

# **CONCEPTUAL DESIGN FOR AN M/SME DATABASE IN EGYPT**

PREPARED ON BEHALF OF THE MINISTRY OF FOREIGN TRADE  
AND IDRC / CRDI

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# Table of Contents

## **Part I: Survey of M/SMEs information systems and portals in selected countries**

### **Executive Summary**

#### **I. Introduction**

#### **II. Methodology**

#### **III. Findings**

- 1) General comments
- 2) The importance of M/SMEs statistical model according to the int'l standards

#### **IV. Countries Case Study**

- 1) France
- 2) Canada
- 3) United Kingdom
- 4) Italy
- 5) India
- 6) Bulgaria
- 7) Korea

#### **V. Countries Web Portals for M/SMEs and/or statistical data**

- 1) France: CNIS
- 2) France: INSEE
- 3) Canada: Strategis
- 4) UK: Small Business Services (SBS)
- 5) Korea: Small & Medium Business Association (SMBA)
- 6) India: Small Industry Development Organization (SIDO)
- 7) USA: Small Business Administration (SBA)
- 8) Multicountry: EUROSTAT/EU
- 9) Multicountry: Global Information Network (GIN)
- 10) Multicountry: World Association for SMEs (ASME)
- 11) Multicountry: Enterweb
- 12) Multicountry: International Small Business Consortium (ISBC)

#### **VI. Bibliography**

## **Part II: Survey of Egypt M/SMEs existing sources of information and related agencies**

#### **I. Main findings**

#### **II. Methodology**

#### **III. Summary of Egypt's information sources**

#### **IV. Detailed profile, data and output of each agency:**

1. Commercial Registry Agency
2. Social Insurance Agency
3. Notary & Deeds Agency
4. Income Tax Agency
5. VAT Agency
5. Commercial Courts' Orders Registry
7. Civil Registry Agency
3. Voters Roll
3. CAPMAS, Central Agency for Public Mobilization & Statistics
0. IDSC, Information & Decision Support Center
1. Agricultural Register
2. Utilities Registers (Electricity, telecom, industry)
3. Non-government registers (SFD Project)

#### **V. Bibliography: Samples of formats used by different agencies**

## **Conclusion of the survey**

### **Part III. Survey of M/SMEs range of services and their typology**

#### **I. Main findings**

#### **II. Typology of services**

#### **III. Services profiles**

3.1. The main donors multilateral & bilateral programs

3.2. The financial services

3.3. The BDS services

### **Part IV. Proposed M/SMEs dynamic and national database framework**

#### **I. Proposed strategy**

#### **II. Creation and maintenance of an SME database**

#### **III. Database of M/SMEs services and accreditation system for M/SMEs services providers**

#### **IV. Credit scoring / rating system for M/SMEs**

#### **V. Final conclusion & Recommendations**

#### **VI. Annex**

## **Executive summary**

### **A. The objectives**

- Within the Ministry of Foreign Trade initiative to develop an SME policy to serve as a basis for structuring different initiatives implemented by the state in conjunction with various national and foreign agencies
- The program "SmePol" designed and implemented with the Canadian Aid Agency IDRC has identified an important component for this policy, i.e., an operative statistical database allowing the follow-up and monitoring of the M/SMEs sector
- Although some research and data were collected on that subject, the need for a comprehensive survey of the status of M/SME information in Egypt at the present time in the light of the case study of other countries with successful M/SME databases was identified
- Indeed, the creation of sound national policies and/or strategies for M/SMEs support and organization should depend on accurate and up-to-date comprehensive and dynamic information systems
- The purpose of the survey is to analyze foreign countries' experience most relevant to Egypt, identify existing sources of M/SMEs information in Egypt and appraise existing initiatives to date, both concerning the M/SMEs themselves and the services made available to them as well as identifying the optimum channel of implementation for an M/SMEs statistical database operation

### **B. Strategic approach; two simultaneous and parallel programs**

- Considering the diversity of the subject and the number of operators involved, the need to present at the outset the strategic approach proposed to deal with the M/SME statistical database was identified. Indeed the analysis of foreign countries cases and Egypt's situation and needs highlights the close relation between the setup and operation of an M/SME statistical database and its use by the policy makers and, the availability of operational information on M/SMEs and its related services and their use by the beneficiaries themselves

### **Program I: Public Initiative**

- A ministerial committee has recently been established and headed by Ministries of Planning and Interior to address the issue at the state level of data definition and data exchange, following the awareness to substantial deficiencies in the different publications and statistics of different public agencies. IDSC has been nominated to publish some of this information on a national website in the first second of 2003
- The program proposed is to piggyback on this initiative by proposing to add a component M/SME in the ministerial committee work agenda. The strategy recommended here is to use the channel of the ministerial committee to convince the different state agencies collecting some information related to M/SMEs to unify and share this data as well as provide access to a coordinating body to be created
- The foreign model corresponding to a state initiative and control of M/SME databases is the French case, whereas the industrial M/SME database and monitoring is done within the Ministry

of Industry "SESSI", whereas the non-industrial M/SMEs database and monitoring are done within the Ministry of Commerce, SMEs and Crafts

## **Program II: Private - Public Partnership**

- The need for a complementary and simultaneous approach has been identified, through the analysis of foreign countries' case studies as well as the absence of a dynamic structure in the existing M/SME information gathered by the different state agencies
- The few studies made on M/SMEs information needs (World Bank study on M/SME on North African countries and UNIDO study on behalf of the SFD project for business information network) highlight their dear need for information on themselves to facilitate exchanges as well as on M/SMEs services
- Experience of different countries as well as in Egypt has proven that the delivery of services to businesses is best implemented by private and specialized services providers
- The model for such public-private partnership approach is found in the Canadian company "GD Sourcing", a private company that serves as a reference point to the data holdings of the Canadian Federal Government through the internet
- Concerning Egypt, we recommend the implementation of such approach while combining it with the creation of a specific M/SMEs dynamic database to supply both statistical output for policy makers and business outputs for the beneficiaries themselves

## **C. Key Findings**

### *Foreign countries M/SMEs databases and portals*

- The quality of M/SMEs statistical databases is not compulsory for having a successful M/SMEs sector. Whereas the business culture and public/private cooperation are as important, example: Italy
- The quality of a national statistical database impacts on the existence and efficiency of M/SMEs statistical data, where as in most cases, it operates as a by-product of the national statistical agencies ongoing database activities
- The growing importance of transnational activities as well as international standards in what concerns M/SMEs. As such, the international SME network in Italy (INSME Club) and the M/SMEs NGO in India (WASME) are major matching networks for SMEs themselves and the agencies concerned, which Egypt should emulate and link to. In the same manner, the early adoption and championing of MEDSTAT standards, the EU standards developed for the Euromed region is of importance at the outset of the Egyptian official signature of the EU agreement
- The dissemination of M/SMEs statistical information as well as access to M/SMEs services is increasingly done via internet, whether website or portals, although traditional media continue to be used
- There are 2 types of portals, first covering statistics available on M/SMEs, while the second covers the services and information on services directed to M/SMEs

### *Egypt Registers Analysis*

### *The Status:*

- To date, there is no systematic data gathering on the M/SMEs sector. The data available can be categorized in 2 main classifications:

#### A. M/SMEs sector specific studies:

These are ad hoc studies implemented by various agencies and/or NGOs either with their own staff or by sub-contracted consultants.

These studies either cover a specific subject or sector or area and in such case include some field data gathering at the level of a sample of SMEs or are based on the compilation of existing statistics and publications. These studies are characterized by:

- A lack of dissemination not only among the donors and stakeholders themselves, but also towards the beneficiaries.
- A lack of continuity, for various reasons, financial or other, which limits the use of these studies for the much needed monitoring of the M/SMEs sector.

#### B. General business and economic registers:

Here again the national registers do not produce sector specific M/SMEs data, statistics or surveys. However, and once reaching a national definition of M/SMEs, there would be the possibility to deduct the data pertaining to this sector.

There is a relatively large number of state agencies who produce data registers as a by-product of their activities. In addition two state agencies are more specifically involved in the production & dissemination of data, i.e. Capmas and IDSC. In all cases the data produced by each agency is considered their property.

However both the quality of the information and its access are not operative. The main problems being:

- Lack of standardization of data definitions and criteria used among the agencies
- Lack of coordination between the different agencies in terms of exchanging & pooling data
- Lack of automation in many agencies
- Absence of design of databases according to the needed outputs in terms of policies planning, monitoring, business development, etc...
- An antiquated definition of "classified information" whereas even if there is no regulation impeding the disclosure of information or even parts of it, there is no access made to it. The general pattern being the possibility to access all data registered for 1 record (person or company) but not in an aggregated format.
- There is no coding of activities or of other relevant economic data to allow monitoring
- Capmas moreover, is meant to be by law the only agency to publish all data produced or emanating from any other state agency or public sector company, however each agency is operating independently
- The list of state registers identified includes: Commercial Registry, Social Insurance, Notary and Deeds Agency, Income Tax Agency, VAT Agency, Commercial Courts Orders, Civil Agency, Voters Roll, Capmas, IDSC, Agricultural Registers and the utilities registers
- Parallely the private sector initiatives are mainly the companies databases created by Fiani & Partners, according to Kompass Int'l System, which uses the UN's ISIC coding & standards. This database includes 30 000 companies, i.e. all large & medium firms. The company is presently promoting a data exchange program among banks

### **M/SMEs services in Egypt**

- The survey of the range of M/SMEs services is drawn from several studies recently conducted of which the World Bank and the UNIDO, as well as a series of interviews we have conducted with M/SMEs service providers indicates a range of common characteristics:

- i) A large number of initiatives financed by a range of various donors without effective coordination among them, whereas:
  - Many appear as a repetition of the same effort instead of building up on results of other programs.
  - The counterparts from the Egyptian side vary according to the donor, thus not allowing the needed continuity.
    - ii) The various service programs lack in organized dissemination and systematic awareness programs towards the M/SMEs.
    - iii) The profile of the M/SMEs services providers is as well very diversified, i.e. NGOs, donors themselves, such as the German foundations, government agencies, parastatal institutions ...,this diversity contributes to the lack of homogeneity of the services offered to the M/SMEs.
    - iv) The propensity by many donors to use NGOs or parastatal business associations to deliver services to M/SMEs, is undermined by the poor performance of many of them, thus the issue of capacity building of the NGOs is added to the problem, instead of using faster delivery channels for the M/SMEs services.
    - v) According to most M/SMEs service providers interviewed through our survey and the published research collected, the services offered to date reach only a minority of M/SMEs whether the financial or the BDS services.
    - vi) The majority of the M/SMEs services remains to date in the area of finance, i.e. lending at privileged conditions, however the expansion of these activities is hampered by many constraints of which the absence of tools allowing the broadening of the financial services such as: credit rating and credit bureau on M/SMEs.
    - vii) The surveys and data collected also indicate that the services provided are demand driven, i.e. providing assistance to M/SMEs individually, and generally not focusing on the creation of linkages and subcontracting and in general the set up of vertical and horizontal development strategies organizing M/SMEs clusters. This although the "clusters" strategies have proven key to the development of effective services and strong M/SMEs growth both in developed and developing countries, for example: such as Italy and India.

## **Review of previous initiatives**

### **Concerning the M/SMEs databases**

- The present registers are operated by agencies for whom sharing data, whether with other government agencies or the public is not considered among their duties even if there is no legal constraints on data dissemination. In addition, the data definitions of M/SMEs is not yet established, whereas the repetition of the same effort, such as the case of the Commercial Registry is still another issue
- Another aspect is the frequency of the registers updates and the verification of the inputs considering that the fieldwork is implemented by government agencies employees, where as small entrepreneurs are reluctant to provide accurate information to government employees
- In the same manner, outputs are not geared to supply the information needed whether to draw policies or to monitor their impact

### **Concerning the M/SMEs sector specific studies**

- These are characterized by their lack of dissemination beyond the entity who commissioned them and often within the entity itself
- They are generally implemented within a program funded by the entity who commissioned the study to monitor specific sectors or specific issues and are not structured to be renewed or updated in an ongoing manner

### **Concerning the M/SMEs services**

- To date, we have identified only 2 directories of M/SMEs services, where as they are mostly disseminated among the specialized agencies and NGOs, and, generally not towards the beneficiaries
- The apparent lack of information exchange among the donors and the NGOs involved in M/SMEs services has resulted in the repetition of similar services, whereas other types of services and needs or other locations are not addressed. Two other issues have appeared as well, the accountability of the service providers on one hand, and, the issue of "paid" or "free of charge" services

### **Lessons learned**

- The data gathering by government agencies employees will probably never be accurate in the Egyptian environment, considering the general attitude of businesses towards government agencies
- Providing information is not a natural attitude and to obtain appropriate results, this should be built-up in a larger frame, whereas there should be a clear benefit / service provided by the agency or entity inquiring on the M/SMEs operator
- For government agencies to provide data to third party as well as to exchange data among themselves, there is an absolute need to supply an effective reward for them
- The structure of the previous initiatives was not built on the principle of a dynamic database with access availability, where as the monitoring of the M/SME sector evolution at a micro level was limited or in-existent
- The issue of "classified" and "unclassified" definitions, and the fact that these have not been updated for the past several decades, contributes to the lack of dissemination and access of the data

### **Determination of Egypt's specific needs**

- The approach adopted for the determination of Egypt's specific needs was deliberately comprehensive and included the overall needs of the M/SMEs sector in Egypt and not only the ones related to a statistical database. This was derived from the most relevant examples of other countries versus the existing environment in Egypt and the identification of potential opportunities

#### *At a macro level*

- The need for an accurate and dynamic statistical database of M/SMEs, which would be based on international standards and definitions and would allow the monitoring of the M/SME sector and trends as well as the implementation of subset studies on selected samples of the M/SMEs population



- Building up the awareness to the use of database outputs as well as to the importance of exchanging information to support that sector among the different state agencies

#### *At a micro level*

- The need for detailed activities description of M/SMEs, including inputs, outputs, production facilities, location, etc. to enable the growing number of national programs and international donors such as IMC, IFC, IDRC, etc. to implement accurately programs to develop SMEs such as clusters, linkages, networks, etc.
- Example of countries such as India and Italy highlight the efficiency of such approach. In the case of Egypt it is recommended to link the micro level input and output to the macro level initiative in order to secure cost effectiveness as well as avoid the repetition of discrepancies in data definition and exchange
- A parallel and as important need is the necessary financial and background information on M/SMEs within the banking sector. All specialists of SME lending concur on the importance of updated and complete databases on SMEs and small entrepreneurs to supply the much needed financial facilities, thus the need for a credit bureau, which definition would extend to providing profiles on the M/SMEs beneficiaries is crucial as at the level of the financial institutions, the handling of the M/SME sector corresponds to a retail banking risk

#### *At the beneficiaries level*

- M/SMEs entrepreneurs need to know each other's profile to be able to team up and match their capabilities as they also need to be known by their business environment (larger companies and consumers)
- In the same manner, the multiplicity of services provided to M/SMEs need to be better accessed by them both in terms of providing more efficient delivery channels and means of dissemination as well as addressing the issue of the validation of such services through mechanisms such as accreditation of service providers and grading of services

### **Parameters needed in order to produce a comprehensive data base:**

In order to produce an effective and comprehensive data base, parameters needed must be properly defined, following is the example of detailed database:

1. SME Profile
  - Company name
  - Main address / Factory
  - Tel, fax, e mail
  - Administration and/or branch tel
  - Office hours
  - Date of establishment
  - Sector / Legal Status
  - Member of
  - Co. Registration No
  - No. of Employees
  - Executives: (Name & Title)
  - Parent co., Owner: Group
  - Shareholders
  - Board of Directors
2. Activities
  - Brand Name
  - Clients type

- Name of main clients
- Channels of distribution (name, country, product)
- Export to
- Import from
- Banks
- Authorized signature
- Capital paid, issued and authorized
- Total assets
- Total equity
- Turnover value / Year
- Stock
- Fixed assets

3. Background on the company

- When started
- What activity at beginning
- How did it evolve
- What are the future plans
- Capital evolution / recent change
- Legal type / date
- Number of employees evolution / why
- Banks: recent change per bank / why
- Reference of the owner
- Studies
- Business activities before starting the company

## **D. Implementation outline**

### **Program 1: Public Initiative**

#### *1.1. Means of cooperation*

- Considering the necessity to secure the participation of all state agencies collecting data on M/SMEs to share either among themselves, or, towards a third party, there is a need to mobilize official means. This could possibly be within the coming M/SMEs law being prepared, and could be preceded by a ministerial decree while the law is being put into force
- However, it is necessary to address the issues mentioned, in relation to the mode of exchange and benefit to government agencies

#### *1.2. Executive scheme*

- The broad line of the implementation of such approach should address the following issues:
  - ❑ Designing the dynamic database structure, this will include the study of the technical structure of the agencies databases, and, the optimum method for aggregating them
  - ❑ Considering the issue of "classified" data, which will probably arise at this level, there will be the need to organize the structure of the statistical database to allow for different levels of access, i.e., for government officials, donors, beneficiaries, etc.
  - ❑ The follow-up of the present ministerial committee for data definition and exchange should be the appropriate venue to establish the possible means of cooperation between the concerned agencies

#### *2.3. Coordination*

- It is assumed that the coordination of a public initiative should be secured under the umbrella of a state agency and it is recommended to select it among the progressive ones
- To secure and maintain the link with the donors community and their interest for such initiative, this coordination activity should be assisted by a specialized donor agency such as IDRC

### **Program 2: Private – Public partnership**

#### *2.1. Means of cooperation*

- The basis of this strategy is to rely on the NGOs and private or semi-public agencies providing services to the M/SMEs and to engage them in a network, whereas they would operate as channels of communications vis-à-vis the M/SMEs themselves as well as becoming the beneficiaries of an information system which should allow them to better operate
- The premise is that each NGO, whether specializing in a given area or a given sector is the nearest point of communication to the M/SMEs and could be efficiently used as the mean to collect information and provide information to and from the M/SME themselves
- The advantage of this strategy is to secure a bottom-up approach while providing in the same time data at a micro and macro level through the use of a pre-standardized data model
- The benefit for the NGOs is the support provided to them and their promotion towards both the donor community and their members which should enhance their income

## 2.2. *Executive scheme*

- The advantage of such approach is the possibility to implement the M/SME database gradually, i.e., by the successive addition of the data input and participation of the NGOs and different agencies such as the SFD, USAID-led programs, etc. vis-à-vis their respective beneficiaries
- This program would include at its outset the design of a database at international standards which should provide the different level of outputs mentioned, i.e., statistical dynamic database, detailed activity and capacity description, financial and credit profiles, linkages to export markets and int'l M/SMEs exchanges (India, Italy, etc.)
- Considering the specificities of the Egyptian business culture, it is recommended that the implementation of such program be based on a coordinating team combining private companies and public agencies
- The M/SMEs database should be built in harmony and on the basis of int'l standards and particularly the ones in practice in the EU environment in relation to the Egypt-EU agreement. In particular the European statistical norms of "Mesdstat" derived from the Eurostat procedures, and the int'l business norms of Kompass business systems, which will allow the matching with the European and int'l SMEs
- The M/SMEs database would be available on an M/SME portal, which would as well present the range of services presently offered and/or to be developed in the future
  - The SMEs services component of the portal would cover the presentation and comparative analysis of the different lending programs available together with comparative analysis each
  - The portal should also include description and comparison of the business development services, a rating / scoring of these services would be of importance. Services include the range of technology centers and extension services sponsored by donors and/or agencies
  - In the same manner, a link to the E-Gov initiative and its different components should be included, whether in relation to M/SME registration and various dealings with the state agencies
- The NGOs participating to the program would be brought up into the network as its founding members
- The operation of the project could be in a second phase decentralized with a central coordinator and regional executive centers, to be selected from among the most active NGOs

## 2.3. *Coordination*

- This program is unique as created from the blending of other countries' experiences and Egyptian needs. However, it requires a strong driving force and sponsorship to start its mobilization
- The beginning of the program would require teaming up with a sizable NGO and/or business organization to secure a minimum critical mass and the first push
- The coordination would be handled by a team of public/private partners in conjunction with a representative of the donors in order to secure part of the funding to this program

## **In conclusion**

- It is recommended to consider both strategies and programs as complementary and not exclusive, whereas each addresses different levels of the Egyptian business environment and establish the M/SMEs representation in the national policies
- Moreover, considering the average time needed to build up a cooperation mechanism of national/official level, we believe important to start both initiatives in parallel as the second one can be operative more rapidly (4 to 5 months) in order to avoid a too long waiting period.

## **part I survey of SMEs information system in selected countries**

### **I. Introduction:**

Fiani & Partners / Kompass Egypt was contracted by the Canadian International Development Research Center (IDRC) to prepare a comprehensive report on the optimum SMEs policy information system for Egypt. The first part of this project focuses on surveying the existing statistical information on a sample of 7 countries as well as the existing M/SMEs portal on a sample of 10 countries to use them as a case study to be compared to the current policy information system for M/SMEs in Egypt.

In this first part of phase I, we have monitored up to seven countries who have developed M/SME information monitoring systems and more than ten countries who have developed M/SMEs portals in addition to a number of multicountry M/SMEs portals. Indeed, such approach is key to allow policy making to adopt the appropriate methods for Egypt in the light of successes and failures of other countries.

### **Summary of Overall Objectives:**

- Support the Egyptian Government and the Ministry of Foreign Trade (MFT) in their national objective of assisting M/SMEs as the core for the country's development.
- The main aim of the Canadian program is to identify the needed policies, legislation and regulations in order for the Egyptian Government to monitor and support the SMEs and the services designed for them.
- Within this scope, the issue of qualitative and quantitative information is essential as Egypt is discovering the scarcity of information available as well as the importance of a proper dissemination.
- At the level of M/SMEs, the lack of reliable information is one of many limitations facing the development of this sector and without which, no effective or appropriate policy can be developed.
- The information needs have been defined as:
  - Data covering M/SMEs population
  - Data covering M/SMEs services
  - Data covering business performance of M/SMEs
- The analysis of the information needed to support the policy formation system, indicates the necessity to address both, the "content" of information needed, as well as the channels of collecting and disseminating such information.
- As such, the types of information in terms of contents and channels are:
  - Information on M/SMEs as a target segment in terms of statistics and on-going monitoring through dynamic databases
    - Information on M/SMEs services versus M/SMEs needs and quality of information and access to such services
  - "Bottom-up" channels of information to allow feed-back from M/SMEs which will allow monitoring of business performance and evaluation of services.
  - M/SMEs "knowledge exchange tools" for both institutions involved in M/SMEs support programs and the M/SMEs themselves in terms of access to services and business opportunities. These are best represented by the "M/SMEs portals"

## **II. Methodology**

### **1. Country selection**

#### *a) Concerning the foreign countries M/SMEs statistical information analysis*

The survey focused on a sample of 7 countries, whereas the selection was based on the countries having the most developed information systems, together with securing a representative sample of all areas and countries which size can relate to Egypt; as such, a country like USA was eliminated from our study as it cannot be compared to Egypt.

The selected countries are:

- Developed markets: ( France, Canada, Italy, United Kingdom)
- Developing markets: (India, Bulgaria, Korea)

### **2. Analysis**

We have covered all aspect of M/SMEs policies, even if out of scope of phase I of the project as this analysis could be useful for the overall program, these aspects include general mechanism of M/SMEs, logistics and legal aspects, policy developments and support services offered to M/SMEs.

### **3. Process**

- As the nature of issues raised varies between each country and the other, depending on the stage of maturity development of M/SME policies and corresponding support services, we have prepared comparative profiles among the 7 countries to allow proper analysis.
- We are also enclosing a copy of the reports collected on each of the 7 countries.
- We have as well enriched our analysis with the studies published by known centers of excellence on M/SMEs such as the International Finance Corporation, the World Bank and the UNIDO's M/SME operations department. As such for some issues or needs, we have added examples or cases beyond the seven monitored countries.
- Moreover, we are providing an in-depth analysis of the French case, which is considered as the international model for statistics.

### **4. Focus**

In terms of M/SMEs definition, the one applying to Egypt will be further assessed in successive parts of the study, however as per IDRC's request, the study will focus on entities with 5 to 50 employees as:

- The number of employees is the ratio most used worldwide and the most accessible in Egypt to classify companies, although fear from high taxes pushes any company big or small to declare lesser employees than the reality.
- Focus starts from 5 persons, as too small entities are considered by IDRC not to have the potential to develop and thus create the growth generation needed.
- According to the World Bank, M/SMEs definition is broken down as follows:
  - Micro enterprise: up to 10 employees, total assets up to \$ 100,000 and total annual sales of up to \$ 100,000
  - Small enterprise: up to 50 employees, total assets of up to \$ 3 million and total sales of up to \$ 3 million
  - Medium enterprise: up to 300 employees, total assets and total sales up to \$ 15 million

#### *b) Concerning the foreign countries seven multilateral M/SMEs portals*

We have analyzed all the portals and websites in relation to statistical data or M/SMEs of the seven countries presented in the "Case Studies" section and selected to present the most significative ones, i.e., 5 countries and 6 portal, whereas each of these portals is considered the main website / portal representing the

country's M/SMEs or statistical model. In addition, we present 4 multilateral portals, i.e., not representing one country only, but rather representing a group of countries or M/SMEs Globally.

## **1. Country Selection**

Although in our original assignment we were supposed to present only country's portals, i.e., portal presenting only one country, we believe that multilateral portals are also of great importance for M/SMEs, especially in the globalization era and the increase in free trade agreements. Below is the list of portals analyzed, taking into consideration that we analyzed 6 portals of 5 of the seven countries studies in the first part of this report, while one portal was taken as an example from each country, we analyzed 2 portals from France as both are representative of a quality statistical information portal, in addition to being user friendly. We have as well added the US M/SMEs portal, considering the importance of the SBA model.

- The Canadian portal Strategis: [www.strategis.com](http://www.strategis.com)
- The French portal INSEE: [www.insee.fr](http://www.insee.fr)
- The French portal CNIS: [www.cnis.fr](http://www.cnis.fr)
- the UK's portal SBS: [www.sbs.gov.uk](http://www.sbs.gov.uk)
- The Indian portal SIDO: [www.smallindustryindia.com](http://www.smallindustryindia.com)
- The American portal SBA: [www.sba.org](http://www.sba.org)
- The Korean portal: [www.smba.com](http://www.smba.com)
- 5 multilateral portals

## **2. Analysis**

Each of the selected country portal is considered the country's number one portal on M/SMEs statistics. In our analysis, we were aiming at identifying the following:

1. the role of the portal
2. the portal's creators and/or managers
3. the structure of services or information provided in that portal

In the course of the analysis, the value of Multicountry portal for Egypt's future M/SMEs portal, appeared as a major question to bring forward:

- On one hand the contents and structure of these Multicountry portals is a valuable guide and source of new concepts to develop for Egypt; specially that the mono-country portals are practically similar
- On the other hand, the study of these portals and preparing Egypt's M/SMEs participation and linkage to them is essential in today's international challenges.

## **3. Process**

- The pattern in what concerns the M/SMEs portal is very similar to the one related to the M/SMEs statistical data described above.
- We are enclosing as well the address of each of the portals selected.



### III. Findings

#### 1. General comments

##### a) *Concerning the statistical data systems:*

- Although analysis of the 7 countries selected as well as of other countries known for their successful M/SMEs policies such as Italy, indicates that the countries with the best economic information and statistical systems such as France for example, are not necessarily the ones with the most successful M/SMEs sector. Italy is the best example for such situation. This would indicate that a successful M/SMEs sector depends as much from a conducive business environment, such as the business culture, effective decentralization and a thriving private sector liberated from government intervention.
- However, in the case of Egypt and considering the lack of harmonized statistics and the opportunity to fund the establishment of a comprehensive information system to support the M/SMEs policy, it is recommended to adopt the model of countries with a comprehensive M/SMEs statistical system.
- Furthermore, analysis indicates also that countries with efficient economic statistics tend to have as well optimum M/SMEs statistical output. As such, the quality and availability of M/SMEs economic information is often a by-product of a country's statistical system. Moreover, countries may not separate the statistical monitoring of the M/SMEs from their overall surveillance of all companies, while deriving from such results, either specific surveys or programs for their M/SMEs.
- There is currently an international trend towards the globalization of M/SMEs knowledge and best practices, such as INSME club (the International SME Network" located in Italy and to which India is affiliated), there is as well an M/SMEs NGO launched in India and now with international activities, i.e., WASME, which is becoming a reference in this field. Thus there is a need for Egypt to create initiatives to take part in this trend.
- The M/SMEs sector monitoring is also affected by the globalization trend, as such, the standardization of M/SMEs statistical criteria and definition is being enforced at the level of the large trading blocks such as the EU and its trading partners in the South Mediterranean and East Europe. This is also a prerequisite for the implementation of M/SMEs development policies such as subcontracting across borders

##### b) *Concerning the portals*

- Concerning M/SMEs service provisions, there is a major role for multinational institutions such as the World Bank, the IFC and the UNIDO, who are playing a very important part in the developing countries. Indeed, these institutions had as a primary goal to assist the growth of developing countries for which they have adopted the strengthening of M/SMEs services provision as the core of the programs promoted by these institutions. India was among the first countries to host these programs and obviously among the countries who benefited the most and thus managed to have a successful M/SMEs sector with their help.
- Information on the services offered to SMEs by national or local agencies are often in the form of guidance or tips towards various national programs, services or policies that are offered to M/SMEs and the various methods to acquire these services. Whereas the international organizations are reporting on the M/SMEs services they sponsor through macro-economic reports discussing M/SMEs issues from an analytical point of view and not in terms of data of practical use to an M/SME.
- The dissemination of M/SMEs statistical information, as well as access to M/SMEs services is increasingly done via internet whether websites or portals, although traditional media or business events (exhibitions, etc...) continue to be used.
- There are two identified types of portals, the first being directed towards statistics, where information on M/SMEs is included, the second being directed towards M/SMEs services, whether through offering various information and statistical services, business matchmaking, etc.
- All analyzed portals were more or less covering the same aspects, what really varied was the presentation of the information itself and how *user friendly* it might be. The services that are offered to M/SMEs through these portals fall into 3 categories, the first is offering information and statistical services on M/SMEs, such as statistical publications, the second is offering guiding tips or information on

aspects related to creation and/or survival of M/SMEs, covering aspects such as the legal environment, tips on the most effective marketing tools, links to specialized networks, tips on export promotion with its related links, identification of training needs of the entrepreneurs and links to training specialists. The third category focuses on the database of M/SMEs themselves that are registered in the portal, the access of this database via the web permits the users to identify and contact each other as basis for future cooperation among those M/SMEs. As a preliminary conclusion, and considering that Egypt M/SMEs portal should benefit from the experience of other countries, the plan should thus include comprehensive contents combining the 3 types of websites described above, i.e., statistics, services, and database. Parallely, the attention should be on developing the most effective mechanism and classification of these contents to make it a user-friendly portal.

## **2. The importance of M/SMEs statistical model according to international standards**

### **Definition of a Statistical Organization**

Statistical agencies are service organizations, their reason for existing, growing, and making a visible contribution to the affairs of their government and society is rooted in their capacity to provide information for the solution of important issues. However, priorities can change more rapidly than the agency's capacity to modify its productive effort.

A strong position of independence is essential for a statistical organization to establish credibility among its users and to create a relationship of mutual respect and trust. Collecting, analyzing, and disseminating statistical information should always be distinct from policy making activities.

### **The statistical needs of the business<sup>1</sup>**

It is generally accepted that the businesses interest in quantitative information is of a same nature, where as businesses are interested in finding how many businesses like theirs' exist, methods of comparison between businesses, prospects of the business, etc...

To provide an answer for these questions, the statistical agency must first define and categorize businesses from a statistical point of view, the definition should be as wide as possible, so that the sampling techniques can be used effectively and the seemingly insoluble problems of accurate coding can be overcome.

The next challenge would then be to select the attributes that must be compared to satisfy the interests of business. In principle, all economic variables are potential subject to comparison. Thus, the number of employed per unit of revenue and per unit of profit, the structure of costs, the size of the market measured in number of customers and in gross revenue, the composition of the market in terms of purchasers at home and abroad, the return of capital invested, the rate of product innovation, and the prices quoted are all examples of important M/SMEs Sector trends.

Of all these variables, and in most lines of business in the countries surveyed, the two that gather the highest focus are the rate at which prices are adjusted to conditions of overall and specific demand and the rate at which the products or services of a business are influenced by technical and organizational innovation.

### **Statistical needs of M/SMEs**

Satisfying the information needs of small business is the greatest challenge for business statistics for a number of reasons:

- The ratio of effort deployed in answering requests for information – regulatory and statistical -- from the government to the economic size of businesses is much higher for small than for large businesses. The ratio is almost as high as that for households.
- In addition, even when the need for information is well formulated, the specifications tend to be so detailed—in terms of what the business does, where it is located, and with whom it wishes to be compared—that the statistical agency finds it difficult to comply with any professionally acceptable degree of reliability.
- The third reason has to do with the nature of small business needs for information—even though they tend to require highly specific statistics, small businesses may be reluctant to comply with all of government's demands for detailed information because devoting the necessary time and resources would significantly add to overall costs.

The statistical agency will find it very difficult to accommodate small business needs if it does not have access to key administrative records and the ability to use them for statistical purposes.

however, small businesses are the recognized engine for growth. They are numerous, play a key role in the service sector and, are given a large share of credit for innovation, particularly in the dynamic activities that characterize a modern economy; and, according to some, play a key role in job creation, particularly in the early phases of a cyclical upswing. For these reasons, their wishes must factor into the dissemination program of a statistical agency.

There are two aspects to meeting the information needs of small businesses, both of which affect organization—the information itself and training small-business to use the information to their advantage. (For example, one of the most significant barriers to the survival of small businesses is gaining access to credit on affordable terms, and to do so, they must demonstrate how their costs and gross profits compare with those of their competitors). Thus, what is of prime interest to them is not averages and totals but rather the distribution of key ratios and where they fit in. Examples of such ratios are; equity to credit; and accounts receivable to total revenue.

Using a table with distributions of key ratios may be intimidating at first, particularly for some entrepreneurs who are apt to trust their intuition or salesmanship more than unfamiliar arrays of numbers. For this reason, the statistical agency may wish to offer seminars for small business managers and take advantage of trade fairs and similar events to display its relevant products.

The demographic characteristics of markets are also of interest to businesses of any size, particularly those who cater to the final consumers or to freelancers who work from home. The age, gender, family, and income attributes of the population in very small areas are of the utmost importance to them, but they may not have the knowledge or the confidence to approach a statistical agency and request cross-tabulations derived from the census of population. In order to cater to those wishes, statistical agencies may have to utilize specialized consultants who can estimate potential sales of a wide range of articles on the basis of a combination of small-area census variables and the results of the latest survey of family expenditure. Among the main activities of the future statistical agency that would specialize in small business concerns, the following are the most practiced:

- Maintaining expertise in the handling of administrative records so as to satisfy current demands either exclusively or primarily with the information they contain
- Organizing events of interest to small business and using them as opportunities to disseminate extracts of existing databases and to assist small businesses in the effective use of statistical publications
- Championing small-business claims for limitations on the paperwork burden generated by government in general
- Serving as permanent liaison between the statistical agency and such agencies as social security, indirect taxation, and customs.

### **Europe: A harmonized statistical structure**

A particularly important issue for Egypt in its effort to upgrade its economic information system is the need to acknowledge the future harmonized statistical system designed for the members of the Euromed agreement, which Egypt is part of.

One of the main key issues addressed in the European Union is the creation of one statistical model, to be followed by all European countries, where any additions or innovations are done locally in each country but within the main structure of statistics.

Democratic societies do not function properly without a solid basis of reliable and objective statistics. On one hand, decision-makers at EU level, in Member States, in local government and in business need statistics to make those decisions. On the other hand, the public and media need statistics for an accurate picture of contemporary society and to evaluate the performance of politicians and others. Of course, national statistics are still important for national purposes in Member States whereas EU statistics are essential for decisions and evaluation at European level.

### **MEDSTAT, a harmonized statistical framework in the Euro-Mediterranean zone<sup>1</sup>**

MEDSTAT is a program launched by the EU to support the statistical development of the countries in the Mediterranean zone part of the EU Free Trade Agreement.

a) Eurostat was established in 1953 to meet the requirements of the Coal and Steel Community. Over the years its task has broadened and when the European Community was founded in 1958 it became a Directorate-General (DG) of the European Commission. Eurostat's key role is to supply statistics to other DGs and supply the Commission and other European Institutions with data so they can define, implement and analyse Community policies.

The result: Eurostat offers a whole range of important statistical data that governments, businesses, the education sector, journalists and the public can use for their work and daily life.

With the development of Community policies, Eurostat's role has changed. Today, collecting data for EMU and developing statistical systems in candidate countries for EU membership are more important than ten years ago.

Eurostat's main role is to process and publish comparable statistical information at European level, trying to arrive at a common statistical 'language' that embraces concepts, methods, structures and technical standards.

Eurostat does not – however - collect data. This is done in Member States by their statistical authorities. They verify and analyze national data and send them to Eurostat.

Eurostat's role is to consolidate the data and ensure they are comparable, using harmonized methodology and is actually the only provider of statistics at European level and the data issued is harmonized as far as possible.

One example: for an accurate picture of EU unemployment it is important that unemployed people in Finland or Portugal are counted or measured in the same way as in Ireland or Germany. So Eurostat works with Member States to define common methodology on unemployment or asks Member States to include appropriate questions when gathering national data. These EU data are then sent to Eurostat to publish EU-wide unemployment data, which can then be used to compare unemployment rates between countries.

With the birth of the euro there is a need to measure the development of Economic and Monetary Union (EMU) the Euro as compared with other currencies such as the dollar and yen. This has fuelled the harmonization of methodology between Member States. Just as there is one inflation rate and one GDP rate for the USA, Eurostat now publishes economic indicators for the whole euro-zone.

b) MEDSTAT program, launched in 1996, is being managed by EuropeAid Cooperation Office, has been set to promote cooperation on statistics in order to harmonize methods and exchange data as its main goal, as economic policies can never be implemented without reliable statistics.

MEDSTAT started with a 20 million Euro – five years – grant, while the second phase of the program (MEDSTAT II) was granted 30 million Euro for the period 2002-2005.

Raising awareness among policy-makers at the highest level is one of the aims of MEDSTAT, whereas several seminars have been held in Malta, Tunisia and Munich raising the issue of the role of the development of statistics, and good governance and human rights, which are of interest to policy makers.

### **SDDS program sponsored by the IMF**

Another statistical rationalization initiative of importance to Egypt is the program promoted by the IMF, the Special Data Dissemination Standard. This program is under discussion with the Ministry of Planning aims at providing Egypt with guidance to improving statistical practice such as timeliness, transparency, access to public and quality of the data.

Although the analysis of the Egyptian statistical output concerning M/SMEs is related to the second part of the study, it is important to highlight here the need for Egypt to develop its M/SMEs statistical model according to international standards. Such standards should be selected as well on the basis of Egypt's interest and thus the country's with which it is having trade relation and/or aiming to develop larger cooperation.

#### **IV. Countries Case Study**

##### **1. Case study of France**

This study is based on in-depth interviews of the Information Directors of the Industrial Statistics & Studies Services Division and the Authority for Commercial, Handicraft and Services Enterprises. We believe that France is a good model to study in-depth due to several reasons:

- a) France is giving a great emphasis on both statistics in its raw form as well as analysis and surveys. France has a solid base of companies database which enhances the statistics related to the M/SMEs.
- b) France is managing its statistical system through a sectoral approach, as such, the M/SMEs statistics are generally covered on a per sector basis
- c) The concentration of the statistical responsibility into one body which its specific job is to set statistical standards, implement programs as well as liaise between all related agencies.

#### **The statistical culture:**

The analysis of SME statistics and monitoring in the different countries indicate that the quality of SME statistics and/or monitoring is directly related to the country's statistical culture. Indeed, historically countries and developed markets have started developing their statistical tools at a macro level, as the concept of M/SMEs and the awareness to their importance to the development of any country is relatively recent. As such, the SMEs statistics and economic monitoring is in most cases a by-product of the country's overall economic monitoring.

France is considered among the world model in statistical know-how and performance. "The Economist" magazine – for example – quoted in an article that the French national statistics institute (INSEE) is a world model and that the statistics produced in particular on the service sector are among the best of the world, if not the best.

The main characteristic of the French model is that the INSEE has created an in-house statistical school which, besides training statisticians from all over the world, has above all trained all the statisticians working in the different French ministries and institutions.

This common culture and common language is considered the main reason behind the success and development of statistical tools in France.

Historically, the French INSEE was created after the second World War and at that time the focus was on reconstructing the country and thus on the industrial sector almost exclusively.

It should be noted that up till now, the industrial SMEs surveyed in France start at 20 employees +, and that studies are conducted on the industrial sector as a whole, or industry specific rather than for the SMEs specifically versus the large companies, which indicates that a sectoral approach based on an industrial strategy continues to be France's main policy in terms of M/SMEs support.

It is only in 1972 that the first statistics on non-industrial sector were implemented following which in 1981 started the implementation of annual surveys & statistical analysis of the service sector.

#### **Definition of SMEs:**

The specialists interviewed in France at the Ministry of Economy, Finance and Industry and in charge of the industrial sector and the services and M/SMEs sector have both confirmed the major importance of setting a clear definition of the M/SMEs as a base for proper statistics and further, policies. This of course implies that companies do report exact figures and we are presenting further on the tools used in France to motivate companies to report accurately.

An important point to mention here is the decision taken by France in 1993, then in 1996 to adopt the European Union Classification and definition of M/SMEs. Indeed these regulations (see reference below) will be applied by the EU to all their partners, which means that as Egypt is now part of the EU Free Trade Zone,

that it is very important to prepare from now the application of the EU definitions in general and concerning the M/SMEs in particular.

The general outline of the EU M/SMEs classification categories varies per type of activity, for example 10 employees is an M/SMEs in the industrial sector but can be a medium company in the services sector, such as consulting.

Moreover, the main criteria used in France to monitor the different activities sector, and as well the M/SMEs is the criteria of added value.

*The core M/SMEs classification adopted by France:*

TPE (très petites entreprises) or Micro <sup>1</sup>	From zero to 9 employees
Small Enterprise	10 to 49 employees
Medium	50 to 249 employees
Large company	Above 250 employees

*It is important to note that in the industrial sector, the SMEs are considered to cover from 20 to 500 employees.*

An important aspect of the M/SMEs sector profile, which has appeared recently through more refined surveys on the ownership of the SMEs sector is that the main profile of the SME sector is changing through their acquisition by large groups. In other words, a pattern is recently appearing, whereas a good number of SMEs remain within an SME structure as independent entities, whereas they are bought by groups who federate several SMEs based on horizontal or vertical strategies, while maintaining them as independent structures.

## Framework

### Institutions in charge of business and M/SMEs statistics:

#### 1. INSEE

##### *Statistics*

The national French statistics institute (INSEE) is the sole body implementing all statistics in France for all sectors. This takes place at the level of (raw data) and macro economic statistics.

In the same time, statistics are considered in France as being intrinsically related to economic studies. Indeed, the French statistical school stresses the importance of linking statistics to economic studies, in order to obtain at both ends a richer and more refined product. This is done through two main channels; on one hand the INSEE implements a number of economic studies and surveys, and on the other hand, the economic surveys implemented in different ministries and in public / private institutions are made in full coordination with the INSEE.

In other words, at the level of ministries, the INSEE is acting as the main contractor and general coordinator, where as specific surveys are sub-contracted to the former.

Such cooperation is of course enabled by the fact that most information managers of those different miniseries have been trained at the INSEE and thus speak the same language.

##### *Databases*

In addition to the function of producing statistics and economic surveys, the INSEE also manages a number of national databases from which specific M/SMEs surveys are generated.

a) The National ID Roaster of Companies called "SIRENE". This is a unique ID number of each company, which is independent from the commercial registry and is automatically generated or updated on each contact of any given M/SME with a government agency. For example, assuming that an SME may not have registered itself or updated it's data, it's relation to the French Social Insurance body or the VAT agency automatically generate the creation of this unique ID code and updates the data related to the company. SIRENE identifies the following:

- *Physical persons exerting independently a non-salaried profession, (such as traders or physicians)*
- *State institutions and services agencies at national and regional level*
- *Establishments with a commercial registry*
- *The National ID Roaster of Electors*

b) The National Roaster of classification of activities and profession categories

##### *Surveys*

As indicated, the INSEE is the national body in charge of defining the scope of the national surveys, which complement and refine the statistical data. Such surveys are implemented by the INSEE whenever there is no specific ministry in charge of a particular issue or segment of the population. For example, one of the well known annual surveys implemented by INSEE is on the French households, and because the Secretary of State for M/SMEs is recently created, the INSEE continues to implement every 3 years a national survey on the M/SMEs of Zero to 19 employees.

Parallely, the INSEE defines the scope of the national surveys implemented by specific ministries or agencies. As such, among the main bodies applying such system is the following 3 government agencies producing yearly surveys, which include M/SMEs activities monitoring. These are:

- SESSI: related to the Ministry of Industry and producing all surveys related to the industrial sector, including the industrial SMEs.
- SCEES: related to the Ministry of Agriculture producing all surveys related to all agricultural activities including the agricultural M/SMEs
- Secretary of State for Commerce, Services and M/SMEs



It should be noted that these 3 organizations which represent the bulk of the activity sectors, implement sectoral and / or national surveys each in their respective categories of which the M/SMEs are an integral part and get identified through the segmentation of the companies in each respective activity sector or region.

However, each of these 3 organizations rely on the database of companies maintained at the level of the statistical institute INSEE.

Indeed, the inquiries conducted confirm the necessity to have a companies' database for both M/SMEs and large companies as a compulsory condition for any proper statistical work, being understood that such database must be updated and maintained consultancy.

The INSEE portal is also considered a model of web-based statistical data dissemination which includes the M/SMEs sector as presented further in the study.

### **The legal framework of national statistics and surveys**

The analysis conducted has highlighted the importance of a clear legal framework to secure the quality of national statistics and surveys:

- Indeed, the presence of a legal framework supply the obligation for individuals and companies to respond to inquiries while it guarantees in the same time their privacy rights.
- It appears that most countries have established a legal framework for the collection of data and processing of statistics. This point is particularly interesting to mention and to highlight for further studies as the Egyptian government is sponsoring the preparation of an information law, presently prepared by the ruling party.
- In France, 3 national bodies have been established to manage and implement the legal framework of information handling:
  - a) CNIS; National Council for Statistical Information. It operates as a sort of national assembly, where all the stakeholders of the civic society are represented, i.e., a total of 160 members in average. It's role is to debate of all questions pertaining to information, and specifically economic information. The program of the national surveys is decided at the level of CNIS.
  - b) INPI: National Institute for Industrial Property. It is in charge of supervising the collection of the balance sheets (annual) of all companies and making them available to any party. Indeed, several private companies have established agreements with the agencies in charge of receiving and archiving companies' results, i.e., chambers of commerce and commercial courts. Such service is made available since almost 15 years on the French local telephone network (Minitel).
  - c) CPCI; Permanent Commission for Industrial Coordination. This body provides the cooperation framework between the four main stakeholders supervising the industrial sector. These are the Ministry of Industry, the Central Bank of France, the statistical institute INSEE and MEDEF (the large companies representative body).

### **Analysis of the Industrial M/SMEs Statistical Agency (SESSI)**

The SESSI (Industrial Studies & Statistical Services) related to the division of Industry, IT & Telecommunications within the Ministry of Economy, Finance and Industry is implementing on a yearly basis complete surveys on all the industrial sector including the industrial M/SMEs, in addition to specific studies and a range of publications and the promotion of an information culture.

#### *Surveys produced*

- EB: these are sectoral inquiries as the approach of the SESSI is to survey a whole sector in order to supply to the State and to the sector an updated benchmark to monitor their activity, and to develop the appropriate industrial strategy and the corresponding national policies. These surveys are exhaustive covering all companies of each sector, whereas some are implemented on monthly basis, and in such cases, on a selected sample only.
- EAE: an annual survey of all industrial companies. This survey includes the industrial SMEs, which are analyzed within each specific sector. this survey also includes the analysis of the structure of these companies as well as the production and sales volumes, etc. Each activity has a questionnaire specific to it's sector as the SESSI tries to combine the range of questions which can portrait as accurately as possible the industrial sector concerned.

### *Additional surveys*

The SESSI also produces during the year's additional surveys, taken from horizontal samples and not industry specific as they are related to specific issues of interest to the country.

For example, among the subjects regularly covered during the past decade, the question of innovation and how it is applied in the companies and as well the issue of the competitiveness of French companies in overseas markets.

It should be noted that these surveys are extensive and expensive and considered as an industrial process in their own right.

### *Information dissemination activity*

#### 1. To institutions:

The dissemination to institutions is based on several documents:

- The surveys themselves are printed and distributed to the national bodies and stakeholders.
- More importantly, the SESSI produces regularly summaries in different formats which get distributed as well to institutions and to the companies themselves. These are for example:
  - A monthly industrial barometer
  - Sectoral surveys both extensive as well as 4 page summaries
  - Subject specific detailed reports and / or 4 page summaries

#### 2. To Companies and SMEs

The SESSI is very much aware (and in fact even more than the Secretary of State to SMEs) of the need to raise the awareness of companies and specially SMEs to the importance and the use of information and in particular statistics.

##### a) Promoting the supply of information

- To secure the cooperation of companies, a copy of the surveys is automatically supplied to each company and SME interviewed
- They have now reached 95% response to their questionnaires, which are sent by mail and therefore filled in writing
- Their policy is to visit the companies who do not respond, the incentive used to obtain such results are several:
  - There is a penalty in case of not responding, (however it is not very expensive).
  - These surveys are implemented within and by the Ministry in charge of the Industrial sector, as such, companies are always keen to maintain good relations with their ministry
  - Moreover, it is the same Ministry who decides on the financial assistance provided to these companies
  - Finally, the fact that the surveys are being sent to each company inquired, is providing them a tool to better manage their business
  - Moreover, the SESSI implements a range of actions explaining to the companies the assistance and support they are providing to the sector, as follows.

b) Promoting the use of economic information

Recently, the SESSI has been developing a new policy towards the companies, i.e., building up the spirit of partnership versus the previous top-down relation and regal attitude. Their objective is to promote the concepts of information and awareness to business intelligence, as the studies implemented by the SESSI and / or other institutes have indicated that the French businessmen think more in terms of technologies, whereas their Anglo-Saxon colleagues are focused on business intelligence.

Among the tools used by the SESSI to promote the use of business intelligence:

- Partnership with organizers of professional exhibitions, whereas they manage information centers in the exhibition and produce surveys on the sectors covered by the exhibition
- Seminars and workshops all over France to train managers to economic information and how to use it. They even created training packages for the schools of engineers.
- Close cooperation with the librarians in the universities and research centers

## **Analysis of the Secretary of State to SMEs for Commerce & Services Information Agency**

### *Surveys produced*

This agency is relatively recent, as such, benefits from a limited number of qualified staff. Thus, as indicated above, the national statistics on the micro and small companies continue to be produced by the INSEE. However, the awareness to the lack of information specific to the M/SMEs was acknowledged recently and a series of surveys on the M/SMEs sector was initiated 3 years ago. These surveys are now published every year and cover the following sectors:

- Commerce
- Services
- Liberal professions
- Handicraft professions

The SMEs are included in each sector as per in the industrial surveys. However, 2 main surveys specific to the SME sector have been launched by this agency.

1. Yearly survey on the status of financial assistance provided to the SMEs
2. A new study published for the first time in 2002, and to be from there on updated each year and related to the key figures of the M/SME sector

In addition to the sectoral studies, specific surveys are produced and sub-contracted by the secretary of state to private consultants. Examples of such surveys:

- Monitoring impact of incentives to the creation of companies
- Surveying M/SMEs who have disappeared and the reason beyond that
- Monitoring the simplification of administrative procedures.
- The cost – as an example – for a sample of 600 SMEs is the equivalent of 200,000 LE.

### *Procedures and methodology*

In general terms, the non-industrial sector until this moment is less covered and analyzed than the industrial sector in France. As such, this newly created secretary of state for M/SMEs is basing their M/SMEs surveys on the available statistical resources and databases maintained by the main economic agencies. These are mainly 3 sources:

1. The SIRENE: the companies' database<sup>1</sup> maintained by the statistical institute INSEE.
2. Tax department: mainly from the VAT agency within the Ministry of Finance. The new VAT legislation exempts micro companies from VAT, but these represent 1% only of the national added value, and therefore, they optimize the statistical results by neglecting these companies.
3. Tax Department and Social Insurance Agency: the information on the turnover and personnel professional qualifications within the SMEs are further obtained from these 2 agencies.

### *Dissemination*

#### *a) Coordination of different agencies*

The Secretary of State for SMEs, having as indicated limited facilities is acting as a coordinator of a number of initiatives, both private and public in what concerns SMEs surveys.

#### *Examples of private initiatives*

These are mainly done by large chartered accountant offices, specialized in the SME sector:

1. Fiducial "[www.fiducial.fr](http://www.fiducial.fr)"

This auditing firm provides services to average of 80,000 companies. As such, they produce every quarter a survey, which they distribute free of charge.

2. Other initiatives are coming from certified accounting centers who manage the accounts of up to 400,000 SMEs and also produce regular surveys

*Examples of public initiatives*

Most state agencies surveys are industry specific as they relate to the development or monitoring of sectoral strategies.

As such, they do not implement regular horizontal coverage of the companies, i.e., of the SME sector in particular. In most cases, if the need for a specific question related to SMEs prevails, they add questions to the questionnaire concerning the companies with less than 20 employees.

*b) Promotion to companies*

The Secretary of State to SMEs - being more recent – has not yet organized efficient dissemination to the SMEs:

- They publish their surveys on the Web
- These surveys get published at average 20,000 copies and distributed free to all institutions and to companies who request it. However, they consider that their direct coverage of SMEs is not very efficient yet.
- The main promotion of their surveys is done through a close cooperation with the different companies providing consulting services to SMEs, using them as channels of communications with their common clients, the M/SMEs.

## **Monitoring Framework of the M/SMEs sector in France**

- 1) The Secretary of State to commercial and service companies and M/SMEs. This agency is related to the Ministry of Finance, Economy & Industry in France. It highlights the growing importance given in France to the M/SMEs. It hosts a monitoring center on the M/SMEs sector.
- 2) The Secretary of State for Industry , IT & Telecommunications, which includes the industrial M/SMEs. This agency includes the SESSI.
- 3) The division of Regional Activities & Industrial M/SMEs, related to the Ministry of Finance, who manages the financial aid and incentives supplied to the M/SMEs sector.
- 4) The APCE, the Agency for the Creation of Enterprises.
- 5) CGPME, the General Federation for M/SMEs, which is the equivalent of the Federation of Large Companies in France (MEDEF), in what concerns the M/SMEs. Although the M/SMEs have now a ministerial body to monitor their sector, i.e., a Secretary of State related to the Ministry of Finance, Economy & Industry, there are three other state organizations involved in their monitoring, in addition to the CGPME, the private federation of M/SMEs representing their interests.

## 2. Case Study of Canada

### Main collectors and the various sources of data in the country

#### Statistics Canada

Statistics Canada is a government organization responsible for the collection, compilation, analysis and dissemination of statistical information relating to the commercial, industrial, financial, social, economic and general activities and conditions of the people of Canada. Statistics Canada has two main objectives:

2. To provide statistical information and analysis about Canada's economic and social structure to:
  - Develop and evaluate public policies and programs
  - Improve public and private decision-making for the benefit of all Canadians.
2. To promote sound statistical standards and practices by:
  - Using common concepts and classifications to provide better quality data.
  - Working with the provinces and territories to achieve greater efficiency in data collection and less duplication.
  - Reducing the burden on respondents through greater use of data sharing agreements (sources used include annual tax records, monthly employee payroll records and customs records)
  - Improving statistical methods and systems through joint research studies and projects.

#### Strategis

Strategis is a subsidiary of Industry Canada (a department in the Federal Canadian Government having the goal of fostering a growing competitive, knowledge-based Canadian economy) aiming at providing business and consumer statistics through its website to the public. Strategis has more than 2 million electronic documents in its database and 3 gigabytes of searchable statistical data, while it links to 20 thousand business links.

#### GD Sourcing, Research & Retrieval

GD Sourcing is an Internet based research and retrieval private company that specializes in helping researchers access statistics collected by the Canadian Federal government.

*The company was launched 5 years ago to help meet the need for a single, accurate and accessible reference point to the data holdings of the Canadian Federal Government. The company states that its main mission is to accumulate all statistics provided by various governmental agencies in one source.*

GD Sourcing carries on its activity through contacting the government departments upon the client's request, handle the access charges and provide him with a complete research.

### Nature and type of data collected

Statistics Canada classifies its statistics according to topics:

- The economy: (latest indicators, the economic conditions, primary industries, census of agriculture, communication transportation and trade, international trade, manufacturing and industry and finance & services)
- The land: (geography and environment)
- The people: (population, education, labor, employment and unemployment, health, families & household and culture, leisure & travel)
- The state (government and justice & crime)

If we take the example of the economy, "latest indicators" topic includes a range of detailed sub-topics with their relevant statistical tables.

On the other hand, Statistics Canada has a series of publications, papers and statistical services, some of which are free of charge while the others are sold.

Example of publications, Canada Food Statistics (available on CD-ROM, updated twice a year, sold for 75\$). CANSIM is another product, an online database resource for Canadian socio-economic statistics on labor, health, income, trade, education, manufacturing, investment and other. CANSIM Tracks trends, analyzes market potential or study economic activity with reliable data from the ultimate authority in Statistics Canada.

Strategis classifies its statistics as follows:

- Company's directory (including importers database, federally incorporated companies database and Canadian Companies Capabilities)
- Trade and investment statistics (including international business opportunities, trade statistics, trade and investment policy, and investment promotion)
- Business information by sector, available in several search criteria
- Economic analysis & statistics (available as raw data as well as publications on various economic aspects)

*The Small Business Research and Policy* is a section in the "Economic Business analysis and statistics" that includes the *SME Research Database*, an extensive collection of research references on the subject of entrepreneurship and small business in Canada, containing over 1,500 items of small business and entrepreneurship research undertaken by university researchers, governments and business organizations. The large majority of references pertain to Canada. However, selected international references are also included.

The data included in the database is classified into 5 main groups, each group is divided into subgroups while cross-section classification is also included.

These are the main classifications of the database:

- Entrepreneurship Concepts (4 subgroups)
- Entrepreneurs - Characteristics and Relationships (8 subgroups)
- Management Functions (9 subgroups)
- Dynamics of Growth and Survival (6 subgroups)
  - Economic Context (4 subgroups)

SMEs Research Data base also includes *Small Business Quarterly*, a quarterly produced product of Industry Canada, overviewing key small business statistics, trends and recent developments. This publication is based on interviewing a number of SMEs on specific aspects. (See annex for a copy of this publication).

*Frequently Asked Questions* (FAQs) is another product that presents key statistics on small business topics, responding to some of the most commonly asked questions.

Among the statistics covered in the report, existing number of businesses in Canada, number of employees in the SMEs sector, etc. The sources of the raw data collected and analyzed in the FAQs are Statistics Canada and Canadian Business Registry. (The latest version of the FAQs is included in the annex).

*GD sourcing*, on the other hand disseminates tailored statistics based on the client's requirements as well as offering customized list of available statistics and publications. The list includes:

- Canadian household spending data
- Sources of Canadian Market Research Data
- 2001 Census: Population & Dwelling Counts
- Quarterly Retail Commodity Data
- Canadian Community Profiles
- Municipal Government Web Sites (many include local demographics)



- International Trade Data (Imports & Exports)
- Market Research Handbook
- Researching a small business in Canada

### **Frequency of data collection**

Frequency of data collection varies from annual, semi-annual and quarterly according to the type of data.

### **Cost of data**

The majority of data provided by the Federal Canadian government is free of charge, however some of the publications (such as "Canada Food Statistics" is sold for 75 \$, due to the in-depth information coverage on one side and due to its detailed classification structure that permits several search criteria.

On the other hand, GD Sourcing, which is a private entity offers free direction to Canadian statistics which are available on-line free of charge while selling its products (whether customized or tailored) to its clients.

One of the main publications produced by the company is the research guide "Researching a Small Business" available online, on CD-ROM and hard copy costing 21,27 and 39 \$ respectively. It includes Market Research guidelines, tips for entrepreneurs, identification of Canada's main Canadian sources for cash flow statement development and the creation of realistic performance expectations, marketing and operational analysis and Internet research strategies.

### **Technology used and infrastructure of data dissemination**

Statistics Canada, Strategis and GD Sourcing created websites to disseminate the available statistics as fast as possible to the larger base of public, whether inside Canada or abroad. Although direct electronic downloads are available, direct shipping orders are still an option for CD-ROM or hardcopies publications.

### **Main users of statistics<sup>1</sup>**

Strategis was the only statistical agency among the identified 7 countries that conducted a survey aiming at identifying the main users of their services, the survey identified the following:

- 90% of the users were Canadian, while 5% were from the United States and 5% were from other countries.
- 43% of the users were full time employees, 23% Business owners, partner or president, 12% students, while 11% were consultants
- the majority of the employment sector were in the field of biotechnology, with a 15% percentage, followed by the IT sector, with a 10% percentage
- Company size was also taken into consideration, as 18% of the users were self employed, 17% were companies of 1 to 4 employees and 18% were companies with 5 to 19 employees. Enterprises with 250 + employees had the biggest share as they reached 20%.

### **Information available on services offered**

Strategis has as well a complete section devoted to providing guiding information on services offered to small businesses. Services are classified according to the following:

- Services related to starting a business; (includes business start up information site, a guide to Federal Incorporation, downloadable various form, information on specialized fair, etc.)

- Financing; (includes identification of the various sources of financing, guiding steps towards capital growth, government's financing services, etc.)
- Exporting; (includes data on trading, link towards exporting sources, listing of Canadian Trade Centers, identification of trade fairs, information on GATT, etc.)
- Researching Markets; (includes information on International Business Practices, market research reports, country commercial guides, etc.)
- Suppliers, Partners and Customers; (various databases on Canadian and US companies)
- Managing People; ( Links to Human Resources websites)
- Using Electronic Commerce; ( provides info on E commerce as well as links to e-Business websites)
- Exploiting technology opportunities; (provides links to technology centers and research institutes, link to patent database, etc.)
- Business & the environment; (information on problems and solutions for environmental problems, link to the Environmental Affairs Branch, guiding towards efficient production, etc.)

The information available is free of charge and is not related to a time span since it is mainly a guide towards different services that are offered. The data is either present in Strategis' Website or it is available on other linked websites.

### 4.3 Case study of the United Kingdom<sup>1</sup>

#### Main collectors and the various sources of data

##### UK's National Statistics Agency

The National Statistics Agency of the UK is the main government agency responsible for the collection and dissemination of data providing a description of the UK's economy and society.

The National Statistics Agency was created in the year 2000, articulating – as described in its mission statement – the government's commitment to providing a statistical service that is open and responsive to the society's need.

##### Statistics Commission

*Statistics commission is an independent, non-executive body that advises Ministers on the statistical integrity and quality of National Statistics.*

##### The Small Business Services (SBS)

The Small Business Services is an agency within the Department of Trade and Industry, providing guidance for small business through offering information services as well as promoting small businesses in disadvantaged communities. SBS has a portal website that will be presented in the "portal" section of this study.

##### Ministries and sector-related entities

Each Ministry is required to provide National Statistics regularly with the latest figures related to its sector, for example, the Ministry of Agriculture provides National Statistics with data related to Land Area, production of agri-produces, etc.

#### Nature and type of data collected

Data is classified according to activity sector, the following sectors are covered:

- Agriculture, fishing and forestry
- Commerce, industry & energy (cross-sectioned with size of employment, where data concerning M/SMEs can be extracted)
- Economy
- Education and training
- Health and care
- Labor market
- Transportation, travel and tourism

Each of the above sectors is sub-classified into topics, where each of the topics is either covered in the form of dataset, surveys, or links to a more specialized website. For example, the agricultural sector includes the following topic:

- *Overview of agriculture, fishing and forestry, including:*
  - a directory of publications and data with a three level hierarchy: Theme, subject within theme and topic within subject.
- *A link to the official website of DEFRA (Department of Environmental Food & Rural Affairs) with its related statistics*
  - Output and inputs of agriculture and the food industry, including (food production and supply, animal feed, dairy farming and produce, food, drink, and other 'agri-industries') broken down as follows:

- *Agriculture in the UK, available in the following formats: (PDF and excel files on DEFRA's website, datasets classified as follows: (accounts, commodities, environment, farming income and agriculture in the economy, prices, productivity, public expenditure on agriculture, structure of the industry and subsidies), each of those classifications include a serie of topics presenting tables on excel or PDF formats.*

A number of surveys and statistics covering areas related to M/SMEs are also compiled and disseminated exclusively by SBS such as:

- Survival rates of new businesses
- Business start ups and closure
- SME Statistics for UK for 2000
- VAT registration and deregistration

### **Frequency of data collection**

As indicated, there are two main types of statistics, database (datasets) and surveys and publications. The datasets for all sectors are collected annually, while the surveys and publications are broken down per topic and do not have a fixed periodicity.

### **Cost of data**

Almost all datasets and publications are available on an electronic format free of charge on the National Statistics or other related links free of charge.

### **Technology used and infrastructure of data dissemination**

National Statistics – through its website – supplies updated statistics that covers all economic and social aspects of the UK. The existence of a free-of-charge database, user friendly and available on several electronic formats and accessible to all the public made any information on the UK obtainable by any one in any place of the world.

### **Role of statistics in the country's development<sup>1</sup>**

The National Statistics UK – in its mission statement – states its aim in providing an accurate, up-to-date, comprehensive and meaningful picture of the economy and society to support the formulation and monitoring of economic and social policies by government at all levels, in addition to:

- Informing the Parliaments and Assemblies and the citizen about the state of the nation and provide a window on the work and performance of government, allowing the impact of government policies and actions to be assessed
- Providing business with a statistical service which promotes the efficient functioning of commerce and industry
- Provide researchers, analysts and other customers with a statistical service that assists their work and studies
- Promoting these aims within the UK, the European Union and internationally and to provide a statistical service to meet European Union and international requirements.

The objectives of National Statistics in pursuit of these aims are:

- To improve the quality, timeliness and relevance of its service to customers both within government and the wider community;
- To improve public confidence in official statistics by demonstrating that they are produced to best professional standards and free from political interference;
- To operate efficiently by improving value for money in the production of its outputs and minimizing the burden on those who supply it with data.

In order to ensure that National Statistics are relevant, accurate and focused on meeting the needs and aspirations of users, there is transparent planning framework and priority setting process for National Statistics. This includes:

- Producing a coherent, up-to-date, high level program for National Statistics that reflects the needs of users and which brings together the key elements of statistical work programs across Government. The Statistics Commission will consider and comment to Ministers on an annual work program prepared by the National Statistician with the support of statistics Heads of Profession. In doing so, it will draw on the views of users and suppliers and is required to maintain effective consultation arrangements to this end. In determining departmental statistics work programs Ministers will have regard to the views of the Statistics Commission and needs of users, departmental and cross-government priorities, compliance costs of data collection, and international commitments. All parties will play their parts in this process with regard to the available resources for National Statistics.
  - Establishing clear quality assurance processes for National Statistics. The National Statistician will establish a quality assurance program including thorough reviews of key outputs at least every five years with the involvement of external expertise. The Statistics Commission will comment on the quality assurance processes and will advise the National Statistician of any areas of concern that merit review: if necessary it may commission its own audits.
  - Developing and maintaining statistical standards, definitions and classifications and promoting high quality statistical output through systematic evaluation and research. The National Statistician will be responsible for these arrangements except in the case of the Retail Prices Index where special arrangements apply: the National Statistician will take the lead in advising on methodological questions concerning the RPI but the scope and definition of the index will continue to be matters for the Chancellor of the Exchequer.
  - Maintaining a transparent mechanism for taking into account the views of users and providers of data in the priority setting process. The National Statistician will be responsible for establishing and maintaining appropriate consultation arrangements: the Statistics Commission will have access to the information so garnered from users and providers and will establish their own supplementary consultation arrangements.
- Keeping under review the scope of National Statistics: the initial scope of National Statistics is set out in a document published today. Ministers will take decisions about the coverage of National Statistics in the light of the costs and benefits involved. To help this process, the Statistics Commission will advise Ministers of any widespread concerns about the quality of official statistics.

#### *Improving Public Confidence in National Statistics*

Not only must National Statistics be produced and presented without political interference but, in addition, this must be clearly apparent to users. This will be achieved by:

- Developing and maintaining a professional Code of Practice including policy for the release of National Statistics and policy on the handling of, and access to, data within government. The National Statistician is responsible for preparing the Code of Practice and, as necessary, resolving any issues concerning interpretation of the Code. Ministers are responsible for ensuring that statistics Heads of Profession have the authority to maintain and demonstrate the integrity of National Statistics in accordance with the Code.
- The National Statistician having a right of access to the Prime Minister, and First Ministers in devolved administrations, on issues of professional integrity including on resources where they impact on the integrity of National Statistics.
- If they wish, in the context of devolution, Parliaments and Assemblies setting up arrangements for enhanced scrutiny of National Statistics. This could cover both aspects of statistical integrity, quality and freedom from political interference.

#### *Operation Efficiently*

National Statistics need to be produced efficiently in order to maximize the benefits from the available resources. This will be achieved by:

- Setting challenging and explicit efficiency targets, and seeking always to achieve them;
- Taking advantage of technological developments to reduce costs of collection, processing and dissemination;
- making effective use of existing data sources including existing administrative sources;
- Providing guidance in the National Statistics Code of Practice on ways efficiency can be optimized, and reporting on efficiency improvements in the annual report on National Statistics

Responding to statistical inquiries also imposes a burden that suppliers legitimately expect to be kept to a minimum, consistent with the government's requirements for reliable statistics. Such compliance costs will be contained by:

- Making use of existing data sources wherever cost effective and practicable;
- Collecting statistics using administrative data where possible and controlling the use of censuses and statistical surveys to minimize the burden on data suppliers;
- Taking advantage of technological developments to reduce costs to suppliers of data collection; and
- Maintaining a compliance plan of the costs of statistical data collection to businesses and local authorities.

The National Statistician will be responsible for estimating the compliance costs to businesses and local authorities of responding to statistical inquiries and minimizing those costs. The Statistics Commission is required to have regard both to efficiency and to the need to keep compliance costs to a minimum when commenting on the annual work program for National Statistics.

#### Information on services offered to M/SMEs

The most successful M/SMEs service actually in the UK is the "Business Link" network, a partnership among the local provinces and the large companies who jointly funded their establishment. However, the Business Link sell their services to the M/SMEs and have started selling their know how in terms of business centers for SMEs overseas of which for the SFD in Egypt.

Business Link is thus a national service that provides help and advice on all aspects of setting up and running a business in the UK. Operating in 45 local areas across England, Business Link offers its services as well to large companies.

Available information on these services are presented in various forms, whether fact sheets, FAQs or case studies covering the following areas:

- Starting a business and it's related services
- Finance and money and it's related services
- Sales and marketing and it's related services
- E Commerce and IT and it's related services
- Management and operations and it's related services
- Business improvement and it's related services
- Regulation and taxes and it's related services
- Government initiatives and it's related services

The information available and registration to Business Link Website is totally free of charge. As the type of information available is a "guiding steps information", it is hence not relevant to a particular time span.

#### 4. Case study of Italy

Italy is recognized world-wide as the model of successful economic development nurtured by a highly developed M/SMEs sector. As such, the country was selected to be part of the 7 countries case study to develop an Egyptian M/SMEs statistical model. However, the analysis of Italy's M/SMEs statistical monitoring and beyond the overall country statistical output indicates that the successful M/SMEs policies of the country are not generated by the quality of the statistical data and therefore, accurate incentives triggered by the data.

The numerous surveys published on Italy, as well as the data collected indicates that the success of the Italian M/SMEs in their country and worldwide is rather related to the country's business culture and the fact that Italy's M/SMEs had for example invented successful M/SMEs services such as the cluster concept and highly efficient subcontracting programs before it becomes an international recipe for M/SMEs.

However, we are presenting Italy's case study here in because of its importance with Egypt being one of its priority export markets and the importance of the trade and cooperation relations between the two countries.

As indicated in the following analysis, the responsibility for producing and disseminating economic statistics, including the one related to the M/SMEs is separate from the role of disseminating information and services to the M/SMEs. As such, the statistics are mainly handled by government agencies with little involvement from the business community, whereas the information of services for M/SMEs are handled by semi-private institutions representing the M/SMEs themselves.

However, the database of companies both large and M/SMEs continues to be handled by the chambers of commerce and is now processed by their information and IT company as presented here and below.

##### **Main collectors of statistical data**

###### SISTAN: National Statistical System

Italy has started much later than other EU member countries, such as France setting up the unification of its national statistics and the re-organization of the different agencies in charge of statistical output at national and local level.

SISTAN was established by decree 1989 as the state body in charge of disseminating Italy's statistical information, in the country and internationally.

The system started with only state agencies as members and it is only in 1998 that an additional decree included private entities, which as members for the private entities who assume activities of public interest. The criteria for electing such private entities to be a member of SISTAN were further detailed in another decree in 2000.

###### State Agencies Collecting Data

- A) ISTAT: National Statistical Institute
- B) Three other state statistical agencies, ISAE, INEA and ISFOL
- C) Statistical offices (3,218) at the level of the state, provinces and in each Chamber of Commerce (102) and each sub-region (2,957), it should be noted that the Chambers of Commerce in Italy cover large and M/SMEs as they are Chambers of Commerce, Industry, Agriculture and Handicrafts.

###### COMSTAT

The Council for the Coordination and Planning of Statistical Information. It is a body similar to the French CNIS, managed by ISTAT, the National Statistical Institute, mainly composed of members of state agencies and university professors. It should be noted that contrary to France, the business community is not represented in this national body illustrating - as indicated above - the recognized pattern in Italy of the business sector developing parallelly to the state agencies.

### Commission for the guarantee of statistical information

This agency is related to the Prime Ministries Cabinet, and is responsible for checking the impartiality and completeness of the statistical information as well as such aspect as methodology and conformity to the international institution to which Italy is related.

As for the above-mentioned COMSTAT Agency, the commission is composed of university professors and directors of statistical research institutes and state agencies.

### **Nature and type of data**

The National Statistical Program, which general scope was also defined in the Ministerial Decree of 1989<sup>1</sup> includes the following:

- The contents of the statistics of public interest
- 3 years publications with an annual update
- confirmation of the scope of the data which does not infringe citizens' rights

### **Dissemination and costs of data**

The statistical data presents the whole economic sector without particular emphasis on the M/SMEs sector. The dissemination is done to all government agencies, NGOs and companies interested through regular publications, whereas two main entities have developed fairly comprehensive websites, these are:

[www.istat.it](http://www.istat.it), the Italian Statistical Institute  
[www.sistan.it](http://www.sistan.it), National Statistical System

The cost of such data is not available on the site and there is no possibility to order studies as for example the portal of the French Statistical Institute INSEE, which allows to order studies online. However, access to some information, such as the statistical program is classified.

### **M/SMEs information and service agencies**

As indicated above, the M/SMEs are supported in Italy by two main institutions, the Chambers of Commerce, Industry, Agriculture and Handicraft on one hand, and the confederation of Micro and Small Enterprises on the other.

The Chambers of Commerce are member of the National Statistical System, whereas the CAN, the confederation of M/SMEs is not.

### Info Camere

It is the information and the IT company of the Italian Chambers of Commerce and the main body having an effective dissemination activity towards the business community. It is as well one of the two main bodies producing surveys on the M/SMEs, as well as maintaining the Italian companies database. In addition, they have a portal which acts as the main web-based solution to provide information, i.e., surveys on the Italian companies and markets "[www.infocommerce.it](http://www.infocommerce.it)".



### Companies' database of Info Commerce

The database of companies managed by Info Commerce covers all companies totaling 5 million with comprehensive coverage of large companies from 1995 and of M/SMEs beginning 2000.

The companies' data is also providing a national register of protested bills, the access to the database can be ordered from their website. In addition, they quarterly publish the analysis of the Italian companies' evolution including such items as creation and disappearance of companies sorted by location, legal form and activity sector.

Moreover, they manage the MUD, the statistical program monitoring companies compliance with the environmental regulations, also produced and available on their website.

It must be noted that Info Commerce supplies on this website for all companies formats for obtaining a Commercial Registry and listing protested bills and payment issues and range of declarations formats needed by the Italian companies in dealing with the government.

The database is now offered in full on the web, however against a fee and provides a search up to 5 criteria:

- by product or service
- by national activity code ISTAT
- by location
- by size of capital
- by legal form

Indicative prices are, search cost (minimum obligatory 21 Euro) and the cost per company 0.02 Euro. Orders can be processed online.

CNA, The National Confederation for M/SMEs

This body represents the owners of all micro, small and medium companies, and acts as a lobby defending their interest towards the government. The CNA has been promoting the role of cottage industry and handicraft professions in Italy as well as in Europe. As such, the CNA, in order to respond the wide-spread presence of such activities has also a very large decentralization with 7,500 persons in 1,000 offices in Italy offering services, consultancy and information to the micro and small companies. The CNA was established in 1946 and counts 350,000 members.

### CNA information activity

- The CNA system is acting as an information resource center for its members on the European markets in terms of potential exports and assistance in developing cooperation. The main tool used is the European Information Center Network, of which the CNA is the national member of Italy.
- Using extensively the CNA website to inform on all the events related to the handicraft professions, and micro business owners, such as meetings, exhibitions. Workshops, etc. organized by the CNA offices. Another important feature on CNA site is the monitoring of government's activities and new regulations related to the M/SMEs.
- Publishing a monthly magazine "Artigianews"
- In addition, the CNA utilizes extensively its website to inform on all the programs it implements such as programs related to research and innovation, marketing, sub-contracting, immigrants and refugees problem, etc.

### CNA service activities

The services provided to the M/SMEs members of C N A are multiple. Among the most important ones are:

- Cooperation with the Ministry of Education for vocational training
- Cooperative with the Ministry of Interior to fight racket and extortion

- Launching of a National Public Awareness & Advertising campaign at promoting the image of the M/SMEs owners and the role they play in the economy. The campaign is also publicized on the C N A website.
- Programs for the promotion of young entrepreneurs with specific committees
- Programs for the promotion of women entrepreneurs with specific committees
- Artigian Cassa, the credit house for the handicraft professions. It operates since 50 years and functions as a bank for the financing and development of the handicraft sector. they have recently added as well saving, insurance and credit cards services
- C N A also provides access to all sources of finance available in Italy, Europe and worldwide or on a sectoral basis through agreement with CESTUD, which provides full data on all financial programs available

#### CNA international activities

From 1984, C N A launched an office in Brussels at the EU level and have launched since a serie of European initiatives to promote the handicraft professions and the M/SMEs, such as the UAEPENI EUROPMI, which represents 8 million M/SMEs in Europe's industrial sector.

Among the activities launched by the C N A to serve as an export promotion center overseas for it's members. There are offices for the C N A in France, Egypt, Malta, Cuba and the USA.

## **5. Case study of developing countries (India, Korea and Bulgaria)**

While the developed countries presented in this report tend to have a complete coverage of statistics - whether related to company size or activity sector – the developing countries – whether having an active SME sector or not – are still suffering from poor and incomplete data classification.

This section presents the analysis of the nature and type of data related to M/SMEs for developing countries, in order to:

- a) Present examples of a less developed statistical culture and/or,
- b) Highlight several issues and set them as examples for Egypt to study and take into consideration

### **1. India and the creation of a Ministry handling all M/SMEs issues**

India created a ministry for the M/SMEs called Ministry of Small Scale Industries and Agro & Rural Industries, the ministry is responsible for policy formulation, promotion, development and protection of small scale industries. It also monitors the implementation of these policies and ensures their effective implementation. Effective measures are being taken to augment the share of small-scale industries<sup>1</sup> in the total production, export and employment in the country.

The Ministry of Small Scale Industries & Agro and Rural Industries designs and implements the policies through its field organizations for promotion and growth of small and tiny enterprises, village and coir industries. The Ministry also performs the functions of policy advocacy on behalf the Small Scale Industries (SSI) sector with other Ministries/Departments.

The most active department within the Ministry Small Scale Industry, is the Small Industry Development Organization (SIDO).

SIDO was established in 1954 on the basis of the recommendations of the Ford Foundation. Over the years, it has seen its role evolve into an agency for advocacy, hand holding and facilitation for the small industries sector. It has over 60 offices and 19 autonomous bodies under its management. These autonomous bodies include Tool Rooms, Training Institutions and Project-cum-Process Development Centers. SIDO provides a wide spectrum of services to the small industries sector. These include facilities for testing, tooling, training for entrepreneurship development, preparation of project and product profiles, technical and managerial consultancy, assistance for exports, pollution and energy audits etc. SIDO **provides economic information services** and advises Government in policy formulation for the promotion and development of SSIs. The field offices also work as effective links between the Central and the State Governments.

#### *Format of statistics*

SIDO is providing raw statistics concerning the M/SMEs, among the statistics covered:

- Number of registered and unregistered SSI units
- Growth of Employment in SSI & Industrial Sector
- Trends in Growth SSI & Industrial Sector
- Growth of SSI Export
- Sickness in SSI Sector
- Status Classification of SSIs

Egypt can benefit from the creation of such Ministry to handle all the issues related to M/SMEs separately.

### **M/SMEs services provision**

India can be considered as the country which has benefited the most of the international institutions support to develop their M/SMEs sector and can be considered as having practically served as a laboratory, which they have generalized after in other countries.

The UNIDO analysts illustrate a case study of Jaipur, the capital of Rajasthan that is known worldwide for its hand printed textile products. The study implemented by the UNIDO identified a main problem, i.e., the lack of linkages among the different cluster actors, absence of common initiatives and of a shared development vision. The development of efficient and effective linkages between producers, buyers, suppliers, service providers, technical and financial support institutions and government agencies was considered to be a priority as well as instrumental to address the other clusters problem.

The block printers of Sanganer were approached through their old association, the Calico Printers Co-operative Society Ltd. This 55 years old cooperative which in the past had been very active had not provided any services to its members for a period of 12 years. Membership has declined from 100 to 26. With UNIDO assistance, a new president was elected in 1997 and a programmatic platform prepared.

The Block printers of Bagru did not have any umbrella association. Historically, attempts to promote such an association had not yielded positive results. It was therefore attempted to create smaller networks of printer at Bagru. A local NGO, the Indian Institute for Rural Development (IIRD) was given the responsibility of coordinating the projects' activity in Bagru.

Before the UNIDO's intervention, there was no association of exporters dealing with hand printed textile products. However, need for such a group was felt to strengthen exporters' backward linkages with the printers and forward linkages with foreign markets. Simple activities like workshops on internet, design, etc. were conducted to start interaction among a few targeted exporters.

These exporters after several meetings formed a "Consortium of textile Exporters"

The newly established or revitalized associations and consortia have with UNIDO assistance prioritized their needs and identified a number of joint initiatives.

## **2. Bulgaria, a new statistics law and the classification of statistics according to the EU's standards**

The National Statistics Institute of Bulgaria (NSI) was created in 1880 supervised by the Ministry of Finance and in 1999 a law for statistics has been drafted. The necessity of adopting a new law - as described NSI Bulgaria - evolves from the fact, that the existing Law on Statistics as of 1991 regulates in practice only the status and activity of the National Statistical Institute. There is not a legal basis related to the interrelations of the Bodies of Statistics with legal and physical entities, as well as detailed rules for carrying out statistical activity. The Law as of 1991 does not meet the National needs and is not in compliance with the EC requirements pointed out in the Council Regulation (EC) No.322/97 of 17 Feb. 1997 on Community Statistics. The recommendations in Agenda 2000 are connected to "additional clarification of some questions related to impartiality, transparency and confidentiality" of statistical data.

Another reason is the legal regulation of the scope and contents of the Unified Register of Organizations and Bodies, Carrying out Economic and Other Activity on the Territory of the Republic of Bulgaria (BULSTAT), other statistical registers in the country, as well as the interrelations between BULSTAT and other registers and information systems.

In the Draft Law there are given legal definitions for statistical concepts, a detailed description of the structure and interrelations of the Bodies of statistics in the country, the ways of statistical data collection, as well as the principles of confidentiality and protection of data provided from NSI and its offices. The regulations of the existing Law on Statistics at present are improved having in mind the practice of application and acquired experience.

The aim of the Draft Law is to execute completely the statistical activity in compliance to the principles of independence, impartiality, reliability, efficiency, adequacy, confidentiality and publicity, as well as regulating the rules for carrying out statistical activity.

The National Statistics Institute of Bulgaria is dividing its products into 2 main categories; statistics and publications.

While the "statistics section" is covering economic data, such as agriculture, industry, foreign trade, and national accounts, the "publications section" covers publications on tourism, foreign trade, population and social statistics, economy and finance and general statistics. All of these statistics are sold for fees ranging from 40 to 65 USD and produced and updated annually.

NSI of Bulgaria has a complete section in its database devoted to business data, in compliance with the EU requirements, broken down in six sections:

- Statistics on the economic activity of enterprises
- Energy and raw materials
- Distributive trades
- Transport
- Communication
- Tourism

### **Agency for Small and Medium enterprise**

The Agency for Small and Medium-sized Enterprises (ASME) represents the interests of the small and medium-sized business in Bulgaria before the executive and legislative power and implements the state policy on the SME sector.

The goals of the agency is:

- Improvement of the business environment through **easing of the licensing, permit and registration procedures** restricting the activities of M/SMEs as well as laying additional financial burdens on them. To this end the Agency co-ordinates an Intergovernmental Workshop within the Council of Ministers on the optimization of the regulative procedures, which will analyze the current state and propose specific measures for their reduction by the end of 2002;
- Having in mind the difficulties, which M/SMEs face in the finding of means to finance their activities ASME has developed a work scheme and statute of a **guarantee fund**, which will support the receiving of credits from the banks and other financial institutions with the aim of promoting production and business development;
- In support of entrepreneurs and in order to enhance their managerial skills, ASME is launching a **training program**, which will encompass more and more participants from private sector M/SMEs;
- Development of **regional co-operation** through the development of beneficial economic relations among the M/SMEs in Southeast Europe and the setting up of a Balkan Forum of small and medium-enterprises. Its objective is to join the activities of the agencies in the region similar to ASME and to assist the achievement of joint activities for the improvement of the economic contacts between the companies and the opportunities for co-operation, the reduction of the non-tariff and other barriers restricting their activities and the development of support mechanisms.

The agency is also providing consultation and information for SME. Among the information found in the agency's website:

- *Reports on M/SMEs in Bulgaria*
- Registered M/SMEs database includes:
  - *The name of the enterprise;*
  - *The type of the enterprise: micro-, small or medium-sized;*
  - *The BULSTAT identification code;*
  - *Registered office address;*
  - *Mail address*
  - *The court, case number, file, volume and page where the enterprise is registered;*
  - *Value of fixed assets and annual turnover;*
  - *Average number of employees;*
  - *Date of submitting of the application;*
  - *Date and number of the order of the President of the Agency, on the basis of which the certificate is issued;*
  - *Date and number of the order of the President of the Agency, on the basis of which the issued certificate is pronounced invalid*

### **3. Case study of Korea**

#### **Main collectors and the various sources of data in the country**

##### **Korea's National Statistics Office**

The Korean National Statistics Office was created in 1948 and has been through a series of restructuring, the last was in 1999 due to the second reshuffle of government organization, the Division of Statistical Development in the Bureau of Statistical Planning was abolished. The Division of Service Industry Statistics was newly established within the Bureau of Economic Statistics and the Division of Trade & Price Statistics was renamed as the Division of Price Statistics. Until now, the organization of NSO has maintained such structural formations of 4 bureaus, 19 divisions, 12 statistical offices and 35 local branch offices.

The Korean statistical system is considered to be decentralized as each ministry or non-government agency has the responsibility to compile various statistics related to its own field. Such ministries and agencies include the Ministry of Agriculture and Forestry, Ministry of Maritime Affairs and Fisheries, the Ministry of Labor, the Ministry of Health and Welfare, etc. Each unit is in charge of the compilation of statistics and the production of statistics for its own policy purposes. The statistical department of the Bank of Korea is also one of the major agencies compiling official statistics.

Under these circumstances, NSO, which is the central government authority in charge of statistics, plays a key role in the Korean statistical system. It has the responsibility of coordinating the national statistical services as well as compiling fundamental statistics and disseminating integrated statistical information. As an independent central government authority, NSO is under the supervision of the Ministry of Finance and Economy, but as far as technical matters are concerned, it responds directly to the appropriate ministries.

The main functions of NSO are:

- Coordination of Statistical Activities
- Establishment of Statistical Standards and Classifications
- Compilation and Analysis of the Fundamental Official Statistics
- Management and Dissemination of Statistical Data
- Statistical Training
- International Statistical Cooperation

##### **The Korean Small & Medium Business Association (SMBA)**

The main function of the SMBA is to develop and implement the M/SMEs related policies through its 11 regional offices throughout the country for efficient and effective implementation of M/SMEs related policies and for on-the-spot support of regional M/SMEs.

Entrusted with the principal business of management support, the Small and Medium Business Policy Bureau develops and implements SME policy, analyzes industry trends, helps aid restructuring reforms and assists small merchants and industrialists and woman-owned businesses. The Management Assistance Bureau is responsible for supporting finance, credit, human resources, information services, marketing and distribution. The Venture Business Bureau assists the promotion of start-up venture companies and venture capital like angel, venture capital companies including assistance with the selection of industrial sites. Finally, the Technology Promotion Bureau helps the SMEs with the development, transfer and guidance of technology.

The regional offices are entrusted with the mission of promoting cooperation between local government offices and related local SME organizations and of executing supportive policies for local M/SMEs.

The SMBA acquires statistical information on M/SMEs from the National Statistics Office and from related Ministries and/or government agencies and disseminates it through the public. The difference between data disseminated by NSO and SMBA is that SMBA produces general statistics, where M/SMEs are indirectly included while SMBA disseminates directly all statistics related to M/SMEs.

#### **Nature, type and frequency of data collected**

Data available in NSO is broken down as follows:

*Surveys: (totaling 47 survey)*

*Census surveys: (totaling 17 survey)*

- Agriculture census (Decennial)
- Fishery census (Decennial)
- Population Census (Quinquennial)
- Housing Census (Quinquennial)
- Industrial Census (Quinquennial)
- Census on Wholesale and Retail Trade, Service Industry (Quinquennial)
- Statistical Activity Survey (Biennial)
- Mining and Manufacturing survey (Annual)
- Construction Work survey (Annual)
- Census on Basic characteristics of establishments(Annual)
- Information and Telecommunication survey(Annual)
- Agriculture and Fishery Establishment survey (Annual)
- Environment Industry survey (Annual)
- Electronic Commerce Industry statistics (Quarterly)
- Electronic Commerce Industry statistics (Monthly)

*Sample surveys: (totaling 30 survey)*

- National Wealth survey (Decennial)
- National survey of household income and expenditure (Quinquennial)
- Statistical Response Survey (triennial)
- Service Industry survey (Annual)
- Venture Industry statistics survey (Annual)
- Etc.

*Processed statistics*

- Composite indexes of Business Indicators (Monthly)
- Gross Regional Domestic Products (Annual)
- Etc.

*Data available in the SMBA:*

Annual Statistical Tables

- Financial data
- Venture capital and SMEs
- Employment and SME
- Number of Business Incubators
- Debt to equity ratio
- Business Index Analysis
- Etc.

### **Technology used and infrastructure of data dissemination**

The NSO's website presents a detailed description of the data and statistics the agency covers in Korean and English languages, although some of the statistical information are downloadable directly from the website, the surveys implemented cannot be obtained from the net. Cost and method of payment are also undisclosed.

On the other hand, the SMBA disseminates its data free of charge in the form of "html" tables.

### **Services offered to M/SMEs**

Among the information that SMBA covers is the services offered to M/SMEs, as it provides a whole section that covers the various assistance given to M/SMEs in Korea and its source. The information is classified as follows:

- Construction of a start-up and fostering base for SMEs and venture enterprises
- Enhancement of a technology innovation system for M/SMEs
- Creation of an environment conducive to viable enterprise management
- Improvement of the information system for M/SMEs
- Expansion of domestic and overseas markets for M/SMEs products
- Fostering of the middle class & expansion of the industrial base
- Establishment of an efficient support system for SMEs
- Tax incentives towards M/SMEs and its related agencies

Each of the previous topics is then sub-classified into more detailed topics .

The information is available on SMBA's website free of charge on html text format.

## **V. Countries' Web Portal for M/SMEs and / or statistical data**

**Name of portal / portal address:** [www.cnis.fr](http://www.cnis.fr)

### **Background**



This French site is operated by the National Council for Statistical Information (presented in details in France Case Study). The National Council for Statistical Information provides a forum for producers and users of public statistics. As coordinator of government statistical activities, it prepares a medium-term program and - within that framework- an annual program incorporating all public surveys.

Government statistical departments submit their projects (surveys, registers, panels and compilations from government records) to CNIS members.

The latter examine what each project seeks to achieve, how it will fit into the French statistical information system, and whether or not it deserves priority. All the stages from survey preparation to the dissemination of findings are reviewed.

The ultimate aim is to reach a consensus among statistical information producers and CNIS partners, who mainly represent business and labor organizations.

CNIS approval therefore guarantees that an accepted project meets a genuine information requirement in the public interest, that is not redundant, and that it contributes to the medium-term goals defined for the field under study.

CNIS issues an abundant literature on a wide range of topics. It is thus the main source of information on statistical work in France.

### **Contents of the portal**

Information presented in this portal are broken down in 5 main categories:

- a) News Section, presenting the most important news related to statistics in general
- b) Presentation of the CNIS in terms of mission, services provided, organization chart, the legal framework, background history and list of contacts.
- c) The documentation category lists the various publications and surveys
- d) The "surveys" category includes lists of surveys broken down by themes or activity.
- e) Diary is a listing of the most important upcoming events such as seminar, exhibitions, workshops, etc.
- f) Links to other national and international organizations that provide statistical services

### **Site's Mechanism**

The portal – as previously – mentioned contains 6 main categories supported by a search engine, a site map and an abbreviation glossary. The sight is presented in French and English and access is completely free of charge and dedicated to researchers who seek obtaining information on the French market.

### **M/SMEs coverage**

As for the statistical data of the country, the M/SMEs data is an integral part of the portal.

## 2. France

**Name of the portal / portal address:** [www.insee.fr](http://www.insee.fr)

### Background

This website is the National French Statistical Institute's information portal designed to provide a wide range of statistical information covering France.

### Contents of the portal

The portal offers the following statistical services, broken down in three categories:

#### 1. Main Indicators

Consumer Price Index  
Purchasing power of the franc  
Cost-of-construction index  
Minimum wage  
Economic indicators  
Economic analysis  
Quarterly national accounts  
Annual national accounts  
Economic and Financial Data

#### 2. France in fact & figures

In Brief  
Geography  
Population  
Labor - Employment  
Income - Wages  
Living standards - Society  
Health  
Education  
Economy  
International  
Enterprises  
Agriculture - Food Industries  
Industries - Construction  
Wholesale and retail trade  
Services

#### 3. Publication & Services

Shop Window  
Catalogue/Order online  
Serial publications  
Working papers

In addition, the following database classifications are included:

- The Census, a database broken down by themes, geographical area and type of online product.
- Profiles of French regions, contains information and statistics on the French provinces
- SIRENE database of companies
- ALISSE database
- Producer price index

## **Site mechanism**

The main page contains four tool bars as described earlier:

- 1) Database toolbar
- 2) Main Indicators toolbar
- 3) France in Fact & Figures toolbar
- 4) Publications & Services toolbar

Each of these categories is then classified into detailed topics and sub-topics downloadable on PDF or html formats free of charge. The site is supported with a search engine and a site map to facilitate the extraction of information. The site is presented in French and English.

## **M/SMEs coverage**

As for the statistical data of the country, the M/SMEs data is an integral part of the portal. The portal is very rich in comparison to CNIS. It is used by all categories of the state and business community including the M/SMEs.

### **3. Canada**

**Name of the Portal / address:** [www.strategis.gc.ca](http://www.strategis.gc.ca)

#### **Background:**

Strategis is produced by Industry Canada a department of the Federal government which employs over 4,000 people across Canada.

The department's mission – as stated in its website- is to work with Canadians to build a growing competitive, knowledge-based economy aiming to improve conditions for investment, enhance Canada's innovation performance, increase Canada's share of global trade, and build a fair, efficient and competitive marketplace.

Strategis was launched on March 27, 1996 in order to harness the power of the Internet to provide business and consumer information to all Canadians without the constraints of time and geography allowing Industry Canada to shift from a paper-based information culture to a more efficient electronic one. Before the launch of Strategis, the department produced over 5,000 information products on paper.

#### **Contents of the site:**

The portal offers a wide range of information services that are classified as follows:

- Directories of companies
- Trade Investment
- Business information by sector
- Economic Analysis Statistics
- Research Technology innovation
- Business Support Financing
- Licenses Legislation
- Employment Learning
- Consumer Information

##### Directories of companies include

- Company directories
- Importer database
- Link to business directory websites

##### Trade Investment includes

- International business opportunities
- Statistics on trade
- Trade and investment policies
- Investment promotion events and tips
- Links to investment related sites

##### Business information by sector includes various classifications for industry sector:

- Alphabetical classification
- Classification by industrial category
- Sectoral events
- Sectors of Trade Team Canada
- Technology Roadmaps, (a planning process driven by the projected needs of tomorrow's markets. It helps companies to identify, select, and develop technology alternatives to satisfy future service, product or operational needs).

- Sector Competitiveness Frameworks document series
- Guides to Canadian Industry, serie of guides classified according to Canada's Industrial Classification System (SIC)

#### Economic Analysis Statistics include

- Current Economic Condition statistics, classifications include, Micro and Macroeconomics, regional economic indicators, trade and investment statistics.
- Industry Canada Economic Research, classified per type of product
- Industry and Trade statistics
- Small Business Research and Policy database
- Productivity Research & Policy Analysis

#### Research Technology innovation includes

- Categorized classifications of research and databases
- Information products and tools
- Links to other specialized websites

#### Business Support Financing includes

- Listing of business support services
- Information on financing
- Tools and tips towards a better financing, business planning, increasing competition, etc.
- Links to other specialized sites

#### Licenses legislation include

- Services and regulations
- Business policies
- Links to specialized websites

Employment, Learning includes links to recruitment, employment and training websites

Consumer Information includes various information on consumers in Canada, billing, voluntary codes, etc.

### **Site Mechanism**

Due to the huge amount of data operated by this portal, data are classified by several methods with respect to cross-references. There are 3 main tool bars representing data categories with cross-reference between them. The main tool bar was presented above, while the two others contain the same sub-contents but are designed for a direct access to a sub-classification instead of going through a serie of categories.

The "Strategies Guides" tool bar is designed for the direct access of all information related to services offered to M/SMEs. The toolbar lists those services as follows:

- Starting a Business; (includes business start up information site, a guide to Federal Incorporation, downloadable various form, information on specialized fair, etc.)
- Financing; (includes identification of the various sources of financing, guiding steps towards capital growth, government's financing services, etc.)
- Exporting; (includes data on trading, link towards exporting sources, listing of Canadian Trade Centers, identification of trade fairs, information on GATT, etc.)

- Researching Markets; (includes information on International Business Practices, market research reports, country commercial guides, etc.)
- Suppliers, Partners and Customers; (various databases on Canadian and US companies)
- Managing People; ( Links to Human Resources websites)
- Using Electronic Commerce; ( provides info on E commerce as well as links to e-Business websites)
- Exploiting technology opportunities; (provides links to technology centers and research institutes, link to patent database, etc.)
- Business & the environment; (information on problems and solutions for environmental problems, link to the Environmental Affairs Branch, guiding towards efficient production, etc.)

As we previously said, all the categories listed in this tool bar are also indirectly reachable through the main toolbar.

The second toolbar directly lists services offered by Industry Canada, which categories' are also indirectly included in the main toolbar.

The site is supported by a search engine to facilitate navigation, an alphabetical thesaurus and a site map. The site is presented in English and French languages and the majority of the data are within the portal's database. In case further details are required, there are links to many national and international websites to help obtaining further information.

#### **4. United Kingdom**

**Name of the portal / portal address:** [www.sbs.gov.uk](http://www.sbs.gov.uk)

##### **The background**

The website is managed by the Small Business Service (SBS), an agency within the Department of Trade and Industry that provides guidance for small businesses providing a wide range of information on and for SMEs.

##### **Contents of the portal**

The site contains information on various aspects concerning the SMEs, broken down as follows:

1. Information on Small Business Service Agency
2. Performance monitor for services offered by SBS
3. Listing of services to SMEs offered by SBS, such as improving b-2-b transaction programs, the Ethnic Minority Business Forum, Farm Business Advice Service Program, etc.
4. Listing of local outlets of SBS
5. Links to official UK sites offering information on different regulations affecting the SMEs
6. Listing of downloadable PDF papers addressing issues of interest to SMEs, such as "Starting up a new business", "Early growth funding: information and bidding guidance", "integrating the business support infrastructure"
7. Introducing SBS research activity along with examples on various surveys and publications implemented by SBS research team. The research team is to generate, gather, co-ordinate and disseminate quality research relevant to small firms in the UK.
8. Press notice is a section dedicated to the latest news concerning the SMEs
9. Speeches of SBS key responsible on various issues for SMEs
10. "Partners" section, including a listing of agencies and governmental bodies that might be of interest to the site visitors
11. "Finance" section lists links to sources that provide loans or information on loans for SMEs

##### **Site Mechanism**

The website is very basic and has only one level of classifications (as presented above). The site is fully free of charge and is linked to other websites that provide detailed information on various topics concerning the SMEs.

## 5. Korea

**Name of the portal / site address:** [www.smba.go.kr](http://www.smba.go.kr)

### Background:

The portal is owned and operated by the Small and Medium Business Administration (SMBA) of South Korea. The SMBA headquarter is organized with 1 officer, 4 bureaus with 21 divisions to develop and implement the SME-related policies. Also, SMBA has 11 regional offices throughout the country which are established for efficient and effective implementation of SME-related policies and for on-the-spot support of regional SMEs.

Entrusted with the principal business of management support, the Small and Medium Business Policy Bureau develops and implements SME policy, analyzes industry trends, helps aid restructuring reforms and assists small merchants and industrialists and woman-owned businesses. The Management Assistance Bureau is responsible for supporting finance, credit, human resources, information services, marketing and distribution. The Venture Business Bureau assists the promotion of start-up venture companies and venture capital like angel, venture capital companies including assistance with the selection of industrial sites. Finally, the Technology Promotion Bureau helps the SMEs with the development, transfer and guidance of technology.

The regional offices are entrusted with the mission of promoting cooperation between local government offices and related local SME organizations and of executing supportive policies for local SMEs.

### Contents of the portal

The portal covers the information related to SMEs, whether statistics or information on relevant laws and regulations as well as the different organizations related to SMEs. The site is broken down as follows:

#### The Korean SMEs

- The Korean SMEs (This section classifies and defines SMEs according to the Korean standards)
- General policy direction, a section overviewing the policies related to SMEs that are being implemented in Korea and their role in providing a better environment for SMEs. As described by the site, SMBA targets its policies at improving the structure and international competitiveness of SMEs and reducing competition-restrictive systems, so as to keep ahead of the changes and challenges in the new era in which they are expected to play a leading role. Therefore, the government helps SMEs develop their own capabilities to win fierce competition on the basis of flexibility and creativity unique to them. Also, the government is actively working on easing restrictions on enterprise activities, abolishing competition-restrictive measures aimed at protecting SMEs, promoting management suited to a global standard.
- Major assistance measures, is another section that discusses in-depth the various assistance programs that are offered by SMBA to SMEs, these programs are:
  - *Construction of a start-up and fostering base for SMEs and venture enterprises*
  - *Enhancement of technology innovation system for SMEs*
  - *Creation of an environment conducive to viable enterprise management*
  - *Improvement of the information system for SMEs*
  - *Expansion of domestic and overseas markets for SMEs products*
  - *Fostering of the Middle Class & expansion of the industrial base*
  - *Establishment of an efficient support system for SMEs*
  - *Tax incentives towards SMEs and SME-related agencies*
- Statistics; this section presents statistical information related to SMEs, such as number of startups and bankruptcies, average operating rate, distribution of SMEs and employment by industries, number of businesses owned by women, etc.



### Laws related to SMEs

- Overview of laws and regulations, is a list of laws or articles related to SMEs.
- Structure of laws related to SMEs; presents the framework act on SMEs, the main components are:
  - *Promotion of SMEs and encouragement of purchase of their products act*
  - *SMEs cooperative act*
  - *Act on the protection of business sphere of SMEs and promotion of their cooperation*
  - *Supports for SMEs establishment act*
  - *Act on the balance region development and promotion of regional SMEs*
  - *Korea credit guarantee fund act*

### SMBA News

Presenting the most important news related to the Small and Medium Business Association.

### Other links

Clickable URLs for other websites that might be useful to the site users, these URLs are linking the portal to the following areas:

- Websites providing information on business in Korea
- Listing of websites of Korean organizations related to SMEs
- Listing of websites of foreign organizations that are related to SMEs
- Listing of websites of other Korean governmental organizations
- Listing of websites of local governments

### **Site mechanism**

The site is very basic and has only one level of classification. There are 7 sections in the website, four of which are directly related to SMEs as we presented in the section above, while the remaining three present:

- General news of the site operator (SMBA)
- A bulletin board
- Links to other websites that might be interested to the users

Each of the 4 section related to SMEs are then sub-classified according to topics. The information contained in this site is completely free of charge, and does not require registration. The site is available in both the Korean and English language.

## 6. India

**Name of the portal:** [www.smallindustryindia.com](http://www.smallindustryindia.com)

### The background

This portal is an outcome a project implemented by Small Industries Development Organization (SIDO), the nodal developmental agency for small scale industries under Ministry of Small Scale Industries, Government of India.

SIDO was established in 1954 on the basis of the recommendations of the Ford Foundation. Over the years, it has seen its role evolve into an agency for advocacy, hand holding and facilitation for the small industries sector. It has over 60 offices and 19 autonomous bodies under its management. These autonomous bodies include Tool Rooms, Training Institutions and Project-cum-Process Development Centres. SIDO provides a wide spectrum of services to the small industries sector. These include facilities for testing, tooling, training for entrepreneurship development, preparation of project and product profiles, technical and managerial consultancy, assistance for exports, pollution and energy audits etc. SIDO provides economic information services and advises Government in policy formulation for the promotion and development of SSIs. The field offices also work as effective links between the Central and the State Governments.

Consequent to the increased globalization of the Indian economy, small industries are required to face new challenges. SIDO has recognised the changed environment and is currently focusing on providing support in the fields of credit, marketing, technology and infrastructure to SSIs. Global trends and national developments have accentuated SIDO's role as a catalyst of growth of small enterprises in the country.

### Contents of the portal

The SIDO portal offers a wide range of information, covering statistics on SMEs as well as information on services that are offered to SMEs and the methods to access these services. The following section describes the contents of the portal:

#### General Information services, including:

- Information on the **upcoming events** (national / international fairs and exhibitions, training courses, conferences, seminars and workshops).
- A **Directory** providing the contact information of various agencies falling under the umbrella of SIDO.
- Listing of the SIDO network broken down by the geographical area.
- An **Information Desk** providing access to information to the publication on services & activities of the DCSSI & related institutions in the area of Small-Scale Industry promotion & development. Information covered in this section are: info on credit services, technologies, lists of reserved items, emerging trends, explanation of Schemes offered for Market Development Assistance for exporters and finally, SSI exclusive purchase items.
- The **SME Showcase** is the Yellow Pages presenting the addresses of SMEs and Machinery Manufacturers. With over 50 categories and 30 lakh records, offering 3 search criteria (by business name, by product and by category), the showcase also features trade resources, SSI cluster studies, projects profile, and downloadable newsletter.

#### SMEs Statistics, including:

- Overview of SSI in India, it's definition, performance statistics covering their production, employment and export rate as well as opportunities and their economic indicator. In addition a list of reserved items and an association list is included
- Information on the **Policies** of the SSI sector, including industrial, central, state and labor policies.
- Information on SIDO **Schemes** and programs
- Tips for the creation of a new SME unit
- Overview of the SSI **Clusters**
- Listing of **publications** produced by SIDO

- **Thrust areas**, describing the available technology, marketing and credit support, as well as listing of training programs for entrepreneurship development, overviewing the self-employment promotional program and finally describing the scheme of infrastructure.

### **The site mechanism**

The website portal is designed to offer to SMEs all the information they need in the easiest possible way.

There are 16 main classifications (topics) for the information presented as indicated above, each of these topics is subdivided into sub topics. All information presented in the portal is within it's database, i.e., there are no linkage between this site and other sites.

Some of the site's contents are restricted to subscribers, such as projects profiles and some of the publications.

## **7. U S A**

**Portal name or address:** [www.sba.gov](http://www.sba.gov)

### **Background**

The U.S. Small Business Administration (SBA) was created by Congress in 1953 to help America's entrepreneurs form successful small enterprises, offering financing, training and advocacy programs to M/SMEs. These programs are delivered by SBA offices in all of the USA in addition to working with thousands of lending, educational and training institutions nationwide.

### **Contents of the Portal**

Services offered by the portal are divided in 12 categories listed as follows:

- "Starting your business": includes information needed to start a new business, such as the definition of a small and medium enterprise, guiding tips on legal aspects, market research and surveys on small businesses as well as economic and labour related statistics, etc.
- "Financing your business": includes information on all aspects related to finance, such as loan programs, statistics and forms, lender programs, e-tax, abstracts of workshops on financing, downloadable shareware financing softwares, etc.
- "Business Opportunities": includes links to several networks and databases of companies, links to trade missions and export assistance programs, workshops abstracts, etc.
- "Offices & services": includes a listing of SBA offices in the various states as well as the list of services offered
- Link to freedom of Information and Privacy Acts office
- Link to the "Disaster Assistance" Programs: offer financial assistance to those who are trying to rebuild their homes and businesses in the aftermath of a disaster. By offering low-interest loans
- "National Ombudsman Office"
- "SBA Classroom": an on-line resource for training and informing entrepreneurs and other students of enterprise, designed to educate and provide interactive business guidance on a variety of topics to many types of students. Besides "traditional" small business clients, the on-line classroom will benefit high school and college students, individuals with time and travel limitations, people with disabilities, international business resources and others.
- "Business Cards" is a free service that offers the registration of portal user with their contact information
- "Your Government" presents information on the Government of USA with it's related bodies
- "Outside Resources" offers links to general information and websites (not SMEs specific) that might be of interest to the portal users
- "Online Library" is an online source for papers, surveys and various forms of publications related to M/SMEs policies, statistics and legal framework

### **The mechanism of the portal**

The services provided by the portal are presented in two toolbars, the first presenting the Headline news of the SBA, "What's new" presenting all of 2002 SBA events, a calendar of the most important upcoming events, "site of the week" promoting on of SBA's related sites, and finally an Answer Desk gives the contacts of SBA to send visitors questions as well as a listing of the top FAQs.

The second tools bar, as described in the above section, presents the various services offered by the portal, each item included in the toolbar is presented in a separate webpage with it's own sub menubar.

The site is free of charge except for database access.

## **8. Multilateral portals**

**Name of portal:** EUROSTAT

**Site Address:** [www.europa.eu.int/comm/eurostat/](http://www.europa.eu.int/comm/eurostat/)

### **Background**

This web portal is a complete toolbox to access the European Union's statistical information. The site is owned and managed by the European Commission.

### **Contents of the portal:**

The portal contains information services in various forms as well as other services, the main information available are:

#### News Releases

Eurostat publishes around 140 news releases every year in connection with the release of new data. The news releases are issued at 12 noon CET on the web. They include key figures on EU15 and Euro-zone, the Member States and their partners. They are provided free of charge.

#### Statistics in Focus

This collection is published regularly by Eurostat and provides up-to-date summaries of the main results of statistical surveys, studies and analyses. It covers all themes and consists of about four to eight pages per issue. Eurostat issues around 150 Statistics in Focus per year. Available on-line on subscription.

#### Key Indicators

This collection provides the main indicators on EU15 and Euro-zone, the Member States and their partners.

#### Panorama of the European Union

This collection highlights the features and trends of a multisectoral theme or a sectoral sub-theme. The publications consist of around 200 pages and include analyses as well as tables and graphs. Available as single copies or on subscription.

#### Methods and Nomenclatures

Methods and nomenclatures are intended for specialists who want to consult the methodologies and nomenclatures used for a theme. Available as single copies. Access the Eurostat's classifications server.

#### Detailed Tables

Detailed tables are intended for specialists. They present part, or all, of the statistical data compiled on a theme, sub-theme or sector. Available as single copies or on subscription.

#### Research in official statistics

Main projects and results: VIROS, SUPCOM...Available as single copies or on subscription.

#### Catalogues

Catalogues provide rapid access to concise information on Eurostat's products and services. They are free of charge and include the Mini Guide, a selection of Eurostat products and services, and Statistical References, the quarterly newsletter on Eurostat's latest products and services.

#### Database Information

The latest, detailed and comparable statistical data at EU level published by Eurostat are stored in the following databases. Personalised data extractions are available from the Data Shop Network. Before submitting your request through the "Ask for statistics" part, we invite you to search for the indicators and variables.

#### Eurostat News

Eurostat News gives information about the most important events of the European Statistical System, the latest developments of projects and Eurostat calls for tenders.

As for the other services included in the website, they are broken down as follows:

- "Alert me", an e-mail notification on the latest News Releases, Statistics in Focus and all publications
- "Customized notification", an e-mail alert system based on the search criteria the users chose upon their use of the search engine available on the website.
- "Ask for statistics" is an access to the various services proposed by Eurostat Data Shop network
- "links and contact" gives a listing of contacts concerning the European and international Statistical System.
- "Media center" for journalists
- "Online ordering" services

#### **Site mechanism**

As we previously mentioned, the main service offered in this site is "information", while information is classified into 9 topics, or "Themes", other services are divided into 6 categories.

#### Information Themes

1. General statistics
2. Economy & Finance
3. Population & Social Conditions
4. Industry, Trade & Services
5. Agriculture & Fishery
6. External Trade
7. Transport
8. Environment & Energy
9. Science & Technology

Each of the above-mentioned themes is then classified forms. While "News Releases", "Statistics in Focus", "Key Indicators", "catalogues", "database information" and "Eurostat News" forms are downloadable free of charge, "Panorama of European Union", "Methods of Nomenclature", "Detailed Tables" and "Research on official statistics" forms are sold for fees.

The following section will list examples the type and the form of information available for each of the 9 themes:

#### General Statistics

- Regional Statistical Yearbook 2001
- Eurostat Yearbook 2002

- **Statistics in focus** "the Moroccan economy and its links with EU-15", "Regional domestic gross product in candidate countries"
- **Panorama of the European Union** " Eurostat yearbook 2002 – Economy and finance", " Eurostat yearbook 2002 – Enterprises and their activities"
- **Methods and Nomenclatures** " European regional statistics - Changes in the NUTS classification 1981-1999", " European regional statistics - Reference guide"
- **Detailed Tables** "Eurostatistics - Data for short-term economic analysis ", "Eurostatistics - Data for short-term economic analysis"
- Etc.

**Name of the portal / portal address:** [www.gin.sme.ne.jp](http://www.gin.sme.ne.jp)

Global Information Network for Small & Medium Enterprises

## **Background**

On February 25 and 26, 1995, the G7 Ministerial Conference on the Information Society was held in Brussels and was attended by the Ministers of the G7 countries and Members of the European Commission. They agreed to execute 11 joint projects.

These projects aim at demonstrating the potential of the Information Society and stimulating its development.

The goal of the "Global Information Network for SMEs", a part of the "Global Marketplace for SMEs" which is one of those 11 projects, is to contribute to developing an environment where SMEs can exchange information on products, technologies, human resources, etc. freely, overcoming obstacles of distance and borders.

## **Contents**

The portal lists 16 clickable URLs for 16 countries. These countries are: the G7 countries, i.e., (Canada, France, Germany, Italy, Japan, UK and US) in addition to other countries: (Australia, Brunei, Korea, Singapore, Spain, Swiss, thailand, Hong Kong and the European Union).

Each country is represented by a website presenting information on SMEs this country.

## **Site mechanism**

The site mechanism is very simple, where the main page represents the member countries clickable flags that links directly towards the SME website for this country. In addition, there are 4 other M/SMEs-related portals referred to in the GIN, namely:

[www.actetsme.org](http://www.actetsme.org)

[www.isbd.org.jp](http://www.isbd.org.jp)

[www.iccwbo.org](http://www.iccwbo.org)

[www.unece.org](http://www.unece.org)



**Name of the portal / portal address:** (World Association for Small & Medium Enterprises)  
[www.wasmeinfo.org](http://www.wasmeinfo.org)

## **Background**

The World Association for Small and Medium Enterprises (WASME), founded in 1980 at New Delhi, India has emerged within 20 years as the largest professionally managed global non-governmental organization with Members and Associates in 112 countries serving micro, small and medium enterprises.

WASME role is to identify constraint facing M/SMEs globally and find solutions for these constraints. Since WASME is the only international non-governmental organization of SMEs enjoying Consultative Status with Economic and Social Council of the United Nations, United Nations Conference on Trade and Development, United Nations Education, Scientific and Cultural Organisation and United Nations Industrial Development Organisation, it is entitled to send its representatives to attend all concerned meetings of these organisations as well as those of Regional Commissions and various Expert Group Meetings / Symposia, etc. convened by these agencies, enabling the experts of WASME member institutions to have access to valuable documentation and to express considered views on behalf of WASME on related issues and to interact with top specialists of the world in their areas of specialisation.

WASME maintains close working relationship with the International Labour Office, Geneva; International Trade Centre, Geneva; Asian Productivity Organisation, Tokyo; Organisation for Economic Cooperation and Development (OECD), Paris, European Union, Brussels, World Intellectual Property Organisation (WIPO) etc. Permanent Representatives of WASME are in constant touch with UN Agencies and other International Organisations dealing with SMEs. WASME also has a number of Senior Advisers in member countries.

## **The contents of the portal**

Services offered by the portal are classified into 3 main categories, Technology & Trade Center, Information Service, and listing of upcoming events.

### *Technology & Trade Center*

One of the major activities of World Association for Small & Medium Enterprises (WASME) is to promote enterprise co-operation amongst small and medium-sized businesses.

This exercise is done through computerized match-making process so as to promote joint-ventures, business co-operation, technology transfers and enhancing market access. WASME receives a large number of requests from its members and their associate/assisted enterprises looking for business partners. While some are offering technologies, equipment's, services and markets for M/SMEs coming from other countries, there are also large number of requests for seeking technologies, equipment's, services and market outlets. These services are classified as follows:

- Technology Exchange Program
- Trade opportunities/Trade statistics
- Business profiles
- Partner matching Offers and Opportunities
- Internet Advertising
- Reference Library

### *Information Services*

Includes a list of selected publications that are sold through a Direct Order Form, among the publications that are listed:

- WASME Newsmagazine (bi-monthly)

This magazine includes News, Features and Messages to SMEs around the Globe, features include Article of the month, Global Economic Watch, Business Opportunities, World SME News, Focus on Publications and Upcoming Events.

- Technologies for Food Processing Industries: Around the Globe. 1993
- WASME Small Enterprises Series:

**Series 1:** Deals with Private Sector for Small Enterprises some Conclusions.

**Series 2:** Gives new perceptions of SME promotion policy, which the author believes would help in stimulating sustained and dynamic growth of SMEs.

**Series 3:** Deals with three articles - first on Institutional representation; second on Classifying SMEs, and the third on Credit guarantee. All these topics are of great interest to policy makers.

**Series 4:** Deals with financing of SMEs - venture capital for Small Enterprises in developing countries. It is almost like a textbook for financial institutions, schools of economics, industry and trade associations' etc.

**Series 5:** Evaluation of Small and Medium - Sized Enterprises as International Suppliers.

Thorsten Winkelmann reviews structural characteristics of the supply industry which is dominated by small and medium-sized enterprises, internationalisation objectives and strategies and different internationalisation forms and stability analysis.

**Series 6:** Criteria for Selecting Natural Resources in Conservation-Cum-Development Projects.

This study of tropical rainforest areas by Jorg Hartmann discusses the problem of conservation of endangered eco-systems with particular reference to rural areas of developing countries and identifies pre-conditions for the successful development of small-scale enterprises engaged in such industries.

**Series 7:** Internationalisation Strategies of Small and Medium-Sized Suppliers in a Globalizing Economy.

Thorsten Winkelmann has analysed internationalisation strategies used by small and medium-sized suppliers in certain industry segments in Germany.

**Series 8:** Informal Sector Enterprises in the Light of New Institutional Economics.

This paper by Dietrich Muller-Falcke examines the behaviour of informal entrepreneurs and the constraints to the growth of informal enterprises with the help of arguments developed by New Institutional Economics.

#### Upcoming Events

Lists the upcoming conferences, seminars, workshops, etc. that deal with issues that are of interest to M/SMEs.

#### **Site mechanism**

The site mechanism is very basic, the main toolbar contains six section, of which 3 are related to services offered by the portal or the WASME (presented here above), while the other 3 sections are general (About us, describes roles and function of WASME, contact Us, contains contact information and finally Membership, containing the benefits and types of being a WASME member)

The website is in English, and is supported by a search engine to facilitate navigation through the site's contents.

**Name of Portal / portal address:** [www.enterweb.org](http://www.enterweb.org)

### **The background of the portal**

The Enterprise Development Website is a private venture consisting of an annotated meta-index and information clearinghouse on enterprise development, business, finance, international trade and the economy. The main focus is on micro, small and medium scale enterprises, cooperatives, community economic development, both in developed and developing countries. EnterWeb lists and rates Internet resources in these areas, and complements search engines by providing shortcuts in identifying important sources of information.

EnterWeb acts as a single dispatching window of information which will direct anyone looking for information related to enterprise development, business and international trade to a place on the web that responds to their needs.

The primary objective of ENTERWeb is to act as an information broker which will provide to enterprise development practitioners, policy makers, academics and small business owners an annotated list of Internet resources giving substantive information on enterprise development topics including finance and credit, technology and technology transfer, management training, business centers and advisory services, entrepreneurship development and incubators, community economic development, credit unions and cooperatives, education and vocational training, marketing and trade, business networks and information resources, business law and cyberbusiness, enterprise development policies, economics, enterprise and environment, business news, women and enterprises, etc.

The objective is for each individual topic to identify what are the best sites on the web with regards to that particular topic and to give enough general information on each site so that one would know whether or not they should visit it

In addition, ENTERWeb aims to provide business related information and links on a country by country basis, mostly for developing countries and emerging markets.

### **Contents of the portal**

Information provided in the portal are divided into 26 main topics:

1. Entrepreneurship; series of URLs for websites providing information for entrepreneurs on how to start a new business as well as issues that are of interest to entrepreneurs
2. Finance; listing of URLs providing information on financing for small businesses and loans
3. Management; listing of websites providing management development services and discusses issues related to management
4. Markets; listing of websites providing information on international trade and export promotion
5. Advisory Services; listing of websites providing business consultancy services
6. Technology; listing of websites providing information on technology transfer
7. Business Law; listing of websites providing business, trading and IP laws
8. Policy; listing of websites providing information on various policies affecting the SMEs
9. Incubators; listing of websites providing information on business creation, incubators and self-employment initiatives
10. Cooperatives; listing of websites providing information on cooperatives
11. Donors; listing of websites providing information on donors activities, programs and projects
12. Bibliography; Link to relevant documents, reports and publications
13. Y2K Bug; listing of sites discussing the Y2K issues and it's impact on SMEs
14. Cyberbusiness; listing of websites providing information on how to run a website
15. Education & Training; listing of websites providing information on the best resources on business education and business administration
16. Economics; listing of websites providing information on the economic issues
17. Women; listing of websites providing information for female entrepreneurs
18. Networks; listing of Business networks and information centers.
19. Community development; links to local development and social economy
20. Microfinance; listing of websites providing information on Microfinance
21. Environment; listing of websites providing information on the relationship between the environment and businesses
22. Business research; listing of websites providing information on international business and enterprise development research

23. Discussion groups; listing of websites providing interaction and discussions services for issues related to SMEs
24. Conferences; listing of websites providing information on international conferences and seminars related to enterprise development
25. Business News; listing of websites having the most relevant and current business news
26. Knowledge Economy; listing of websites offering information on knowledge-based information society

### **The site mechanism**

The site is designed in a user-friendly structure, and acting as a gateway to websites that offer integrated information on SMEs issues. The site is free of charge and is supported by a search engine to facilitate the extraction of information. The site is bilingual (English & French).

**Name of the portal / portal address:** [www.isbc.com](http://www.isbc.com)

## **Background**

International Small Business Consortium's (ISBC) is also a private venture in form of an American portal with a mission – as described by its operators - to provide a productive and professional Internet / web-based network to help SMEs communicate about business needs, expand their markets, share their resources, knowledge and experience through furnishing one reference source for business information, resources and experts from around the world, and protected from non-productive and meaningless side issues.

## **The contents of the portal**

The ISBC provides a wide range of services, the database that the website contains is considered the main service the portal offers as a way to interaction between the member worldwide. Services are broken down as follows:

- Database containing 33,000 M/SMEs in 140 different countries
- M/SMEs direct services:
  - Business discussion groups
  - Marketing tips
  - Information on some important business issues such as the role of IT and web technologies, international trade shows, advertising strategies, VAT, etc.
  - A link to other business-related sites addressing business, marketing or SMEs issues, government agencies, etc.
  - A copy of GVI internet users survey
  - Listing of Harmonized Codes

## **The site mechanism**

The site mechanism is very basic, having a free-of-charge searchable database on M/SMEs with the following search criteria:

Company Name  
Activity Sector  
City  
Country  
Zip Code

In addition, the site also provide some basic and simple services that were described above, the site contains no toolbars, however, clickable URLs of the different services are listed in the main page, and in the bottom of each page of the website. The site is only available in the English language.

# Bibliography

## Websites, Portals:

[www.strategis.gc.ca](http://www.strategis.gc.ca)  
[www.statcan.gc.ca](http://www.statcan.gc.ca)  
[www.unido.org](http://www.unido.org)  
[www.ifc.org](http://www.ifc.org)  
[www.qdsourcing.com](http://www.qdsourcing.com)  
[www.cnis.fr](http://www.cnis.fr)  
[www.insee.fr](http://www.insee.fr)  
[www.statistics.gov.uk](http://www.statistics.gov.uk)  
[www.sme-canada.gc.ca](http://www.sme-canada.gc.ca)  
[www.smallindustryindia.com](http://www.smallindustryindia.com)  
[www.ssi.in](http://www.ssi.in)  
[www.ic.gc.ca](http://www.ic.gc.ca)  
[www.gin.sme.ne.jp](http://www.gin.sme.ne.jp)  
[www.isbc.com](http://www.isbc.com)  
[www.nsi.bg](http://www.nsi.bg)  
[www.epi-bg.org](http://www.epi-bg.org)  
[www.smba.go.kr](http://www.smba.go.kr)  
[www.yallam.com](http://www.yallam.com)  
[www.istat.it](http://www.istat.it)  
[www.cna.it](http://www.cna.it)

## Publications

- Handbook of Statistical Organization, the third edition
- UNIDO's report on M/SMEs
- EUROMED Special Feature No. 30 on the Mestat regional program

## Part II. Survey of Egypt's M/SMEs existing sources of information & related agencies:

### I. **Main Findings:**

#### 1. The Status:

To date, and in spite of the many international, national state, private entities involved in M/SMEs services in Egypt, there is no systematic data gathering on the M/SMEs sector.

The data available can be categorized in 2 main classifications:

#### C. M/SMEs sector specific studies:

These are all ad hoc studies implemented by various agencies and/or NGOs either with their own staff or by sub-contracted consultants.

These studies either cover a specific subject or sector or area and in such case include some field data gathering at SMEs directly, such as the directory of SMEs service providers produced by the German NGO "Friedrich Ebert Stiftung", or are based on the compilation of existing statistics and publications, such as the recently published report by the World Bank on the SMEs sector in Egypt and other North African countries. These studies are characterized by:

- A lack of dissemination not only among the donors and stakeholders themselves, but also total lack towards the beneficiaries.
- A lack of continuity, for various reasons, financial or other, which seriously limits the use of these studies for the needed continuous monitoring of M/SMEs sector.

#### D. General business and economic registers:

Here again the national registers do not produce sector specific M/SMEs data, statistics or surveys. However, and once reaching a national definition of M/SMEs, there would be the possibility to deduct the data pertaining to the sector.

There is a relatively large number of state agencies who produce data registers as a by-product of their activities. In addition two state agencies are more specifically involved in the production & dissemination of data, i.e. Capmas (the National Statistic Institute) and IDSC (related to the Prime Minister Cabinet).

In all cases the data produced by each agency is considered their property.

However both the quality of the information and its access are not operative. The main problems being:

- Lack of standardization of data definitions and criteria used among the agencies
  - Lack of coordination between the different agencies in terms of exchanging & pooling data
  - Lack of automation in many agencies
  - Absence of design of databases according to the needed outputs in terms of policies planning, monitoring, business development, etc...
  - An antiquated definition of "classified information" whereas even if there is no regulation impeding the disclosure of information or even parts of it, there is no access made to it. The general pattern being the possibility to access all data registered for 1 record (person or company) but not in an aggregated format.
  - There is no coding of activities or of other relevant economic data to allow monitoring.
  - Capmas moreover, is meant to be by now the only agency to publish all data produced or emanating from any other state agency or public sector company, however each agency is operating independently.
- 
- Parallely the private sector initiatives are mainly the companies databases created by Fiani & Partners, according to Kompass Int'l System, which uses the UN's ISIC coding & standards. This

database includes 30 000 companies, i.e. all large & medium firms. The company is presently promoting an exchange program among banks and the extension of the Kompass system to all SMEs.

2. New initiative

- In the wake of the numerous reports produced by Egypt and/or Egypt over 2002, the glaring contradiction in figures and statistics on the same issues produced by different state agencies, was recently acknowledged at the highest level. A number of decisions were taken, and mainly:
  - A government committee gathering all ministries with the task to harmonize data definitions and standards and create a gov-gov intranet with the purpose of identifying all existing studies and data.
  - The committee has just started and should as well define the rules of exchange of data among agencies as each also wishes to recuperate it's respective costs, and in parallel the type of data which is to be made accessible to the public. This will as well be supported by the e-government initiative launched by the Ministry of IT.
  - IDSC has been entrusted with the task of creating an "economic portal" using part or total of this data, to promote FDI and facilitate investments, however, the outlines are not defined yet.
  - Parallely, two initiatives related to the M/SMEs specifically although not directly related to the data environment of the M/SMEs should favorably impact on them: a ministerial working group to identify and streamline the numerous agencies and ministries involved in the M/SMEs sector and the preparation of a new legal framework for M/SMEs spearheaded by the Ministry of Foreign Trade.



## **Methodology:**

We have combined to conduct our survey 4 methods:

- Field research:

A serie of in-depth interviews of state agencies and international donors at different levels of organization, i.e., chairman and executives.

- Research undertaken by our network:

For same agencies, our correspondents were used to facilitate access to the data

- Analysis of the formats produced by the different agencies
- Collection of all existing studies and publications on the M/SMEs sector and cross analysis

Moreover, we have combined with the field research on data registries, the field research on key M/SMEs service providers such as, SFD, USAID, IFC, Banque du Caire, etc...

Following is the comprehensive list of data registries and sources:

1. Commercial Registry Agency (Min. of Local Trade)
2. Social Insurance Agency (Min. of Social Affairs)
3. Notary & Deeds Agency (Min. of Justice)
4. Income Tax Agency (Min of Finance)
5. VAT Agency (Min. of Finance)
6. Commercial Courts' Orders Registry (Min. of Justice)
7. Civil Registry Agency (Min. of Interior)
8. Voters Roll (Min. of Interior)
9. Capmas, Central Agency for Public Mobilization & Statistics (Min. of Planning)
10. IDSC, Information & Decision Support Center (Prime Minister Cabinet)
11. Agricultural Register
12. Utilities Registers (electricity, telecom, industry)
13. Non Governmental registries (Social Fund for Development)

#### **IV. Detailed profile and data output of each agency**

##### **1- Commercial Registry Agency & Register**

###### **i) Background:**

The agency is related to the Ministry of Local Trade and Supply and has the exclusive responsibility of registering and authenticating data related to companies and commercial activities whatever their form. Each of the 26 governorates has a commercial registry office related to it and for the large ones, several offices, with a total of 66 offices.

###### **ii) Data register operation:**

All data related to companies and businesses whatever their legal form is registered upon their creation and as well for each change.

Moreover the law requires each commercial entity to renew its registration every 5 years otherwise it cannot obtain a commercial extract.

To note, most large companies require to settle invoices, the supply of a copy of the commercial agency extract.

To date, the commercial registry data is entered on a manual basis wherever automated projects have started 5 to 6 years ago; one funded by an Italian grant and the second by an American grant, the latter also covering the automation of the patent register.

Thus to date, any extract is written manually, where as few CR offices are automated in addition to the C.R. office of the companies department which handles all shareholding companies.

Moreover to register a new company, or individual enterprise, a certificate from the chambers of commerce (a semi-public body) must be provided,

However the commercial registry data has been entered in full on a central database by the IDSC (see ch.10) Parallely, a new USAID-funded project (ICT managed by General Dynamic) is to start a project of automating two pilot C.R. offices and developing an online registry tool.

###### **iii) Type of information collected:**

###### **1. First time registration:**

- ☐ Serial no. of file presentation.
- ☐ Date of file presentation.
- ☐ Com. Registry No.

###### **2. Renewal information:**

- ☐ No. of renewal request(s).
- ☐ Date of renewal request(s).
- ☐ Date of renewal confirmation (i.e. No. do not change).

###### **3. Firm information:**

- ☐ Official name, trade name, name used in practice.
- ☐ Legal form, address (only street name).

###### **4. Executives information:**

- ☐ Name of trade / owner i.e. first name, father name, grand father name or family name, according to name in ID Card.
- ☐ Place and date of birth.
- ☐ Nationality.
- ☐ Name of shareholders and their titles, place and date of birth, nationality.
- ☐ Name and title of executives in charge of management and having authorized signature, place and date of birth, nationality.
- ☐ For joint stock companies name of board members and their representatives and the entity they represent, their place and date of birth, nationality with indication of authorized signature and to whom.
- ☐ Name of branch manager or authorized dealer, place and date of birth, nationality.

###### **5. Activity description:**

- ☐ Type and object of company. To note companies always write either a vague or a broad description which do not portray their real activity and the agency is not equipped to verify the data accuracy.

- ☐ Date start-up, company duration, and of the branches if any.
- ☐ Registered office address.
- ☐ Branches or agencies address.

6. Financial data:

- ☐ Capital authorized, issued, paid and value of in kind shares if any.
- ☐ Liquidation or bankruptcy judgments.
- ☐ Commercial courts judgments.
- ☐ Mortgage and / or sale of company offices or assets.

7. Other:

- ☐ Prior address of owner / trader activity.
- ☐ Listing of brand names or patents if any.
- ☐ Changes of board members or judgments related to them.

**d) Commercial Registry Structure (June 2002)**

On the basis of the declared capital paid, from LE 100 000 and above, there is only: 52 000 to 55 000 Co's.

The number of companies listed is 2,052,654 companies

Total breakdown by capital:

Less than 1000 L.E	304 000
1000 to 50 000 L.E	168 0933
50 00 to 100 000 L.E	27 140
100 000 to 500 000 L.E	22 408
500 000 to 1 Million L.E	6036
1 Million to 5 Million L.E	6565
5 Million to 10 Million L.E	2063
10 Million to 20 Million L.E	1050
20 Million to 50 Million L.E	1025
More than 50 Million L.E	675

**e) Validity of the information:**

- ☐ Companies owners are compelled by law to notify any change in the information registered.
- ☐ Any contract or sale to a bank, a state company or agency and by extension to a large company, requires the supply of a copy of the commercial registry which operates as the company ID Card.
- ☐ This system is the main one used to enforce the registration of any change in company's life and a regular update (although every 5 years only) of the company's data.
- ☐ Moreover the C.R. also lists all commercial courts and mortgages related to the company.

**f) Financing of data collection:**

- ☐ Registration fees due by companies.
- ☐ State budget for the operating expenses of the agency and financing of specific projects.
- ☐ Grants as indicated above by Donor countries.

**g) Dissemination of information:**

- ☐ The agency is open to providing some statistics but not the data itself.
- ☐ However there is the possibility by any entity to obtain copy of a C.R. of any company, on a one-on-one basis.
- ☐ The agency is as well negotiating a contract with a newly formed state agency TIC "Trade Information Center" (with shareholders being the Ministry of Local Trade, the Ministry of IT, the Federation of Chambers of commerce). The TIC is to develop trade statistics and to disseminate the C.R. agency data (when it will be automated).

**h) Annex:**

Summary of CRA DB layout.

## **2- Social Insurance Register:**

### **a) Background:**

The social insurance register is the largest register in Egypt. It is based on the operations of the national Social Insurance Agency related to the Ministry of Social Insurance & Affairs, and the operation of 2 funds:

- first fund: for the government employees social insurance.
  - second fund: for the public & private sector employees social insurance.
- 3 main legislations organize this sector:
- N:79/1975 related to government, public & private sector employees social insurance.
  - N: 108/1976 related to the companies owners & individual enterprises
  - N: 112/1980 related to self-employed persons ( in agriculture, contracting, all types of manual & individual works).

### **b) Data register operations**

The social insurance register can be considered the largest & most automated database including all persons insured:

- 1- Data is collected through the agency branches over Egypt.
- 2- Updating: the law (see above) compels each company to insure all its personal & to register the company to the social insurance office of its area. Each company has to register at the social Insurance office of its area, within 2 weeks of activity start up as well as all new employee and in January of each year, must report all change in its employees structure.

### **c) Type of information collected:**

- **On the companies**
  - Name, address, legal form
  - Social insurance ID No ( given once upon registration)
  - Name responsible manager
  - Name of employees in the company
    - their social insurance ID No
    - date of birth
    - date job start up
    - salary basic & variable
    - specific mention for drivers & identification of cars owned by the company.
    - Name of branches & their addresses
- **On the individuals:**
  - Name of insured
  - Social Insurance ID No ( based on birth certificate).
  - Date of starting work & subscription to social insurance.
  - Basic & variable salary
  - Address
  - Date of job & subscription termination.

**Note:** self employed people are requested to register to the social security service as well.

### **d) Validity of the information**

- The social insurance ID No is given to all citizens on the basis of their birth certificate & can be retrieved through their name, date of birth, mother name & governorate place of birth.
- Army staff & soldiers are also insured
- Generally the declared salary is below their real level, due to the high level of subscription i.e for the basic salary 40 % (26% on the employer & 14 % on the employed) and 30 % for the variable salary( 15 % on the employer & 10 % on the employed).

#### **e) Coverage of the population:**

- No of insured persons: 18 millions
- No of pensioned persons: 7 millions
- Total No of individual listed in the register 25 millions
- The agency has also registered average 53 million citizens & issued social insurance ID No to them, as this facility is open to all irrespective of whether working or not.
- There is 2.5 million companies registered .
- Registration of nearly 900 000 cars & commercial vehicles owned by companies & self employed persons

#### **f) Financing of the data collection**

The Social Insurance register is financed within the overall social insurance budget and based on:

- Revenues of social insurance funds.
- Allocations from state budget for administration expenses and/or financing of special projects.
- Grants & donations.
- To be noted: the Social Insurance Agency have a large body of inspectors visiting regularly companies to check on effective registration of all employees and the absence of fraud in declarations.

#### **g) Dissemination of information:**

- There is no law regulating the dissemination or non dissemination of information collected by the Social Insurance Agency.
- Presently the Agency provides to CAPMAS, (the National Statistic Institute) all statistics related to the data collected.
- The Agency data is considered as among the most accurate.
- A cooperation with the Agency to access their information, on the basis of a revenue sharing scheme is in principle a possibility.

### **3- Notary Deeds Register**

#### **a) Background**

The Notary Agency is related to the Ministry of Justice and is responsible for the validation & registration of all real estate sales contracts and powers of attorney contracts and registration of mortgages.

Only contracts registered at the notary agency are contractual and recognized.

Each of the 26 governorates in Egypt has a notary office and within each & according to its size a number of related sub-offices.

The central notary office maintains a centralized registration of all data.

#### **b) Data Register**

The notary maintains the registry of all real estate wealth in Egypt.

It also maintains registry of mortgages.

The notary register contains:

The description of the real estate property, or of the mortgage, or of the power attorney contracts.

The name of the person i.e. buyer & seller, etc....

The registration is manual, however the Agency is starting an automation process by microfilming each document registered, whereas a copy is kept in the central office.

#### **c) Type of information collected:**

The type of information collected & registered varies according to the nature of the contracts registered.

##### **1. Sales of real estate properties:**

Information on the seller: name, ID card No., address, nationality, his capacity to effect the sale, the possibility of being under sequestration or registered as fraudulent.

Information on the buyer: same as above.

Information on the object of the sale: land, real estate property, the property deed, the engineering design, the map of the property, the conditions of the sale.

##### **2. Mortgage registration**

- There is a special notary office in each governorate handling all mortgages in favor of banks or financial institutions.
- The data collected in all cases is:
- Information on the entity (person or company) in favor of whom the mortgage is made: i.e. name, address, authorized signature, nationality, position in the contract
- Information on the entity (person or company) effecting the mortgage: same as above in addition to whether under sequestration or fraudulent.
- Information on the asset being mortgaged:
- data of property, history of how it came in property of entity mortgaging, the engineering description, the mapping registry, the conditions of the mortgage & its value, the nature of the assets, the conditions of execution of the mortgage: calendar & payment terms.
- Any other items in the mortgage contract.

##### **3- Registration of powers of attorney**

- ☐ Name of person giving the power of attorney, identification & personal details.
- ☐ Name of person receiving it.
- ☐ Object & scope of action, i.e. limited to representation in courts, sale of an asset, registration of cars; or general.

##### **4- Certification of dates**

Such as rental contracts and other types of contracts in need of authentication of date of coming into force.

#### **d) Validity of the information:**

- To date 2 registry are kept: one manual and one (a copy) on microfilm.

- The updating is made upon request.
- The real estate sales contract operates as the ID card of the asset and new deeds are issued in case of resale.

e) Financing of data collection:

- Deeds registration fees.
- To note although they have been reduced the practice is to declare lesser values, as the costs are high.
- State budget

f) Dissemination of information:

- The deeds registration law does not allow general disclosure except to obtain copy of a single contract document.

#### **4- Tax Register/Income Tax Agency**

##### **a) Background:**

The Tax Authority is related to the Ministry of Finance and covers a number of agencies, each with its own register. Corresponding regulations are: law 157 / 1981, law 187 / 1993.

1. Income tax agency, covering all individuals and non-shareholding companies, it includes several sections:

- Revenues on non fixed assets.
- Salaries.
- Commercial / industrial activities income for the partnerships, limited partnerships and individual enterprises.
- Liberal professions revenues.
- Real estate and agriculture activities revenues.

2. Income tax agency for shareholding companies:

i.e. joint stock, ltd liability, partnership by shares.

3. VAT agency

Applied to most activities related to commerce, however some are still not tied.

##### **b) Validity of information registered**

The data registered is partially automated and partially manual:

- The tax ID Card corresponds to the basic information and is printed on the card given to each tax registered person and is automated.
- The taxes due by the different categories is registered manually.  
To note, the tax authority is preparing a full automation of its registers, to adopt the unified tax system.  
Present phase is the aggregation of all individuals files into a unique form to be followed by combining all files on a geographical basis, whereas any given person would not have several files but only one, irrespective of whether its components relate to different geographic locations.

##### **c) Content and updating of the different tax registers:**

###### **1. General income tax register:**

- The regulations organize that the revenues generators, i.e. the companies, must declare (form no. 8) the revenues related to salaries and on movable assets.
- Whereas individuals are required to declare the elements of their unified tax declaration i.e. commercial / industrial revenues, liberal professions revenues, real estate properties revenues.
- Individual income tax is due January 1<sup>st</sup>, whereas companies tax is due March 31<sup>st</sup>.

###### **1.1. For companies:**

- The income tax law requires from any owner of a commercial, industrial or liberal profession activity, to declare it at the tax office corresponding to his location within 2 months from start up.
- The data collected upon registration includes:.
  - Name
  - Address
  - ID Card no.
  - Address of activity / company
  - Legal form
  - Copy of rental / ownership contract of activity location
  - Company incorporation contract
  - Commercial registry copy
  - For shareholding companies, 2 copies of official journal where it is listed.
- In case of closing activity, this should be reported in 30 days.
- The tax ID Card issued by the Agency includes:
  - Name (first name, father name, family name) in addition to grand father name if in ID Card.
  - Address (personal)
  - ID Card or family card.
  - Activity / company address.
  - Legal form
  - Commercial name
  - Activity (in brief).
  - Taxes to which activity is related.



- Tax office to which activity is related.
- Tax register no.
- Each tax audit dates are registered also in the tax card.

### 1.2. For individuals

- The unified income tax covers individuals revenues as well as revenues of partners and shareholders in companies.
- To date, there are different tax forms for each type of taxes and revenues:  
*1.2.1. Revenues to be declared by the entity generating them and not the beneficiary:*
- On movable assets: "tax at the source"  
The company or agency declares the revenues it generates per person and per year and must retain on the revenues due, the tax value of 32 %, to be paid within 15 days of setting the revenues.  
In case of revenues from foreign countries the beneficiary must secure the declaration.  
The tax agency in what concerns movable assets is mostly concerned in building a database of companies / entities originating revenues as the law compels it to operate a "reserve at the source" directly sent to the Agency.  
The updating of this database is secured by the law as it compels companies to update each quarter the revenues it is distributing, and declare and channel the corresponding taxes.
- On wages: "tax at the source"  
The company / agency is to produce each year (form 25 & 26) a unified tax form containing for each person:
  - Period worked and salary including bonus.
  - Name & address of employee.
  - Title & main entity employing him.
  - Other entities employing him if any and their address.
 The company is requested to inform within 60 days of any change, new employees, etc ... wage increases, etc ...

### *1.2.2. Revenues to be declared by the individuals*

The 3 types of revenues and corresponding data, to be reported every year (between January and March) are:

- A central part which is automated:
  - Tax file serial No.
  - Tax ID No.
  - Name, address, ID Card No., social status.
  - These are all on the tax ID Card delivered to each registered individual.
- A manual part related to the type of revenues and taxes:
  - On commercial / industrial revenues.
  - On liberal professions revenues.
  - On real estate & properties revenues.
  - A recapitulatory declaration of taxes due with a recap. of taxes (at the source) already paid.
- Each active individual registered at the tax authority must as well declare the revenues and wealth of his wife and children (below 18 years) to be updated each 5 years

## 2. Commercial income tax register

This relates to the shareholding companies only.

### 2.1. Contents:

The tax register includes:

- Company name
- Activity
- Date start-up
- Tax ID No.
- Yearly earnings and taxes due
- Financial statements
- Taxes paid

Part of the data is automated i.e. related to the company fixed information whereas the variable data is still manual.

### 2.2. Update:

After initial registration (within 2 months of start up) as indicated above, the update is done yearly with presentation of financial statements.

**d) Financing of tax data collection**

- Fees from tax certificate and copies.
- State budget for administrative expenses and special budgets for investments.

**e) Dissemination of information**

Tax register information is generally considered classified except with the approval of concerned party.

However, most large companies and banks request a copy of the tax card of a company before dealing with it, although the tax card contains only the general information.

This procedure is mainly to verify that a company is duly registered in compliance.

## **5- VAT Agency Register**

### **a. Background:**

The VAT Agency, created according to the VAT law of 1991 is one of the tax agency's entities, however, with an independent status and responsible for the registration, monitoring and collection of the commercial entities subject to the VAT.

To date, the total number of registered businesses is averaging 50 thousand, some having registered voluntarily and other mandatory.

### **b. Data register operation**

□ From the beginning the agency register was automated and companies data is registered and updated on electronic format

□ The type of businesses / activities registered are the ones subject to the VAT, i.e.:

- Manufacturer or service provider, whereas both should have reached 54,000 L.E. sales per year
- importer, whatever the size of sales
- authorized dealer to one of the above categories, whatever the size of sales
- producer of goods specifically defined by the agency, whatever the value of sales

The VAT law allows the agency to publish and update regularly the list of activities, subject to the VAT and thus requires from the corresponding businesses to register accordingly. To note, all suppliers of goods or services to the Ministry of Defense are exempted from VAT.

□ The updating of the VAT database is secured through the provision of the law requiring each business registered at the agency to present a monthly statement and to pay the corresponding taxes within one to two months.

□ The VAT law however allows commercial activities with sales below the minimum revenue required choose whether to register or not.

### **c. Type of information collected:**

The data registered corresponds to three different types of data collection as follows:

#### **1. Formats related to registration**

##### **C.1. Format 1 VAT related to registration request**

- Name and Trade Name
- Legal Form
- Address / Tel / Postal Code
- Activity / License Number / date of license issuance
- Total sales during the period
- Registry number
- Company code and activity code
- *Note: to verify the data, companies are requested to provide a copy of their contract and/or articles of incorporation*

##### **C.2. Format 2 VAT related to the supply of the VAT registry certificate issued by the agency**

It is supplied by the agency to the company and/or person exercising a commercial activity and registered at the agency and should be accessible to the public. It contains:

- Name
- Registry number
- Date of registration
- Written confirmation of the agency stating the due registration

##### **C.3. Format 4 VAT related to the notification by the agency to the business that it is dually registered. It contains:**

- Name
- Address and telephone number
- Date
- Registry number and date of registration
- *To note: the law states that all producers and / or distributors shall state the name of their monthly clients within 15 days of the distribution date.*

## 2. Formats related to VAT statements

The statements correspond to two formats 10 VAT and 100 VAT, which include:

*To note: the agency supplies the business with different certificates such as the registration certificate, tax settlement confirmation receipt and various certificates for presentation to third party. In addition, any business subject to the VAT to present his VAT status with the income tax declaration.*

### C.4. Format 10 VAT

- Registry number and date
- Activity
- Name and address
- Tax office to which the business is related
- Sales value and tax due
- Purchase value and tax due

### C.5. Format 100 VAT

- Name and address
- Registry number
- Activity
- Description of the products object of the activity and of the VAT, which include: type of the product, production quantity, quantities sold, beginning and ending inventory.
- Information on tax value, tax amount, and value actually settled

## 3. Other Formats

There is a range of four different additional formats registered in the database for each business, whether company or individual or individual enterprise.

- ☐ Format 50 VAT, document sent by the agency to the entity related to amending the tax statement after the agency's audit
- ☐ Format 90 VAT related to arbitrage of disputes with the agency and to be used by the business to present his case
- ☐ Format 91 VAT, use to inform the business of the dispute settlement committee meeting
- ☐ Format 92 VAT, concerning the notification of the decision of the dispute settlement committee.

### **d. Financing of data collection:**

- ☐ Fees from issuing certificates and penalties
- ☐ State budget for the operating expenses of the agency and specific projects
- ☐ Grants and donations

### **e. Dissemination of information:**

The information registered in the VAT database is considered classified and cannot be accessed. However, the agency could be open to a cooperation in terms of statistical information without supplying the detailed information

## **6- Commercial courts' orders registry**

### **a. Background:**

The commercial courts orders are issued by the specialized court which in turn reports to the court. The court informs the chambers of commerce of court orders issued. This activity, although related to the Ministry of Justice is conducted in close cooperation with the Chambers of Commerce.

The Chambers of Commerce, upon receiving commercial court orders are to stop the "commercial activity license" and inform the commercial registry accordingly in order to council such registration. The commercial courts orders are to be notified to the chambers of commerce within 15 days of the verdict, while the chambers of commerce maintains the right to keep record of all information related.

### **b. Dissemination of information:**

- The commercial court orders are in the public domain and verdicts are posted on bulletin boards of the courts themselves. As such accessible by all public.
- However, the Federation of Chambers of Commerce have traditionally to date reserved for the banks the access to this data, after having started seven or eight years ago to collect the commercial verdicts on paper and now on electronic format
- A cooperation with the chambers of commerce could be envisaged to develop a commercial courts order database, an alternative being to collect the verdicts from the courts against a fee.

## **7- Civil Registry Agency**

### **a. Background**

As in all countries, the civil registry is related to the Ministry of Interior and handles the registration of all information related to citizens since birth until death and is as well responsible for managing:

- ☐ The birth register
- ☐ The ID Card (from the age of 16)
- ☐ Registering any change on ID card data during citizens lifetime

### **b. Nature of the civil register database**

The civil registry agency has a comprehensive database of all citizens residing and non-resident while carrying an Egyptian nationality. It has obviously been handled manually however moving to automation on microfilm and now to an electronic format following the law number 143 of 1994 reorganizing the registration and issuing of ID card.

It is expected that by 2005 all data at the civil registry will be on electronic format, whereas birth certificates will be as well produced on electronic format. Moreover, the ID card still on paper in circulation is expected to be fully replaced by the end of 2003 by a new plastic card within the national ID number project.

### **c. Overview of the National ID card project**

From the beginning of the 90's the need to shift from the traditional paper card to an automated system was studied and planned. The objectives spelled were:

- ☐ Increasing security and avoiding fraud and forgery
- ☐ Creating a comprehensive database on all citizens with the intention to aggregate the individual's personal information, their residence, educational status, and occupation, military status, voters role registration, social status
- ☐ Providing a unique identifier to the person following him from birth to death to avoid the similarity in names which is frequent in Egypt and Arab World
- ☐ Producing the card according to the highest standards of security to avoid forgery

The structure of the National ID Number is a combination of:

- ☐ Governorate code
- ☐ Date of birth
- ☐ Individual serial number

This seven digit structure should allow an easy implementation of census broken down by age, governorate, etc. thus providing precious statistics.

To be noted, the social insurance number is different from the national ID number, whereas the latter has been defined on the basis several principles, of which the facilitation of statistics and census counting, such as the number of voters registered per governorate and individuals being illegible to vote and many other information.

The management of the national ID project has been entrusted to a new company created to that effect (Civil Information technology Company) who is responsible for creating the database, designing it and updating the necessary programs.

### **c. Type of information collected:**

C.1. Data on new born according to birth certificates (the birth certificate is produced by the Ministry of Health office, however the certificate "form 15" also carries the name of the Ministry of Interior where as the civil registry receives a notification) the data includes:

- Name of new born

- Name of father and grand father
- Gender
- Place of birth (address and description)
- Date of birth, d/m/y
- Parents information, including their names, their father and mother's name, grand father name, religion and activity, nationality and address
- Information on health registry office, date and serial number

C.□ . A certificate from the hospital or clinic is also requested

## C.2. National ID card information

### □ Individual information

- Name and name of father in full, mother name
- Date and place of birth
- Religion
- Social status
- Gender
- Present ID card (if available)
- Nationality and religion of father and his date and place of birth
- Nationality and religion of the mother

### □ Information on residence

- Address in details and telephone
- Locality and governorate

### □ Information on education

- Data on highest degree obtained
- Date of graduation with name of institute and department
- Information on occupation (if applicable)

- Place of work

### □ Information on military service

- Status and date
- Military ID card

- Information on registration on voters' roll

- Information on social status, i.e. spouse and children

To note, in order to verify the validity of the information, a number of documents are required through providing the original and supplying a copy to the agency. Such as birth certificate, education certificates, work certificate, marriage certificate, commercial registry or license for business owners or self employed

## **d. Financing of data collection**

- State budget
- Cards and certificates fees

## **e. Dissemination of information**

The registry information is considered totally classified. Moreover, each citizen are requested to report any change in their social status.

## **8- Voters role**

### **1. Background:**

The voters role is maintained by the Ministry of interior, where as any Egyptian citizen eligible (18 years at least) is requested to obtain a voters card in relation to the election of the president of the republic as well as the parliament and senate members as well as local councils members.

The laws related to the political rights in Egypt are 73/1956, 38/1972 concerning people's assembly, 43/1979 concerning local councils, 120/1980 concerning the senate, in addition to two presidential decrees amending these laws 201 and 202 of 1990.

### **b. Content of the information:**

The voters card includes:

- Name
- Age
- Address
- Address and number of voting area
- Governorate and locality

A project is presently planned to secure the registration of all citizens having reached 18 years in the voters registry and this through the civil registry database. To be noted, voting cannot take place without having issued a voters card.



## **9- Capmas: Central Agency for Public Mobilization & Statistics Register**

### **a. Background**

This state agency is related to the Ministry of Planning and is primarily in charge of the population census. Over the years, it has been in charge of maintaining and producing national statistics. However the data dissemination role of the agency is undermined by the publication of statistical data by a number of other agencies such as the IDSC, the Ministry of Foreign Trade, the CBE, etc....

It also acts as the civil arm of the National Security in terms of providing authorizations for data collection or publications to the private or public sector.

### **b. Population Census**

The population census is the core activity of CAPMAS and it is implemented each 10 years starting from 1966, then 1976, 1986, and 1996.

The census covers 3 categories, i.e. individuals, households & companies.

The output provides statistics on demography, social status, household ownership, pattern (ownership, rental, commercial), professional or commercial activity.

Dissemination is towards:

- Ministry of planning for forecasts
- Prime Minister Cabinet
- Abstracts are published in the agency yearly statistical book available to the public

### **c. Economic Census**

The economic census is designed on the pattern of the population census and is nearest to a businesses and companies register, i.e., it is meant to count all economic activities in both the formal and informal sector.

It should therefore provide as well the count down of all M/SMEs in Egypt. However, the system of collecting the data does not allow monitoring. Moreover, access is limited to some agencies and in aggregate form till this date.

Started in 1991/92 it aimed at covering and surveying all productive sectors in the Egyptian economy in order to analyze the economic activity and the percentage of contribution of every sector on the GDP in addition to calculating the overall national inventory, global working capital, employment rate, cost of factors of production, etc. The second census was made in 96/97 and the third was completed in 2001/02. The census is thus conducted every 5 years.

#### **C.1. Sources of information and methodology:**

- For the census, CAPMAS does a field work with teams contracted ad hoc. However, the data is conditioned by businesses' willingness to provide data.
- CAPMAS has also access to other state sources:
  - The social insurance register, which is its primary source for updating its records and which provides him annually with name and number of companies created / closed, main activity breakdown, location and address, legal form, number of employees, wages and social insurance value. It should be noted that social insurance agency has its own team of inspection officers who do field visits constantly, whereas Capmas can only do it partially for each census. Moreover, it is also known that all companies declare up to 30 to 50% less employees and almost always lower salaries
  - The GOFI / General Organization for Industrialization, Capital Market Authority and IDSC

- The CAPMAS database is updated each 5 years from it's own census and an input is added yearly from the above sources.

## C.2. Contents of census data:

- The format designed by CAPMAS includes:
- Name of establishment
- Legal form
- Address (not for the purpose of monitoring & follow up but in order to produce geographical statistics, it does not include telephone)
- Type of activity
- No. of employees
- Total wages
- Revenues

However, many entities & specialists doubt the validity of this information as no process control was applied, and the CAPMAS officers do not have the authority to ask for the companies' documents for verification.

When the latest census will be released, the statistical which should be made available is:

- Number of establishments
- Sectoral activity
- Location
- Production capacity
- Legal form
- Number of employees
- Total wages
- Expected expansion
- Investments
- Revenues
- inventory

Dissemination is made towards the different ministries in addition to the Ministry of Planning & the Prime Minister Cabinet, while the main findings of the census are published in the newspapers. To date, the latest economic census is not published yet.

The main findings of the 2001-02 census revealed a number of 3 million economic enterprises operating in public private and public enterprises sectors, employing six million employees.

## d. Data register operation

The data held by the agency is automated while supplied by a range of state agencies i.e. customs, tax agencies, ministries,..... the only data gathered by the agency being the census, in addition to specific programs implemented on behalf of third parties,

- The statistical data registers held are:
- Foreign trade database
- Local trade database
- Housing database
- Products database
- Agriculture & land reclamation database
- Industry & petroleum database
- Transport & communications database
- Health care & housing services database
- Education services database
- Tourism services database
- Economy database
- Social services database

- Public & private sector database

Each of these databases contains as a minimum data such as:

- No. of entities
- Type & breakdown per type
- Value
- Geographical location

#### e. Validity & updating of the information

CAPMAS activity is supported by a number of regulations & presidential decrees (No. 35/1960 & No. 28/1982 & No. 2915/1964) which among others require from all public entities not to publish any statistics or data expect from within the agency.

However the practice is different whereas a large number of surveys are implemented by both public & private agencies.

#### f. Dissemination of the information

- The agency produces a number of publications of which a yearly statistical book.
- Capmas also created a database center through which it provides against a fee extracts from its various databases.
- An access on the web to some of these databases is also being planned by CAPMAS.
- Cooperation with CAPMAS to disseminate information is limited by their extensive definition of "classified information" & national security issues.

#### g. Financing of data collection & dissemination:

- Fees against extracts of databases
- State budget for administrative expenses & specific projects
- Grants mainly financing national projects.

## **Annex: Main preliminary economic census 2001/02 results**

Although the census data is not released yet, the agency distributed some preliminary figures (on January 2003):

- Total number of establishments: 3.16 million (versus 1.8 in C.R.), of which 2.032 million are active. This is not supposed to include liberal professions and day contract workers.
- Private sector represents 92.7% and state owned 0.6% and private services 6.7%
- Trade activities are 58.6%, of which 99% are retail, followed by 13.1% in industry, then 8.9% in services (including law and accountant offices), followed by 7.2% maintenance and service workshops, followed by the catering sector (5.4%) and the health services 2.7%.
- Total number of employed persons is 6 million, i.e., 31% of labor force of which 27% in trade, followed by industry, then construction, then health services, then services, then transports.

## **10- Information and Decision Support Center/IDSC**

### **a. Background:**

The IDSC has been created in the beginning of the 90's to support the administrative reform program of the government and upgrade the information output of the different agencies in order to provide the appropriate decision support systems to the government. It has thus been related to the Prime ministers cabinet since it's inception.

The IDSC has developed a number of databases on all types of activities in Egypt together with statistical information on the censuses and statistical analysis implemented by the different agencies. This data and analysis are fully automated and are aggregated to provide the appropriate decision support mechanism.

Among the different agencies related to the center, the public sector information center established to provide all information on companies part of the public sector; their data is accessible to scholars and others against fees. The IDSC has also created information centers in the premises of each governorate to help in automating the governorate activities as well acting as data collection units.

### **b. Types of information processed:**

The main databases created and maintained by the center are:

- Legal database, including the text of all laws and executive regulations
- Database of Ministers' cabinet memos, agenda and decision including all information presented by or to the cabinet
- Public sector database
- Statistical database on censuses
- Database on published studies and reference books
- Sectoral surveys produced by the center on products or sectors according to needs.

### **c. Commercial & industrial databases:**

IDSC has set-up 2 important projects:

- The commercial registry data is collected every month from all offices and aggregated in a database in Arabic with an online application.
- The industrial map project which collected all the industrial registry data and screened the 11000 industrial companies database is to be made available soon.

### **d. Validation and dissemination of information:**

- The databases are maintained through the automatic provision by the information office of each state agency of any report or survey, whether published or not
- Some of the data is reserved to the state decision makers, whereas the center publishes different publications on paper as well as on it's website. The center also implements different studies on behalf of third parties.

### **e. New activities:**

IDSC is to be put in charge of developing an online economic portal to provide up to date data to investors. However, the online and financing of this project are not announced yet. However, this project is conflicting with the similar project conducted by the commercial registry itself through the Trade Information Center, where the ministries of local Trade and IT are cooperating, and which aims as well at automating the C.R. To date, the access to the C.R. online is not yet available.

## **11- Agricultural register**

### **a. Background:**

The agricultural register is represented by the principle bank for agricultural development and credit (PBDAC), a state bank controlled by the Ministry of Agriculture. Created in 1931 to support the farmers, the bank operates 160 branches in addition to 900 village offices as well as 4500 bank units.

### **b. Type of information collected:**

The PBDAC has the largest database in any bank in Egypt totaling to 3.5 million customers. It is a centralized database, automated in the main branches of the bank (17) whereas in the other units, the registers remain maintained manually.

The bank has an ongoing plan to shift to full automation, whereas the use of microfilm to maintain the documents is still part of its procedures.

1. Credit Database: this includes several branches of which financing agricultural marketing, financing crop season, financing the seeds purchase, financing fertilizers. The financing provided is generally 70% of the real cost and supplied to both landlords and tenants. The database contains:

- Name / type of loan / amount / payment terms
- Settlement of previous loans / statement of any other loans obtained
- Content of the land ownership card, including location, type of cultivation and name of owner
- Purpose of the loan (see above)

2. Animal wealth financing database containing the same information as the above-mentioned database while covering only milk and meat production

### **c. Financing of data collection**

- Self-financing through the bank resources
- Grants and donations, such as from EFAD, German Line of Credit for the private sector, etc.

### **d. Dissemination of information**

The information related to the clients of the bank falls into the same category of secrecy of bank accounts as the other banks. A cooperation in the area of statistical data is feasible such as :

- Size of loans and pattern of use in different activities
- Land area and patterns of cultivation and ownership

### **13- Non-government registers**

#### *The Social Fund for Development*

##### **Background:**

The Social Fund for Development was created in 1991 initially as an organization insuring the social well being of Egyptians.

The SFD created SEDO (Small Enterprise Development Organization) in order to develop financial products and services for the SMEs sector in Egypt and having as it's main objectives:

- The creation of job opportunities and income generating opportunities in the SMEs sector by encouraging the creation of new businesses and expanding the existing ones
- To provide small businesses and entrepreneurs with credit, technical assistance, training and know-how.

The SEDO operates a database covering it's beneficiaries which total average 170000 to 200000 and aims at the follow-up, the monitoring the pay-back process of the SFD's beneficiaries.

##### **Data register operation:**

The database of the SFD is held automatically, on an electronic form through a computerized software program (BEN) having 7 main components:

1. Users database (contains names of the different users of the software)
2. Beneficiaries program (contains basic information on beneficiaries with their loans from the SFD)
3. Reimbursement database (states the actual status of the loans and reimbursement timetable)
4. Data update database (includes data on beneficiaries after being monitored, description of the obstacles that they face and proposed solutions for these obstacles)
5. Central search database (where a search on all beneficiaries broken down by governorates)
6. Reporting database (includes various reports on beneficiaries and donors)
7. Data transformation software (serves as a pool gathering all data generated from SFD branches)

##### **Type of information collected**

1. Beneficiary contact info (name, ID no., tel & fax of residence as well as the project in question)
2. Business partners contact info
3. Project's details (activity, lending bank, loan contract)
4. Loans details (lending branch, loan size , interest rate, number of installments, grace period, dates of payment)
5. Company details (Commercial Registry No. and date, Tax Card no. and date, number of staff broken down by contract type: permanent, part timers)
6. Unique identification number for each beneficiary and each project

##### **Financing of data collection**

Data collection is financed through parts of the grants offered to the SFD, the main donors for the SFD are the World Bank and the European Union, and the Arab Economic Fund.

##### **Dissemination of data**

All information related to the small and medium entrepreneurs and micro projects are strictly classified and cannot be obtained.

## **12-Utilities registers:**

There are 2 main registers in the utilities sector:

### **1- Electricity register :**

It is an automated register which include the basic information name, address in detail, value of consumption and balance due.

The new tenant law is expected to progressively cancel a valuable information, i.e. the split between household and commercial. Access to the data is not provided to date

### **2- Telecom Egypt:**

The national telecommunications agency became a corporation in the mid –nineties, preparing for privatization.

It holds to date 7 million subscribers classified in household and commercial. However this does not offer a reliable screaming as a large number of businesses occupy rented flats, either property of the owner or /, third party, whereas the registered owner of the line is not the present user.

The company is planning to create in house a customer database.

The contents of their register which is automated include name, address, telephone no, tel., office related to it, breakdown of fees due by service.

3- The third register in relation to commercial listings is the industrial registry managed by the general organization for industrialization, related to the Ministry of Industry, and totals 26000 to 28000 industrial units.

Any factory needs to register to be allowed to operate, as well as any new product or capacity increase need to be registered.

However, because of lack of means the monitoring of factories is absent and thus the data is not updated.

The register is however automated, and its contents are similar to the commercial registry in addition to the production line description.

To note, the IDSC has screened this data recently and validated it by eliminating cottage industries activities such as bakery units, to obtain a database of 11000 industrial companies to be published soon.

## **Conclusion of the survey**

### *Concerning the M/SMEs databases*

- The present registers are operated by agencies for whom sharing data, whether with other government agencies or the public is not considered among their duties even if there is no legal constraints on data dissemination. In addition, the data definitions of M/SMEs is not yet established, whereas the repetition of the same effort, such as the case of the Commercial Registry is still another issue
- Another aspect is the frequency of the registers updates and the verification of the inputs considering that the fieldwork is implemented by government agencies employees, where as small entrepreneurs are reluctant to provide accurate information to government employees
- In the same manner, outputs are not geared to supply the information needed whether to draw policies or to monitor their impact

### **Concerning the M/SMEs sector specific studies**

- These are characterized by their lack of dissemination beyond the entity who commissioned them and often within the entity itself
- They are generally implemented within a program funded by the entity who commissioned the study to monitor specific sectors or specific issues and are not structured to be renewed or updated in an ongoing manner

### **Concerning the M/SMEs services**

- To date, we have identified only 2 directories of M/SMEs services, where as they are mostly disseminated among the specialized agencies and NGOs, and, generally not towards the beneficiaries
- The apparent lack of information exchange among the donors and the NGOs involved in M/SMEs services has resulted in the repetition of similar services, whereas other types of services and needs or other locations are not addressed. Two other issues have appeared as well, the accountability of the service providers on one hand, and, the issue of "paid" or "free of charge" services

## **Lessons learned**

- The data gathering by government agencies employees will probably never be accurate in the Egyptian environment, considering the general attitude of businesses towards government agencies
- Providing information is not a natural attitude and to obtain appropriate results, this should be built-up in a larger frame, whereas there should be a clear benefit / service provided by the agency or entity inquiring on the M/SMEs operator
- For government agencies to provide data to third party as well as to exchange data among themselves, there is an absolute need to supply an effective reward for them
- The structure of the previous initiatives was not built on the principle of a dynamic database with access availability, where as the monitoring of the M/SME sector evolution at a micro level was limited or in-existent
- The issue of "classified" and "unclassified" definitions, and the fact that these have not been updated for the past several decades, contributes to the lack of dissemination and access of the data



## **PART III: SURVEY OF M/SMES RANGE OF SERVICES AND THEIR TYPOLOGY**

### **I. Main findings:**

The survey of the range of services provided several studies recently conducted of which the World Bank and the serie of interviews contacted with a representative sample of M/SMEs services providers to M/SMEs in Egypt indicates a range of common characteristics:

- viii) A large number of initiatives financed by a range of various donors without effective coordination among them, whereas:
  - Many appear as a repetition of the same effort instead of building up on results of other programs.
  - The counterparts from the Egyptian side vary according of the donor, thus not allowing the needed continuity.
- ix) The various service programs lack in organized dissemination and systematic awareness program towards the M/SMEs.
- x) The profile of the M/SMEs services providers is as well very diversified, i.e. NGOs, donors themselves such as the German foundations, government agencies, parastatal institutions ...

This diversity contributes to the lack of homogeneity of the services offered to the M/SMEs.

- xi) The propensity by many donors to use NGOs or parastatal business associations to deliver services to M/SMEs, is undermined by the poor performance of many of them, thus the issue of capacity building of the NGOs is added to the problem, instead of using faster delivery channels for the M/SMEs services.
- xii) According to most M/SMEs service providers interviewed through our survey and the published research collected, the services offered to date reach only a minority of M/SMEs whether the financial or the BDS services.
- xiii) The majority of the M/SMEs services remains to date in the area of finance, i.e. lending at privileged conditions, however the expansion of these activities is hampered by many constraints of which the absence of tools allowing the broadening of the financial services such as: credit rating and credit bureau on M/SMEs.
- xiv) The surveys and data collected also indicate that the services provided are demand driven, i.e. providing assistance to M/SMEs individually, versus focusing on the creation of linkages and subcontracting and in general the set up of vertical and horizontal development strategies organizing M/SMEs clusters.

Indeed the "clusters" strategies have proven M/SMEs BDS key to the development of effective services and strong M/SMEs growth both in developed and developing countries such as Italy and India.

### **II. Typology of services:**

- xv) The development of a dynamic and national database of services to M/SMEs accessible to both institutions and the M/SMEs themselves, will be a major mean to improve both the quality of these services as well as their accessability to the beneficiaries.
- xvi) Based on the findings identified above, it is recommended that the structure of the database be organized in order to provide both for easy and user friendly access to the M/SMEs as well as for the donors and the institutions, whether to identify and promote new projects or for appropriate monitoring and streamlining of efforts.

xvii) In addition the database could be developed in order to enable to identify missing links and more appropriate development strategies for M/SMEs in particular:

- The development of clusters allowing to break the M/SMEs confinement in their limited circles of activity.
- The creation of an accreditation system for M/SMEs services providers.

xviii) Accordingly the database should be structured with different outputs i.e. access corresponding to the different information needs, and as well to the two types of information to be provided, namely M/SMEs data and services data.

It is thus envisaged to have at least two levels:

- Intranet: accessible to:
  - Egyptian institutions
  - Donors
- Intranet: accessible to:
  - M/SMEs service providers
  - M/SMEs themselves.

### **III. Services Profiles**

3.1. The main donors and multilateral programs for M/SMEs

A major component of the M/SMEs services analysis is the review of the multilateral agencies and donors for this sector.

Indeed, an important part of the service typology is to identify the type of services funded by the different donors and the channels of delivery they are using

<u>Donor</u>	<b>Program</b>	<b>Delivery Channel</b>	<b>Contents</b>
<b><i>I. Multilateral Programs</i></b>			
World Bank	SME Exchange	Federation of chambers of commerce in Egypt and 3 other North African countries (Morocco, Algeria, Tunisia)	<ul style="list-style-type: none"> <li>Capacity building program of Egyptian chambers of commerce in partnership with their counterparts in Europe to promote trade and direct investments between south and north SMEs.</li> <li>Through creation of SME desk to facilitate exchange of information on SME support service and participate to dialogue between donors and government on investment climate and policy reform for SME development.</li> </ul>
World Bank	Ongoing activities	SFD	<ul style="list-style-type: none"> <li>Contribute to SFD program of subsidized loans to SMEs to create jobs, provide community infrastructure and services.</li> </ul>
World Bank	Sohag Rural Dpt.	National Program for Integrated Rural Dpt. (Shrouk)	<ul style="list-style-type: none"> <li>Support sustainable development of Sohag rural villages through participatory approach.</li> </ul>
World Bank	Tourism Private Sector		<ul style="list-style-type: none"> <li>Development of tourism through private sector to create employment and increase foreign exchange.</li> </ul>
World Bank	Matruh Resource Mgt		<ul style="list-style-type: none"> <li>Support for enhanced natural resource management practices coupled with agricultural dpt.</li> </ul>
World Bank	Private sector and Agriculture Dpt.	PBDAC	<ul style="list-style-type: none"> <li>Promote rural economic dpt. In rural Egypt.</li> <li>Strengthen institutional viability of PBDAC.</li> </ul>
IFC	SME lending and linkage and training programs	<ul style="list-style-type: none"> <li>IFC.</li> <li>Commercial Banks.</li> <li>Private companies.</li> </ul>	<ul style="list-style-type: none"> <li>Train banks to provide SME lending.</li> <li>SMEs training programs.</li> <li>SMEs linkage program.</li> </ul>
OPEC	OPEC Fund for Int'l Development Private Sector Facility	Multilateral and bilateral development finance institutions	<ul style="list-style-type: none"> <li>Financing development projects in all sectors of which: transport, agriculture, education, health, energy.</li> </ul>
IFAD	West Nubareya Rural Dpt.	N/A	<ul style="list-style-type: none"> <li>Economic development and income growth.</li> </ul>
Muslim Countries	Task Force on SMEs	<ul style="list-style-type: none"> <li>Islamic chambers of commerce and Industry.</li> <li>Federation of chambers of commerce SFD.</li> </ul>	<ul style="list-style-type: none"> <li>Activate private sector in Muslim countries.</li> <li>Prepare strategy for development of SMEs with special reference to the least developed countries.</li> <li>New 9 million US\$ loan at subsidized conditions.</li> </ul>

Islamic Dpt. Bank E.U.	SME loans IMC/IMP	<ul style="list-style-type: none"> <li>• PHU managed by consultants</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial Modernization Centre designed for SMEs but will mainly serve larger companies who can rapidly yield results overseas.</li> </ul>
E.U.	SMEs	SFD	<ul style="list-style-type: none"> <li>• Renewal of partial financing by EU of SFD programs.</li> </ul>
E.U.	Medstat	Eurstat	<ul style="list-style-type: none"> <li>• Planned regional Program to extend EU statistical norms to the Euro Med zone.</li> </ul>
E.U.	IMC	IMC	<ul style="list-style-type: none"> <li>• One of their programs will be creation of technology centers for crafts industry: starting with furniture in Damietta and granite in Greater Cairo.</li> </ul>
UNDP	"BEST"	SFD	<ul style="list-style-type: none"> <li>• Business Enterprise Support Tools / BEST project at a cost of US\$ 2.7, to create business centers and provide support to SFD's SEDO.</li> <li>• Centers will be self-sustainable through the loans interests and the provision of services.</li> <li>• The first 2 centers are to be in Beni Suef and Menia.</li> </ul>
<i>II. Bilateral Programs</i>			
India Ministry of small scale Industries	SME Cooperation	SFD	<ul style="list-style-type: none"> <li>• Government agreement under study to benefit from Indian experience for SMEs and SMEs in IT sector.</li> <li>• Use of Exim bank of India line of credit.</li> </ul>
Japan JICA	SMEs financing	SFD	<ul style="list-style-type: none"> <li>• L.E. 170 million loan to SMEs for MT and LT loans, mainly in Canal, Sinai and Upper Egypt.</li> <li>• Loans are to reach L.E. 340 M. next year (2004).</li> </ul>
USAID	<ul style="list-style-type: none"> <li>• Small and Micro Enterprise Development (SMED)</li> </ul>	Range of business NGOs and notably Alexandria ABA.	<ul style="list-style-type: none"> <li>• Delivery of loans to M/SMEs and promoting non-profit financial intermediaries.</li> </ul>
USAID	<ul style="list-style-type: none"> <li>• NGO Service Center</li> </ul>	Themselves	<ul style="list-style-type: none"> <li>• Capacity building to business NGOs.</li> </ul>
KFW	M-T loans to medium size companies	Commercial banks and SFD	<ul style="list-style-type: none"> <li>• Line of credit to SMEs.</li> <li>• Expansion of program to 4 new governorates in addition to Dakahlia between SFD and B. Misr</li> </ul>
Development Agency Frankfurt	LT loans Small and Micro Industrial Enterprises	Commercial Banks PBDAC Aswan branch	<ul style="list-style-type: none"> <li>• Line of credit of 103 M Euro on 40 years.</li> <li>• Line of credit to M/SMEs.</li> </ul>

CIDA	SMBSP Mansoura	Deloitte and Touche / CIDA	Support to SMEs by using local institution
CIDA	SMEDUP Upper Egypt	SFD/CIDA formation or int'l training	<ul style="list-style-type: none"> <li>• Build regional enterprise centers provide BAS</li> <li>• Provide loans</li> <li>• Capacity building</li> </ul>
CIDA	SME Support Project	Governate of Dakahlia	• BASU to provide services and training to SMEs
<b>CIDA</b>	SME POL	Different consultants	Studies aiming at developing a humanized SME policy of national level
CIDA	SME PROGRAMS	National	According to Canadian embassy over all law budget is 80 vocational training
GTZ	SMEs and large companies		Programs in industrial cities.
UNIDO Italian Government	Investment proposal preparations	Unido unit	Support to developing business plans and access to loans.
Marche province-Italy	Craft sector development	EDBE and Crafts association	Corporation in sectors: furniture –textiles – leather – Mechanicals.
<b>III. Egyptian Agencies implementing donors programs</b>			
SFD	Job creation Social safety net	Own staff. SEDO	Loans programs through banks Incubators and Technology Centers.
NBD	M/SME loans	Own staff	First commercial bank to provide M/SMEs loans
Banque du Caire	M/SME loans	Own staff	Second commercial bank to provide M/SMEs loans
Business NGOs mainly ABA, CEOSS	BDS	Own staff	Loans and BDS to M/SMEs
Int'l and Foreign NGOs			
Caritas, Unicef Care	BDS	Own staff	Loans and BDS to M/SMEs
CAN Italy	Crafts program	PCU Productive Cooperative Union	Italian –Egyptian crafts M/SMEs program
Friedrich Ebert Stiftung Germany	BSS activities	Through own staff and NGO's	Publication of SMEs services directory BDS and training services
Italian NGOs	Community Development Maudi crafts	Themselves	Several Italian NGOs using debt-for-development SWAPs.

### **BDS (Business Development and Support) services**

<u>Agency PCU</u>	<b>Program</b>	<b>Delivery Channel</b>	<b>Contents</b>
Productive Cooperative Union	First Job program	PCU	In 7 governorates, awareness through conferences to promote first jobs in workshops through subsidized loans to their owners up to LE 102 M. Estimate of 4000 workshops and 11400 jobs as targets. Alexandria Governorate's Craftsmen city has already 1904 workshop and is considered the model to follow.
PCU	Export Promotion of Crafts	PCU	1. Cooperation with Hungary business federation and joint SME activities. 2. Joint marketing company with Italy
Investor Association Borg Al Arab	SME Industrial Complex	Themselves	Providing an SME Industrial Complex, financed by the association, at subsidized costs.
Min. of Manpower	SMEs incubators	SFD	Creation of 6 new incubators in cooperation with SFD together with program sponsored by higher council for HR Development to train 7000 youth.
Min. of local Dpt	One stop shop project	themselves	1. Creation of "Registration Service Centers) in the local Dpt offices in the governorate to handle all SMEs registration and licensing needs. 2. Mapping of all governorates to identify areas for SMEs industrial complexes and verify in cooperation with the governorates all existing SMEs industrial centers which total to date 18917 units.
Investor Association Sadat City	SME Industrial Complex	With Behera Governorate	Providing an SME Industrial Complex financed jointly.
SFD	Loans and BDS services	Themselves	1. Review and reorganization of SFD programs, in particular services supply against fees. 2. New funding fm the GOE expected at LE 1.2 billion in new plan, whereas other reports indicate LE 5 billion.
NBE SFD	SME training	PCU SFD	Training of craftsmen
Arab Investors Union	Promote SMEs Projects	Themselves	Promote SMEs projects ideas from among their members in Arab countries.
SMEs Business Association Union	SMEs development	themselves	SMEs competitively upgrading and link to Min. of Foreign Trade Services.

### **3.2. The Financial Services**

The following analysis presents a typology of the types of financial services agenda to M/SMEs together with their providers and comments on their delivery services and accessibility to M/SMEs.

The main issues prevailing in terms of financial services to M/SMEs are:

- The finance offered reaches an average of only 5 to 10% of the needs, with figures ranging in the different studies.
- To date the announced figures for both micro and SMEs from the 2 main agencies are: SFD 170 000 to 200 000 beneficiaries USAID/SMED: 350 000 beneficiaries
- A growing trend towards empowering increasingly the commercial banks with M/SMEs lending and using normal interest rates, as these have proven having a much lighter level of pay back. The newly launched program of the IFC in this respect should accelerate the process, and as well it will provide the needed solution to the high deposits levels in commercial banks and combine with the an going retail banking strategies.
- The need for interments such as credit scoring and credit bureaux is as well becoming a necessity to accelerate the delivery of the service.

<b>Typology</b>	<b>Provider/Donor</b>	<b>Content</b>	<b>Delivery</b>
Loans	<b>SFD</b>	<p>There is an insufficient supply of short-term credit for SMEs; private banks target short-term commercial lending for medium and large enterprises instead.</p> <p>The Egyptian private sector has little access to long-term financing; as of 1996, three-fourths of the credit extended by domestic banks was short-term (1 year or less).</p> <p>Historically, state-owned enterprises had monopoly access to long-term financing. Laws have changed with the ERSAP, but the lack of long-term financing remains.</p> <p>This situation has not changed and not expected to change in the near future. Banks in Egypt lack adequate long term funding (liabilities) to finance long term assets that exist already on their books.</p> <p>The Social Fund for Development, a semi-autonomous agency created by Presidential Decree no. 40, financed by 18 donors including the World Bank, GOE, EU, and the Arab Fund for Economic and Social Development, was established to alleviate the negative effects of ERSAP. The SFD is the largest source of institutional funding for SMEs in Egypt, providing USD \$411 m. in loans for working and investment capital. Subsidized credit assistance is provided through financial intermediaries, and business support services are provided by SFD staff and NGOs through its Enterprise</p>	<p>SFD offices</p> <p>State banks branches</p> <p>Partner</p> <p>NGO,S</p>

		<p>Development Program (EDP).</p> <p>In 1997, the EDP branch of the SFD began the transformation process into a financially sustainable institution, the Small Enterprise Development Organization (SEDO). SEDO targets new graduates, women, poor communities, and small entrepreneurs. Between 1997 and 1999, SEDO reportedly created 127,807 jobs, contracted USD \$398 m. in SME projects, disbursed USD \$234.5 m. to financial institutions, and disbursed USD \$278.5 m. to SME clients. The main features of SEDO's loans are:</p> <ul style="list-style-type: none"> <li>Max. 500,000 LE (USD \$133,690) per enterprise</li> </ul> <p>Interest rates 7% for new enterprises, 9% for existing enterprises for loans less than 50,000 LE, 9% for new, 11% for existing enterprises for loans 50,000 – 200,000 LE, and 11% for new and 13% for existing enterprises for loans 200,000 – 500,000 (UNIDO)</p> <p>SFD total beneficiaries are amount 200 000.</p> <p>The SFD beneficiaries database is very comprehensive and precluding analysis of M/SMES information supply.</p>	
Loans	USAID : SMED	<p>The small and Micro enterprises Development program was created by the USAID in 1990. In 12 years it has irrupted 120 million US\$ and reached 250 000 beneficiaries in microfinance.</p> <p>The program is disbursed at commercial interest rates through 6 NGOs which are mainly business associations and 2 banks.</p> <p>USAID is as well financing and providing software programs and technical assistance to its partners.</p> <p>There are maintaining cache a database of their respective beneficiaries, while EQ,I the USAID sub contractor who provides this technical assistance, maintains a central database and provides partner by regents to USAID the loans to SMEs are in form of support to the credit Guarantee Co. created by USAID</p> <p>To: provide guarantees to bank loans</p>	<p>6 NGO.S</p> <p>ABA (in Alexandria) the most successful.</p> <ul style="list-style-type: none"> <li>ESED, Greater Cairo</li> <li>Port Said Business ASSO.</li> <li>Assiut Business Asso.</li> <li>Sharkeya Business Asso.</li> <li>Dakahleya Business Asso.</li> <li>2 Banks</li> <li>NBD</li> <li>B.du Caire</li> </ul> <p>The success of Bdc is such that it will bring its program up to 500 m. LE in</p>



		to SMEs (average 50% of loans) From: 2003/04 the USAID programs will be in full managed by the Credit Guarantee Co.	2004 and cameh other micro finance services <ul style="list-style-type: none"> <li>A new program for "poor women"</li> </ul>
Other known financial services providers.	<ul style="list-style-type: none"> <li>CARITAS Egypt (Cairo, Alex, Minia, Assiut, Sohag): loan size max LE 5000. Targeted to women, unemployed, widows, new graduates, entrepreneurs.</li> <li>Catholic Relief Services SED Programs (Cairo): Credit and training for 150 Egyptian Youth for Development Association staff</li> <li>CARE Community Initiated Project (Sohag, Qena, Fayoum, and Aswan): 27,037 loans dispersed, repayment rate &gt;90%.</li> <li>CEOSS Coptic Evangelical Organization for Social Services (Cairo, Minia): COESS helps MSEs to secure loans from commercial banks, national funds, or COESS funds</li> <li>DANIDA Small and Micro Industrial Enterprises (Aswan): Loans for working capital &lt; LE 10,000, administered by Aswan Bank for Development and Agricultural Credit in 30 village banks in Aswan</li> <li>KFW</li> <li>Kreditanstalt für Wiederaufbau Program (Cairo): Medium-term loans for medium-sized</li> </ul>	CARITAS CRS CARE CEOSS DANIDA Kfw PBDAC Rural Cottage Industries Development Save the Children UNICEF YES	

	<p>industrial enterprises doing modernization or expansion</p> <ul style="list-style-type: none"> <li>Principal Bank for Development and Agricultural Credit (PBDAC): Government bank extending loans for agribusiness and agro-industrial activities, located in 158 district branches</li> <li>Rural Cottage Industries Development Project: (New cities Bangar IL Sukkar): targets startup enterprises by women, has disbursed 420 loans</li> <li>Save the Children (Cairo): targets women MEs using group lending method., working with "Women's Health Improvement Association," has disbursed 1,200 loans.</li> <li>UNICEF: (Assuit, Sohag, Qena-Ma'anna, Candara, Bayadiya, Abnoud, Qenawiya): 4 microlending programs for women, "poorest of the poor," and rural women, total loan disbursement for two programs was LE 1,962,977 in 1997.</li> </ul> <p>Youth Entrepreneur Society (YES)</p>		
		Small-Medium Business Center – Helwan University: Provides 5-7 year term loans to recent graduates, at 9% interest. Max loan size is LE 50,000 for individual and LE 200,000 for group.	
		The MOFT outlined the creation of a credit rating agency as part of its overall SME strategy. The Central Bank of Egypt collects data concerning	Under study

		consumer and SME lending from all banks, but this information is not available to non-bank entities.	
		The GOE Ministry of Foreign Trade notes that training in SME lending technologies is scarce, and large-scale commercial lending to SMEs would require an investment in human resource development of SME lenders	IFC'S SME lending program.
		The Capital Market Authority has licensed roughly 20 firms for venture capital activities; only a few are currently operating and they are targeting large corporate customers	Under study
		It has been repeatedly suggested by many market participants to establish a second stock exchange in Egypt for OTC stocks that would suit the SME, but CMA's priorities is focused to strengthen the main Cairo Exchange.	Under study
	Private leasing companies	<p>In 1995, the GOE enacted the Financial Lease Law, which addresses depreciation, taxation, regulation, and repossession.</p> <p>The IFC helped to establish one of Egypt's first leasing companies, ORIX Leasing Egypt (OLE), in 1997. ORIX operates in Cairo and plans to expand to Alexandria. The typical lease agreement has a lease rate of 16.5%, a lease run of 3 years, and an average size of USD \$25,000.</p> <p>Since the Financial Lease Law was passed, roughly 25 other leasing companies have been established, with over LE 226 m. invested in capital, while many banks and financial institutions are doing informal leasing. ORIX and solease, a subsidiary of NSGB are the two largest leasing companies, while others are small or focusing primarily on real estate.</p> <p>Factoring: 2 companies are being established.</p>	ORIX Leasing Egypt solease Incolease
Loans	CGC	The Credit Guarantee Corporation (CGC) was established in 1989 as private sector joint stock company by 9 Egyptian commercial banks and 1 insurance company. The CGC guarantees up to 50% of bank loans	

		to SMEs, at a 1% commission per year on the outstanding balance of the guarantee. Government and NGO reports claim that CGC has been extremely successful, and by 1997, had issued USD \$123 m. in loan guarantees.	
New Financial Services	Quicker loan processing venture capital		

### 3.3.

#### **BDS Business Development Services to M/SMEs**

- Among the different surveys of M/SMEs services in Egypt, there are 2 reports which are the most comprehensive:

- A directory of M/SMEs services published by the German NGO "Friedrich Ebert Zeitung, however it was published in 2000 & classified by provider.
- A survey by the World Bank in 2002 which provides an analysis by type of service.

We have thus adopted the typology of services developed by the World Bank, as presented in the following analysis

- The main issues identified in what concerns the adequacy of services to M/SMEs needs are:

- Limited coverage: geographically & by number of M/SMEs covered. However, there are no compilation of exact number of beneficiaries of each NGO or in aggregate.
- Major need within M/SMEs for business counseling & financial management training however with the issue of paying or not for such services being still unsettled.
- Poor level of marketing knowledge skills among NGOs providing services to M/SMEs, which makes them unqualified to provide these services to M/SMEs although it is the second major area of BDS needs.
- This raises the issue of the adequacy of NGOs or chambers of commerce to deliver BDS services to M/SMEs as they need major capacity building before, which increases both cost & delivery time of the service to the beneficiary.

The pertinence of using private companies to supply BDS services is now considering a viable alternative by a growing number of players of which the banks involved in M/SMEs leading.

- lack of development of direct linkages between buyers & sellers at all levels.

The launch of linkage programs & sub-contracting will also require large companies as this is not a common practice in Egypt, in addition to training & upgrading SMEs.

- Conflicting initiatives such as the business "business centers" and "one stop shop(s)" launched by the SFD, the IMC, the Ministry of IT, the Ministry of local Development, GAFI, etc....
- Lack of knowledge & support tools to adopt & maintain int'l quality standards.
- In the same manner, lack of access to information to latest technologies, equipment, etc....
- Conflicting views on the principle of having M/SMEs paying for BDS & how much, as the SFD & other NGOs have been providing their services free. However fees related to accessing loans are common practice.
- General lack of awareness of the available information in the different agencies on local & foreign markets.
- Private information providers have proven viability of supplying information services for a fee.
- However there is an overall issue of lack of "information culture" among M/SMEs, i.e. of understanding the need to access & use information to sustain their business.

## Recap, Donors and type of services offered to SMEs

Donor	Financial	Non Financial Services		
		Training	Information, studies databases	Institutional Development
World Bank		■	■	■
IFC	■	■	■	■
OPEC	■			
IFAD				■
Islamic Dpt. Bank E.U.	■			
E.U.	■	■	■	■
UNDP			■	■
India Ministry of small scale Industries	■			
Japan JICA	■			
USAID	■		■	
KFW	■			
Development Agency Frankfurt	■			
CIDA	■	■	■	■
SFD	■			■
Business NGOs	■			■
Caritace, UNICEF Care	■			■
Friedrich Eber Stiftung Germany		■	■	■
Productive Cooperation Union	■			■
PCU				■
Investors Association, Borg El Arab				■
Ministry of Manpower	■			■
Investors association, Sadat City				■
SMEs Business association Unions				■

## III. Proposed M/SMEs dynamic and National Database Framework

### *I. Proposed Strategy*

#### **1- Background**

The timing of the present study on an M/SMEs Policy database could not be more appropriate than the present one. Thanks to the efforts of the Ministry of Foreign Trade and the Canadian Programs, the awareness to the importance of the M/SMEs sector and the inadequacy of the present socio-economic environment to foster and develop it, is coming in the limelight.

As such there is a number of new initiatives which are taking place and that we recommend to integrate in the strategy and implementation plan for an effective M/SME database supporting policy monitoring.

#### **In Brief these initiatives are:**

- 1- The new M/SMEs regulations spearheaded by the Ministry of Foreign Trade and the possible new entities which may be derived from it.
- 2- The Ministry of Planning task force on M/SMEs which highlights the need for a specific M/SMEs database and the large number of contradicting agencies involved in planning for or supplying services to M/SMEs.
- 3- The government task force to streamline data definitions and exchange among government agencies.
- 4- The IFC project for providing SME leading through commercial banks, which will have a number of important consequences:
  - Expand the volume and value and outreach of financial services to the M/SMEs community.
  - Create the urgent need for tools such as credit bureau, rating and scoring.
  - Force the NGO's to redefine their role towards a greater emphasis on BDS and lesser on financial services.
  - Open the access to private companies to supply BDS activities to M/SMEs.

- 5- The SFD projects on one hand with UNDP to streamline their SEDO and incubators and called BEST/ Business Enterprise Support Tools, and on the other hand with UNIDO to create a "business information network / one stop shop" based on supplying BDS for a fee.
- 6- The ministry of Local Development initiative to create in each governorate, " M/SMEs are window centers" to handle all their administrative tasks and interface with all government agencies.
- 7- The "e-government" program of the Ministry of IT, which should within 3-4 years streamline and digitise a number of administrative procedures.
- 8- The various programs with foreign countries in the area of M/SMEs which are on the increase, i.e Italy, India, Etc.....

#### Illustration of the M/SMEs Socio-Economic Environment

As an illustration of the numerous agencies involved in the M/SMEs issues, we are presenting an excerpt of the Ministry of Planning study to this subject.

The main agencies part of the M/SMEs environment / Source Mini of planing

Agencies with planing role	Agencies with registration role	Agencies with financial role	Agencies with various secncies (teemical, traning)	Agencies with confrol role	Agencies with information providing role	Agencies with services mils
<ul style="list-style-type: none"> <li>▪ Prima Minister Cabinet</li> <li>▪ Ministry of planing</li> <li>▪ Ministry of Industry</li> <li>▪ GOFI</li> <li>▪ Crafts Industry Agency</li> <li>▪ Productive Coop</li> <li>▪ Ministry of Local Trade</li> <li>▪ Ministry of Agriculture</li> </ul>	<ul style="list-style-type: none"> <li>▪ GOFI</li> <li>▪ GAFI</li> <li>▪ CMA</li> <li>▪ Agriculture Departments in Governments (Agri. Loans)</li> <li>▪ Local Mgt Vnils</li> <li>▪ Social Affairs Departments</li> <li>▪ Productive Families Projects</li> <li>▪ Rural Dpt. Fund Project</li> </ul>	<ul style="list-style-type: none"> <li>▪ Dpt. Industrial Bank</li> <li>▪ Commercial Banks</li> <li>▪ Rural Dpt. Agencies</li> <li>▪ PBDAC</li> <li>▪ Nasser Social Bank</li> <li>▪ SFD</li> <li>▪ Same NGOs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Productive complementa rily Agency</li> <li>▪ Crafts Industry Agency</li> <li>▪ Industrial Designs Dep. Center</li> <li>▪ GOEIF / Fairs</li> <li>▪ Commercial Representati on Office</li> </ul>	<ul style="list-style-type: none"> <li>▪ GAFI</li> <li>▪ CMA</li> <li>▪ Fax Authority</li> <li>▪ Industrial Control Agency</li> <li>▪ Import Export Control Agency</li> <li>▪ Standards Agency</li> <li>▪ Ministry of Health</li> <li>▪ Industrial Security</li> <li>▪ Federation of Ch. of Commerce</li> <li>▪ Federation of Ch. Of Industries</li> <li>▪ Productive Coop. Union</li> </ul>	<ul style="list-style-type: none"> <li>▪ CAPMAS</li> <li>▪ GOFI</li> <li>▪ IDSC</li> <li>▪ Public Sector Info. Center</li> <li>▪ Ministry of Foreign Trade</li> </ul>	<ul style="list-style-type: none"> <li>▪ Local Mgt Units</li> <li>▪ Utilities agencies (water,) ower</li> <li>▪ Manpower Departments in Governorats</li> <li>▪ Industrial and Mining Centers Excechtira Agency</li> </ul>



## Strategy Outline

Based on the above and considering that the Ministry of Foreign Trade has taken the lead in defining an M/SMEs policy, a potentially successful strategy can be derived from this multiplicity of initiatives:

Create a data exchange network in which all parties involved in M/SMEs services would exchange their data and as well be identified both as entities and through the services they provide.

- Acknowledge that this network will be gradually “filled” and that not all entities involved in M/SMEs will join from the beginning.
- Design this network in such a manner that it produces a standardization of not only the data also the services thus providing the needed benchmarking and harmonization of services output for the M/SMEs
- This data exchange network will have in fact 2 outputs, indicators and monitoring tools for the SME policy stockholders and practical hands on information and information on services for the beneficiaries themselves.
- The updating of the data exchange network will be implemented automatically as a by-product of the different agencies member of the network.
- This approach is based on the principle of creating a specific database for M/SMEs to contain all the data expected from a modern business database, being understood that it may not cover from the start all M/SMEs in Egypt.
- It will include as a contingency plan the progressive linkage to the various state registers and their aggregation, without however being dependent from them. However it solves the issue of the lack of monitoring tools and accuracy of the M/SMEs activity in the different state registers.
- The network will also have to provide for a remuneration of the different data providers, either on a revenue sharing basis and/or in kind in form of the supply of data or services.
- However, one could also consider the alternative of building the M/SMEs policy database on the premise of the access and /or merge of same or all of the state data registers. In such case it will be important to plan for an additional analysis and cooperation with the ministerial group in charge of streamlining gov-gov data definitions and exchanges. Such analysis should provide before adopting that route, satisfactory answers in terms of dead lines for achieving such exchanges, accessibility of all the data and from which exchanges
- As such the implementations plan designed, have is based on the first strategy, I.E a short cut to the existing registers expansion of a specific M/SME database according to Int'l Standards.

## **II. Creation & maintenance of an M/SMEs database, including a credit scoring / rating system**

### **1. source of information**

- it is proposed to invite all entities presently supplying services to M/SMEs, i.e., agencies, associations, banks, etc... to create their own database of beneficiaries according to a unified and standard format to be provided to them and to load it in the central database.
- The incentive for them would be at 3 levels:
  - They will benefit from a free of charge automation of their beneficiaries database
  - they will have access to the other service agencies beneficiaries database
  - they will become part of the M/SMEs service network and could have access further on to new benefits or support from the government and/or donors
  - we assume the possibility of starting with a minimum 500,000 M/SMEs by leveraging the beneficiaries of SFD and USAID.

### **2. Structure of the database:**

It is recommended that the database should be designed in order to cater for 2 major objectives:

- The M/SMEs definitions and standards used should be according to the int'l statistical standards. In this respect, it is recommended to verify whether Egypt is to abide by the EU standards designed for the Euromed region, i.e., "MEDSTAT". In such case, these should be used and/or the int'l standards which would allow to put the Egyptian M/SMEs on the world scene.
- The M/SMEs database should also be a business database, i.e., one of its major outputs is to allow and foster linkages between the M/SMEs themselves as well as with the larger companies and overseas markets. As such, in addition to the above mentioned statistical output, the database must have a business output accessible and open to all businesses and beneficiaries. It is thus appropriate to use an int'l business standard, already applied to all large companies in Egypt and leading worldwide, i.e., Kompas
- Parallely an additional output is to be built in the database, i.e., the monitoring of the M/SMEs registered, in terms of creation / liquidation, testing or use of specific services, etc. which is not available (among others) in state registers

### **3. Maintenance of the update:**

- Based on supplying an access to each agency/NGO to the network, it will be possible to expect from each the update of their respective beneficiaries profiles.
- In addition, the M/SMEs themselves will have a tool to register on line, however their format will be revised by the M/SME network administrator unit prior to uploading it.

### **4. Operation:**

To establish such network, there is a need to address a number of issues and as well define the procedures for selecting the entities responsible for each:

- M/SMEs database design with two main outputs (macro economic statistics, micro level business data)
- Infrastructure allowing : intranet linking the different agencies and internet for the beneficiaries and businesses
- Hosting and technical maintenance

- Data content administration

5. Credit scoring / rating output:

- While taking in consideration the law on the secrecy of bank accounts, as well as the Central Bank of Egypt project of creating a national credit bureau under their supervision, the development of the proposed M/SME database will provide a depth of information on each M/Sme, which is not available in a simple credit profile
- Indeed credit scoring is mainly based on socio-economic data, which can be developed through such database
- Parallely, the banks lending to M/SMEs can be offered with a secured area in which they could add their credit profiles in order to develop a further product, i.e., a credit rating tool.

6. Dissemination Mechanism:

The dissemination of the M/SME database will be built-in into it's creation and maintenance:

- The Intranet will link the range of M/SMEs service providers to each other as well as to the central data exchange.
- The Internet will give access to the data which is to be made available to the beneficiaries and to the business community at large.
- The donors will be linked to the Intranet and should have access to the whole data exchange network content. This tool could as well be expressed in for of a subscription fee for each donor, which would allow to underwrite part of the exchange financing.
- The state agencies would be offered the same status as the donors.
- The streamlining of M/SME policies among donors and state agencies is expected to be generated from the statistical analysis derived from the M/SME database. Such analysis would take place online by each stakeholder through the search keys built up in the database software. In addition, the M/SME administration unit should produce at regular intervals statistical analysis to send to each stakeholder in order to maintain strict guidelines in terms of donors and agencies programs within the core M/SMEs areas of activity. Moreover, such database management should also interface with the other initiatives taking place and described at the beginning of this section. For example, if as per CAPMAS latest census, 50% of M/SMEs are in trade and distribution, should we design programs for them, as to date most programs are towards industrial SMEs, or other training programs to convert them to industry or services. It is clear that the management of the M/SMEs database must interface and interact with the country's overall strategy.

### **III. Database of M/SMEs services and accreditation system for M/SMEs services providers**

#### **1. Source of information**

- The identification and pooling of services to M/SMEs database.
- Each agency or services provider would be invited to enlist it self and as well the services it provides in the central database.
- A standardisation of the services description will be developed as there is a prerequisite for any int'l database standard.
- The incentive for them would be primarily and free promotion of their activities enhancing their outreach.

#### **2. Structure of the database:**

- The study of the other countries databases and portals of M/SMEs services indicates that there are no standards used in ranking services on their typology except the broad definitions used in business services in general.
- Indeed contrary to the databases of companies or establishments for which int'l standards are developments (as indicated in the preceding section), the services database are structured according to the offering in each country.
- It is recommended thus to structure the database of services in order to obtain 2 major out puts:
  - A.A database of the services providers themselves:
    - This database should serve in turn a dual propose:
    - Provide a detailed profile of the provider whether agency or NGO with all its facilities to serve as a basis for an accreditation system. This out put would be accessible to the donors and state agencies only and would serve as a mechanism to use specific providers in the delivery of additional services and/or additional beneficiaries.  
For example, a provider could be accredited in itself in terms of integrity, and for same services only. In order to offer other services through the network it would need to acquire such accreditation,
  - Provide a more succinct profile to the beneficiaries and business community through the internet database. B.A database of the services offered to M/SMEs
- A final typology of services will be developed and it is proposed to organise a marketing group in this respect.
- This typology will allow to classify each service and to identify all NGOs/agencies/private providers offering the same service.
- This will enable to identify duplications as well as to identify the areas where such services are not yet supplied and provide a rood mop for the extension of such services in these areas.
- The services database is expected to be in full on the Internet and accessible to both the stake holders and the beneficiaries. It will therefore be bilingual.

#### **3. Services accreditation project:**

- This project could be designed as a valuable by-product of the services database. Indeed through the creation of the database, there will be a harmonisation of the services presentation, which will offer a simplification of access by the M/SMEs. The harmonisation will allow the creation of a catalogue of services for M/SMEs.
- The accreditation of providers will allow to verify the capability each off them in delivering any given services.
- This could be welcome for BDS activities which by nature are difficult to measure.

- The guidelines for such accreditation scheme could be derived from the ones used in management consultants associations of different counties.
- Moreover it will facilitate the selection of delivery partners for the different donors.

#### 4. Maintenance of the update:

- The service providers will be in the case of the services database, also requested to maintain and update their services profile thus carrying the work and cost of this task.
- However it is recommended that the update by the providers be revised before uploading it by the SME data network administration unit.  
     In deed the existence of the network and the promotion campaign which will accompany it, will create a defector certification to the service providers listed.  
     As such it is important to secure a verification tool for any data to be uploaded on the web database.

#### 5. Operation

- The operation of the M/SMEs service database should be combined with the M/SMEs database in order to be cost effective.
- The same producers and plan as for the M/SMEs database are to be followed.

#### 6. Dissemination:

- There will be the necessity to promote the services database among the donors but as well among the state agencies, prior to its launching, in order to encourage them to supply extensive information on all the services providers they are dealing with whether agencies, NGOs or private companies, as well as the services they provide themselves.
- Moreover, it is expected that the database when launched, will not cover all existing services providers, as these will aggregate through the promotion of the service.
- To secure optimum dissemination, the services database should be in form of an M/SMEs portal, with extensive parts bilingual.
- In addition there could be the need to secure other media support, such as print directories in Arabic for each governorate and which should be updated yearly.
- An appropriate promotion campaign is required to secure a rapid adoption of the service as a focal point and business tool.

## **VI. Conclusion and recommendations**

### **determination of Egypt's specific needs:**

- The approach adopted for the determination of Egypt's specific needs was deliberately comprehensive and included the overall needs of the M/SMEs sector in Egypt and not only the ones related to a statistical database. This was derived from the most relevant examples of other countries versus the existing environment in Egypt and the identification of potential opportunities

#### *At a macro level*

- The need for an accurate and dynamic statistical database of M/SMEs, which would be based on international standards and definitions and would allow the monitoring of the M/SME sector and trends as well as the implementation of subset studies on selected samples of the M/SMEs population
- Building up the awareness to the use of database outputs as well as to the importance of exchanging information to support that sector among the different state agencies

#### *At a micro level*

- The need for detailed activities description of M/SMEs, including inputs, outputs, production facilities, location, etc. to enable the growing number of national programs and international donors such as IMC, IFC, IDRC, etc. to implement accurately programs to develop SMEs such as clusters, linkages, networks, etc.
- Example of countries such as India and Italy highlight the efficiency of such approach. In the case of Egypt it is recommended to link the micro level input and output to the macro level initiative in order to secure cost effectiveness as well as avoid the repetition of discrepancies in data definition and exchange
- A parallel and as important need is the necessary financial and background information on M/SMEs within the banking sector. All specialists of SME lending concur on the importance of updated and complete databases on SMEs and small entrepreneurs to supply the much needed financial facilities, thus the need for a credit bureau, which definition would extend to providing profiles on the M/SMEs beneficiaries is crucial as at the level of the financial institutions, the handling of the M/SME sector corresponds to a retail banking risk

#### *At the beneficiaries level*

- M/SMEs entrepreneurs need to know each other's profile to be able to team up and match their capabilities as they also need to be known by their business environment (larger companies and consumers)
- In the same manner, the multiplicity of services provided to M/SMEs need to be better accessed by them both in terms of providing more efficient delivery channels and means of dissemination as well as addressing the issue of the validation of such services through mechanisms such as accreditation of service providers and grading of services

## **Strategic cooperation approach; two simultaneous and parallel programs**

- Considering the diversity of the subject and the number of operators involved, the need to present at the outset the strategic approach proposed to deal with the M/SME statistical database was identified. Indeed the analysis of foreign countries cases and Egypt's situation and needs highlights the close relation between the setup and operation of an M/SME statistical database and its use by the policy makers and, the availability of operational information on M/SMEs and its related services and their use by the beneficiaries themselves

### **Program I: Public Initiative**

- A ministerial committee has recently been established and headed by Ministries of Planning and Interior to address the issue at the state level of data definition and data exchange, following the awareness to substantial deficiencies in the different publications and statistics of different public agencies. IDSC has been nominated to publish some of this information on a national website in the first second of 2003
- The program proposed is to piggyback on this initiative by proposing to add a component M/SME in the ministerial committee work agenda. The strategy recommended here is to use the channel of the ministerial committee to convince the different state agencies collecting some information related to M/SMEs to unify and share this data as well as provide access to a coordinating body to be created
- The foreign model corresponding to a state initiative and control of M/SME databases is the French case, whereas the industrial M/SME database and monitoring is done within the Ministry of Industry "SESSI", whereas the non-industrial M/SMEs database and monitoring are done within the Ministry of Commerce, SMEs and Crafts

### **Program II: Private - Public Partnership**

- The need for a complementary and simultaneous approach has been identified, through the analysis of foreign countries' case studies as well as the absence of a dynamic structure in the existing M/SME information gathered by the different state agencies
- The few studies made on M/SMEs information needs (World Bank study on M/SME on North African countries and UNIDO study on behalf of the SFD project for business information network) highlight their dear need for information on themselves to facilitate exchanges as well as on M/SMEs services
- Experience of different countries as well as in Egypt has proven that the delivery of services to businesses is best implemented by private and specialized services providers
- The model for such public-private partnership approach is found in the Canadian company "GD Sourcing", a private company that serves as a

reference point to the data holdings of the Canadian Federal Government through the internet

- Concerning Egypt, we recommend the implementation of such approach while combining it with the creation of a specific M/SMEs dynamic database to supply both statistical output for policy makers and business outputs for the beneficiaries themselves



## Annex

### 1. The questionnaire

Name of Agency:

Tel:

Fax:

Address:

1. What is the nature of the agency's activity?
2. what are the databases that are operated by the agency?
3. what is the type of information collected? (provide sample)
4. what is the frequency of the data collection?
5. Content and structure of the database
6. How valid is the data collection? (is the collection mandatory by law, is it subject to certain benefits for the companies, etc.) please specify with details.
7. describe the data collection process when applicable
8. who finances the collection of data (self-finance, through a higher government agency, through grants, etc.)
9. is the database available for dissemination?
  - *For who?*
  - *All of the database or only a part? (specify which parts and why)*
  - *What is the cost or fees for dissemination?*

## 2. Services Providers contact information

Name	Contact Info
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Friedrich Ebert Stiftung	Mr. Friedrich Kramme General Manager Tel: 3442643 Fax: 3441711
Productive Cooperative Union	Mr. Mohamed Hassan El Sebaai Chairman Tel: 7609728 Fax: 7602638
10 <sup>th</sup> of Ramadan Investors Association	Mr. Mahmoud Soliman Chairman Tel: 015 372751 Fax: 015 363414
Sadat City Investors Association	Mr. Ahmed Abd El Aziz Ezz Chairman Tel: 048 602992 Fax: 048 601468
World Bank office in Cairo	Mr. Mahmoud ayoub Resident Representative & Country Director Tel: 5741670 Fax: 5741676
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UNDP	Mr. Edmund Cair Regional Manager Tel: 5784840 Fax: 5784847
Japan Int'l Cooperation Agency	Mr. Mikio Nakamura Resident Representative Tel: 5748240 Fax: 5748243
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Businessmen & Investors association for Local Community Development in Dakahleya	Mr. Samir El Gamal Tel: 050 2260028 – 2260097 – 2260086 E-mail: malakd@yalla.com