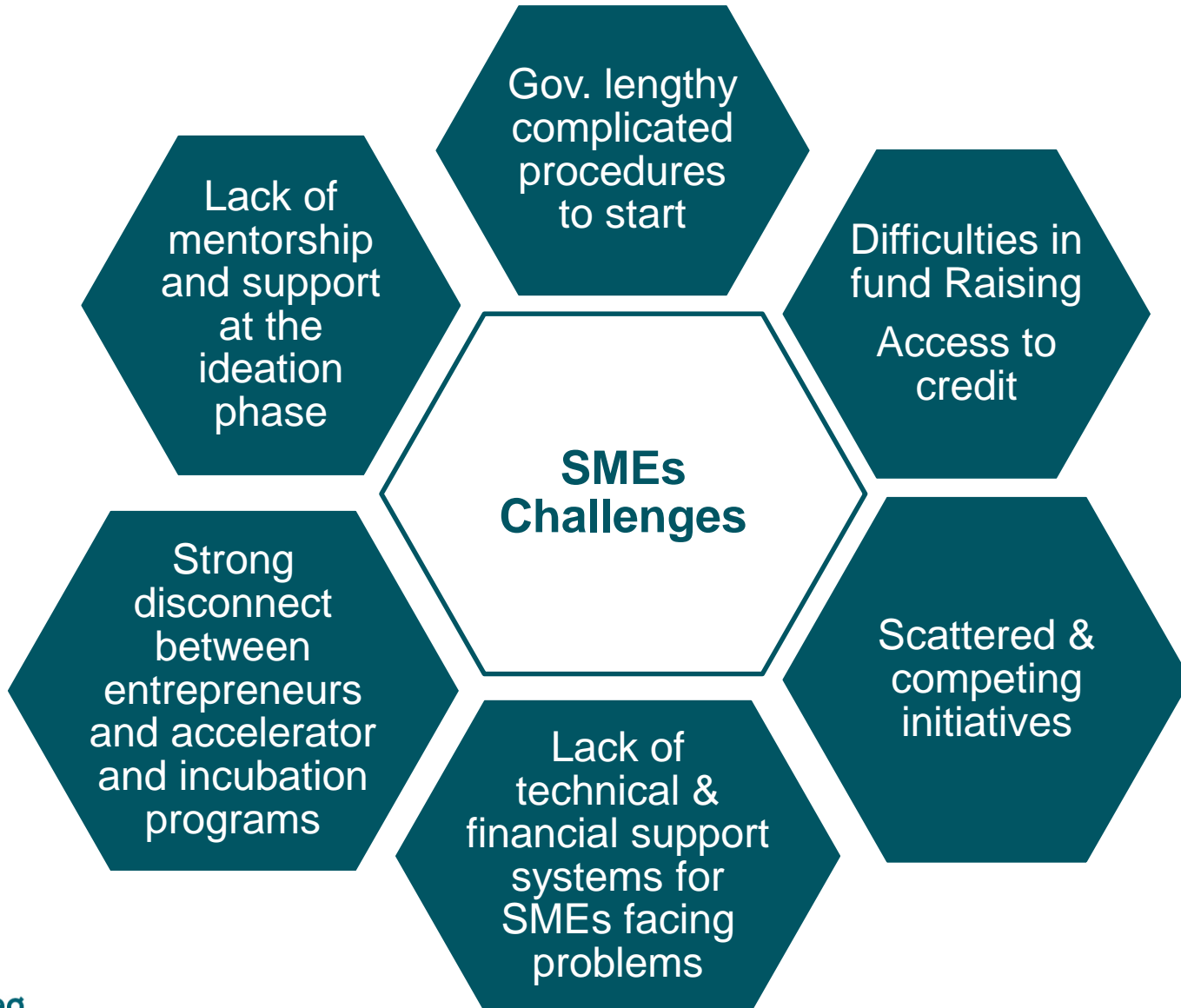
Organic Clusters ” are defined as industrial interdependent concentrations, located in a geographical proximity, developed and/or expanded without government planning/intervention, producing similar or complementary products with distinct characteristics or competitive edge, having the experience or capacity to sell beyond their geographic boundaries, and with a minimum of 30 enterprises/employees



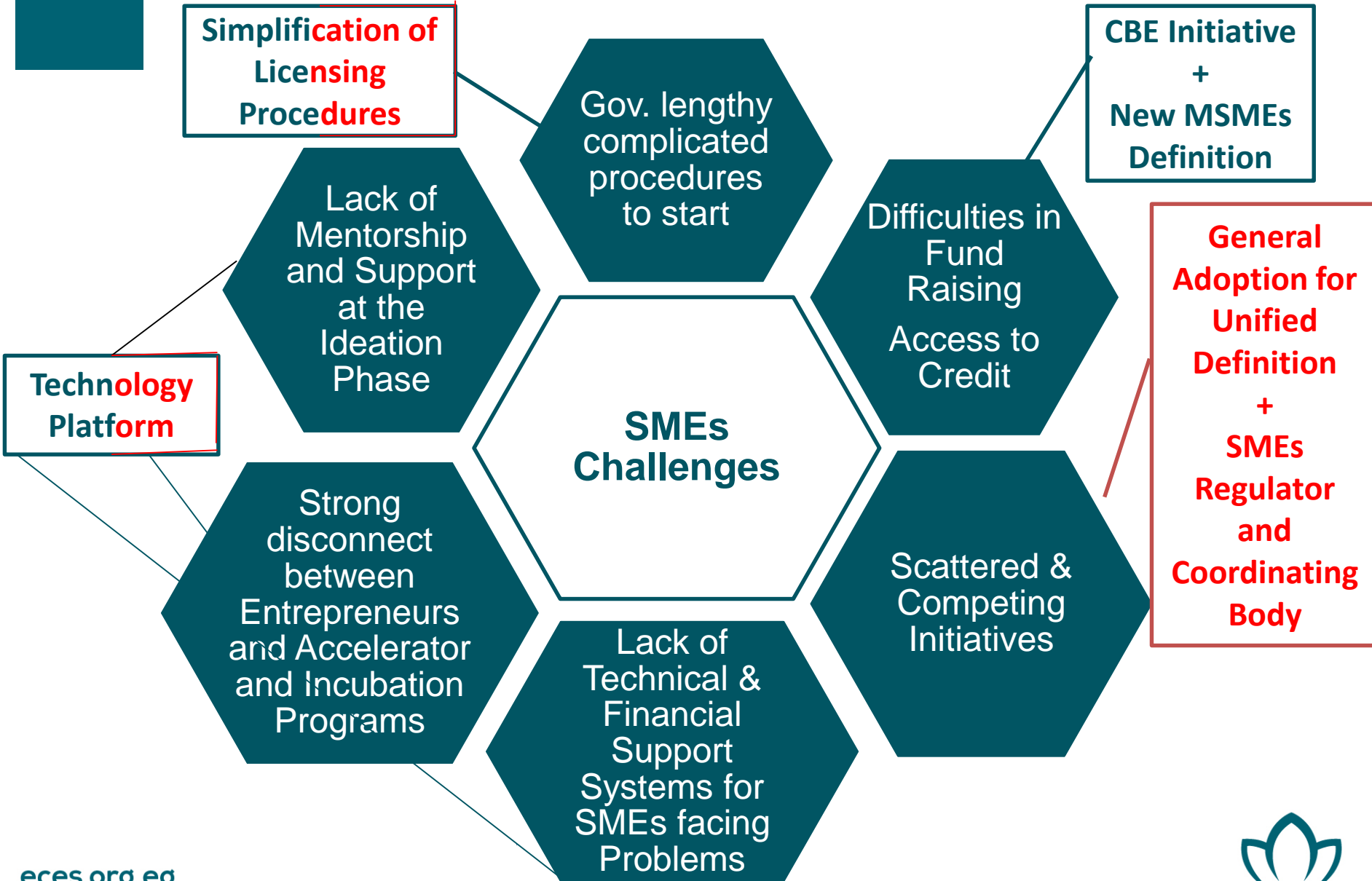
SMEs Challenges & Government Efforts



SMEs Challenges in Egypt



Needed System & Government's Efforts



New Definition Adopted by the CBE

	Existing Firms		New Established Firms	
	No. of Employees	Annual Sales Revenue	No. of Employees	Paid-in Capital
Micro Enterprises	Less than 10	Less than 1 mn EGP	Less than 10	Less than 50,000 EGP
Very Small	Less than 200	1 mn to less than 10 mn EGP	Less than 200	50,000 – 5 mn EGP for industrial sector 50,000 – 3 mn EGP for other sectors
Small	Less than 200	10 mn to less than 20 mn EGP	Less than 200	
Medium	Less than 200	20 mn to less than 100 mn EGP	Less than 200	5 mn – 10 mn EGP for industrial sector 3 mn – 5 mn EGP for other sectors



CBE Initiative

- Announced in January 2016
- Amount of finance devoted to SMEs to reach 20 % of each bank's loan portfolio over the next four years. This amounts to a total of 200 billion EGP.
- Interest rate 5% for categories: very small and small
- Interest rate 7% for machine & equipment for medium sized, not to exceed 20 mn EGP and maximum maturity 10 years (agricultural and industrial firms only)



Specific Examples



Old Clusters

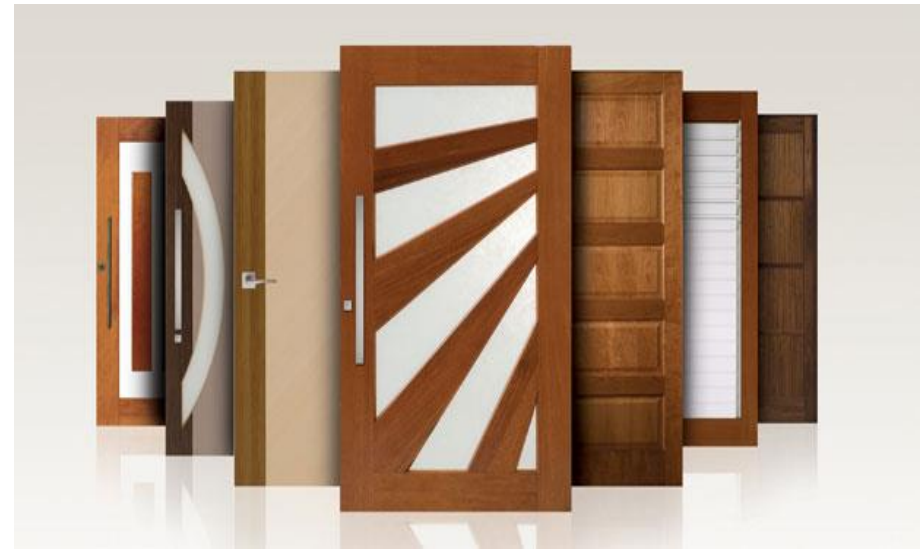
Damietta



Meet Ghamr



Abou Kabeer



New Clusters “Qalyubia” (small industrial cluster linked to sector specific value chain)



30 acres
Toukh
Chemical Industries

50 acres
Kafr Shoukr
Food Industries



Your Job Next Your Home



Your Job Next Your Home



Your Job Next Your Home



Your Job Next Your Home



Your Job Next Your Home



Your Job Next Your Home





Clusters have a lot of potential in Egypt that remain untapped



The image features a solid teal background. On the left side, there are two large, white, abstract, curved shapes that resemble stylized arches or brackets. On the right side, the words "THANK YOU" are written in a white, sans-serif font, stacked vertically. To the right of the text is a solid white square.

THANK
YOU