

# ICSB GAZETTE

THE GLOBAL LEADER SUPPORTING MICRO-, SMALL AND MEDIUM ENTERPRISES

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## INTERNATIONAL LABOR ORGANIZATION (ILO) – EGYPT OFFICE

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"The mindset has rapidly changed, with more youth now keen to start their own business [and] an increasing trend of youth interest in entrepreneurship."

Entrepreneurship has become a crucial and vital component in the growth of national economies, with micro and small enterprises (SMEs) serving as the biggest employment creators in both emerging and developed economies throughout the world. SMEs drive the economy and are essential for enhancing innovation, competitiveness, and entrepreneurship. In the Middle East and North Africa (MENA), micro, small, and medium enterprises (MSMEs) account for the dominant share of private sector employment, particularly in countries like Egypt that have a large informal sector. In Egypt, MSMEs comprise 75% of all private sector employment and 80% of the national GDP.



The International Labor Organization (ILO) considers promoting entrepreneurship and SME startups to be effective in creating employment, reducing poverty, and providing a mechanism for upward social mobility. Yet in Egypt, enterprises are often created out of economic necessity and face considerable barriers to growth and prosperity. Consequently, 90% of enterprises in Egypt continue to be micro businesses that are often established in the informal economy. These entrepreneurs lack the necessary skills and knowledge to grow and significantly contribute to the country's GDP and economic and employment growth. The creation of start-ups and their transition into larger formal enterprises is hindered by a poor entrepreneurship culture, weak regulatory and legal frameworks that are not conducive to enterprise set-up and growth, and weak financial infrastructures with limited lending capacity.

Young Egyptians have traditionally been risk-averse, and have often preferred to wait for government employment rather than seek the opportunity to create decent jobs for themselves. However, this mindset has recently and rapidly changed, with more youth now keen to start their own business. According to Global Entrepreneurship Monitor (GEM, 2017), entrepreneurial intentions have increased in Egypt, with 65.5% of non-entrepreneurs surveyed in Egypt reporting an interest or intention to start a business within the next three years. This score was found to be the highest among all GEM countries surveyed and more than 2.5 times the global average. Egyptian youth are increasingly interested in entrepreneurship. Often, however, they do not know how to take the first step in successfully starting a business, or how to grow an existing one.

To assist young Egyptian entrepreneurs in overcoming these challenges, the ILO has developed vital and targeted training that has been tested and proven successful. The ILO's Canadian-funded 'Decent Jobs for Egypt's Young People' (DJEP) project is a prime example of having achieved successful interventions through national partnerships in the area of MSME development. The DJEP project has specifically adapted the ILO's entrepreneurship and enterprise development training to fit an Egyptian context to assist youth in understanding local and international markets, finance, business operation and growth, and provide essential linkages to business support services. These toolkits include the 'Know About Business' (KAB) training, the 'Start and Improve Your Business' (SIYB) toolkit, and the 'Gender and Entrepreneurship Together' (GET Ahead) training package.

The KAB training has been adapted and promoted by the DJEP project to create youth awareness about entrepreneurship and self-employment as a viable career option for young Egyptians. Since 2016, the KAB has become part of the Ministry of Education's entrepreneurship curriculum with an outreach target of 2,000 Technical Secondary Schools, delivering to over 1.6 million students across Egypt each year. The SIYB toolkit, which is the largest global business management training program, focuses on starting and improving businesses as a strategy for creating more and better employment. Worldwide, over 100 countries are actively using the SIYB program through more than 3000 partner organizations that have trained over 15 million entrepreneurs and created more than 9 million jobs. Under the DJEP project, the SIYB training has been delivered to 5593 beneficiaries, of whom an estimated 36% have successfully started their own business. The SIYB has further been institutionalized by the government's Micro, Small and Medium Enterprise Development Agency (MSMEDA), which now independently provides SIYB training and start-up loans to youth across Egypt. Finally, the 'Gender and Entrepreneurship Together' (GET Ahead) training package and resource kit is designed for low-income women who wish to start a small-scale business. This training differs from conventional business training, as it highlights entrepreneurial skills from a female perspective, specifically tailored to support Egyptian women. In 2017, the DJEP project successfully facilitated the institutionalization of the GET Ahead training by the National Council for Women, which is now ready to provide training to women through its ILO-trained facilitators.



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The DJEP project has also collaborated with the Middle East Council for Small Business and Entrepreneurship (MCSBE) to enhance enterprise development in Egypt. Key joint activities include the annual Egypt Entrepreneurship Summit (EES), which provides an opportunity for national and international experts and practitioners to network, learn, and contribute to the growing understanding of how entrepreneurship and SME development can be improved in Egypt. In addition, the DJEP project and MCSBE jointly hold the annual Nawah Competition to promote youth social entrepreneurship by providing technical and financial support to aspiring young entrepreneurs across Egypt. The competition has been snowballing, attracting development and private sector partners with an outreach to 5.1 million young people in 2017.

Egypt's Sustainable Development Strategy: Vision 2030 aims to generate decent and productive jobs for all Egyptians. An integral part of this vision is fostering SME development for job creation and growth, and as a key path for youth to secure their livelihoods. The DJEP project has been instrumental in providing technical support to the government's MSME strategy, which aims to improve Egypt's business environment for local entrepreneurs in line with Egypt's Vision 2030. The ILO continues to work closely with the government of Egypt, private sector institutions and employers, and young people to ensure that enterprise development interventions are effective by linking policy reform, strengthening relevant institutions, and providing skills training and outreach to youth-led businesses.



### **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 ICSB Gazette is Ms. Jordyn Murphy, ICSB Operational Manager. She will be soliciting ideas and articles from ICSB members world-wide.

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

This Gazette issue is part of the Partner Reports from the MSME Report.

Dr. Ayman El Tarabishy



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

### **Contribute:**

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