



“SME/Entrepreneurship Research Challenges in Egypt”

April 12, 2007

Workshop Proceedings

**Small and Medium Enterprise Policy (SMEPoL)
Development Project and the Economic Research Forum**



Canadian International Development Agency (CIDA)



International Development Research Centre (IDRC)

**Proceedings of the “SME/Entrepreneurship Research
Challenges in Egypt” Workshop**

**Hosted by the SMEPol Project/ Ministry of Finance and
the Economic Research Forum (ERF)**

Cairo, April 12, 2007



SMEPoL Project

The Small, Medium and Micro Enterprise Policy Development Project (SMEPoL) is an eight-year (2000-2008) initiative, developed in collaboration between the Ministry of Finance (MoF), the Canadian International Development Agency (CIDA) and International Development Research Centre (IDRC) to support Egypt's transition

towards a market economy by assisting the Government to improve the policy environment for M/SME development.

The project has four components: 1) Policy Reform; 2) Capacity Building; 3) Research and Information; and 4) Dissemination, Networking and Public Awareness. The overall impact of the project is to have an improved gender-sensitive M/SME policy environment resulting in reduced financial and non-financial constraints and increased opportunities for M/SME development. SMEPoL supports the MoF to develop specific policies and legislations for implementation by the Ministry and others. The project also supports research to provide the Ministry and other stakeholders with better information on M/SME issues; and promotes networking between the Ministry and other stakeholders within and outside government. The project supports the implementation of policies through different mechanisms, for example, the four inter-ministerial SME policy committees that have been established under the leadership of the MoF to advance policies in the areas of SMEs and competitiveness, formalization, procurement, and SME financing. Gender equality, children and labor, and environment are crosscutting themes in the Project's work. For more information, refer to <http://www.sme.gov.eg>.

**ECONOMIC
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FORUM**



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The Economic Research Forum (ERF) is a regional non-governmental, non-profit research network and think-tank established in 1993, with three main objectives: the

production of quality research; informing the policy debate; and building capacity for front-line research. The ultimate goal is the creation of a strong Middle East and North Africa (MENA) research community that interacts with the policy communities of the region and the international community of researchers and development agents.

ERF has succeeded over the past 14 years in building solid bridges between development researchers, policy makers and the business community. Through its research programs, ERF has been instrumental in providing an appropriate forum for research and dissemination, and in generating consensus on a number of key policy issues including macro-economic reforms, governance, fiscal and monetary policies, trade liberalization, regional integration (South-South and South-North), labor market policies and institutions, and in the promotion of the micro and small enterprise sector as an engine of growth. In all these areas, gender concerns and the position of women in the labor markets have been cross cutting themes.

ERF disseminates research results through publications such as books, working papers, policy reports, and research reports, in English, Arabic and French, as well as its "Forum" newsletter, an electronic "e-bullet", and its website, which also provides a communication platform for its constituency of affiliates and other researchers from inside and outside the region who are interested in the region's development. Furthermore, ERF organizes a highly visible annual conference that attracts around 350 researchers and concentrates on issues relevant to economic policy in the region. ERF acts as a regional hub for other regional and international networks such as the Global Development Network (GDN), and the MENA Development Forum (MDF). ERF has the presidency of FEMISE which is a network of 52 research institutions of the North and South Mediterranean. For more information, visit the web page at: <http://www.erf.org.eg>.

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EXECUTIVE SUMMARY

On April 12, 2007, 33 people met at the Grand Hyatt Hotel for a workshop to discuss “SME/Entrepreneurship Research Challenges in Egypt”. The objectives of this workshop, hosted by the SMEPol Project/Ministry of Finance and the Economic Research Forum (ERF), were to: 1) discuss emerging research themes and questions based on international experience; 2) assess knowledge gaps/deficiencies regarding MSMEs and entrepreneurs in Egypt; 3) facilitate dialogue between researchers and the donor and policymaking communities, and 4) identify research priorities leading to an action agenda.

During the day, delegates heard presentations and engaged in dialogue with international and national experts. One of the highlights of the event was the opportunity to hear from the three international speakers about the latest global issues, trends and developments in the field of SME/entrepreneurship research: Dr. Zoltan J. Acs, Professor, School of Public Policy and Director, Center for Entrepreneurship and Public Policy, George Mason University, USA, member of *Global Entrepreneurship Monitor* Research Team and co-editor of *Small Business Economics*; Rob van der Horst, Director, EIM Business & Policy Research, the Netherlands and President Elect, International Council for Small Business (ICSB); and Ms. Katrina Reid, Head of Analysis, Small Business Service, Department of Trade and Industry, United Kingdom.

Dr. Acs presented the latest economic thinking about the role of small firms and new firms in economic growth and development and the critical role of education, innovation and entrepreneurship. Mr. van der Horst shared his views on why SME and entrepreneurship policies and research are needed and shared many good examples of related research projects, approaches and mechanisms within the European context. Ms. Reid presented the experience of the UK Small Business Service in building up the research evidence base for good small business/enterprise policy, developing a strategic research agenda and facilitating links between the researcher and policymaking community.

These presentations were complemented by national views on the state of SME/entrepreneurship research in Egypt and the many research gaps and barriers. Among the discussants and speakers were: Dr. Tarek Hatem, Professor, American University in Cairo; Mr. Tamer El-Meehy, Managing Director, EnTrust Development & Management Consultants; Mr. Mohamed Abdel Aziz, Manager of the Ministry of Finance SME Unit/SMEPol Project; Dr. Alia El-Mahdi, Director of the Center for Economic & Financial Research & Studies, Cairo University; Dr. Ahmed Galal, Managing Director of the Economic Research Forum (ERF); Ms. Lois Stevenson, Senior SME Specialist with the International Development Research Centre (IDRC); Dr. Heba Handoussa, Director of Research for the Gender Economic Research & Policy Analysis (GERPA) Initiative; and Dr. Dahlia El-Hawary, Senior Private Sector Advisor for the USAID Project on Technical Assistance for Policy Reform.

Workshop delegates agreed that the base for research on MSMEs in the country is relatively limited, with only a modest amount of M/SME-related data, making tracking of longitudinal changes in the performance of the sector virtually impossible; insufficient empirical studies of the behaviour and characteristics of entrepreneurs and of economic activity sectors; lack of studies on the effects of government regulation or how specific incentives encourage or constrain SME development; few assessments of M/SME programs, institutions, and policy initiatives; inability to easily access existing research and data; and

weaknesses in the research community regarding the packaging of research-grounded policy proposals to government. Other reasons for the underdevelopment of the SME research area in Egypt were attributed to the lack of incentives for researchers in the more traditional academic disciplines to move into this area of investigation; few research institutes dedicated to the study of MSMEs and entrepreneurs; and a lack of dedicated funding sources.

A survey of workshop participants conducted prior to the workshop suggested that some areas of knowledge about M/SMEs are more developed than others. The five areas about which both researchers and government/donor groups felt they knew the most already were: 1) barriers to M/SME development in Egypt; 2) gender differences in the performance of M/SMEs; 3) the nature of M/SME financing gaps; 4) the impact of the regulatory and legal environment on M/SME start-up and growth rates; and 5) who is starting Egyptian M/SMEs. The top five areas where both researchers and government/donors indicated they needed to know more were: 1) patterns of innovation in M/SMEs and how this can be enhanced; 2) the integration of M/SMEs into the economy (e.g., supply chains); 3) the role of Islamic financing in bridging the financing gap for M/SMEs; 4) demographic trends in the growth and performance of the M/SME sector over time; and 5) the impact of entrepreneurial growth on Egypt's economic activity. Several research priorities were identified as being critical to pursue and it was deemed beneficial to spend more time assessing and defining some of these areas for a future research agenda. In spite of research deficiencies and barriers, delegates accepted that there is an opportunity to build on the existing base of data and research and to expand into new areas of discovery and analysis. Several possibilities were identified.

Over the course of the day, the discussion moved into a debate about policy needs in support of M/SME development, citing institutional weaknesses, conflicting evidence regarding policy directions to alleviate poverty versus foster economic growth (e.g., the role of FDI, SME development, the emergence of new firms, or innovative, technology-based firms); the inability to “scale-up” good practices in SME support; and inadequate links between researchers and policymakers.

Delegates made several suggestions to address existing gaps: Among these were:

- Establish a clearing house for all M/SME research in Egypt.
- Mechanisms for better dissemination of research (e.g., Egyptian journal for M/SME research; more web publications).
- More research collaboration and better integration of researchers and policymakers to reduce currently fragmented efforts.
- Setting up a network of policymakers, researchers and service providers to meet regularly to discuss research needs, priorities, and plans to address them. Specific interest was expressed in forming an affiliate of the International Council for Small Business (ICSB) as a mechanism for doing this as well as for coordinating research efforts, and establishing links with ICSB members in other parts of the world.
- Adoption of a more multi-dimensional approach to M/MSE research.
- Improve quantity of government data on M/SMEs.
- Formulate a research program on SME firm growth (e.g., how do they grow, why do they grow, what do they need to grow?), plus pursue research in a number of additional areas, such as more comprehensive sector studies; systematic analysis of policy options; impact assessments of laws, regulations and support programs on M/SMEs; the role of business associations; institutional arrangements for SME policy development, knowledge-based entrepreneurship; diffusion of good practices and the scaling up of successful demonstration projects; among others.

- Exploit opportunities for greater use of ERF's M/SME database as a rich potential source of new knowledge, including funding for updated panel surveys as a way of generating ongoing longitudinal data on behavior of the sector.
- Explore the feasibility of developing an Egyptian Observatory on M/SMEs, based on the successful European model.
- Explore the European Network for Social and Economic Research as a model for funding M/SME research and thus creating demand within the research community for doing research on priority policy issues.
- Offer training to Egyptian researchers on research methodologies and statistical/sampling techniques.

It was suggested that a small Task Force or Working Group be formed to digest the days' proceedings, assess the various recommendations embedded in the discussion and ascertain how to best move forward.

SME/ENTREPRENEURSHIP RESEARCH WORKSHOP PROCEEDINGS

Workshop Objectives

The objectives of this workshop, hosted by the SMEPol Project/Ministry of Finance and the Economic Research Forum (ERF), were to:

- discuss emerging research themes and questions based on international experience,
- assess knowledge gaps/deficiencies regarding MSMEs and entrepreneurs in Egypt,
- facilitate dialogue between researchers and the donor and policymaking communities, and
- identify research priorities leading to an action agenda.

The agenda is attached as Annex 1.

The meeting convened at 9:45 am and was joined by 33 participants (see participants list in Annex 2 and bios in Annex 3).

Opening session

1. The meeting started with welcoming remarks by **Dr. Eglal Rached**, Regional Director of the MERO office of the International Development Research Centre (IDRC), who described IDRC's commitment to economic and social research and policy analysis in developing parts of the world and shared information about IRDC's Globalization, Growth and Poverty (GGP) Initiative launched in 2006. She stressed the significance of the Regional Office support for the Egyptian Small and Medium Enterprise Policy (SMEPol) Development Project, in partnership with the Ministry of Finance (MoF) and the Canadian International Development Agency (CIDA), and for the establishment of the Economic Research Forum (ERF) and its major four MENA country study on Micro and Small Enterprises. Both projects have led to an increase in our knowledge about the barriers and constraints to SME development in the country and to policy development activity. She concluded by stating the importance of the SME research workshop as an effort to take stock of the knowledge gaps and research needs regarding the further development of M/SMEs in Egypt, and to bring together the producers, consumers, and funders of research.
2. **Mr. Mohammed Abdel Aziz**, Manager of the MoF SME Unit delivered opening remarks on behalf of the MoF. He presented a high-level overview of the SMEPol Project and its anticipated impact of improving the gender-sensitive M/SME policy environment resulting in reduced financial and non-financial constraints and increased opportunities for M/SME development. He also enumerated some of the results of the project to date in the areas of policy reform, research and information, capacity-building, and public awareness and networking. He reiterated the importance of the workshop in building stronger bridges between the academic research community, donors and government officials.

3. **Dr. Ahmed Galal**, Managing Director of the ERF, outlined the challenges for the day's discussion, stating three major questions that needed answers.
 - a. First of all, what do we know about who the M/SMEs are? Egypt does not systematically collect statistics on M/SMEs nor include their activity in National Accounts, so we don't know very much about M/SME characteristics or their actual contribution to the economy.
 - b. How much do we know about the determinants of the behavior and performance of M/SMEs? We know very little about the dynamics of the sector, for example the entry and exit rates of M/SMEs, nor do we know much about what makes them work in terms of growth. He noted that the Ministry of Investment is trying to improve the business environment for private sector development but made the point that M/SMEs face distinct obstacles that will not be addressed by improvements to the general laws governing businesses.
 - c. What do we know about the best policy prescription to assist M/SMEs, even if we did know more about (a) and (b) above? Most of the actions we take (which he described as "temporary fixes"), in fact affect very few enterprises, and not nearly enough is being done to effect systemic changes. He proposed that in the implementation of programs we need to ask ourselves the questions - "Who are we going to help? How many will be reached? What's the sustainability of the program?" In terms of the evaluation of projects, interventions and policies, he explained that "benefits" are often measured, but rarely "costs", so assessments of the cost-benefit of different policy options remain an un-chartered territory.

He challenged delegates to think about these issues as the day progressed.

4. **Ms. Lois Stevenson**, Senior SME Specialist, IDRC and SMEPol Project Coordinator, expressed her delight with the strong representation in the room from the Egyptian research community and thanked everyone for taking time to participate in the session. She explained that 23 participants had responded to the survey on research gaps and needs distributed prior to the workshop, analysis of which was included in the workshop binders along with brief bios on each of the delegates. Finally she stated that both SMEPol and the ERF expect concrete outcomes from the day's deliberation that will lead to specific follow-up actions to address identified research gaps, needs and priorities.

"On the leading edge of SME/entrepreneurship research – issues and global trends"

The first plenary session, moderated by **Lois Stevenson**, featured two international speakers, a discussant's remarks and open dialogue with delegates.

1. **Dr. Zoltan J. Acs** was the first presenter. Dr. Acs is Professor, School of Public Policy and Director, Center for Entrepreneurship and Public Policy, George Mason University, Virginia, member of *Global Entrepreneurship Monitor* Research Team and co-editor of *Small Business Economics*.

Dr. Acs' presentation was entitled "Entrepreneurship (what's the big deal) and the Macroeconomy in the 21st Century". Key points of the presentation are summarized below.

- There are differences in the context of developed versus developing economies, especially when looking at supply (e.g., quality of human capital, financial capital, infrastructure, leadership) and demand (e.g., export demand, backward linkages, tradable goods) considerations.
- The answer to the question of whether SME policy can help move economies from poor to rich is not obvious.
- Developed countries used foreign direct investment (FDI) strategies as a major element of their economic development progress. This is largely different from what developing countries do.
- In the US, the government didn't initially focus on helping small, disadvantaged firms for economic development reasons, but because the US wanted to encourage democracy. It is still the case that a majority of people in the US work in well-established firms and large firms.
- However, his research on firm birth rates across the US reveals a positive relationship between higher regional firm birth rates and regional economic growth. The major factors correlated with high employment growth regions are i) entrepreneurial activity (employment effects from new firms and small firms); ii) agglomeration effects (density and specialization); and iii) human capital (proportion of population with high school and college-level educations). The incidence of new firm formation and high school educated population were the strongest predictors of regional employment growth over the 1990-96 period.
- The issue of age and size of firms is an important one. New establishments contribute to innovation, job creation and economic growth. New firms often introduce new structures, as well as new products and if they grow, lead to an increase in productivity.
- He explained two stories of growth: the Solow Growth Model (1956) built on economies of scale (larger plants); and the Romer Growth Model (1990) built on externalities (knowledge spillovers) that result from new, growing firms. The assumptions behind these two growth theories lead to quite different policy prescriptions: the former to lower interest rates and anti-trust, for example, and the latter to enabling policies for new firms.
- He then described his concept of "entrepreneurship", relating it to the capturing of knowledge spillover opportunities, and introduced the notion of whether opportunities are endogenous or exogenous. The literature has for the most part not discussed much where opportunities come from. Do they just exist or do you have to do something to create them? He suggested this is an area worthy of more exploration.
- Results from the Global Entrepreneurship Monitor (GEM) studies of entrepreneurial activity rates across countries in developed and developing parts of the world reveal a U-shaped relationship between GDP per capita and rate of entrepreneurial activity in the population. Lower GDP countries have higher levels of entrepreneurial activity (mostly in the form of microenterprises) than higher GDP per capita countries. As GDP per capita increases, until it reaches about US\$20,000, entrepreneurial activity rates decline, after which they start to climb again.

- His advice to lower income economies was to get rid of small inefficient firms, focus on achieving greater economies of scale, and seek employment absorption in larger establishments, possibly by attracting more FDI.
 - GEM study findings reveal that entrepreneurial activity in developing countries is more often driven by necessity, that is, people with no employment alternatives have to start enterprises to earn a livelihood; whereas in developed countries, the motivation to start businesses is more opportunity driven and the entrepreneurs behind new firms have more human capital capacity.
 - One of his conclusions is that the economic development of a country depends largely on what the “best and brightest” do, not what the poor and disadvantaged do. Therefore, for economic growth, governments should encourage better-educated people to pursue innovation and entrepreneurship because they have more capacity to grow successful firms to create employment and drive productivity.
 - He noted a divergence between SME policy and entrepreneurship policy – SME policy focusing more at the level of the firm and entrepreneurship policy at the level of the individual. His view on entrepreneurship policy is that it encompasses four perspectives: i) the individual; ii) the firm; iii) the economy; and iv) society.
 - He presented the Conceptual Model of the GEM project outlining both general and entrepreneurial framework conditions, suggesting that general economic policies are insufficient to drive entrepreneurial activity. Therefore, specific policies are needed to develop entrepreneurial capacity of the population (e.g., education and training, motivation) as well as foster entrepreneurial opportunities (e.g., R&D transfer, internal market openness, commercial and legal infrastructure, cultural and social norms).
 - The assumption is that new establishments (of existing firms) and new firms will produce the jobs and technical innovation to drive national economic growth; not small and medium-sized enterprises per se.
 - Policy should focus on giving people the freedom to go into business, unencumbered, and to go into businesses they think will work.
2. **Mr. Rob van der Horst**, Director, EIM Business & Policy Research, the Netherlands and President Elect, International Council for Small Business (ICSB) was the second speaker. His presentation was entitled, “SME and Entrepreneurship Research”.

Mr. van der Horst focused on dealing with three issues: i) why SME and entrepreneurship policies? ii) why SME and entrepreneurship research? iii) examples of SME and entrepreneurship research initiatives in Europe and the Netherlands.

- He started his presentation by enumerating the well-known bottlenecks and constraints to SME development and growth (e.g., lack of capital, high administrative burdens, poor access to information suitable for SMEs, lack of skilled labor, etc) and making the case that SME policy is justified on the basis of market failures and the extremely important role SMEs play in the economy (e.g., employment, innovation, role in the production chain, self-development).
- It’s important that SME policies are research-grounded, driven by clear and measurable goals and objectives, monitored for effectiveness, and terminated when they are no longer warranted.

- He listed a wide range of SME research topics being pursued in Europe, including how to stimulate entrepreneurship in the education system; cost of administrative burden imposed by the EU and governments; clusters; information and support; innovation, high technology and R&D; impact of the internal market on SMEs; SMEs and standardization (technical norms); internationalization of SMEs; benchmarking of country performance in start-ups, R&D, export, etc; measuring entrepreneurial activity rates; and SMEs and alternative dispute resolutions.
 - The Observatory of European SMEs (1992-2004) was a vehicle for dissemination of research knowledge about SMEs based on database analysis and surveys of 8,000 SMEs.
 - Tools used to do SME research in Europe include statistics, barometer surveys, business impact assessments, feasibility studies, evaluations and identifying good practices from Member States.
 - He proposed the Netherlands case study as a good model for building an effective SME research program that could influence policy development. The Dutch Ministry of Economic Affairs contributes \$3 million a year to EIM Business & Policy Research to conduct a comprehensive research program on SMEs and Entrepreneurship (see www.eim.nl). Themes of this research include: nascent entrepreneurship; business start-ups; high growth enterprises; innovation, human resource management in SMEs; regulatory burden, etc.
 - EIM uses business panels, surveys, database development, and scientific cooperation to conduct its research program.
 - In terms of research challenges, he pointed to: lack of comparative and longitudinal SME data by size class; lack of inclusion of size class in economic models; expense of data collection; underdeveloped state of theory; difficulty in making international comparisons; and research funding sources.
 - To bridge the gap between the research and policy communities, he suggested that researchers must become more policy-oriented and better at convincing policymakers of the need to carry out proper research at all stages of the policymaking process; and that policymakers and politicians must realize the merits of using research as a way of proving that taxpayers' money is spent in an efficient and effective manner.
 - He presented the European Network for Social and Economic research (ENSR), a EU-sponsored initiative, as an effective approach for creating demand within the research community for doing research on SME issues and for linking research results to policy development. The network includes among its membership leading researchers across Europe who have access to research procurement opportunities offered by the EU.
 - He also mentioned the International Council for Small Business (ICSB) as a valuable network organization for SME/entrepreneurship researchers around the world. ICSB convenes an annual World Conference where researchers, policymakers, and service providers meet to discuss the latest knowledge about SMEs, their behaviors and needs, their role in economic and social development, and policy implications. The 2007 World Conference is in Turku, Finland, June 12-15, 2007 and Rob invited everyone to attend (www.icsb2007.org).
3. In response to these two presentations, discussant **Dr. Tarek Hatem**, Professor, Department of Management, School of Business, Economic & Communications, American University in Cairo, offered a brief commentary. He started by commenting on the merits of the argument in favor of “small is beautiful” versus “big is beautiful”,

stating there is still a lot we do not know and restating the issue as one of how to achieve benefits from the richness of small firms at the same time as from the economies of scale of large firms. Regarding Dr. Acs provocative statements about the importance of new firms versus small firms to economic growth, Dr. Hatem felt the question was worthy of more discussion. Is it a question of new businesses or of helping SMEs grow? He added that sustainability of existing SMEs is certainly an issue and that we need better monitoring of SME needs in their communities - a business registry that is able to define and track businesses to measure their growth and productivity would help significantly.

- Dr. Acs responded that in the “old economy”, economists and governments were more interested in macroeconomic elements. In the “new economy”, there is more interest in microeconomic foundations but better data is needed to adequately deal with some of our questions. When we look at economic productivity, we do not look at the SME sector per se, however, we do look at the knowledge they receive and their access to R&D.
- Dr. Hatem expressed his view that the research environment in Egypt and the tools for doing more research are not adequate and that a research culture needs to be institutionalized. He stated that providing research input is one way to help decision-makers in the evaluation and monitoring of policy effects. His question to Rob van der Horst concerned how to integrate research tools in organizations in order to get the necessary feedback from SMEs for better decision-making. What kind of mechanism should Egypt have in place to monitor SME needs and better inform policy?
- Mr. van der Horst re-offered the example of the European Observatory for SMEs, funded by the DG-Enterprise of the European Commission starting in 1992. Further, strong SME associations in Europe also come up with research ideas and get involved in tracking their members’ needs. Strong business associations play a critical role by asking for research and asking for policies. Interest in and capacity to do SME research at the European level has grown considerably over the past 15 years.

4. Dialogue with delegates

Several delegates made interventions.

- Dr. El Mahdi commented that four things are needed to support effective research: i) researchers; ii) funds; iii) interest of concerned entities; and iv) a government that will listen. She holds the view that not enough of any of these exists in Egypt. We know a bit from the past 20 years of doing research, for example, research identifying the MSE relationship to informality, but research is a dynamic process and it has taken a long time for the government to accept that this was an important issue.
- Dr. Makary commented on the U-shaped curve finding in research presented by Dr. Acs and asked for advice on how Egypt could move from its current situation of having many micro and small firms to a different paradigm, to make the transition from micro and small enterprises to be more efficient. Dr. Acs replied that the government has to make the reduction of regulatory barriers an important part of the strategy to enable SMEs to grow, as well as to foster FDI strategies.

- Katrina Reid commented that it would be very difficult for Egypt to tackle its 3000 regulations and offered that the UK government approach was to focus on minimizing the business impacts of new regulation. The government has established an SME Panel to comment on new regulatory proposals and these are subjected to a small business impact test.
- Dr. Makary commented that productivity is not based just on knowledge. If there are market failures for SMEs and they have managerial deficiencies, then these too will have an adverse effect on productivity. On the regulatory issue, he suggested that many MSEs prefer to be informal because of the costs of formality and also because they lack trust in the government.
- Mr. El-Meehy raised a question about the quantity versus the quality of new firms, suggesting that this is a critical issue. He also reinforced the importance of SME density – Egypt, as in other countries, needs a broad base of SMEs to support the outsourcing needs of large firms, whether domestic or foreign.
- Dr. Handoussa commented that regarding the supply and demand issues, we need policies to deal with market failures – the access that SMEs have to information, markets, financing, training, etc. We also need more knowledge about the firm size issue – economies of scale and efficiencies of growth. She noted that the Industrial Modernization Program excludes firms with less than 10 employees and questioned the appropriateness of this. To her, the most important policy question is “which policies will be best?”
- Ms. Joekes noted findings from research making the link between firm entry and exit rates and higher productivity outcomes, stating that firm turnover in Egypt is quite high.
- Dr. Galal posed questions regarding how much we know about “who our SMEs are”? How they are included in the GDP? How can we better measure their performance – the dynamic process, their environment, the ones lost in the process? To what extent local institutional authorities present barriers to their growth and development? At the end of the day, assessment of policies is important.
- Dr. Acs reacted to some of these comments by stating that macroeconomics focuses on productivity because of efficiencies. Where does productivity come from? Technology and technological change, and education and knowledge. Do SMEs play a role in that? Yes. Small firms try out new products and innovate in a number of areas. But if a country wants to raise its productivity, he advised that it would not start with the small business sector. It would find ways to transfer knowledge into the economy, like through FDI, citing the Ireland example as a successful case in point. The Irish government targeted FDI as its economic development strategy and then prepared for executing the strategy by upgrading the quality of its education system to produce a highly qualified workforce. Thus, Ireland was able to capitalize on i) foreign knowledge; ii) existing (indigenous) knowledge, and iii) new knowledge (from a merger of the first two). He qualified his analysis by stating that existing knowledge plays a bigger role in developed economies than in developing ones.

- Ms. Stevenson added that developing countries where governments adopt FDI strategies as their main economic growth approach, such as China, can experience at least two negative outcomes: 1) increasing inequality effects, where the rich get richer while the poor get poorer; and 2) weak development of their base of indigenous M/SMEs. At the end of the day, they are forced to pay attention to “bringing up” the capacity of their own M/SMEs in order to have a competitive economy. So she argued for a balanced policy approach.
- Mr. Kotadia stated that starting a business in Egypt is mainly for survival – not that many people do it because they have a great opportunity. So if this does not lead to “development”, then what should we be doing. He proposed that perhaps Egypt should be encouraging large retail chains to enter the market. Although they would displace lots of “mom and pop” operations (many of which are necessity-driven enterprises), they would also bring new economic/business models into the country (higher opportunity ventures, increased productivity).
- Dr. Nassar commented on Rob van der Horst’s presentation stating how important it is to know to whom the research is being directed. This is part of the missing gap in the chain of communication between research and policy that should be better developed.

Discussion Panel on “The current state of SME/entrepreneurship research in Egypt – what we know, what we don’t know and what we need to know”

This session, moderated by **Dr. Hanaa Kheir El Din**, Executive Director and Director, Research, Egyptian Center for Economic Studies (ECES), featured two presentations – one presenting a government view and the other a researchers view, followed by the discussant’s comments and a roundtable dialogue.

1. The first presenter was **Mr. Mohamed Abdel Aziz Youssef**, Manager, SMEPol Unit, Ministry of Finance on the theme, “From research to policy implementation: the experience of the SMEPol Project”.

He provided background on the SMEPol Project, and in particular, its research/information component; outlined what he sees as the research challenges; shared lessons learned from SMEPol’s efforts; and offered views on where we need to know more.

- He started by describing the policy development cycle followed in the SMEPol Project and identifying the need for research inputs at each stage of the cycle from problem definition to evaluation.
- He described the research themes pursued by the Project as including: MSME framework development; research on a definition of MSME for Egypt; access to finance issues; government procurement; the legal and regulatory environment; taxation and SMEs; exports and SMEs; regulatory impact assessment; business development services; and entrepreneurship centers; although over 50 studies have been completed since the project start in 2001.

- SMEPol research undertaken by the Project to underpin its policy formulation falls into two categories: that produced for external use and that produced for internal use.
 - Examples of externally used research included topics dealing with credit and credit guarantees; leasing for SMEs; laws and regulations governing SME establishment, growth, export and exit; trading houses; and enhancing SME competitiveness.
 - Research done for internal use included studies of the institutional set-up supporting SMEs; accounting standards for SMEs; a study on the feasibility of establishing a Venture Capital Fund; and a policy formulation manual for use by government ministries.
 - SMEPol research has contributed substantially to the knowledge base on SMEs through studies of international experiences in strategic SME policy and program areas and assessments of the local environment. Most research leads to either general or specific recommendations for policy development. Examples given were recommendations leading to policy changes in SME access to procurement; the development of one-stop shops; the application of venture capital in the Egyptian context; and in areas affecting SME competitiveness.
 - He stressed that more effective links are needed between researchers and policymakers. Governments need policy recommendations and action plans, not just “analysis”. Policymakers need good data and rationale to inform policy. The policy implications of research studies need to be translated into “policy brief” formats that government officials can readily interpret. He stressed the importance of timeliness in getting research knowledge on issues to Ministers – if research takes a long time, momentum for an issue can be lost and Ministers lose interest.
 - Barriers to producing the needed research include lack of enough good researchers in the field; funding; updated M/SME data; more effective mechanisms for collection and mobilization of information; lack of a common vision of research priorities; and changing interests in the policy/research environment.
 - What’s needed now? Mr. Abdel Aziz suggested that we know a lot already about the problems M/SMEs face and the options for solving these problems through our studies of international experiences. What we are not so good at is implementation.
2. The second presentation was by **Dr. Alia El Mahdi**, Director, Center for Economic & Financial Research & Studies, Cairo University, who described the state of academic research on SMEs in Egypt.
- She started by saying that there is a relatively limited base for research on SMEs in the country, and categorized Egyptian research and studies into three types.
 - 1) Knowledge generation studies of two types
 - a) Macro level studies: a) scans of M/SMEs based on analysis of official data derived from Census studies; b) special rounds of ELMS survey data, a rich dataset but limited in the range of questions relating to M/SMEs; and c) the ERF M/SME surveys of 5000 enterprises in both 2003 and 2004, resulting in a database offering researchers significant opportunities for further analysis.
 - b) Micro level studies: a) area-based studies (very few of these); b) economic activity based studies (e.g., sector-based studies of SMEs); and c) issues-related studies examining specific questions, such as ‘what makes SMEs

want to export”, legal issues, etc., using various methodologies, e.g., surveys, case studies, focus groups.

- 2) Assessments of M/SME programs and institutions
 - a) Very few of these kinds of studies
 - b) Although such studies are needed, it is difficult to assess attribution, for example, the impact of microcredit on employment generation, sales, etc.
 - 3) Policy studies on topics of interest to governments
 - a) Generally, an analysis of secondary data and survey information looking for implications to influence policy changes.
 - b) These types of studies exist, but lacking are assessments of actual policies and laws. For example, no one knows how recent changes in taxation laws affected M/SMEs.
- She characterized the state of academic research in Egypt as having: limited empirical research; sporadic impact studies; and no studies on knowledge-based opportunities
 - To solve some of the problems and challenges, she recommended that:
 - 1) Funds be made available to researchers to encourage them to study new areas/questions. Although she didn't agree with Dr. Acs' proposition regarding the importance of new versus small firms, she concurred that we need to know more about the growth patterns of SMEs, how they approach it, what the key success factors are, the role of the entrepreneur in the growth decision, and so on.
 - 2) Research is not enough - institutions, such as governments, must become more interested in research as input to policy and legislative changes.
 - 3) Methods be established to monitor and report on changes and developments in the M/SME sector over time by tracking a sample of enterprises over several time periods or developing a Barometer that would track what's happening in SMEs and evaluate their performance.
 - 4) More sector studies be done, which in her view are very important.
 - 5) More assessments and evaluations be done on programs targeted to SMEs and results made available.
 - 6) Studies be done to assess the role of SME associations, how they lobby, assist their members, and play an advocacy role.
 - 7) The web of laws in the country be revisited to assess their impact on SMEs, i.e., do changes in these laws actually make a difference to the performance of M/SMEs and the sector?
3. In his discussant's remarks, **Tamer El-Meehy**, Managing Director, EnTrust Development & Management Consultants, started by commenting on the link between research and policy. Specifically triggered by Mr. Mohamed's remark that while we have some success in doing research, we have weak performance in implementing actions, he suggested that this is a function of institutional weaknesses. He added that policies need a strategic direction and to be embedded in an institutionalized policy process than can incorporate the valuable input of research and be accountable, currently not the situation, in his view. He agreed with Dr. El-Mahdi's comment that "research is not enough". It's hard to get access to data, to get permission from CAPMAS for information, etc. These things have to be improved.

4. Dialogue with delegates

- Ms. Eman Omran informed the group about the National Micro and Small Enterprise Strategy development process that is currently in progress and how the process is promoting policy dialogue between the MoF, the Social Fund for Development and the SMEPol Unit. As the consultation process on the conceptual framework document for the strategy unfolds, many stakeholders will have the opportunity to provide input. She then remarked on the potentially conflicting goals for developing SMEs –should the goal most appropriately be poverty alleviation or economic growth – these seem to be conflicting objectives.
- Dr. Hatem suggested that the whole area of research should be institutionalized, with an independent Evaluation and Monitoring Unit linked to independent Research Centres.
- Dr. Nassar suggested that, based on positive impact assessments, we need to find ways to diffuse good practices to other parts of the country, for example, the One-stop Shop (OSS) in Alexandria and the GTZ Mubarak-Kohl Initiative.
- Dr. Badran interjected that we also need research on the practices of government employees providing services to SMEs. Do we have research on the quality of services being provided by the One-Stop Shops (OSS)? What is the mental model of service delivery agents in OSSs and incubators? How customer-oriented are they? From research she has done on the impact of the Mubarak incubator and the OSS, she believes that the way in which services are provided to SME clients contributed to the less than expected outcomes, and suggested that this is an area of research worthy of some attention as well.
- Mr. Abdel Aziz added that it is also important to study the role of SME associations, assess their capacity and recommend strategies for building their capacity.
- Ms. Stevenson asked if anyone was targeting research on knowledge-based entrepreneurship (young, university-educated, people working in knowledge environments). Given Dr. Acs’ earlier comments about “the best and brightest” and Dr. E-Mahdi’s call for more empirical studies of growing enterprises, this should become a more developed research area in Egypt?
- Dr. El-Mahdi responded that there is a big problem in the employment system in Egypt. Social protection laws are not very good and technical schools are not equipped with the right technologies and teachers.

“Challenges and opportunities – where do we go here?”

Part A: “Compelling Research Questions and Issues”

This panel, chaired by **Dr. Ahmed Galal**, Managing Director, ERF, had two speakers.

1. The first was **Ms. Katrina Reid**, Director of Analysis, Small Business Service (SBS), Department of Trade and Industry, in the UK. In her presentation, entitled “Promoting Evidence-based Policy Making”, she gave an overview of the SBS, explained the use

and importance of evidence in policy making, outlined how the SBS sets a research agenda and strategy, and shared some of the key success results from their work.

- The SBS was established in 2000 with a mission to make the UK the best place in the world to start and grow a business, which it contributed to by driving forward an enterprise policy and encouraging other departments to “think small first”. It became a centre of expertise, analysing all government policy that might impact on small firms (e.g., Small Business Impact Assessment), advocating on finance and growth policies, monitoring to see that implemented policies were favourable to small firms, and coordinating all stakeholders at the national and regional level.
- The Analysis Unit, with 15 people, is responsible for new policy development, assessing new policy initiatives, producing government SME statistics, and building networks with the research community to pool knowledge that will advance policy ideas. The SBS is committed to developing policy based on analysis of evidence, which has been the underpinning for the seven pillars of its Small Business action plan.
- Over the past six years, the Analysis Unit has worked to overcome identified weaknesses in the evidence base, which Ms. Reid outlined as being:
 - Ambiguities and contradictions
 - Literature dominated by large-scale studies
 - Few quantitative studies with necessary statistical rigor
 - Shortage of good longitudinal studies
 - Weaknesses in the quality of evaluation
 - Poor understanding of current policy concerns
- To overcome these weaknesses the Unit has implemented:
 - Regular high-quality surveys of businesses and households and more advanced secondary analysis of existing data
 - The development of time series data, requiring a substantial investment of government funds
 - Horizontal scanning of the literature to draw out policy implications and identify key information gaps (publishes briefs on policy developments in other parts of the world every two weeks)
 - Partnerships with others in government to make better use of administrative data
 - More methodological studies (e.g., quantitative, qualitative, time series, surveys, mapping) to inform state of the art evaluations
 - Mechanisms for bringing researchers and policymakers together to stimulate policy debate and encourage more policy-relevant research
 - Closer networking, sponsorships (e.g., awards for best research papers, partnership in Global Entrepreneurship Monitor project in the UK) and consultations to influence the research agenda of others and make full use of analytical talent
- Many different kinds of research studies, analysis, methodological approaches, and evaluations are used to build the evidence base.
- They are assisted in development of an annual research agenda by a Research Committee, comprised of senior policymakers and analysts, who review and prioritize research ideas generated in workshops with academics and through consultations with business associations, which are then agreed to by Ministers.
- They also hold an annual conference with policymakers in banks, other government departments, and SME stakeholders to review the state of knowledge.

- In the future, the SBS is targeting more research on the impact of “churn” and other changes in the SME sector on GDP; benchmarking UK progress against international comparative data; understanding substantial variations in entrepreneurial activity between groups, communities and regions; how to reduce the gap between male and female rates of entrepreneurial activity; how to encourage businesses to pursue growth activities; and how to improve access to finance for SMEs with high growth potential.
 - In terms of impact, they are able to demonstrate a rise in the rate of start-ups and in SME employment share; higher survival rates; productivity growth of SMEs; positive change in attitudes of the population towards starting a business; and improved rankings in international comparative studies.
2. The second presentation by **Ms. Lois Stevenson**, Senior SME Specialist, IDRC, addressed the session theme on research questions and issues. In the first part of her presentation, she landscaped the general SME/entrepreneurship research area and in the second part, shared findings from the survey of participants conducted prior to the workshop.
- The scope of research issues and questions in this field is expansive with many interesting dimensions - several different kinds of enterprises (based on size, type, structure, purpose, etc.) and entrepreneurs (e.g., lifestyle entrepreneurs, “gazelles”, nascent entrepreneurs) have been/are the subject of research and analysis. It is a growing area of interest with many dissemination channels (e.g., over 50 journals in the field and a proliferation of scholarly conferences to share findings).
 - She described the context for entrepreneurship as a “system”, offering the opportunity to study the influences, impacts, and roles played by governments, regulatory bodies, service- and capital-providing organizations, business associations, community organizations, the media, the education system, and entrepreneurs themselves.
 - Many variables influence the level of entrepreneurial/SME activity in a society; however, most research examines only a limited number of variables or dimensions. We know little about the interaction effects of cultural, demographic, SME density, macroeconomic, human, and policy dimensions on the level of entrepreneurial activity.
 - She categorized four strands of research in the field over the past 40-50 years:
 - i. *Research on the entrepreneur* has evolved from exploring trait theory (looking for the “single spring” that determines why some people become entrepreneurs and others do not), to examination of social, psychological perspectives, to a behavioural approach (what it is that entrepreneurs “do”), to the study of the demographic differences between groups of entrepreneurs (e.g., women, youth, highly-educated) and the behaviours and experiences of nascent entrepreneurs, to the roles played by entrepreneurs in the economy.
 - ii. *Research at the firm level* has explored the nature and characteristics of small firms, small business management issues, the role of small firms in economic development and growth, and the importance of new entrants and exits (the dynamics of the SME sector).
 - iii. *Research on the environment* has focused on studies of the role of the environment in the emergence of entrepreneurship and its macro and micro economic effects, and the links between entrepreneurship levels and economic development and growth.

- iv. The newest area of *research on policy issues and impacts* focuses on the differences between SME policy and entrepreneurship policy, overlaps between entrepreneurship policy and innovation policy, comparative policy studies of different countries, development of policy indicators and benchmarks, and the evaluation of the impacts of policies and measures.
- She shared her assessment that Egypt needs a higher density of SMEs (based on SMEs per 1000 population) and that many more SMEs are needed to produce the employment effects expected by government over the next 10 years. Thus, efforts are required to increase the supply of new entrepreneurs and to address the current weak entrepreneurial capacity (e.g., few medium-sized enterprises, few high-growth firms; few exporting SMEs, etc.).
- Many different kinds of research and policy analysis are needed to answer the many questions about where the specific bottlenecks are and how to best address them. She advocated for an integrated strategy and approach to meeting the knowledge needs.

She next reported on **results of the survey on research challenges** completed by 22 workshop participants prior to the event.

- The major barriers to research in Egypt were seen as: lack of availability of data/sources; lack of ability of research to influence policy directions; and lack of research-policy networks.
- Around 60% of respondents did not feel there was adequate data on the M/SME sector or that information on M/SMEs was sufficiently available.
- Almost all respondents felt there was a need for researcher training on statistical techniques/methodologies.
- Respondents rated the degree of existing knowledge on 35 research questions related to: SMEs and the economy; the demography of enterprises; entrepreneurship and entrepreneurial behavior; the behaviour and performance of M/SMEs; M/SME financing; and the impact of policies, initiatives, and/or programs on M/SMEs and/or the M/SME sector.
- The top five areas where both researchers and government/donors indicated they need to know more were: 1) patterns of innovation in M/SMEs and how this can be enhanced; 2) the integration of MSMEs into the economy (e.g., supply chains); 3) the role of Islamic financing in bridging the financing gap for M/SMEs; 4) demographic trends in the growth and performance of the M/SME sector over time; and 5) the impact of entrepreneurial growth on Egypt's economic activity.
- The five areas about which both groups felt they know the most already were: 1) barriers to M/SME development in Egypt; 2) gender differences in the performance of M/SMEs; 3) the nature of M/SME financing gaps; 4) the impact of the regulatory and legal environment on M/SME start-up and growth rates; and 5) who is starting Egyptian M/SMEs.
- Several research priorities were identified as being critical to pursue and Ms. Stevenson suggested it would be beneficial to spend more time assessing and defining some of these areas for a future research agenda.
- Respondents suggested the following additional needs:
 - Clearing house for all M/SME research in Egypt
 - Better dissemination of research (e.g., Egyptian journal for M/SME research; more web publications)

- More research collaboration, and better integration of researchers and policymakers to reduce currently fragmented efforts
- Network of policymakers, researchers and service providers to meet regularly to discuss research needs, priorities, and plans to address them
- Adoption of a more multi-dimensional approach to M/MSE research
- Improved government data on M/SMEs

3. Dialogue with delegates

Dr. Galal made the observation that the nature of the weaknesses in the UK research system six years ago, as described by Ms. Reid, are almost identical to those in Egypt today and commended the SBS approach as a good model for structuring a policy research shop.

- Mr. El-Meehy was curious about entrepreneurship policy versus SME policy, how they are related, and if governments have to make a choice about whether to invest in start-ups or existing SMEs.
- Ms. Stevenson explained that the two policy areas have somewhat different but connected objectives. Entrepreneurship policy supports the creation of an entrepreneurship culture and promotes an environment that is supportive of people starting businesses. It focuses on increasing the supply of entrepreneurs – both present day and future. If a government focuses only on strengthening, growing and improving the productivity of existing SMEs, and neglects the earlier stages of entrepreneurial development, eventually the pool of SMEs will diminish due to natural churning. Policy should support all stages of the enterprise development process and all phases of the entrepreneurial development process. It should be a balance. New entrepreneurs are the pipeline for growth in the SME sector.
- Dr. Hatem expressed the view that entrepreneurship policy is more about encouraging the entrepreneurial spirit, which is relevant at any stage of enterprise development.
- Ms. Sweilam posed a question about policies on integrating technology in SMEs.
- Dr. El-Mahdi spoke to the quality of the education system and its role in entrepreneurship development.
- Ms. Reid shared more information on the entrepreneurship education in the schools program in the UK. Every student in the final form of high school now has to complete five days of entrepreneurship content. The government has also launched “Enterprise Insight”, a campaign and set of activities to promote entrepreneurship among young people (including an annual “Entrepreneurship Week”) and is supporting an emphasis on entrepreneurship education and training in UK universities.

Part B: “Moving Forward – Priorities, Action Agenda and Conclusions”

The final panel of the day, chaired by **Ms. Susan Joekes**, GGP Program Officer, IDRC, included brief observations and conclusions by three speakers.

1. The first speaker was **Dr. Heba Handoussa**, Director of Research, Gender Economic Research and Policy Analysis (GERPA).
 - According to Dr. Handoussa, some good data sets on M/SMEs already exist, for example the DeSoto project on the informal sector; the ERF database with survey information from 5,000 M/SMEs in each of Egypt, Jordan, Lebanon and Morocco; and the household survey and labor market survey panel data, which has longitudinal potential. So the biggest barrier to research is not the shortage of data sets.
 - The big weakness in the research system is the absence of a proper link between researchers and policymakers.
 - In addition, she stressed that the cluster of economists isn't large enough, and that SME policy unit in government needs a bigger team of people.
 - The research community has to realize its weaknesses in the area of making policy proposals to government and the need for more capacity building. She also mentioned the "shortage of a voice" for SMEs in Egypt.
 - She stressed that existing small businesses are an important source of innovation, and not only new firms.
 - She liked the "European Observatory for SMEs" idea presented by Mr. van der Horst and felt it had potential in Egypt.
 - She recommended that we build on what we already have in research by conducting follow-up panel surveys (e.g., ERF panel), polling SMEs when new regulations and laws are being drafted (as in the UK example) and testing our research for new policy directions.
 - One of the key issues for Egypt is the inability to "scale-up" good practices in business support. This issue would also benefit from research study.
 - The last area she mentioned was "incentives". More research should be done on the effects of government regulation (e.g., social protection) on small business, and how specific incentives encourage or constrain SME development.

2. According to the second speaker, **Dr. Dahlia El-Hawary**, Senior Private Sector Advisor, USAID Project on Technical Assistance for Policy Reform, there's been a lot of research on data constraints and the lack of quality data.
 - She would like to see a separation of micro data and small enterprise data and more longitudinal studies. In her view, CAPMAS should be supported with training and capacity building.
 - In spite of some good research that is being done, there are lots of gaps. We need more research on growth factors –what do firms need to grow?
 - We need more work on role of Islamic financing.
 - We have to prioritize needs of the SME sector and then identify research to clarify our understanding of how to address these needs.

3. The third speaker was **Dr. Zoltan Acs**, George Mason University who stated that before we can solve the problem we have to know what it is. So what is it? The growth problem? The unemployment problem? The poverty problem? He holds the position that SME development is not the way to solve the poverty problem.

There are three kinds of countries: rich countries, which produce knowledge; middle-income countries, which are good at taking knowledge produced by others and

exporting it; and poor countries, which don't produce knowledge and don't know what to do with the knowledge produced by others. Rich countries measure the production of knowledge using patents per 1000 population as an indicator. Middle-income countries use the percentage of high-tech exports in total exports as an indicator. In Egypt, that amounts to about 1% - not very much! He prescribed upgrading the level of skills and knowledge of SMEs with 10-50 employees to make them more globally competitive – SMEs need better managers in order to grow and access to a skilled labor force.

4. Final comments from delegates on priorities for moving forward

- Ms. Stevenson shared information on the SMEPol Project's contract with CAPMAS to produce disaggregated data from the 2000/01 Economic Census for an updated Profile of M/SMEs in Egypt. Later this year, the Project plans to provide technical assistance to CAPMAS from Statistics Canada, Eurostat and perhaps the OECD to build the foundation for a SME indicators Project and regular collection and reporting of comprehensive data on M/SMEs. She suggested forming an Advisory or Working Committee to oversee this work, which might be of interest to some of the workshop delegates.
- Dr. Hatem recommended that Egypt tie into the ICSB network by forming a chapter that could be an umbrella for coordinating SME research in Egypt.
- Dr. Potter pointed to the SBS as a good practice on an institutional level and mentioned a UNDP project (2005) that outlined a vision for Egypt to 2015. Papers were written, projects were identified and a Unit set up in the Cabinet Office to coordinate between various ministries. So if there is enough data/information on SMEs, she recommended pulling together a report on the needs and barriers and what the M/SME sector needs in over the next 10 years, and then setting up a National Agency to implement the actions, using media to raise the profile of SME issues.
- Ms. Omran added that the National Micro and Small Enterprise Strategy consultative process was designed to help identify such a coordinating mechanism and body.
- The most important key success factor that Mr. El-Meehy gleaned from the day's lessons learned was the cross-government approach to SME policy demonstrated by the UK Small Business Service example.
- Dr. El-Mahdi recommended that an independent unit be set up for SME policies backed by strong government commitment.
- Dr. Galal recommended that we stay focused on the driving force for SMEs, that is, growth. So how is this best achieved? Is it with technology? Or by "unleashing entrepreneurship" through the reduction of regulations? Apart from growth, however, there's still the question of income "distribution". Whatever policy option is put forward would be more convincing to government if it produced growth at the same time as distribution. In industrial policy literature arguments are made for making selected interventions to correct market failures, for example, people are reviewing industrial policies and building the case for intervention support for "infant

industries”. So it’s not whether we *should* intervene, but *under what conditions* we do so and *how we should* do it.

There’s also a coordination failure between government ministries and agencies. SME policy issues cross many government areas. It’s not clear what institutional arrangement is right for Egypt. This issue also requires some research study and analysis.

Political support is also needed. Nothing much will happen unless politicians want to do something. So government ministries need a convincing package – we need to better “politicize” the SME issue.

- Ms. Joekes proposed that IDRC form a small Task Force or Working Group to digest the proceedings of the day’s meeting to ascertain how to best move forward.
- Ms. Omran suggested that the “group” present today be used as one of the consultation mechanisms for the National Micro and Small Enterprises Strategy.
- In her closing remarks, Ms. Stevenson reflected with interest on how, during the course of the day, the dialogue had shifted away from a discussion of research issues into a policy discussion/debate. She ended the workshop by highlighting a few of the **suggestions for action** that had come through the day’s discussion, such as:
 - Establish a Committee to advise on the work of the SMEPol Project in providing technical assistance to CAPMAS to build capacity in institutionalizing SME data development, collection, and regular reporting on trends and developments.
 - Formulate a research project on SME firm growth (e.g., how do they grow, why do they grow, what do they need to grow?), plus pursue research in a number of additional areas, such as more comprehensive sector studies; systematic analysis of policy options; impact assessments of laws, regulations and support programs on M/SMEs; the role of business associations; institutional arrangements for SME policy development, knowledge-based entrepreneurship; diffusion of good practices and the scaling up of successful demonstration projects; among others.
 - Exploiting opportunities in greater use of ERF’s M/SME database as a rich potential source of new knowledge, including funding for updated panel surveys as a way of generating ongoing longitudinal data on behavior of the sector.
 - Offer training to Egyptian researchers on research methodologies and statistical/sampling techniques.
 - Explore the feasibility of developing an Egyptian Observatory on M/SMEs, based on the successful European model.
 - Explore interest in forming an affiliate of the International Council for Small Business (ICSB) as a mechanism for networking researchers, policymakers, educators, and M/SMEs service providers in Egypt and coordinating research efforts, as well as for establishing networks with ICSB members for other parts of the world.
 - Explore the European Network for Social and Economic Research as a model for funding M/SME research and thus creating demand within the research community for doing research on priority policy issues.

- Establish a clearing-house for all M/SME research in Egypt (e.g., may be scope for preparing an indexed and searchable inventory of all SME-related research in Egypt that can be accessed by interested stakeholders).
- Form a small Task Force or Working Group (perhaps led by IDRC) to digest the proceedings of the day's meeting, assess the various recommendations embedded in the discussion and ascertain how to best move forward.

She thanked everyone for participating in the workshop discussion and committed to circulating a Workshop Proceedings within the near future.

The meeting adjourned at 5:15 pm.

ANNEX 1: WORKSHOP AGENDA



“SME/ENTREPRENEURSHIP RESEARCH CHALLENGES IN EGYPT”

A Workshop organized by the
Small and Medium Enterprise Policy (SMEPol) Project/ Ministry of Finance
and the Economic Research Forum (ERF)

Layltay Room II, Grand Hyatt Hotel
April 12, 2007

9:00 am – 5:15 pm

WORKSHOP PROGRAM

8:00 am – 9:00 am Registration

9:00 am – 9:15 am *Welcoming remarks and objectives for the day*

Dr. Eglal Rached, Regional Director, International Development Research Center (IDRC), Middle East and North Africa Regional Office

Mr. Nabil Rashdan, Advisor to the Minister, Ministry of Finance

Workshop hosts: **Dr. Ahmed Galal**, Managing Director, Economic Research Forum (ERF) and **Ms. Lois Stevenson**, Senior SME Specialist, International Development Research Center (IDRC) and Coordinator, SMEPol Project

9:15 am – 10:45 am *“On the leading edge of SME/entrepreneurship research – issues and global trends”*

Moderator: **Lois Stevenson**, Senior SME Specialist, IDRC, and Coordinator, SMEPol Project

International Keynote Speakers:

1. **Dr. Zoltan J. Acs**, Professor, School of Public Policy and Director, Center for Entrepreneurship and Public Policy, George Mason University, Virginia, member of *Global Entrepreneurship Monitor* Research Team and co-editor of *Small Business Economics*
2. **Mr. Rob Van der Horst**, Director, EIM Business & Policy Research, the Netherlands and President Elect, International Council for Small Business (ICSB)

Discussant: **Dr. Tarek Hatem**, Professor and Head of Unit, Department of Management, School of Business, Economic & Communications, American University in Cairo

10:45 am – 11:15 am **Refreshment Break**

11:15 am – 12:45 pm **Discussion Panel on “The current state of SME/entrepreneurship research in Egypt – what we know, what we don’t know and what we need to know”**

Moderator: Dr. Hanaa Kheir El Din, Executive Director and Director, Research, Egyptian Center for Economic Studies (ECES)

1. **Mr. Mohamed Abdel Aziz Youssef**, Manager, SMEPol Unit, Ministry of Finance
2. **Dr. Alia El Mahdi**, Director, Center for Economic & Financial Research & Studies, Cairo University

Discussant: Mr. Tamer El Meehy, Managing Director, EnTrust Development & Management Consultants

12:45 pm – 1:45 pm **Buffet Lunch – Fontana Restaurant, Grand Hyatt**

2:15 pm – 3:15 pm **“Challenges and opportunities - Where do we go from here?”**

Part A: Compelling Research Questions and Issues

Moderator: Dr. Ahmed Galal, Managing Director, Economic Research Forum

1. **Ms. Katrina Reid**, Head of Analysis, Small Business Service, Department of Trade and Industry, United Kingdom
2. **Ms. Lois Stevenson**, Senior SME Specialist, IDRC and Coordinator, SMEPol Project

3:15 pm – 3:45 pm **Refreshment Break**

3:45 pm – 5:15 pm **“Challenges and opportunities - Where do we go from here?”**

Part B: “Moving Forward – Priorities, Action Agenda and Conclusions

Moderator: Dr. Susan Joekes, Program Officer, Globalization, Growth and Poverty Programme, International Development Research Center (IDRC)

1. **Dr. Heba Handoussa**, Director of Research, Gender Economic Research and Policy Analysis (GERPA) and author of the Egypt Human Development Report
2. **Dr. Dahlia El-Hawary**, Senior Private Sector Advisor, USAID Project on Technical Assistance for Policy Reform, USAID
3. **Dr. Zoltan J. Acs**, Professor, School of Public Policy and Director, Center for Entrepreneurship and Public Policy, George Mason University, Virginia

ANNEX 2: DELEGATE LIST

Name	Title and Affiliation	Email
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3. Ms. Nermeen Abdel-Latif	SME Development Specialist, SMEPoL Project, Ministry of Finance	nabdellatif@sme.gov.eg
4. Dr. Amr Adly	R&D Project Manager, Industrial Modernization Center (IMC)	
5. Prof. Mustafa Kamal AL-Sayyid	Director, Centre for the Study of Developing Countries (CSDC), Cairo University	Mustapha@pidegypt.org
6. Dr. Mohga Badran	Professor, Department of Management, American University in Cairo (AUC)	MABADRAN@aucegypt.edu
7. Dr. Hanaa Kheir El Din	Executive Director and Director of Research, Egyptian Center for Economic Studies (ECES)	www.eces.org.eg
8. Ms. Dina El Halaby	Senior Economist, Economic Research Forum (ERF)	dhalaby@erf.org.eg
9. Dr. Dahlia El-Hawary	Senior Private Sector Advisor, USAID project on Technical Assistance for Policy Reform in Egypt, USAID	Dahlia.elhawary@tapr2.org
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11. Mr. Tamer El Meehy	Managing Director, EnTrust Development and Management Consultants	t_meehy@entrust-dmc.com
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16. Dr. Tarek Hatem	Professor & Head of Unit, Management Department, School of Business, Economics and Communication, American University in Cairo (AUC)	tarekha@aucegypt.edu

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18. Ms. Susan Joekes	Program Officer, Globalization, Growth and Poverty, International Development Research Center (IDRC)	sjoekes@idrc.org.eg
19. Mr. Malik M. Kotadia	Chief Executive Officer, Aga Khan Egypt	Malik.kotadia@akdn.org
20. Dr. Samir Makary	Economics Department, American University in Cairo (AUC)	Makary_cons@link.net
21. Ms. Elham Kamal Metwally	DBA Candidate (Research Assistant, American University in Cairo (AUC)	ekm@aucegypt.edu
22. Ms. Manal Metwally	Centre for the Study of Developing Countries (CSDC)	mmetwaly@internetegypt.com
23. Ms. Yasmine Nader	Economist, Economic Research Forum (ERF)	ynader@erf.org.eg
24. Dr. Heba Nassar	Professor and Vice-Dean, Faculty of Economics and Political Science, Cairo University	hebanas@aucegypt.edu
25. Ms. Eman Omran	SME Team Leader, Canadian International Development Agency (CIDA) (Co-chair, SME Donors Sub-group)	Eman.omran@international.gc.ca
26. Gilly Pottter	Gender Economic Research & Policy Analysis (GERPA) Initiative	potttergilly@yahoo.com
27. Dr. Eglal Rached	Regional Director, International Development Research Center (IDRC), Middle East and North Africa Office	erached@idrc.org.eg
28. Dr. Samir Radwan	Executive Director, Egyptian National Competitiveness Council (ENCC)	Salma.eltanany@tepr2.org
29. Ms. Katrina Reid	Director of Analysis, Small Business Service, Department of Trade and Industry, UK	Katrina.reid@dti.gsi.gov.uk
30. Ms. Lois Stevenson	Senior SME Specialist, International Development Research Center (IDRC); Coordinator, SMEPol Project	l Stevenson@idrc.gov.eg l Stevenson@sme.gov.eg
31. Ms. Marwa Nabil Sweilam	Economic Researcher, Developmental Studies Department, Information Decision Support Center (IDSC)	msweilam@idsc.net.eg
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33. Mr. Rob van der Horst	Director, EIM Business & Policy Research	RVH@eim.ml

ANNEX 3: DELEGATE BIOSKETCHES

Dr. Zoltan J. Acs

Professor, School of Public Policy & Director of the Center for Entrepreneurship and Public Policy at George Mason University in Virginia, USA

Dr. Zoltan J. Acs joined George Mason University in 2006, previously, holding the position of Doris and Robert McCurdy Distinguished Professor of Entrepreneurship and Innovation in the Robert G. Merrick School of Business, University of Baltimore. He is a Research Scholar at the Max Planck Institute for Economics in Jena, Germany, and Scholar-in-Residence at the Kauffman Foundation and co-founder and editor of *Small Business Economics*, the leading entrepreneurship and small business publication in the world. He has also served as: Research Fellow at the U. S. Bureau of the Census, Chief Economic Advisor at the U.S. Small Business Administration (SBA), Associate Director of Center for International Business Education and Research (CIBER) at the University of Maryland, Research Fellow at the Science Center Berlin, and Research Associate at the Institute on Western Europe at Columbia University. He has a PhD in Applied Economics from the University of Chicago.

Dr. Acs is a leading advocate of the importance of entrepreneurship for economic development. He has published more than 100 articles and 20 books, including articles in the *American Economic Review*, *Review of Economics and Statistics*, *Kyklos*, *Journal of Urban Economics*, *Economica*, *Research Policy and Science Policy*. In 2001, he received the International Award for Entrepreneurship and Small Business Research, on behalf of The Swedish National Board for Industrial and Technical Development.

While at the SBA, Dr. Acs provided direction for research conducted in the Office of Advocacy on analysis of economic trends, provided analyses on proposed legislation affecting SBA programs and was responsible for producing the economic analysis in the office annual report, *The State of Small Business*. He also prepared special reports for the White House, the Administrator, congressional committees, congressional hearings and the public, and furnished economic advice and counsel for important governmental action decisions as they affect small business.

Dr. Acs is currently completing a research project on Knowledge, Geography and American Economic Growth, funded by the National Science Foundation, The American Statistical Association and the US SBA. The research will be published by Cambridge University Press and focuses on the role new firms play in technology spillovers and economic growth. The work presents the impact of entrepreneurship policy on different regions in the country. He is also working with the Kauffman Foundation on developing public policies that promote an entrepreneurial economy. This policy initiative takes a broad view of public policy encompassing the individual, the economy, international aspects, the region and social policy.

Mohamed Abdel Aziz Youssef
Manager, SMEPol Unit, Ministry of Finance

Mr. Mohamed graduated from the American University of Cairo and started working with the SMEPol Project as an SME Specialist in the early 2000s. He has managed research contracts, identified policy issues and participated in all consultation, workshop and dissemination activities of the Project. In October 2006, he was promoted to Manager of the Minister of Finance's SME Policy Unit and of the SMEPol Project.

Nermeen Abdel-Latif
SME Development Specialist, SMEPol Unit, Ministry of Finance

Ms. Nermeen Abdel-Latif is an SME Development Specialist, currently working for the Ministry of Finance (SME Development Unit/SMEPoL Project). She has worked on assignments within the areas of Project Evaluation, Regulatory Impact Analysis and Micro-Finance. She has participated in several workshops and training in the fields of Micro-Finance and SME promotion programs. In November 2006, she attended the "SME Promotion Program" in Korea, organized by the Korean International Cooperation Agency (KOICA).

She also worked at the Ministry of International Cooperation (Centre for Project Evaluation and Macroeconomic Analysis/PEMA) in the area of Economic Research. Her work mainly involved Impact Evaluation of foreign funded projects as well as drafting commentary reports for the Minister of International Cooperation. Furthermore, she worked as an Economic Researcher at the Economic Section of the Embassy of Japan, where she was responsible for the "Daily Economic Briefing" for the Ambassador and Japanese Diplomats.

She earned her Bachelor of Arts in Economics and Political Science from the American University in Cairo, in January 2001; and completed her Master Degree in International Development in Japan, in June 2003.

Dr. Amr A. Adly
Research and Development Project Manager, Industrial Modernization Centre

Dr. Amr Adly received both his Bachelor and Masters Degree in electrical engineering from Cairo University, in 1984 and 1987 respectively, and his PhD in electrical engineering from the University of Maryland, College Park, in 1992. Since 1994, he has been a Faculty member in the Electrical Power and Machines Department, Faculty of Engineering, Cairo University, and was promoted to a Full Professor in the same department in 2004. He also worked in the United States as a Senior Engineer/Scientist at LDJ Electronics, Michigan, during 1993-1994 and as a Visiting Professor at the University of Maryland, College Park during the summer of 1996-2000. He worked as a consultant to numerous industrial firms and international bodies such as the UNESCO and European Commission. He has published more than 75 reviewed scientific papers and holds one U.S patent. Since September 2006 he has been on sabbatical working as the R&D Project Manager at the Egyptian Industrialization Center. Dr. Adly has received several national and regional awards such as the Egyptian State Prize in 1994 and the Shoman Foundation Young Arab Scientist Prize in 2002. He is also a member of the IEEE Magnetic Society Technical Committee.

Dr. Mohga Badran**Associate Professor, Faculty of Management, American University in Cairo (AUC)**

Dr. Mohga Badran is Associate Professor of Management and Head of the Management Unit, Department of Management, AUC. She holds a B.Sc. in Statistics from The Faculty of Economics and Political Science, Cairo University, an M.A. in Management from the AUC, and a PhD in Business Administration from the University of Stockholm. Dr. Badran is a Certified Management Consultant of The Institute of Management Consultancy, London, England, and is a Certified Coach for Learning Organizations of The Learning Circle associated with Peter Senge.

Her research interests include management of change, management of conflict, learning organizations, reengineering, sustainable development, organizational design, and organizational development. She has more than twenty years of experience in training and consulting in the areas of human resource management, organizational behavior and organizational design. She was awarded the "Parent's Association Cup for Excellence in Undergraduate Teaching" for the academic year 1999/2000.

Dr. Hanaa Kheir El-Din**Executive Director and Director of Research, Egyptian Center for Economic Studies**

Hanaa Kheir-El-Din is the Executive Director and Director of Research of the Egyptian Center for Economic Studies (ECES), as well as a Member of the Shura Council since 2001. She received a PhD in Economics from the Massachusetts Institute of Technology (USA) in 1967. She is a Professor of Economics at Cairo University where she held successively the positions of Director of the Center of Economic and Financial Research and Studies (1985-1990) and Chairperson of the Economics Department Faculty of Economics and Political Science (1990-1996). She has had several academic and professional activities among which are membership of the Board of the United Nations University (Tokyo, Japan) (1992-1998), membership of the Board of the Capital Market Authority (Cairo, Egypt) (1996-2004), membership of the Board of the Egyptian Competition Authority (since its inception in 2005) Her research fields of interest cover international trade, macroeconomic modeling, industrial development, project evaluation, poverty, and gender assessment.

Dina El-Halaby**Senior Economist, Economic Research Forum**

Dina El Halaby is Senior Economist with the Economic Research Forum where she develops and manages research programs in the different areas that ERF works on. She previously held the position of Program Manager at the Global Development Network (GDN) where she managed the Africa Capacity Building Program. She was also Senior Economist within the research department of Egypt's leading investment bank, EFG-Hermes. Dina holds an MA in Economics from the American University in Cairo and a BA in Business Administration from the same university.

Dr. Dahlia El-Hawary**Senior Private Sector Advisor, USAID Project on Technical Assistance for Policy Reform in Egypt**

Dr. Dahlia El-Hawary is a Senior Private Sector Advisor at the USAID Project on Technical Assistance for Policy Reform in Egypt. She is currently working on the ongoing initiative for National Regulatory Reform in Egypt and its impact on the development of the Small and

Medium Enterprises (SME) Sector. She recently wrote a chapter on SME development in Egypt for the Egyptian National Competitiveness Council Fourth Annual Report to be issued in May 2007.

Dr. El-Hawary worked as a consultant at the Financial Sector Network of the World Bank in Washington DC over the July 2003 – July 2006 period. She worked on the Sudan Financial Sector Assessment Program (FSAP) with focus on Banking Sector Development and Islamic finance issues. During that period, she also worked on a number of research papers at the World Bank. Prior to her doctoral studies in the US, Dr. El-Hawary worked for eight years at the restructuring Unit of the Public Enterprise Office, the Government of Egypt's implementing agency for the privatization/restructuring of public enterprises.

Dr. El-Hawary received her Doctoral Degree in Economics from the George Washington University in the United States in August 2006. Her PhD dissertation addresses financial sector and private sector development issues with focus on access to finance and the role of the institutional environment in influencing firms' investment decisions and financing constraints. Dr. El-Hawary also holds BA (1990) and MA (1997) degree in Economics from the American University in Cairo. Her MA thesis discussed "Issues on Stabilization and Structural adjustment: the Egyptian case".

Dr. Alia El-Mahdi

Director of Center for Economic & Financial Research & Studies, Cairo University

Dr. Alia El-Mahdi is an Egyptian national with a PhD in Economics from Cairo University, where her dissertation focused on the impact of the Open-Door Economic Policy on Egypt's industrial sector. She is currently Professor of Economics at that same University. Dr. El-Mahdi has worked as a consultant to several institutions in the areas of development planning and human resource training. Her main fields of interest are labor markets, industrial economics, and macroeconomic policies and issues.

She is a Research Associate in the Economic Research Forum (ERF) and was the principal investigator of the major study on potential and success determinants as part of the "Promoting Competitiveness in Micro and Small Enterprises" project carried out by ERF in four MENA countries, including Egypt.

Mr. Tamer El-Meehy

Managing Director, EnTrust Management Consultants

Mr. El-Meehy is a senior SME development expert with over eighteen years of experience in policy advice, institutional development and program design, combined with a strong background in development work as a field implementer, as well as an advisor to senior government officials and ministers, donors agencies, and international consulting firms. His experience also covers diverse areas in addition to micro, small and medium enterprises (MSME) development, including civil society development, in addition to research, program/project design, planning, implementation, and management.

Through his writings and consultancy work, he has played a key role in shaping the SME development agenda in Egypt, as well as in other countries in the region. He was the first SME development expert in Egypt to highlight the role of development on the policy level, and the need to formulate a consistent and realistic SME development policy framework that is based on scientific research and best practices in the field. To this end he authored many key documents including "Enhancing the competitiveness of Egyptian SMEs in the 21st Century: A Proposed Policy Framework for SME Development", "A Draft

National Policy for SME Development in Egypt”, and “Issue for M/SME Development in Egypt”, and several others.

Mr. El-Meehy has also been dedicated to the development of adequate capacities in institutions in SME policy making and service delivery. As an Advisor to the Egyptian Minister of Economy, he established the General Department for SME Affairs, as well as an SME Development Unit at the Minister’s Office. Mr. El-Meehy has also designed the Micro, Small and Medium Enterprise Policy Development Project for Ministry of Economy and Foreign Trade, IDRC and CIDA. He has played a leading role in establishing and facilitating a consultative mechanism through which various stakeholders put plan and develop, in a bottom-up fashion, policy interventions for SME development.

Mr. El-Meehy has authored a number of papers and articles on several issues ranging from Egyptian politics and local government through the structural position of women in Egyptian society, to the politics of SME development in the MENA region. He has participated in several local and international workshops, conferences, and symposia covering diverse topics related to development.

Ms. Yasmine Fahim
Economist, Economic Research Forum

Yasmine Fahim is currently Economist at the Economic Research Forum, where she coordinates selected ERF project and programs, while developing new projects and preparing research proposals to increase the ERF’s core funding. Mrs. Yasmine is currently working on her Masters Degree at Cairo University on liberalization of trade in services. She received training from The World Bank on economics of trade in services liberalization and World Intellectual Property Organization. Her current research interests are in the areas of Labor Markets, Trade, and Migration.

Mahmoud S. Foda
Head of Financial Policy Unit, Industrial Modernization Centre

After graduating from the Faculty of Agriculture, Cairo University, Mr. Foda was appointed as demonstrator in the Agriculture Economics Department. He then joined the MA program in Economics at the American University in Cairo. He then started a new career in banking that took him to Societe Generale, Bank of America and the Egyptian American Bank. In 1985, he established with other partners “First Cairo Finance” (FCF), one of the earliest investment banking firms in Egypt. FCF later formed Investment and Securities Group (I.S.C), whose scope of business included arranging finance for projects, representing the Egyptian Government in the privatization process, joining National Bank of Egypt in forming a brokerage firm, “National Securities” Co. In 2006, Mr. Foda joined the Industrial Modernization Centre as head of the Financial Policy Unit.

Dr. Ahmed Galal
Managing Director, Economic Research Forum

Dr. Ahmed Galal is Managing Director of the Economic Research Forum (ERF), an independent, nonprofit organization, which acts as a research network to initiate and fund policy-relevant economic research on the Arab Region, Turkey and Iran. He previously held the position of Executive Director and Director of Research of the Egyptian Center for Economic Studies (ECES), an independent think-tank dedicated to economic development in

Egypt. He held the same position in 1996 and 1997, while on leave from the World Bank. He helped shape the character of ECES as a credible and objective voice for change in Egypt.

Dr. Galal has been on the staff of the World Bank since 1984. During this long tenure, he served as industrial economist in the Europe, Middle East and North Africa region, as senior then principal economist at the research arm of the Bank, and as economic advisor at the private sector development department. His work combined the conduct of research on different issues, as well as the formulation of policy advice to several countries in Latin America, the Middle East, Asia and Europe.

Dr. Galal has published extensively. He has co-authored/co-edited seven books on a wide range of issues including privatization, regulation of monopolies, trade, and monetary policy. His better known books include: *Welfare Consequences of Selling Public Enterprises*, *Bureaucrats in Business*, and *Regional Partners in Global Markets*. His other publications include a large number of journal articles and chapters in books. Concerned with public discourse, Dr. Galal also writes occasionally in newspapers and magazines, both in English and Arabic. He holds a PhD in economics from Boston University. His current research interest is in the areas of unemployment, regional integration and the informal sector.

Dr. Heba Handoussa

Director of Research, Gender Economic Research and Policy Analysis (GERPA) Initiative

Heba Handoussa (Chair) is currently Research Director of the Gender Economic Research and Policy Analysis Initiative (GERPA). She is Advisor to the Economic Research Forum (ERF) for the Arab Countries, Iran and Turkey (ERF), and previous to this was Managing Director of ERF. Professor Handoussa obtained her PhD in Economics from the University of London in 1974 and taught at the American University in Cairo where she was twice elected as Chairperson of the Economics and Political Science Department and subsequently appointed as Vice Provost.

Professor Handoussa has been a member of the Higher Coordinating Committee for Monetary Policy in Egypt and a member of Egypt's National Specialized Councils, which report directly to the President. She is a former member of Egypt's Shura Council, and the Board of the Central Bank of Egypt. She has served on the boards of international institutions including CEDEJ, IFPRI, UNRISD, and has been a member of the World Commission on the Social Dimension of Globalization initiated by the ILO. She currently sits on the WBI External Advisory Board of the World Bank, where she has also served as a consultant on numerous occasions.

Dr. Handoussa was Director and Lead Author of the 2004 and 2005 issues of the "Egypt Human Development Report" for Egypt's Institute of National Planning and UNDP. Other publications have covered the areas of employment, industrial policy, productivity growth, foreign aid, institutional reform and comparative development models. She has edited more than ten books on economic development in the Middle East and North Africa.

Dr. Tarek Hatem

Professor, School of Business, Economics and Communication, American University in Cairo (AUC)

Dr. Tarek Hatem, Professor of Management at AUC, has about 20 years of experience in that field in Egypt. He earned his PhD in Strategic Management from the [University of Colorado](#) in the U.S. in 1986. He obtained his masters degree in Public Administration from the same

university. He is a Certified Management Consultant from the [Institute of Management Consultancy](#) in the UK, and is the chairman of the [Management Consultants Association](#) in Egypt. At AUC, Dr. Hatem teaches courses in: Strategic Management, Management of International Business Operations, Introduction to Public Administration, Introduction to Small Business and Entrepreneurship, Administrative Environment and Public Policy in Egypt, Organizational Behavior, International Business, and Business Planning and Strategy. Dr Hatem was awarded the Teachers' Merit Award in 1997-1998 and two of the theses that he supervised were granted Wisner Award in 1998 and 2001. In 2006, Dr. Hatem was awarded the [Microfinance Management Institute \(MFMI\) Fellowship](#).

His contribution to research is substantial. His most recent publications include "Human Resources Management in Egypt" in Budhwar and Mellahi's book "Managing Human Resources in the Middle East", and "Understanding the Cultural Differences between Americans and Egyptians, a key to building cross-cultural effectiveness". Dr. Hatem has also been an active participant in both local and international conferences and seminars.

Dr. Hatem has more than 15 years of consultancy experience and has developed several consultations and training programs in the areas of strategic management, entrepreneurship, business plan and international business. Dr. Tarek Hatem is also a member of the board of several leading Egyptian companies as Orascom Construction Industries and Egyptian Sun for Agriculture Development.

Ms. Heba Helmy
SME Development Specialist, SMEPol Project, Ministry of Finance

Heba Helmy earned her Bachelor degree of Commerce in 2003 from Cairo University. She joined the technical office of the Minister of Foreign Trade in 2003 as an SME Development Specialist where she was responsible for the capacity building component and participated in organizing several local and international events. Since 2004, she has been working in the technical office of the Minister of Finance, in the Small and Medium Enterprise Policy Development Project (SMEPol) where she has responsibility for monitoring several research assignments, including environment as an aspect of M/SME policy development in Egypt, engendering key M/SME policies, the legal and regulatory framework governing SMEs, etc. She is also a member of the technical secretariat of 3 inter-ministerial committees established by the Ministry of Finance to implement SME policies; namely SMEs' competitiveness, formalization of the informal sector and venture capital. She also acts as SMEPol's focal point for gender equality, child protection, environment, and for adopting the Human Rights Approach to Development.

Ms. Susan Joekes
Program Officer, Globalization, Growth and Poverty, International Development Research Center (IDRC)

Susan Joekes is an economist specializing in gender issues in relation to international trade, globalization, labour markets and natural resources management. Besides having consulted for the UN and World Bank, she has been a Research Fellow at the Institute of Development Studies at the University of Sussex, England. She has published widely on issues of gender, trade, competition, and development and leads several major research initiatives on behalf of IDRC.

Mr. Malik Kotadia
Chief Executive Officer, Aga Khan Egypt

Mr. Malik Kotadia is the CEO of Aga Khan Foundation (Egypt), as well as the Om Habibeh Foundation (OHF) since early 2006. Prior to handling the current assignment, he held senior positions in the Aga Khan Development Network since early 2000, prior to which he worked in the private sector. Mr. Kotadia holds a Masters Degree in Business Management.

Dr. Samir Makary
Professor, Economics Department, American University in Cairo

Dr. Samir Makary has a PhD in Economics from the University of Leicester, a Masters in Economics from the University of Alexandria and a M.Sc. in Economic Development from the University of Strathclyde. He has been involved in the consultation business with special reference to market and economic analysis and policy issues since 1979. He has handled more than 200 studies for almost all sectors and sub-sectors in Egypt, including tourism, textiles, processed food, engineering, chemical, pharmaceutical, construction, housing and agriculture, many in cooperation with international consultants or for international organizations such as the World Bank, UNIDO, and USAID. Many of his market and economic studies have focused on small-scale enterprises. He participated in the USAID-Egypt project for the establishment of a Small Scale Enterprise Credit Guarantee Facility and conducted industrial plans for Small Scale Enterprises in Egypt as part of a UNIDO project. He was also involved in estimating the cost-benefit of formalization of Egypt's informal sector for a 2000 report by the Egyptian Center for Economic Studies and the Institute for Liberty and Democracy. Dr. Makary's current research is predominately in market analysis and financial analysis of industries in Egypt.

Ms. Elham Metwally
Senior Researcher, AUC and DBA Candidate, Maastricht School of Management

Ms. Elham Metwally is DBA Candidate at Maastricht School of Management (MsM), the Netherlands, conducting a research on managing change through information technology in private banks in Egypt. She earned her MPhil degree in Business Administration in 2006, from Maastricht School of Management. She earned both her MBA and her Bachelor Degree in Economics from the AUC. Her research interests include Small Business Enterprises, banking, organizational behavior and strategic management. She has three publications and one work in progress. She has over five years of experience as a research assistant. At present, she is also Assistant Director of Student Financial Affairs at the American University in Cairo. Earlier, from 1983 to 1996 she gained considerable experience in the realm of banking, namely in the Hong Kong and Shanghai Banking Corporation (HSBC).

Ms. Manal Metwally
Centre for the Study of Developing Countries (CSDC)

No bio available

Ms. Yasmine Nader
Economist, Economic Research Forum

Yasmine Nader is an economist at the Economic Research Forum, where she coordinates selected ERF project and programs, while developing new projects and preparing research

proposals to increase the ERF's core funding. She previously worked as Research Analyst at the Gender Economic Research and Policy Analysis (GERPA), a World Bank Initiative. She was also a Faculty Research Assistant at Laval University in Quebec and earlier, an SME Development Specialist at the Ministry of Foreign Trade, SMEPol project. Ms. Yasmine holds an M.A. in Policy Analysis from Laval University in Quebec and her Graduation dissertation subject was the "Microcredit and the Socio-Economic Wellbeing of Women in Cairo". Her current research interests are in the areas of gender, socio-economic development, microfinance and SMEs.

Dr. Heba Nassar

**Professor of Economics, Faculty of Economics and Political Science, Cairo University
Research Professor, Social Research Center, American University in Cairo**

Heba Nassar is Professor of Economics and Vice Dean for Community Development in the Faculty of Economics and Political Science (FEPS), Cairo University, and Vice Chair for all academic centers at FEPS. Since 1992 she has been a Research Professor at the Social Research Center (SRC), American University in Cairo. Since 1994 she is a member of the National Specialized Councils as well as a member of the Arab Alliance of Women (an NGO).

Over the period 1999-2005 she was the Director of the Center for Economic and Financial Research and Studies (Cairo University) and over the period 2003-2006 was a Member of the Global Power Council. She has several publications and papers in national and international academic conferences and proceedings in different areas, and was responsible for several country and regional reports for different international and regional agencies as well as national strategy documents on labor market, skills development, education, microfinance, MDG's, structural adjustment, small business and microfinance, women's economic participation, Human Resource Development, Poverty, Social Protection, Population studies, Privatization, Migration and Trade.

In 2000 she became a member of the economic committee of the National Council for Women. Since 2002 she is the Advisor of the Economic Committee of the Parliament, also a Member of the Board of the Holding Company of Electricity and a member of the Permanent Scientific Committee for Promotion of Professors in Economics in Egypt. She is also a fellow of the Economic Research Forum and a member of the Steering Committee of the Research Alliance for Development (RAD) (World Bank Paris) in 2004.

Ms. Eman Omran

SME Program Team Leader, Canadian International Development Agency (CIDA)

Eman Omran has 25 years of experience in development cooperation in general, of which the last 12 years has been working with CIDA. She manages the SME program in Egypt in her capacity as SME Program Team Leader at the Canadian Embassy. She is the Chair for the M/SME Donor Sub-group, CIDA's M/SME Synergy Group and plays a key role in the policy dialogue regarding the SME Sector with both the Government of Egypt and the Private Sector Development Group at CIDA Headquarters in Canada.

Gilly Potter

Gender Economic Policy Research & Analysis (GERPA) Initiative

No bio available.

Dr. Eglal Rached

Regional Director, International Development Research Centre (IDRC), Office for the Middle East and North Africa (MERO)

Dr. Rached has been the Regional Director of the Middle East and North Africa Office of IDRC since 1998. She joined the Centre in 1986 as Program Officer, Agriculture, Food and Nutrition Sciences Division. In 1989, she became Senior Program Officer, Environment and Natural Resources Division, Middle East and North Africa and South Asia; then Senior Program Specialist, Environment and Natural Resources Division from 1993-97, during which time she successively led the “Dryland Water Management” and the “People, Land and Water” program initiatives. She has a PhD in Renewable Resources from McGill University, Montréal.

Dr. Samir Radwan

Executive Director, Egyptian National Competitiveness Council

Dr. Radwan, a graduate from the University of Cairo (B.Sc. Economics) and University of London (PhD Economics), specializes in development economics with a particular emphasis on employment policies, labor markets, industrial policies and poverty. A former lecturer at the Faculty of Economics, Cairo University (1963-65) and the institute of Economics and Statistics, Oxford, and a member of St. Anthony’s College, Oxford (1970-76), he worked with the International Labor Organization from 1976 to 2003, and was appointed Managing Director of the Economic Research Forum (2003-2006). Dr. Radwan was a visiting professor at the Faculty of Economics and Political Science, Cairo University, and the American University in Cairo, and was advisor to the Prime Minister of Egypt for the development of a National Employment Program (2000-2001). At present, he is the Executive Director of the Egyptian Competitiveness Council (ENCC).

Mr. Radwan has led and participated in several policy advisory missions on employment to developing and transition economies, and has acted as a consultant to numerous organizations (e.g. UNDP, World Bank, UN food and Agricultural Organization, IFAD, OECD, Arab Labor Organization) and is a member of several professional societies concerned with employment and development questions, as well as a member of the Bruntland Commission’s panel on “Food Security, Agriculture, Forestry and Environment”. He has published extensively on human resources development, labor markets, rural development, industrialization, and African and Arab economies.

Ms. Katrina Reid

Director of Analysis, Small Business Service, UK

Katrina Reid was educated at University College London, Queen Mary College London and the Institute of Education, London. After working as a research fellow and lecturing in economics in higher education institutions in the early stages of her career, she joined the UK Government Economic Service in 1992. She has substantial experience working as a senior economist in a number of UK government departments, using cost-benefit analysis and research and evaluation techniques to develop policy across a wide range of policy initiatives, particularly in areas relating to education, employment, and business support. A particular strength is her experience in developing quantitative evaluations capable of measuring the net impact of policies on the economy.

She is currently the Director of Analysis in the Small Business Service (SBS), UK Department of Trade and Industry, which contributes to developing and monitoring the government's national strategy for enterprise and small business. The SBS analysis team includes a mix of economists, statisticians and social science researchers. The team's main objectives are to play a key role in building the SBS' reputation as a centre of expertise on small business issues, and promote best practice in evidence based policy making.

In addition to producing all the government statistics on small business and monitoring progress against a number of performance indicators, the team is involved in a wide range of other analytical work. This includes a large program of research to inform longer term policy development; evaluations to assess the economic impact of policies; cost benefit analysis of new policy ideas; and promotion of knowledge sharing among government analysts, academic researchers, and others with an interest in small businesses, such as organizations in the finance sector and those which represent small businesses. The team's Annual Small Business Survey of 8,000 small and medium sized enterprises and a Household Survey of around 6,000 adults, exploring their entrepreneurial attitudes and behaviors, have made a significant contribution to building the UK evidence base on enterprise and small business over the last few years, and are used extensively by policy makers and other partners, both internal and external to government.

The team promotes evidence based policy making, knowledge sharing and attempts to drive up the quality and relevance of research in a number of ways. For example, it holds seminars for policy makers and academics to discuss the implications of key pieces of research; it sponsors conferences, such as the annual Institute of Small Business and Entrepreneurship conference – the leading conference on small business research; it co-funds or sponsors research carried out by others, including sponsorship of the Global Entrepreneurship Monitor (GEM) ; and it publishes a round up of international research and policy development news which is disseminated to key partners.

Ms. Lois Stevenson
Senior SME Development Specialist, International Development Research Center (IDRC) and SMEPoL Project Coordinator

Lois Stevenson is currently on assignment with the IDRC in the Middle East and North Africa Regional Office. In this capacity, she is Coordinator of the Small and Medium Enterprise Policy (SMEPoL) Development Project, funded by IDRC and the Canadian International Development Agency (CIDA), in partnership with the Egyptian Ministry of Finance. Lois has been working in the area of small business and entrepreneurship policy for the past 16 years, first, as Director, Entrepreneurship Development with the Atlantic Canada Opportunities Agency, then as Director of Policy & Liaison in the Entrepreneurship and Small Business Office of Industry Canada, and until joining IDRC was Director of Economic Framework Policies in the Strategic Policy Branch of Industry Canada. She was also Deputy Executive Director of the Innovation Secretariat that led the Government of Canada's consultation on its innovation strategy in 2002-03.

Prior to joining the Government of Canada in 1990, Lois was a university professor teaching and researching in the areas of entrepreneurship and small business management. She has authored (or co-authored) seven books and has over 50 papers published in refereed journals and conference proceedings on topics related to women entrepreneurs, young entrepreneurs, the role of entrepreneurship in economic development and comparative country analysis of SME/entrepreneurship policy. Together with Dr. Anders Lundstrom, from the Swedish Foundation for Small Business Research (FSF), Lois has conducted studies of

entrepreneurship policy in 14 countries, including in North America, Europe, AustralAsia and China. This work has resulted in the publication of a series of books on the nature and construction of entrepreneurship policy, for example, *Entrepreneurship Policy: Theory and Practice* (Springer Publishers, 2005); *Beyond the Rhetoric: Defining Entrepreneurship Policy and its Best Practice Components* (FSF, 2002) and *Entrepreneurship Policy in the People's Republic of China* (FSF, 2006). She frequently speaks at entrepreneurship and SME-related forums/conferences in various parts of the world.

She is a Past-President of the International Council for Small Business (ICSB) and the Canadian Council for Small Business and Entrepreneurship (CCSBE); a member of FSF's International Reference Council, and a Fellow of the Price-Babson Fellows Program, the IC2 Institute of the University of Texas at Austin, and a Wilford White Fellow. She holds three degrees from universities in Canada and the UK.

Ms. Marwa N. Sweilam

Economic Researcher, Development Studies Department, Information and Decision Support Center (IDSC)

Marwa N. Sweilam is an Economic Researcher in Development Studies Department in Information and Decision Support Center (IDSC), Cabinet-Egypt, performing studies, producing working papers and presentations related to the developmental issues, as well as responding efficiently to different ad hoc requests received from the Egyptian Cabinet. Studies she has undertaken include: Estimating working opportunities raised by the Social Fund for Development (SFD), based on a sample survey of SMEs hosted in four different governorates; Internationalizing Egyptian firms; and facts and threats, using case studies methodology of some large firms.

She currently participates in two major projects in IDSC; the first project is establishing Egyptian Education, Training and Employment Observatory (EETEO), in coordination with other governmental and non-governmental parties, aiming at building a dynamic labor market information system, and targeting adjustment of labor market demand and supply sides. The second project is building a Small and Medium Enterprises (SMEs) internet-based data and information warehouse, funded by the Canadian International Development Agency (CIDA), addressing the information needs of policy/decision-makers at both macro level and micro-level (entrepreneurs).

Ms. Amira Tarkhan

SME Development Specialist, SMEPoL Unit, Ministry of Finance

Amira Tarkhan earned her Bachelor Degree in Political Science, specialized in International Relations from the American University in Cairo (2005). She worked in the Admissions Office at the American University in Cairo before joining the SMEPoL Project in late 2006. She is a member of the Technical Secretariat of the Ministry of Finance committees for formalization of the informal sector and for enhancing SME competitiveness and managing the Policy area of Microfinance. She has participated in the organization of SMEPoL events and workshops, such as "Fostering Women's Entrepreneurship in Egypt", March 2007. In addition, she is responsible for publishing the SMEPoL Project newsletter.

Mr. Rob van der Horst
Director, EIM Business & Policy Research

Rob Vander Horst is a regional economist from the Erasmus University Rotterdam, The Netherlands. After ten years of applied regional economic research at the Netherlands Economic Institute (NEI), he joined EIM Business & Policy Research in 1986, where he is the director of EIM's Brussels' office. He has been responsible for a variety of (applied) economic research projects on entrepreneurship and SMEs and involved in projects in all EU countries, several Eastern European countries, the Russian Federation, Dubai, South Africa and Jamaica. He has been a consultant to the OECD and UNIDO. He is also the executive director of the European Network for Social and Economic Research (ENSR), bringing together research institutes in 32 European countries. From 1992 to 2004 he was the project director of 'The Observatory of European SMEs', a research project for the European Commission. In the framework of the Observatory project a large number of reports have been prepared about structure and developments of SMEs in Europe. Rob Vander Horst is currently serving as President-Elect of the International Council for Small Business (ICSB).

EIM specializes in research on policy, such as feasibility studies, policy analysis, explorative studies and impact assessments, and provide advice, training and assistance in the implementation of policies. It also carries out evaluations for entrepreneurs, assessing support measures as well as the costs and impact of certain regulations on businesses.

Of note is that EIM carries out a long term research program on small and medium-sized enterprises (SMEs) and entrepreneurship, which is financed by the Dutch Ministry of Economic Affairs. Over the years this research program has created a unique, authoritative and publicly available knowledge centre regarding the economic performance of small and new enterprises, with a special focus on the Netherlands. Main activities are the collection and processing of survey data and statistics, scientific analysis, publication of research findings and various activities to popularize and distribute the findings to a greater public. The main target groups of the program are policy makers, advisory organizations and fellow researchers. The domain of SMEs and entrepreneurship is wide and diverse, but some of the major themes are nascent entrepreneurship, business start-ups, high growth enterprises, firm size, innovation, human resources management in SMEs and regulatory burden. On many of these themes EIM disposes of unique primary as well as statistical data.