

## “The Current Status of M/SME Data in Egypt

### Review of present and planned data initiatives and respective agencies

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for SMEPOL Roundtable on M/SMEs Data and Indicators  
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### Agencies surveyed :

- Central Agency for Public Mobilization & Statistics (CAPMAS)
- Commercial Registry Agency / Ministry of Trade & Industry
- Economic Research Forum
- Federation of Chambers of Commerce
- General Authority for Investment & Free Zones (GAFI)
- General Organization for Import & Export Control (GOIEC)
- Industrial Development Authority (IDA)
- Industrial Modernisation Centre (IMC)
- Cabinet Information & Decision Support Center (IDSC)
- Ministry of Economic Development
- Ministry of Interior
- Ministry of Justice
- Population Council
- Principal Bank for Development & Agricultural Credit (PBDAC)
- Social Fund for Development (SFD)
- Social Insurance Fund / Ministry of Finance
- Utilities :Telecom Egypt (TE)

### The M/SMEs Population in Egypt

#### Definitions:

#### ↳ Legal Framework : Law 141/2004

A definition based on capital paid and number of employees for micro and small enterprises :

- micro enterprise: \* less than EGP 50,000 capital paid  
\* below 5 employees and up to 10 employees
- small enterprise: \* EGP 50,000 up to EGP 1 million capital paid  
\* number of employees : up to 50 employees

#### ↳ Smepol Definition:

- medium enterprise:
  - \* industrial sector: 50 to 100 employees/up to 10 million EGP capital
  - \* trade & ser.sector: 10 to 19 employees/1/2 to 2 million EGP capital
- large enterprise: \* industrial sector: above 100 employees  
\* trade & service sector: above 20 employees

↳ Agencies do not share the same definition of M/SMEs

## The M/SMEs Population in Egypt Segmentation :

Key figures collected from the main agencies for the formal sector and partially the informal sector :

• Business establishments identified in CAPMAS census 2006:	<b><u>4,533,467</u></b>
• Business establishments in operation in CAPMAS census 2006:	<b><u>2,616,217</u></b>
• Business establishments registered at Social Insurance Fund (2007):	<b><u>1,796,000</u></b>
• Commercial Registry establishments issued up to 2006 average:	<b><u>4,500,000</u></b>
• Federation of Chambers of Commerce total members in 2006:	<b><u>3,800,000</u></b>
• Industrial Registry (IDA) no. of industrial registers by mid 2007:	<b><u>28,210</u></b>
• Exporters, Importers and Agents Registry (GOIEC) average in 2006:	<b><u>80,000</u></b>
• GAFI : companies registered in Law 8 and Law 159 by mid 2007: average (of which 50% have paid capital up to EGP 1 million)	<b><u>55,000</u></b>
• SFD, SME database (benefiting from SFD loans) by mid 2007:	<b><u>260,000</u></b>
• SFD micro enterprises database (benefiting from SFD loans) by mid 2007:	<b><u>447,033</u></b>

## The M/SMEs Population in Egypt Selected indicative tables

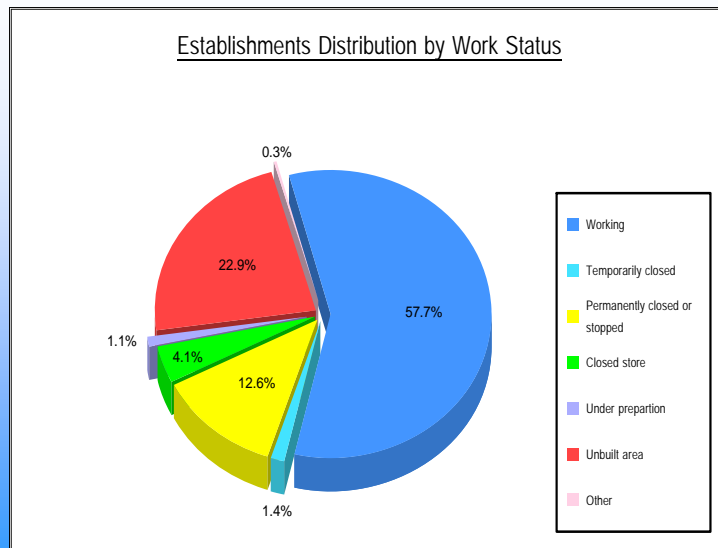
- CAPMAS Census 2006 :
  - Evolution 1996/2006
  - Establishments distribution by work status
  - Establishments distribution by sector
  - Establishments distribution by legal entity
  - Establishments distribution by no. of employees
- Social Insurance Fund :
  - Evolution of registered entities 2000/2001 to 2006/2007
  - Sectoral breakdown of establishments registered
  - Segmentation of private sector companies registered by no. of employees
- IDA : Profile of Industrial Establishments
- GAFI : Profile of SMEs within Investment and Company Law
- Labor Market survey 2006 (Population Council)
- Sectoral Segmentation of business establishments & employed persons  
(Economic Census 2000-2001 – CAPMAS)

**The M/SMEs Population in Egypt**  
**Selected indicative tables**

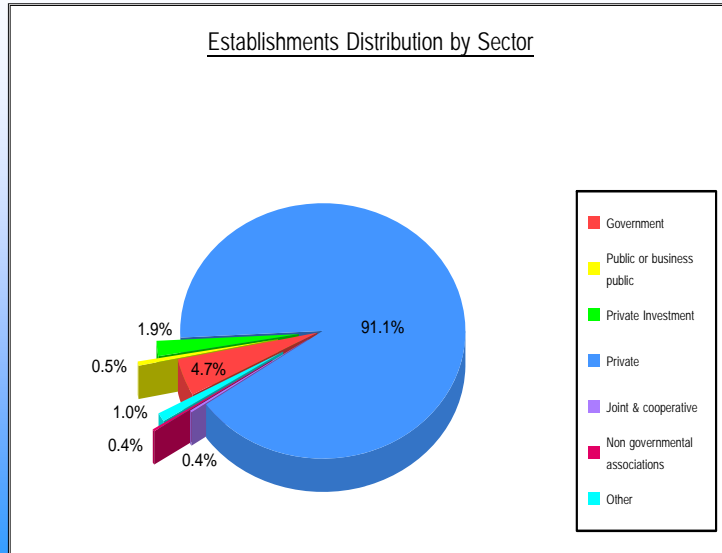
1. CAPMAS Census 2006 : Evolution 1996/2006

Establishments / data or results	Final Results Census 1996		Preliminary Results Census 2006	
	No.	%	No.	%
Establishments	3072601	100	4533467	100
In operation	1828581	59,51	2616217	57,71
Temporarily closed	47147	1,53	62658	1,38
Completely or stopped activity	234878	7,64	571982	12,62
Closed storage area	132610	4,32	184818	4,08
Under construction	31210	1,03	49695	1,10
Barren area	761462	24,78	1036499	22,85
Other	36713	1,19	11598	0,26
No. of Est. in operation or temporarily Closed according to legal status (except government sector)	1745635	100	2464675	100
Individual Enterprise	1495958	85,7	2299352	93,29
Partnership	118712	6,78	73940	3,00
Inherited	40356	2,31	34227	1,39
Limited partnership	6297	0,36	6788	0,28
Partnership by Shares	424	0,02	1226	0,05
Limited Liability	677	0,04	1680	0,07
Joint Stock	23227	1,33	16253	0,66
Branch of Foreign Company	3246	0,19	777	0,03
Other	57038	3,27	30432	1,23

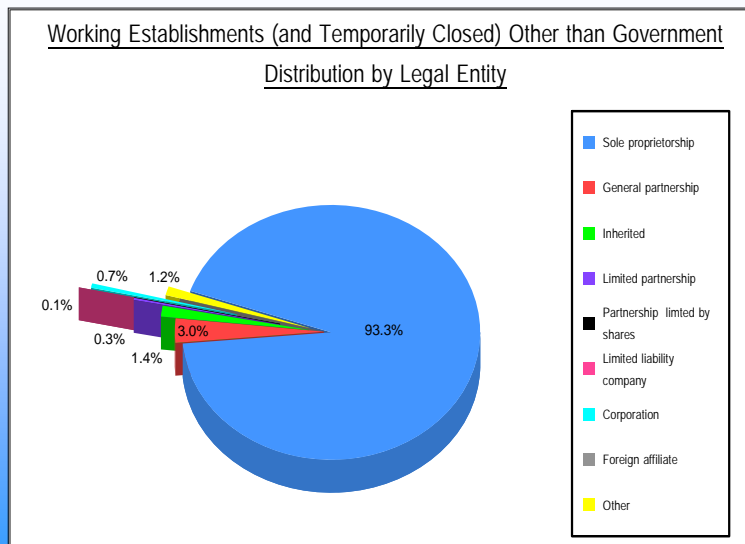
**The M/SMEs Population in Egypt (CAPMAS census 2006)**



**The M/SMEs Population in Egypt (CAPMAS census 2006)**



**The M/SMEs Population in Egypt (CAPMAS census 2006)**



### The M/SMEs Population in Egypt (CAPMAS census 2006)

#### Distribution of No. of employees by business establishment (except government entities)

No. of Establishments Operating except Government establishments	Business Owners without salary			Employees with & without salary			Total			Remarks
	male	female	total	male	female	total	male	Female	Total	
	1478628	1462023	123400	1585423	2708654	687982	3396636	4170677	811382	
923389	879903	94208	974111	820964	199256	1020220	1700867	293464	1994331	* Average total no. of employed persons per business establishment is 2.9, i.e. less than 3 Employees .
2402017	2341926	217608	2559534	3529618	887238	4416856	5871544	1104846	6979390	

### The M/SMEs Population in Egypt

#### Evolution of businesses registered (Social Insurance Fund) from 2000/2001 to 2006/2007

Period	Public Sector	Private Sector	Total	% change
2000/2001	1249	2471054	2472303	0.0
2001/2002	1248	2564399	2565647	3.8
2002/2003	1242	2541533	2542775	0.9
2003/2004	1223	2616160	2617383	2.9
2004/2005	1238	1684009	1685247	-35.6
2005/2006			1729000	3.73
2006/2007			1796000	3.90

### The M/SMEs Population in Egypt

#### Sectoral breakdown of establishments registered (Social Insurance Fund)

Activity Sector	2005/2006	2006/2007
Agriculture and Fisheries	66720	69292
Mining and Quarries	899	934
Industry	335833	348777
Utilities (electricity, gas, water)	347	361
Contracting and Housing	55815	57966
Trade, Hotels & Restaurants	964909	1002100
Transport	54885	87000
Financial and Business Services	46888	48695
Social and Other Services	202122	209912
Total	1728418	1795037

### The M/SMEs Population in Egypt

#### Segmentation of private sector companies registered by no. of employees (2006/2007)

##### (Social Insurance Fund)

No. of Companies	Total Employed	Employees Segmentation
635692	----	None employed
1110125	1548482	From 1 to 5 employed
35724	341541	From 6 to 20 employed
7221	227053	From 21 to 50 employed
2839	198603	From 51 to 100 employed
1598	223266	From 101 to 200 employed
1180	362525	From 201 to 500 employed
659	822814	More than 501 employed
1795038	3724284	

### The M/SMEs Population in Egypt

#### IDA :Total no. of Industrial Companies According to main activity

Values: Million L.E.

ACTIVITY	Factories no.	Production Value	Investments	Labor no.	Wages
Agriculture and Hunting	23	240	5079	1936	11
Coal Mining	2	365	498	971	25
Crude Petroleum & Natural Gas Products	12	9862	39730	16861	580
Metal ore Mining	1	25	200	782	10
Other Mining	49	336	474	7250	56
Manufacture of Food, Beverages and Tobacco	5812	68112	44514	268051	2147
Textile, Wearing Apparel and Leather Industries	6238	32920	24658	431629	2260
Wood and Wood Products, including Furniture	2516	2227	1962	30915	141
Paper and Paper Products, Printing and Publishing	1674	8035	9546	69408	425
Chemicals, Petroleum, Coal, Rubber and Plastics Products	3198	100317	45587	202266	2415
Non-Metallic Mineral Products, except Pet & Coal	1961	20004	25336	110827	1000
Basic Metal Industries	568	32672	35761	68477	1089
Fabricated Metal, Machinery and equipment	5503	88413	46117	242037	3187
Other Manufacturing Industries	564	2786	844	8993	41
Electricity, Gas and Steel	33	6604	29911	20033	266
Personal and Household Services	56	52	351	2297	10
<b>Total</b>	<b>28210</b>		<b>310568</b>	<b>1482733</b>	<b>13663</b>

### The M/SMEs Population in Egypt

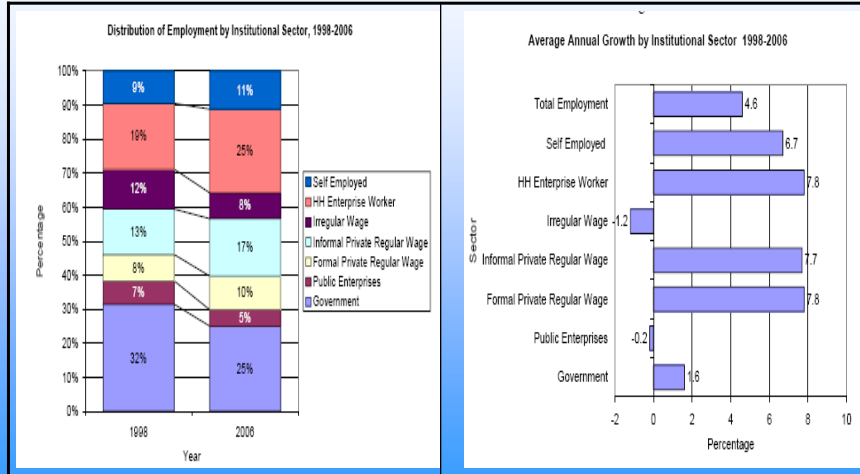
#### GAFI / Segmentation of Small Companies under Investment Law & Law 159 (from 1/1/1970 till 31/8/2007) with issued capital up to 1 million EGP

Activity Sector	No. of Companies	Issued Capital (in MEGP)
Industry	11,711	5,410.10
Services	8,839	2,135.76
Agriculture	2,115	1,125.80
ICT	1,888	734.92
Tourism	1,189	512.83
Finance	857	507.95
Contracting & Housing	1,256	482.80
<b>Total</b>	<b>27,855</b>	<b>10,910.16</b>

N.B.: This is average 50% of registered companies under Investment Law and Law 159

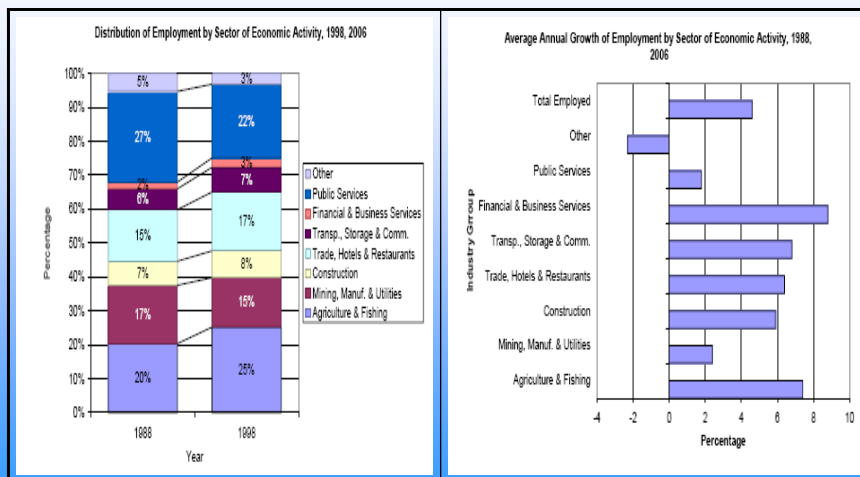
## The M/SMEs Population in Egypt

Labor Market survey 2006 (Population Council)



## The M/SMEs Population in Egypt

Labor Market survey 2006 (Population Council)



**The M/SMEs Population in Egypt**  
**Sectoral Segmentation of business establishments & employed persons**  
(Economic Census 2000-2001 – CAPMAS)

Sector	Total	Private Sector	Public Sector	Municipalities	Employed Persons
1. Agriculture & Fisheries	41980	41980	----	----	95445
2. Mining & Quarries	279	252	27	----	20189
3. Industry	248382	9014 (more than 10 empl)	573	-----	1531467
4. Contracting & Housing	3133	238795 (up to 9 empl) 3103	30	----	445845
5. Utilities, Energy, Gaz	251	----	107	144	164226
6. Wholesale Trade	-----	6325	2151	----	64486
7. Retail Trade	1102214	1631 (more than 5 empl) 1099408 (up to 4 empl)	1175	-----	1616778
8. Maintenance Services	137369	137281	88	-----	258358
9. Hotels & Restaurants	102550	102516	34	-----	296234
10. Transport	5488	----	----	-----	254076
11. Post & Telecommunications	11177	----	-----	-----	94012
12. Banks / Insurance, Fin Services	311	282	29	-----	131804
13. Other Services	168455	168455	----	-----	315566
14. Education (private)	5490	5490	----	-----	76775
15. Health Care & Veterinary	51344	----	-----	-----	4444873
16. Media, Culture, Cinema	617	617	-----	-----	21125
17. Sports, Social Clubs & Centers	4653	4653	-----	-----	79391
18. NGOs	4735	4735	----	-----	46225
Total	1,896,904				5,956,875

**The M/SMEs Population in Egypt**

**Key findings**

- ↳ Agencies surveyed do not use the same definition of M/SMEs, thus statistical data collected is difficult to match
- ↳ However, convergence towards use of no. of employees and capital paid among several agencies
- ↳ Adopting these 2 criteria is constrained by :
  - Unreliability of no. of employees, as vast numbers are not registered at Social Insurance
  - Most businesses are under capitalized and operate on shareholder account financing
- ↳ Need to benchmark Egypt's M/SMEs definition to int'l best practices
- ↳ Need to study optimum M/SMEs definitions and key segmentations criteria which will better represent the sector and allow its monitoring
- ↳ Harmonization of M/SMEs definitions among agencies to be addressed
- ↳ Time for updating M/SMEs statistics need to be shortened to take into account rapid market variations

## The M/SMEs present and planned data initiatives

### A. Present Status

#### 1. On going processing of M/SMEs statistical data

- ↳ Ministry of Economic Development: SDDS
  - Adopted since 2004 with assistance from IMF and USAID, the Special Data Dissemination Standards provide int'l standards for Egypt's key production index
  - Published monthly on Ministry web site and covers 60% of GDP with monitoring of 8 main economic sectors
- ↳ Central Agency for Public Mobilization & Statistics (CAPMAS)
  - State agency in charge of all census, including business establishments census
  - Conducts Labor, Employment and Salary Surveys and Consumer Price Index
  - Conducts specific surveys and issues regular statistical publications
  - Data provided includes both field data and data from other government agencies (Social Insurance, etc...)
  - In charge of MEDSTAT implementation (the European Union statistics norms)
  - CAPMAS publications available on its intranet on subscription basis

## The M/SMEs present and planned data initiatives

### A. Present Status

#### 2. Agencies conducting M/SME surveys

- ↳ Cabinet Information & Decision Support Center (IDSC)
  - Conducts surveys on M/SMEs through its poll center for own use and for third party
  - M/SMEs data as well as other data is collected as well from various state agencies and aggregated by IDSC
  - All data is published on IDSC web site
- ↳ Population Council
  - Produces sample studies of which labor market panel in 1998 and 2006 on SME sector (industry, trade and services)
- ↳ Economic Research Forum (ERF)
  - Produces surveys within its mandate and for third party of which MSES survey on 5000 entities in 2002 and 2003

## The M/SMEs present and planned data initiatives

### A. Present Status

#### 3. Agencies generating M/SMEs data through their activity

These are state agencies which activity require and imply the production and maintenance of M/SMEs databases, however without mandate to disseminate:

↳ Ministry of Finance: income tax and VAT tax:

- Merge of 2 tax agencies and new income tax law together with updated and automated tax declaration are creating top level M/SMEs data source
- Unified tax ID could allow M/SMEs revenues statistical analysis
- Up to 2006, number of establishments registered at VAT is averaging 200,000

↳ Ministry of Finance: social insurance fund :

- Maintaining automated and updated records of all public and private establishments registered at the fund and of their employees insured
- Estimated high level of not insured employees due to low level of penalty and its lack of enforcement

## The M/SMEs present and planned data initiatives

### A. Present Status

#### 3. Agencies generating M/SMEs data through their activity –cont'd

↳ Ministry of Interior: Civil registry

- Unique national ID number fully automated could generate statistical data on occupation and profile of self-employed and employed labor
- Specialized statistics on M/SMEs employing or owned by foreigners could be developed

↳ Ministry of Justice:

- Commercial courts judgments: liquidation and protested bills are notified to Federation of Chambers of Commerce, which are digitized and distributed to date only to the banks
- In process, 2 major data automation projects in cooperation with MCIT: the real estate property registry and the agricultural land registry. Both will also produce GIS maps, with expected completion by 2009

## The M/SMEs present and planned data initiatives

### A. Present Status

#### 3. Agencies generating M/SMEs data through their activity –cont'd

- ↳ General Authority for Investment & Free Zones (GAFI)
  - Supervises both companies under Investment Law and under Law 159, totaling to date average 55,000 establishments of which 50% up to EGP 1 million capital paid
  - Data in process of being fully automated
  - GAFI publishes monthly detailed statistical analysis of recently established companies with sectoral, geographical and nationality of investments segmentation
- ↳ General Organization for Import & Export Control (GOIEC)
  - Fully automated databases on importers, exporters and agencies with updates, generated through capture and processing of foreign trade operations
  - Monitoring new traceability project on agriculture produce
- ↳ Utilities registers
  - Automated registers such as Electricity Authority and Telecom Egypt, the latter estimates number of commercial telephone lines at 1.2 million

## The M/SMEs present and planned data initiatives

### B. Planned Initiatives

#### The following agencies are in process of upgrading their M/SMEs databases

- ↳ Industrial Development Authority (IDA)
  - Updating and upgrading the industrial registry presently standing at 28210 industrial establishments
  - In plan: unification of industrial and commercial registries
- ↳ Commercial Registry Authority (CRA)
  - Automation of the 4.5 million CR records in process with funding of USAID, of which nearly 3 million are completed
  - Data registered to date should allow segmentation on basis of capital paid, legal status, date established and location
- ↳ Federation of Chambers of Commerce (Fedcoc)
  - Cooperation agreement with MCIT and Trade Information Center to automate their 3.8 million members data of which 2.4 million completed to date
  - Fedcoc also receives M/SMEs income tax declarations
  - Fedcoc succeeded in charging fees for C.R. services and other services delivery

## The M/SMEs present and planned data initiatives

### B. Planned Initiatives –cont'd

- ↳ Industrial Modernisation Centre (IMC)
  - Commissioned a GIS mapping of all industrial M/SMEs, results expected in 2008, to include extensive information on employees and industrial equipment
  
- ↳ Social Fund for Development (SFD)
  - Planning to sponsor and / or act as catalyst for M/SMEs databases development and dissemination

## The M/SMEs present and planned data initiatives

### Key Findings

- ↳ Awareness to growing necessity of complete and accurate data to support M/SMEs policies
  
- ↳ Data gathering and compilation not accurate enough to facilitate M/SMEs policies
  
- ↳ Start of cooperation among some agencies but not at all levels
  
- ↳ Consensus on key statistics needed for M/SMEs monitoring and support not yet established
  
- ↳ Definition of classified information to be addressed to allow information sharing with other agencies and with business community
  
- ↳ M/SMES data collected to date designed to serve government decision making and not for business decision making

### **The Challenge: building an “information culture”**

#### **↳ The requirements of a market economy :**

- A unique ID no. per establishment
- Standardize M/SME definition matching int'l best practice
- Adopting int'l activity classification, i.e. NACE (EU standard in line with MEDSTAT compliance)
- Updated records with only “live” companies
- Economic information act giving access to financial statements of all companies (starting with joint stock and limited liability) in line with Basle II and SMEs lending requirements
- Shifting from “macro statistics” to “micro statistics” shared with businesses to enable market driven forces
- Implementing information as a dynamic process, which must be disseminated to generate change as well as produce the expected feedback

### **The Challenge: building an “information culture” –cont'd**

#### **↳ Engaging business as well as agencies:**

- Successful M/SMEs policies require engagement of business and not only the agencies
- Awareness campaigns needed to promote information exchange and dissemination as key to growth
- M/SMEs data structure to include sector specific segmentation to generate much needed market information
- M/SMEs data structure to include in addition to census surveys, monitoring financial and non-financial services needs and effectiveness of their delivery
- M/SMEs data dissemination to supply individual profiles and not only statistics as key to generate missing linkages vertically and horizontally : clusters among M/SMEs and feeding links to large companies

**Discussion guide:**

- ↵ Do we need a common definition of M/SMEs and how to go about it?
- ↵ Are there opportunities in sharing data among agencies?
- ↵ How could existing data be better processed to inform M/SMEs policy makers?
- ↵ Are there opportunities for dissemination of M/SMEs data to the other stakeholders, i.e. the market operators?
- ↵ How to address data collection on the informal sector?