



Investing in Egypt's Future: Supporting Micro, Small & Medium Enterprises

Micro, small and medium enterprises (MSMEs) provide four out of every five new jobs in emerging economies, according to the World Bank. In Egypt, there are 2.5 million MSME-created jobs, which comprise 75% of the labor force. These jobs are a key driver of economic growth in the Arab world's largest economy.

With a bold economic reform program and new laws encouraging investment, Egypt is taking aggressive steps to support additional growth of MSMEs. Through the new Egypt Entrepreneurship Program (EEP), MSMEs will benefit from increased funding, new startup accelerators, startup services platforms and legislative and regulatory reforms. These will lay a strong foundation for all Egyptians to start and expand new businesses, creating jobs and economic growth.

ACCELERATING GROWTH FOR MSMEs

Startup accelerators, or fixed-term, cohort-based programs that support early-stage companies through education, mentorship and financing, can help new SMEs gain a foothold, and help existing MSMEs to expand faster than would otherwise be possible. Three accelerators make up a key element of Egypt's plan to boost MSMEs:

- ▶ **Fekretak Sherketak:** Designed to encourage entrepreneurship in Egypt, Fekretak Sherketak will identify entrepreneurs with business ideas across Egypt for intensive training and development. Selected startups will move to a central startup incubator, and receive training before a pitch to investors. Other top startups will receive initial funding and support services, including commercial support, training, and office space.
- ▶ **FinTech:** As part of a partnership with EFG Hermes, one of the leading investment banks in the MENA region, the FinTech program will provide many of the same services as the Fekretak Sherketak program to entrepreneurs across Egypt working in the financial services technology sector.
- ▶ **Social Impact Program:** Working in conjunction with the United Nations Development Program (UNDP), this program will provide support to commercial startups whose work supports the Sustainable Development Goals (SDGs).



Above, the Fekretak Sherketak bus at its first stop in Sheikh Zayed City. Below, an entrepreneur receives counseling in the Fekretak Sherketak program.

EGYPT'S CENTRAL BANK: PROVIDING MSMEs ACCESS TO FINANCE

To help increase access to finance for MSMEs in Egypt, the Central Bank of Egypt (CBE) is taking unprecedented steps to expand access to the financial system.

- ▶ In January 2016, CBE made EGP 200 billion available to 350,000 MSMEs for four years at reduced interest rates.
- ▶ CBE has also directed Egyptian banks to increase their investments in MSMEs to 20% of their investment portfolios over the next four years. In return, they will be allowed to decrease their reserve requirement.
- ▶ Egypt has also established a National Payment Council to increase the availability and use of digital payments, and reducing the number of informal financial transactions.