

# ICSB GAZETTE

THE GLOBAL LEADER SUPPORTING MICRO-, SMALL AND MEDIUM ENTERPRISES

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## ARAB REPUBLIC OF EGYPT MUCH WORK NEEDED, BUT THE PATH IS CLEAR AND POSITIVE.

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*"Entrepreneurial influence is strong among Egyptian youth who are overcoming financial, cultural, and legal challenges."*

With a predominantly young population and various organizations and government bodies around the region offering financial and strategic support, focusing on entrepreneurship has been a critical element for economic growth, social inclusion, youth engagement, and job creation in the Arab world in general, and Egypt in specific.

Entrepreneurial influence is strong among Egyptian youth who are overcoming financial, cultural, and legal challenges to maintain local sustainable business models that can improve the economy and help decrease unemployment rates.

There are noticeable changes in the government's vision recognizing entrepreneurship and SMEs. The Ministry of Trade and Industry recently established a micro and SMEs development agency and is now developing a five-year national strategy to promote SMEs, especially in industry, and to guide and train young people on how to start a business, fundraise, and work sustainably. On the social level, we have seen positive events are seen in Egypt that support the entrepreneurship ecosystem, like the Rise Up and Egypt Entrepreneurship Summits.

Indicators for 2016 and 2017 show that entrepreneurship is in a positive position in the economy. A new \$50-million government-backed venture capital fund was launched by the Ministry of Investment and International Cooperation, regulatory reforms enacted, new educational curricula piloted, and several support educational organizations launched according to the Global Entrepreneurship Monitor (GEM) and Egypt National report 2016/17.



Societal perceptions of entrepreneurship are highly favorable, as 83.4% of Egyptians perceive entrepreneurship to be a good career choice. In terms of age distribution, there is a noticeable increase in the percentage of youth who decided to start their own business, especially those in the age range of 18-24 which constitute 16.2% of Egyptian entrepreneurs. This growth in youth entrepreneurship may be attributed to higher awareness and interest in having an independent career, or potentially an alternative path, given the high rate of youth unemployment.

The total early-stage entrepreneurial (ETA) activity rate, the primary metric used in GEM, is 14.3% in Egypt, which is higher than the global average of 12.3%. Female entrepreneurs globally have great potential to drive economic growth; many of today's most widely recognized companies and brands are owned by women. However, in terms of gender distribution in Egypt, one in every four entrepreneurs is a woman, and two in every 10 established business owners is a woman, according to GEM.

Women-led businesses have a lower probability of continuation compared to male-led businesses and the rate of female participation is much lower than global averages. There is need to understand all the challenges women face and work on supporting those who have established businesses to sustain and grow, providing incentives for more women to be self-employed and support their communities.



"The main challenges young entrepreneurs face when they start their own business is that they fall in love with their business idea without enough market research and effective, evidence-based decision-making"

The main challenges young entrepreneurs face when they start their own business is that they fall in love with their business idea without enough market research and effective, evidence-based decision-making to know if there are customers who would like to use their services or buy their products.

They also need access to finance, information, talent, education, market, and the means by which to sell their service or product, and then learn how to compete with the local and international market. Concerning the regulatory reforms, there is hope the new law for SMEs will give the startups tax breaks and incentives. President Abdel Fattah El Sisi has spoken about entrepreneurship in several events, which is a great change in the government's mindset and highlights their belief in the role of young people to lead the economy.

The Middle East Council for Small Business and Entrepreneurship (MCSBE) is an affiliate of the International Council for Small Business (ICSB) covering Egypt, Jordan, Saudi Arabia, and Morocco. It is linked to the ICSB global network of affiliates and members from 70 countries around the world. Members include representatives from government bodies, universities, business associations, banks, venture capital companies, donors, consulting companies, large corporations and entrepreneurial companies, business development service (BDS) providers, and development NGOs.

There is need to depend more heavily on industry and production to be self-sufficient and decrease our imports. Furthermore, it is believed that the three industries which will flourish within the next three to five years include construction and real estate, as the government is building new cities, especially the promising New Capital project.

The third prominent industry is technology, where Egypt has an advantage given its young population. There is a lot to be done in the Arabic content domain on the internet, in the outsourcing industry, and in the value-added technology services to multinational technology. This is especially true since we are closer to Europe and more convenient than India.

There is demand for industries providing more long-term jobs for people, and now the government is putting restrictions on importing, so the public's attitude toward manufacturing and industry has to improve. Egypt's population of 100 million is the largest market in the Middle East, a great advantage to any investor.

One of MCSBE's major events is the Egypt Entrepreneurship Summit (EES), which focuses on innovation, professional development, and networking. The summit offers a meeting point for entrepreneurs, businesses, educators, and policymakers to discuss how to overcome new challenges in business. It is held in partnership with the International Labor Organization and Egypt's Ministry of Investment and International Cooperation. MCSBE also holds youth competitions like the Nawah Social Entrepreneurship Competition we started three years ago, whereby teams compete with their brilliant ideas that have social impact and help their communities.

In summary, for Egypt much work is needed, but the path is clear and positive.



### **About ICSB Gazette:**

The ICSB Gazette is a weekly edition of a key topic that ICSB will showcase. The content is varied from research, practice, policy, and education. The editor of the ICB Gazette is Ms. Jordyn Murphy, ICSB Operational Manager. She will be soliciting ideas and articles from ICSB members world-wide.

### **ICSB Executive Director Comment:**

Dr. George Solomon, Editor of JSBM, has done an outstanding job in leading JSBM to being the premier research journal focused on entrepreneurship, micro-, small, and medium sized enterprises. He is the pillar of excellence in bringing many voices together to build a robust and impactful research agenda. ICSB is very lucky to have him.

Dr. Ayman El Tarabishy



### **Jordyn Murphy Editor, ICSB Gazette**

Jordyn is the Operations Manager at the International Council for Small Business in Washington, D.C and the Editor of the ICSB Gazette.

### **Contribute:**

Have a topic you would like to see or an article to share? Please submit for consideration to [jordyn@icsb.org](mailto:jordyn@icsb.org)

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**THE VOICE OF MICRO-SMALL AND MEDIUM ENTERPRISES**