



**MINISTRY OF FINANCE**

**“Profile of M/SMEs in Egypt”  
Update Report**

*Submitted By*  
**Environmental Quality International**

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## **INTRODUCTION**

It is becoming increasingly apparent to governments and policy makers that the role of micro, small and medium enterprises (M/SMEs) is crucial to the development and growth of any given economy. Once considered to be remnants of traditional sectors, M/SMEs, and their development, have now become the focus of initiatives aimed at creating growth and employment in developing countries. In this context, and as part of the efforts played by the Small, Medium and Micro Enterprise Policy Development Project (SMEPoL) in collaboration with the Government of Egypt (GOE) to develop, as well as to enhance the working environment in which M/SMEs operate, and create enabling policies for SMEs to grow, this report is an update to the document entitled “*Profile of M/SMEs in Egypt*” developed and published by SMEPoL in March 2003. This profile presents comprehensive data on M/SMEs in Egypt, and is divided into two main parts. The first part includes background information, the scope of the report, the methodology used to collect data, and finally, the research limitations. The second part presents the data collected on M/SMEs, and provides an analyses investigating and highlighting the nature, role and potential of this sector as a tool for leveraging Egypt’s private sector development.

## **BACKGROUND, APPROACH AND METHODOLOGY**

### **A. Background**

The Small, Medium and Micro Enterprise Policy Development Project (SMEPoL) began operations in June 2000 with an agreement of collaboration between the Canadian International Development Agency (CIDA) and the International Development Research Centre (IDRC) - *the Canadian Executing Agency and partner for the project*. For four consecutive years the project supported the Ministry of Economy – later the Ministry of Foreign Trade (MOFT)<sup>1</sup> – in the development of policies, legislation, and regulations supporting M/SME development in Egypt. As of July 2004, SMEPoL focused its efforts on supporting the Ministry of Finance (MoF) in short term policy development, as well as a concerted long term plan to enhance the environment to increase M/SMEs' potential to grow. Within this effort, the project has been engaged in a number of capacity building activities including training, research, public awareness and networking - *all designed to support the achievement of the MoF’s M/SME policy goals*. In this context, and as part of the project’s efforts to raise awareness of and provide information on the M/SME sector, the document entitled “*Profile of M/SMEs in Egypt*” was published in March 2003. The profile’s aim is to serve as an essential tool to assist policymakers, scholars and practitioners by answering key questions on the role and impact of the M/SME sector in Egypt.

No unified definition of M/SMEs has been adopted nationally in Egypt (Appendix One – Definitions of MSMEs). This report relies on the “number of employees” to define the size of the enterprise as micro, small, or medium<sup>2</sup>. Table 1 presents the definitions of M/SMEs for different sectors according to the number of employees.

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<sup>1</sup> The Ministry of Foreign Trade (MoFT) is now the Ministry of Foreign Trade and Industry (MoFTI)

<sup>2</sup> SMEPoL contracted and funded a study entitled “*The Definition of Micro, Small and Medium Enterprises*”, published in January 2004. This study identified a set of criteria defining and classifying M/SMEs, by number of employees, size of fixed assets, and annual sales (appendix one)

**Table 1: MSME Definition according to number of employees**

Sector	Number of Employees			
	Micro	Small	Medium	Large
Trade	1-4	5-9	10-19	20+
Service	1-4	5-9	10-19	20+
Manufacturing	1-4	5-49	50-99	100+
Construction	1-4	5-49	50-99	100+

## B. Scope of the Report

The main aim of this report is to provide quantifiable and illustrative data on the number of M/SMEs operating in Egypt, their rate of increase during the past 10 years, as well as their geographic distribution. The report will also illustrate the rates of wages for those employed in M/SMEs, as well as the contribution of small-scale enterprises to the economy with regards to:

- Employment;
- Job creation during the past ten years;
- Percentage of Egyptian exports (and main sectors of exporting M/SMEs)

Also, as part of SMEPoL's main cross cutting themes, the report will place special emphasis on reflecting gender specificity and child labor (by highlighting the participation of laborers below 14 years of age) whenever feasible.

## C. Methodology

The methodology followed for collecting, consolidating and presenting the data in this report relied heavily on an extensive desktop review of related M/SME data, including the sources listed below.

***The Establishment Census for the Years 1986 and 1996, published by the Central Agency for Public Mobilization and Statistics (CAPMAS):*** Data on the size of M/SMEs segregated by the number of workers in each establishment were collected and documented for each of the 26 governorates for 1986 and 1996. Sub-sector activities were then grouped into trade, service, manufacturing and construction. Using the number of workers, data was placed in the corresponding micro, small or medium fields (following the definition developed by SMEPoL, presented in table 1, above).

***The Industrial Census for the Years 1998 and 2001, published by CAPMAS:*** This census has been used as the main reference for the identification and consolidation of data relevant to identifying M/SME exporting industries, the fastest growing M/SMEs, and other related trends.

***Other Sources:*** Various sources were used interchangeably to collect other relevant data. Notably, many of the employment figures have relied on "The Egypt Labor Market Survey (ELMS)" conducted in 1998 by the Economic Research Forum (ERF) in collaboration with CAPMAS, on a sample of 5,000 households. This survey was specifically designed to make it comparable to data from the Labor Force Sample Survey (LFSS) conducted by CAPMAS in 1988. This ELMS has been used despite the existence

of an LFSS which was conducted in 1998, since this LFSS “suffered from serious comparability problems with previous rounds of the survey”.<sup>3</sup>

**Gross Domestic Product (GDP) published by The Central Bank of Egypt (CBE):** The research team relied on the GDP published by the CBE, and also relied on the formulas used in basic national accounts. Ideally, the formula for obtaining the Value Added is calculated as follows: *Value Added = Value of Output – Value of Intermediate Inputs*. However, for the purpose of simplicity, based on the data currently available the research team used the following formula: *Contribution of M/SMEs to GDP = (The Total Revenue – Expenses)/GDP (2000-2001)*

**Definition of Economic Sectors:**

Activities were classified to calculate M/SME figures for each of the economic sectors as follows:

<b>Construction Activities</b>	
<b>Activity</b>	<b>CAPMAS Code</b>
Location preparation	45.1
Establishment of buildings whole or part, or engineering activities	45.2
Installations related to buildings	45.3
Finishing of buildings	45.4

<b>Manufacturing Activities</b>	
<b>Activity</b>	<b>CAPMAS Code</b>
Coal mining	10
Petroleum and gas extraction	11.1
Mining iron raw material (Felzat)	13
Other activities related to mining and usage of mines	14
Transformation industries	D
Electricity, gas and water supply	E

<sup>3</sup> Assad, Ragui. “The Egyptian Labor Market in an Era of Reform” The American University in Cairo Press, Cairo: 2002.

<b>Trade Activities</b>	
<b>Activity</b>	<b>CAPMAS Code</b>
Agricultural crops and gardening for market purposes	01.1
Animal husbandry	01.2
Forest usage and tree cutting for wood	02.0
Fishing	B
Wholesale and retail trade of automobiles with engines	50.1
Wholesale and retail trade of automobile spare parts	50.3
Wholesale and retail trade of motorcycles	50.4
Retail trade of automobile fuel	50.5
Wholesale and commission based trade, except for automobiles	51
Unspecialized retail trade	52.1
Retail trade of food and beverages in specialized stores	52.2
Other retail trade of new commodities in specialized stores	52.3
Retail trade of used commodities in specialized stores	52.4
Retail trade outside stores	52.5

<b>Service Activities</b>	
<b>Activity</b>	<b>CAPMAS Code</b>
Agricultural services related to animal husbandry	01.4
Services related to petroleum and gas extraction	11.2
Rental of construction and destruction equipment (with operator)	45.5
Repair and maintenance of automobiles with engines	50.2
Personal commodity and household product repair	52.6
Hotels and restaurants	H
Transportation, storage and communication	I
Financial intermediation	J
Estate activities, rentals, and business services	K
Education	L
Health and social work	M
Community services and social and personal services	N

#### **D. Research Limitations**

While collecting the required data for updating the “Profile of M/SMEs in Egypt”, the research team encountered several limitations. These are highlighted below.

##### ***The Lack of Accurate Data:***

One of the most pressing limitations faced by the research team was the lack of available data on M/SMEs in Egypt. In many instances, even when the data is available, it is outdated. In addition, despite a number of wide scale M/SME surveys conducted by donor-funded projects, data remains inaccessible to both specialized research institutions and the public. Regarding the size of enterprises, the latest data issued on the number of establishments in Egypt was collected and published in 1996. Data preceding this is only available for 1986. For export data figures, the sources available (that may be M/SME specific) only relate to the manufacturing sector, and not to trade or services.

As for the Economic Census of 2000/2001, the establishment figures included were not classified by the number of workers, which made it impossible to present the data classified according to the size of the M/SMEs, in accordance with the SMEPoL definition issued in January, 2004.<sup>4</sup>

##### ***Lack of Unified M/SME Definition:***

Another factor that represented a limitation on the usage of available data was the lack of M/SME specificity among the economic statistics available in Egypt. For instance, while data on Egyptian exports is available for all economic activities, it is not segregated by size of enterprise. Even when the data is specified by size, different definitions are used by various institutions, which make comparability preferences almost unattainable. To overcome the aforementioned limitation in all the available data, the research team relied – whenever obtainable – on the number of employees in each establishment to segregate between micro, small and medium sized enterprises. However, even by following this approach, data was not differentiated between the varied economic sectors (i.e. trade and service, manufacturing and construction) in all instances.

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<sup>4</sup> The data in the economic census presents enterprises classified into those establishments with nine workers or less, and those with 10 workers or more. Owing to such data limitations, some of the figures included in this report represent all private enterprises, and sometimes all enterprises (both private and public).

## **FINDINGS & ANALYSIS**

### **1. The Number of M/SMEs Operating in Egypt**

According to the CAPMAS Establishment Census of 1996, the number of M/SMEs operating in the trade, services, manufacturing, and construction sectors nationwide is 1,641,791, which comprises 99.7 percent of the total establishments in Egypt. In general, microenterprises form the bulk of establishments, representing 93.7 percent, followed by small enterprises at 5.7 percent. These figures emphasize the important role played by these enterprises in developing and supporting the national economy.

Trade appears to be the most important economic sector among microenterprises, since 58 percent of them engage in trade related activities, while 26 percent work in the services field. This composition varies if we look at small enterprises, where manufacturing represents 46 percent of their business, followed by trade at 29 percent and services at 22 percent. In medium sized businesses, services and trade sectors have almost equal weights of 46 percent, and 43 percent, respectively. The construction sector has the least weight (regardless of enterprise size) ranging from 0.58 percent among microenterprises, to 2.5 percent among small enterprises.

**Table 1: Number of Enterprises, Classified by Size and Sector.<sup>5</sup>**

Sector/ Size (by number of workers)	1996				Total
	Micro (1-4)	Small (5-9)	Medium (10-19)	Large (20+)	
Trade	898637	27199	4253	1678	931767
Services	396748	21060	4584	3199	425591
Sector/ Size	Micro (1-4)	Small (5-49)	Medium (50-99)	Large (100+)	Total
Manufacturing	233845	43315	859	732	278751
Construction	8881	2328	82	48	11339
<b>Total</b>	<b>1538111</b>	<b>93902</b>	<b>9778</b>	<b>5657</b>	<b>1647448</b>

A study conducted by The International Finance Corporation (IFC) entitled “The SME Landscape in Egypt” suggests that the number of M/SMEs in Egypt in 2003 accounted for 2,576,937 enterprises. These are distributed as 2.4 million microenterprises representing 93.5 percent; 127,631 very small enterprises (4.97 percent); and 40,305 small and medium sized enterprises (1.56 percent). Microenterprises were identified as employing from one to four employees; very small enterprises from five to nine employees; and small and medium enterprises from 10 to 200 employees. Similar to this report’s projections, the IFC study used the 1986 and 1996 CAPMAS Establishment Censuses as the base for its projections. However, the report suggested an aggregate growth rate for all governorates which accounted for 7 percent on an annualized basis (a less conservative rate than the one extrapolated for this profile, which varies between 1.06 and 1.25 percent according to governorate).

<sup>5</sup> CAPMAS Establishment Census, 1996.



## 2. The Rate of Increase in the Number of M/SMEs Over the Past 10 Years.<sup>6</sup>

A recent survey prepared by the Economic Research Forum (ERF) entitled “Profile of Micro and Small enterprises in Egypt”<sup>7</sup> conducted in 8 governorates (Cairo, Giza, Alexandria, Damietta, El Gharbeya, Fayoum, Assiut and Suhag) observed that around 13 percent of small economic units in these governorates closed out in 2003, which represents 3,000 units out of the 22,996 units listed. On a different note, 2,100 units entered the market in the same period of time.

The graphs below depict the actual growth rates of the total number of establishments for the governorates during the period of 1994 to 1996. Governorates are presented in graphs classified according to four main categories Urban (Cairo, Alex, Port Said, and Suez), Lower Egypt (El Beheira, Dakahleya, Sharkeya, Menoufeya, Kafr El Sheikh, Qalyoubeya, Gharbeya, Damietta and Ismailia), Upper Egypt (Giza, Fayoum, Beni Suef, Minia, Suhag, Assiut, Qena, Luxor City, and Aswan), and Frontier Governorates (Marsa Matrouh, the New Valley, North Sinai, South Sinai, and the Red Sea). Figure 1 below indicates that among the urban governorates, Cairo has the largest number of enterprises.

Figure 1: Actual Number of Establishments in Urban Egypt (1994 to 1996).

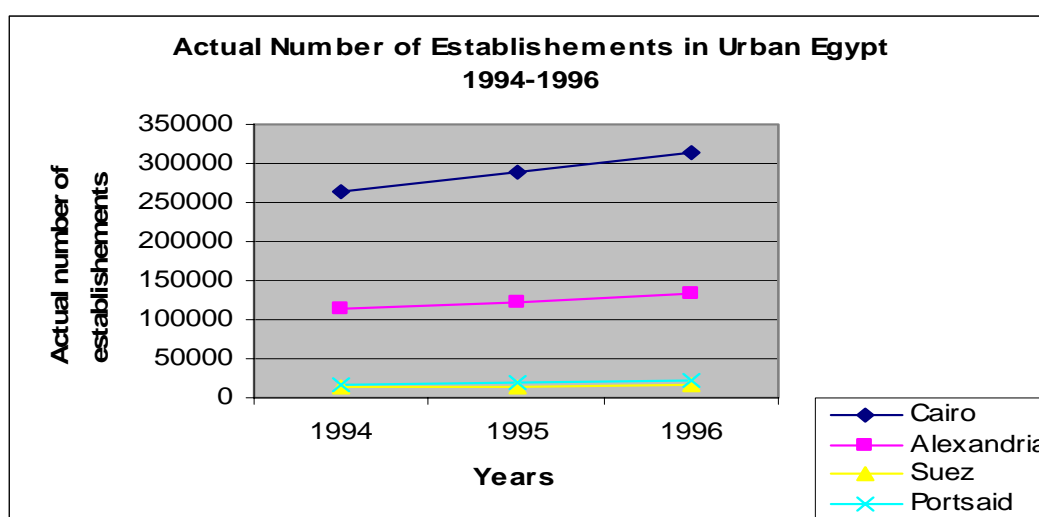
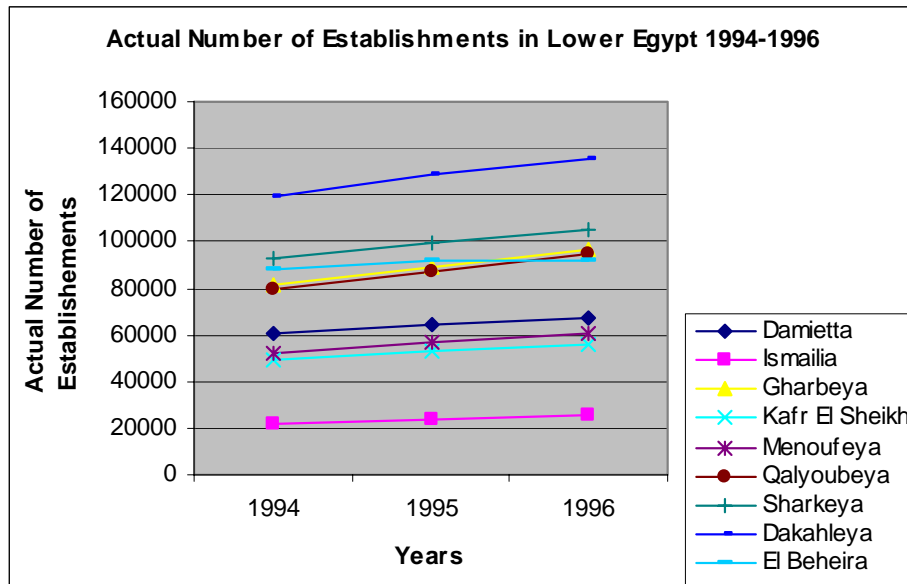


Figure 2 below demonstrates that Dakahleya leads lower Egyptian governorates in terms of number of establishments while Qalyoubeya, and Ismailia have the lowest number of establishments among the group.

<sup>6</sup> The only available figures for establishments are not available by size or number of workers. However, the percentage of large sized enterprises does not exceed 1% in all the governorates, except in the Red Sea, and South Sinai (See Appendix One).

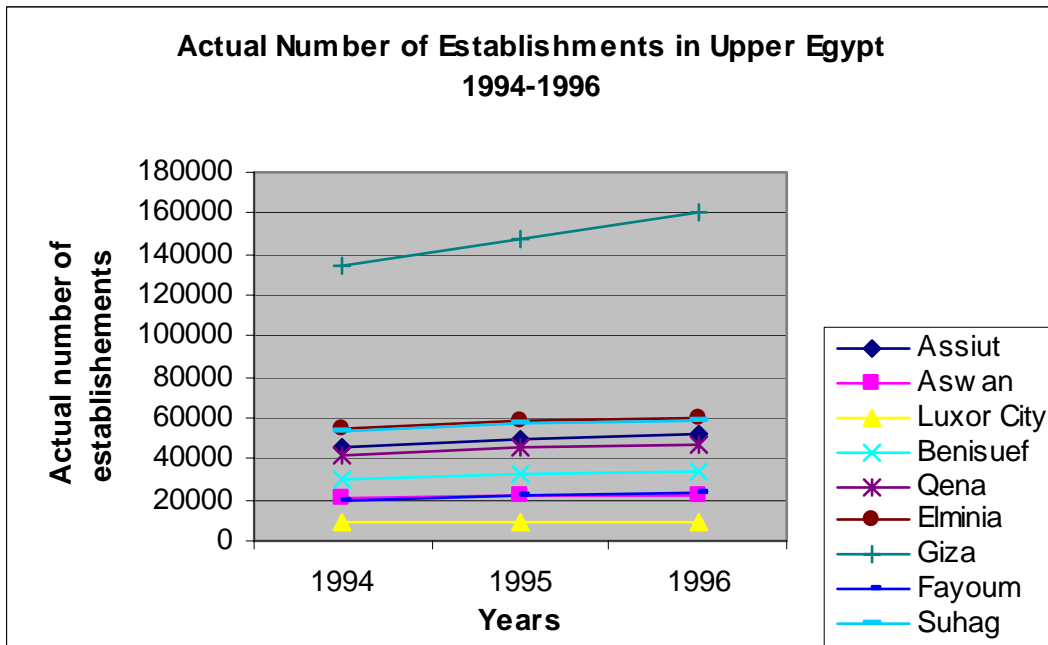
<sup>7</sup> The Economic Research Forum, Profile of Micro and Small Enterprises in Egypt- A case study within the project on "Promoting Competitiveness in the Micro and Small Enterprises Sector in the MENA Region". MSEs Potentials and Success Determinants in Egypt 2003-2004, April 2005

**Figure 1: Actual Number of Establishments in Lower Egypt (1994 to 1996).**



Data contained in figure 3 show that Giza leads Upper Egypt governorates in terms of the number of enterprises.

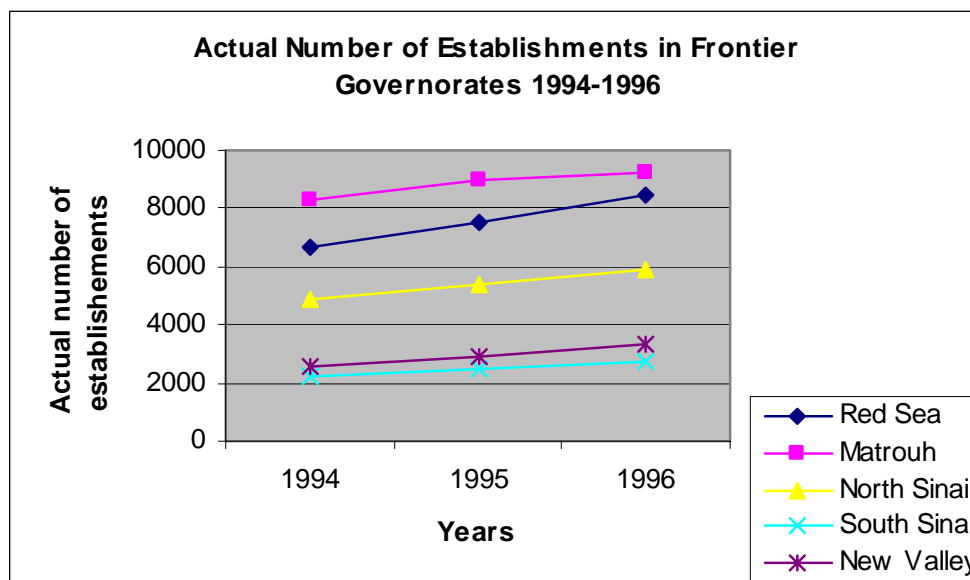
**Figure 2: Actual Number of Establishments in Upper Egypt (1994 to 1996).**



In general, as observed in figures 4, Matrouh has the highest number of enterprises among the frontier governorates. The increasing number of enterprises in the frontier governorates may be attributed to the importance of the Red Sea, North Sinai, and South Sinai as 'touristic'.

governorates, while the growth of the New Valley could be attributed to the presence of a number of projects that have focused on land reform and mining.<sup>8</sup>

**Figure 4: Actual Number of Establishments in Frontier Governorates (1994 to 1996).**



### 3. The Geographic Distribution of M/SMEs in Egypt

According to the ERF's Profile of Small and Micro Enterprises in Egypt<sup>9</sup>, Lower Egypt is home to the majority of MSEs in Egypt. The study highlights that with reference to the concentration of the population across the country, Metropolitan Areas – referred to as Urban Egypt in this report - witness the highest concentration of small economic units (SEUs). It follows that in the sample selected by the ERF; most of the economic units were in an urban setting. The same study pinpointed the distribution of MSEs in rural and urban settings according to the year of establishment - starting from 1950 and continuing past 2000. The report concluded that most MSEs were established in the 1990s, and mainly in rural areas.

<sup>8</sup> Wasf Misr- El Wadi El Gedeid, 1997.

<sup>9</sup> The Economic Research Forum, Profile of Micro and Small Enterprises in Egypt - A case study within the project on Promoting Competitiveness in the Micro and Small Enterprises Sector in the MENA Region\_. MSEs Potentials and Success Determinants in Egypt 2003-2004, April 2005

**Table 3: MSE Distribution According to Region.<sup>10</sup>**

Year of Establishment	Urban		Rural		Total	
	Number	Percent	Number	Percent	Number	Percent
Before 1950	30	1%	0	0 %	30	0.6
1950 to 1959	73	2.4 %	6	0.3 %	79	1.6
1960 to 1969	164	5.4 %	26	1.4 %	190	3.9
1970 to 1979	292	9.6 %	68	3.6 %	360	7.3
1980 to 1989	547	18 %	205	11 %	752	15.3
1990 to 1999	1114	36.6 %	762	40.8 %	1876	38.2
2000 +	821	27 %	800	42.8 %	1621	33
<b>Total Number</b>	<b>3041</b>	<b>100%</b>	<b>1867</b>	<b>100%</b>	<b>4908</b>	<b>100%</b>

**Table 4: MSE Distribution According to Sector<sup>21</sup>.**

Year of Establishment	Industry		Trade		Service		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Before 1950</b>	8	1 %	18	0.6 %	5	0.5 %	31	0.7 %
<b>1950 to 1959</b>	8	1%	47	1.5 %	24	2.5 %	79	1.6 %
<b>1960 to 1969</b>	32	4.1 %	123	3.9 %	35	3.6 %	190	3.9 %
<b>1970 to 1979</b>	79	10.2 %	227	7.2 %	54	5.6 %	360	7.3 %
<b>1980 to 1989</b>	144	18.6 %	494	15.6 %	111	11.5 %	749	15.3 %
<b>1990 to 1999</b>	235	30.4 %	1300	41 %	342	35.4 %	1877	38.2 %
<b>2000 +</b>	267	34.5 %	960	30.3 %	394	40.8 %	1621	33 %
<b>Total Number</b>	<b>773</b>	<b>100%</b>	<b>3169</b>	<b>100%</b>	<b>965</b>	<b>100%</b>	<b>4907</b>	<b>100%</b>

The ERF report also indicates that the number of such establishments have been on the rise in rural areas, a fact which the ERF attributes to migration trends, which have been declining over the past few years. Interestingly, the ERF indicated in their study that female-owned enterprises have been increasing throughout the same lifespan. In response to the significant increase in the number of such establishments in the 1990's, female owned enterprises reached their peak during this period – once more with the highest concentration in rural settings. The report added that earlier during the 1960's, the industrial sector was more pronounced as compared to trade and services. Other interesting findings of the ERF survey include information about the transition of MSEs during the first and second listing. It was concluded that the least transition occurred in the trade sector, followed by services and industries. Within the selected sample, a significant number of those who changed activities, shifted to trade. Tables and bar charts have been prepared below for each Egyptian governorate (in addition to Luxor City). These tables present the number of establishments categorized by size<sup>11</sup> and economic sector for the years 1996.<sup>12</sup>

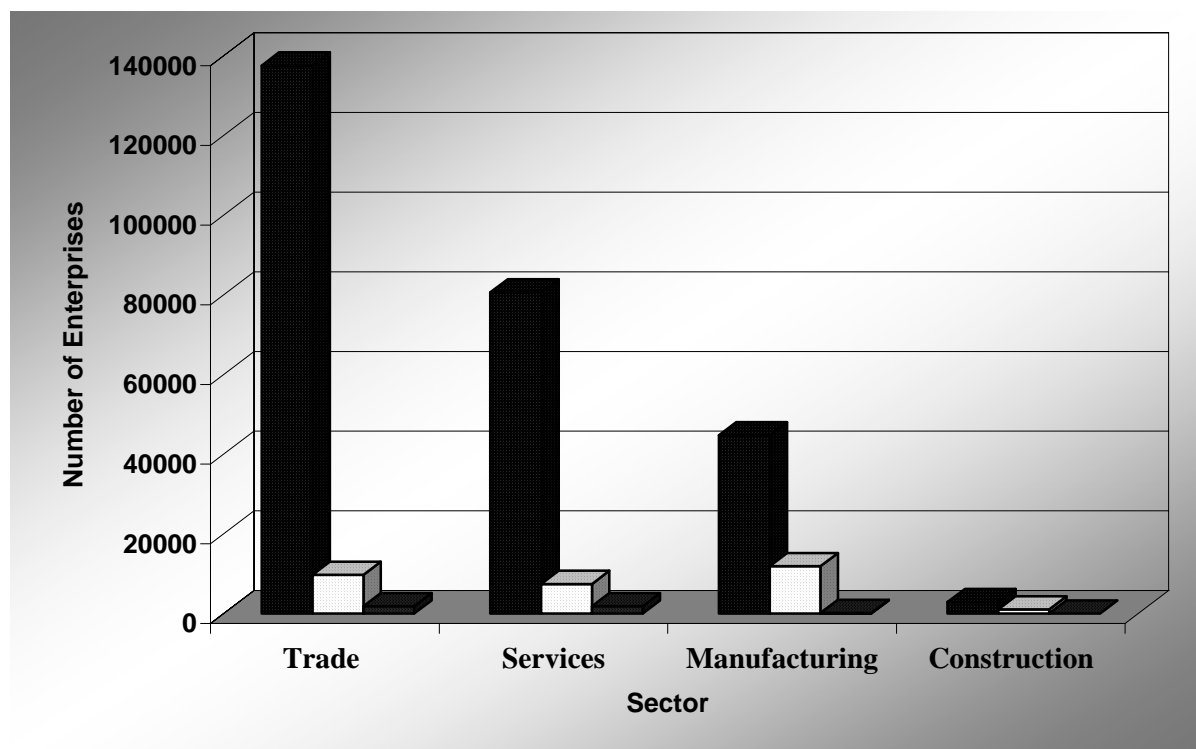
<sup>10</sup> Ibid.

<sup>11</sup> The size is classified according to the SMEPoL definition which was issued in January 2004. (For trade and services, microenterprises are from 1-4 employees, small enterprises are from 5-9 employees, medium enterprises are from 10-19 and large enterprises are 20 employees and above; while for manufacturing and construction, microenterprises are from 1-4 employees, small enterprises are from 5-49, medium enterprises are from 50-99 and large enterprises contain 100 employees and above.

<sup>12</sup> Source: Establishment Census for all governorates, CAPMAS, 1996.

**Cairo:**

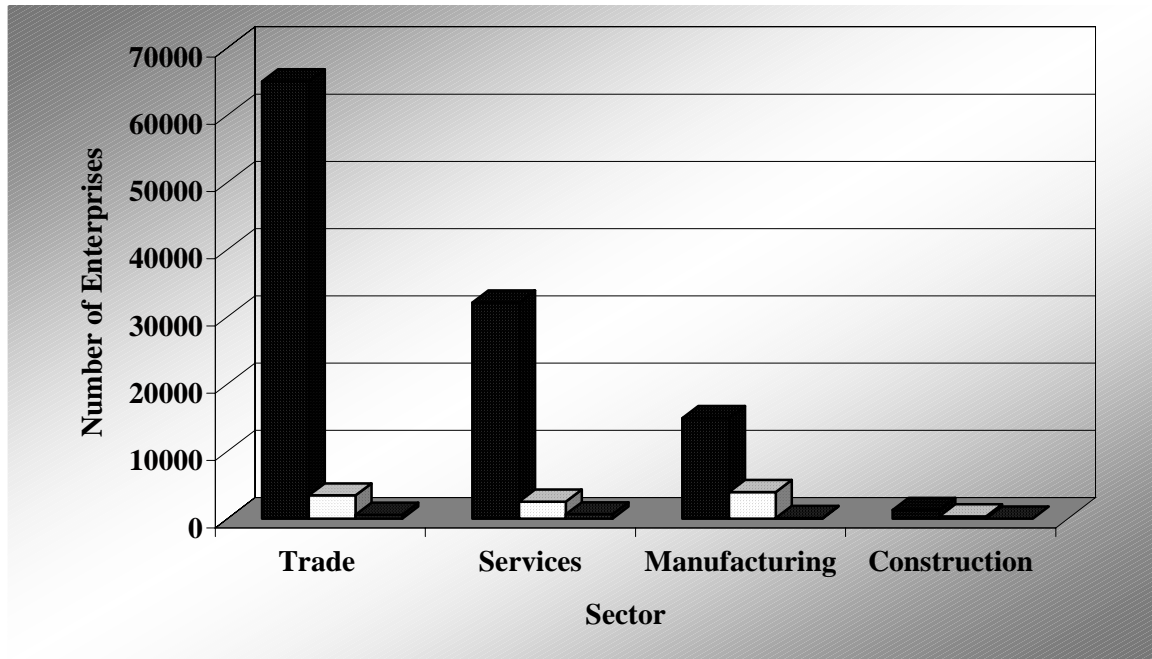
	Sector/Size	Micro	Small	Medium	Large	Total
Cairo		1996				
	Trade	137540	9733	1847	697	<b>149817</b>
	Services	80637	7441	1838	1331	<b>91247</b>
	Manufacturing	44763	11901	153	110	<b>56927</b>
	Construction	2872	1076	25	27	<b>4000</b>
	<b>Total</b>	<b>265812</b>	<b>30151</b>	<b>3863</b>	<b>2165</b>	<b>301991</b>



Microenterprises working in trade occupy the most important segment of the economy, especially in areas related to the retail trade of specialized commodities, as well as food and beverages. Small enterprises occupy the second place in importance, with the highest number of enterprises working in the manufacturing of food and beverages, leather products, metal products, and garments. Medium sized enterprises form the third largest number of enterprises in Cairo, with the majority of them involved in the trade of new specialized household commodities. Most of the large enterprises in Cairo, which are the lowest in terms of number of enterprises, work in the services sector, mainly in the education field.

*Alexandria:*

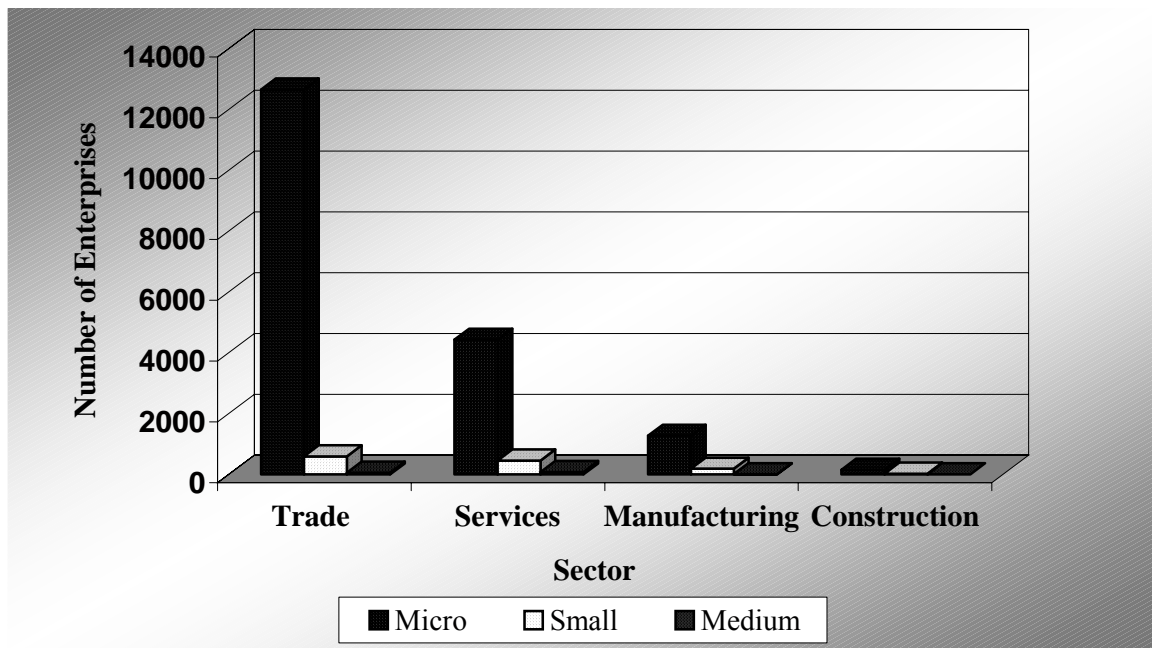
Alexandria	Sector/Size	Micro	Small	Medium	Large	Total
		1996				
	Trade	65021	3468	586	189	<b>69264</b>
	Services	32131	2533	663	374	<b>35701</b>
	Manufacturing	14944	3980	107	85	<b>19116</b>
	Construction	1311	331	8	2	<b>1652</b>
	<b>Total</b>	<b>113407</b>	<b>10312</b>	<b>1364</b>	<b>650</b>	<b>125733</b>



Microenterprises also represent the bulk of enterprises in Alexandria, operating mainly in the trade sector, especially in the retail trade of personal and household commodities. Similar to the composition of Cairo's businesses, small sized enterprises are the next largest enterprise segment, and are mainly concentrated in the manufacturing of food and beverages, and garments. The majority of medium enterprises are engaged in the services sector, especially in education and financial intermediation. As in Cairo, most of the large enterprises in Alexandria work in the services sector.

*Port Said:*

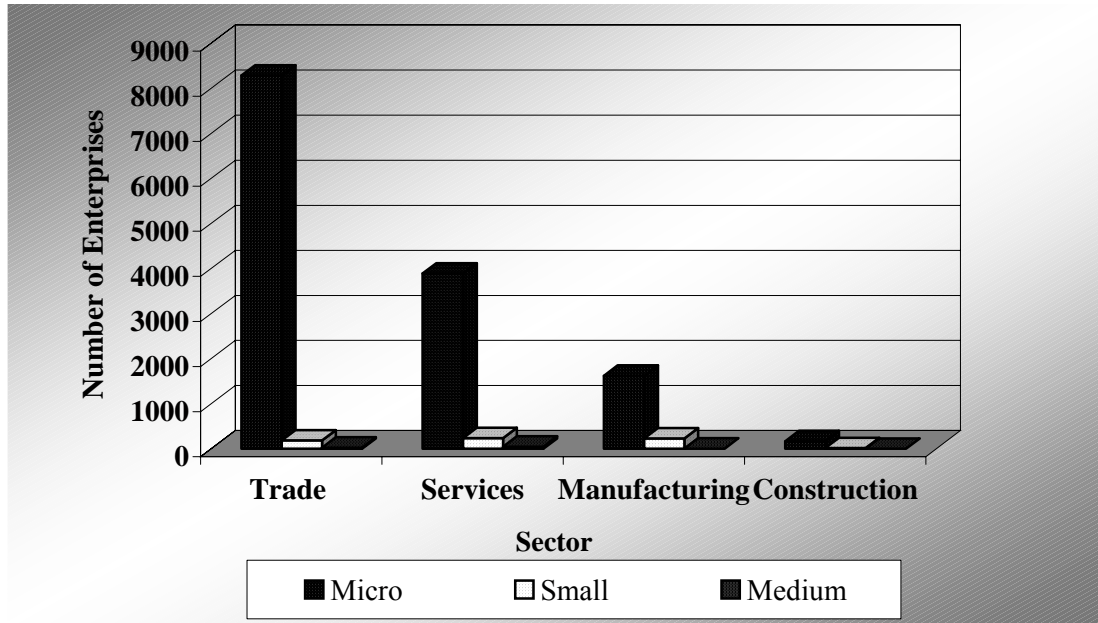
Port Said	Sector/Size	Micro	Small	Medium	Large	Total
		1996				
	Trade	12655	599	58	20	13332
	Services	4431	456	82	37	5006
	Manufacturing	1275	191	11	9	1486
	Construction	154	23	2	0	179
	<b>Total</b>	<b>18515</b>	<b>1269</b>	<b>153</b>	<b>66</b>	<b>20003</b>



Microenterprises represent the largest portion of enterprises, with most of them engaging in the trade of personal and household commodities. Unlike Cairo and Alexandria, small and medium enterprises resemble those in Port Said, mainly operating in the trade sector. Large enterprises are mainly engaged in the services sector.

*Suez:*

	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>Suez</b>	Trade	8283	182	22	3	<b>8490</b>
	Services	3888	238	45	27	<b>4198</b>
	Manufacturing	1622	229	2	3	<b>1856</b>
	Construction	164	14	0	0	<b>178</b>
	<b>Total</b>	<b>13957</b>	<b>663</b>	<b>69</b>	<b>33</b>	<b>14722</b>

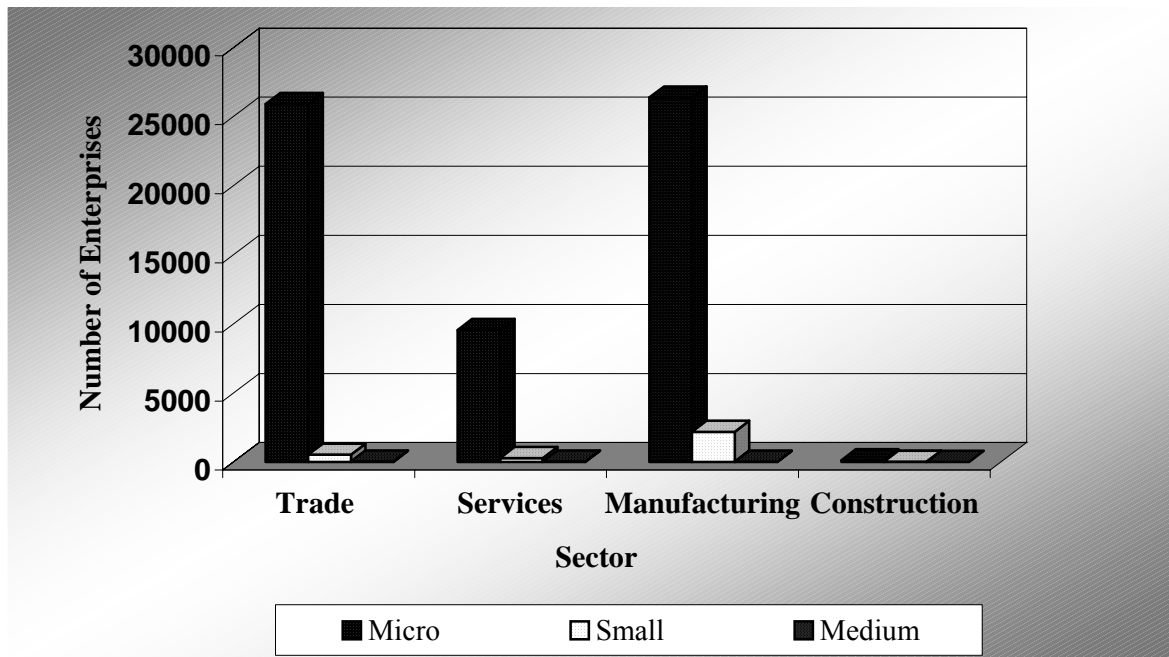


With a growth rate of 1.10 percent, microenterprises in Suez form the bulk of enterprises. The majority of microenterprises work in the trade sector; and the highest number of enterprises trade food and beverages. Small enterprises, on the other hand, focus more on the services sector, which - due to the nature of the governorate - concentrates on hotels and restaurants, as well as transportation, storage and communication. The bulk of medium and large sized enterprises are also engaged in the services sector.



*Damietta:*

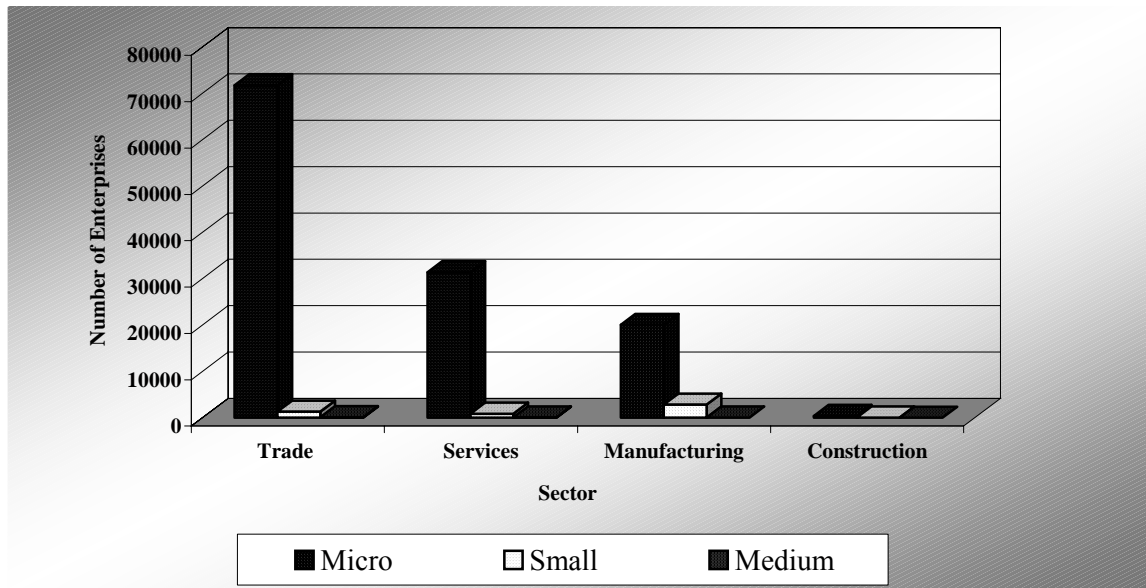
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>Damietta</b>	Trade	25905	519	31	9	<b>26464</b>
	Services	9544	281	31	18	<b>9874</b>
	Manufacturing	26375	2181	12	2	<b>28570</b>
	Construction	116	12	0	1	<b>129</b>
	<b>Total</b>	<b>61940</b>	<b>2993</b>	<b>74</b>	<b>30</b>	<b>65037</b>



Manufacturing of furniture and wooden products is the most important industry in Damietta. Accordingly, 89 percent of microenterprises work in this field. Damietta contributes significantly to this industry in Egypt. Consequently, the trade of such products comes second in terms of the number of microenterprises engaged in it. The manufacture of furniture is the most important industry among small enterprises as well, with 75 percent of them working in this field. This situation slightly varies when analyzing figures for medium and large enterprises, where services and trade have the most significant number of enterprises.

**Dakahleya:**

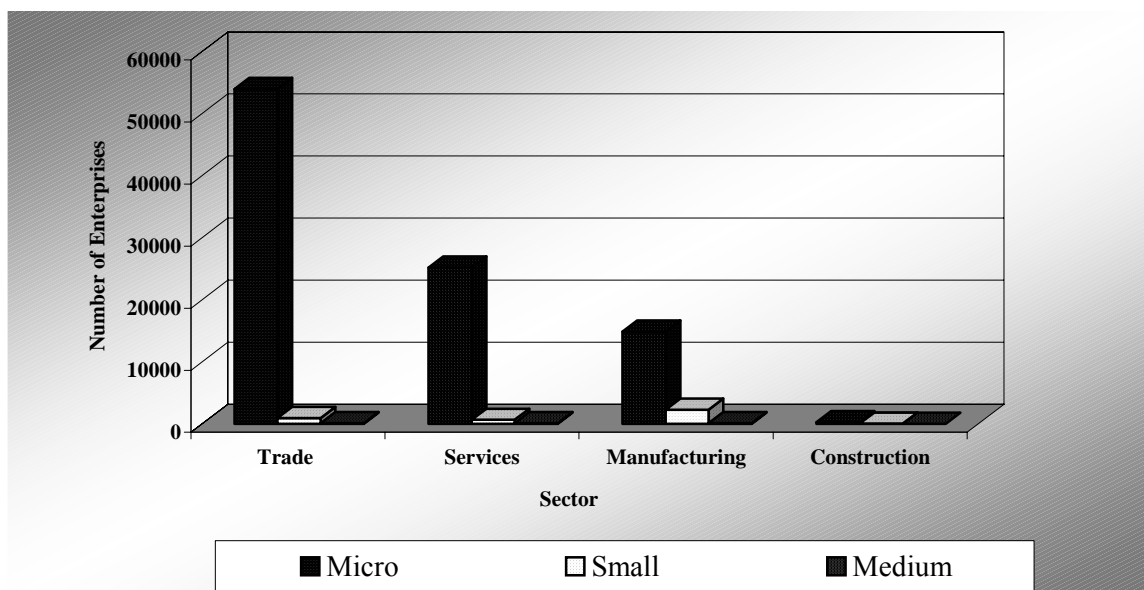
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>Dakahleya</b>						
	Trade	71744	1326	126	43	<b>73239</b>
	Services	31388	857	88	52	<b>32385</b>
	Manufacturing	20035	2851	25	9	<b>22920</b>
	Construction	408	29	0	0	<b>437</b>
	<b>Total</b>	<b>123575</b>	<b>5063</b>	<b>239</b>	<b>104</b>	<b>128981</b>



Trade is the most significant business among microenterprises in Dakahleya, especially in food and beverages. In addition, small enterprises complement this business by manufacturing the same items. The Textile industry follows in importance among small enterprises. Among medium sized enterprises, trade is the most significant business, particularly wholesale and commission based trade, while education is the most significant business among large enterprises.

*Sharkeya:*

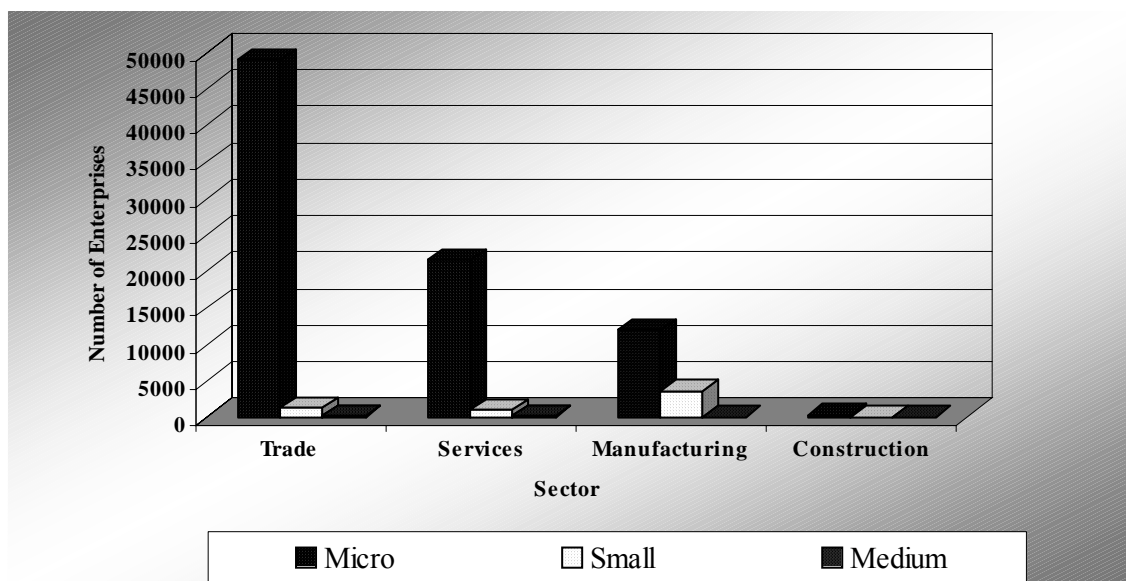
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>Sharkeya</b>	Trade	53925	931	127	85	<b>55068</b>
	Services	25202	667	112	75	<b>26056</b>
	Manufacturing	14869	2279	130	176	<b>17454</b>
	Construction	265	50	2	2	<b>319</b>
	<b>Total</b>	<b>94261</b>	<b>3927</b>	<b>371</b>	<b>338</b>	<b>98897</b>



In Sharkeya, 57 percent of microenterprises are involved in trade; with the majority engaging in the trade of personal and household commodities. Manufacturing is the most significant business among small enterprises, primarily in the food and beverages field. The largest proportion of medium and large enterprises are engaged in the manufacturing sector, focusing on the manufacture of textiles, food and beverages, machines, rubber, and chemical products.

*Qalyoubeya:*

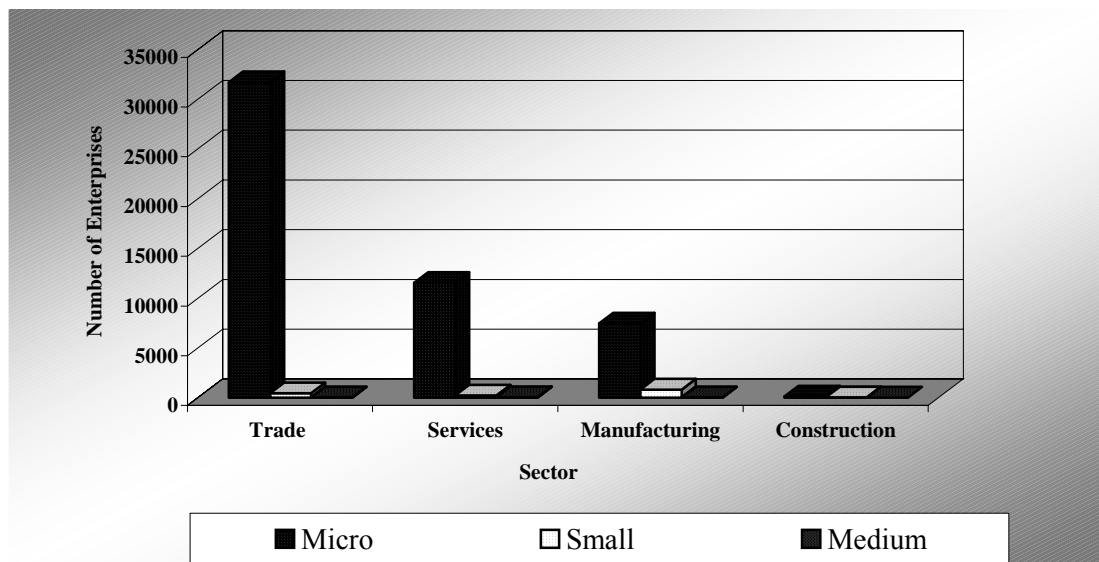
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
Qalyoubeya	Trade	49013	1342	149	71	<b>50575</b>
	Services	21526	937	113	64	<b>22640</b>
	Manufacturing	12037	3668	81	71	<b>15857</b>
	Construction	274	39	5	2	<b>320</b>
	<b>Total</b>	<b>82850</b>	<b>5986</b>	<b>348</b>	<b>208</b>	<b>89392</b>



The majority of microenterprises in Qalyoubeya operate in the trade sector, particularly in the retail trade of food and beverages, while manufacturing is the most significant sector among small enterprises. The furniture and wooden products industry occupies the highest portion of small enterprises, with 17 percent. Trade occupies most of the medium sized enterprises, with the majority trading personal and household commodities. All activities under the trade sector, as well as manufacturing, mainly of textiles, have an equal weight among large enterprises.

***Kafr El Sheikh:***

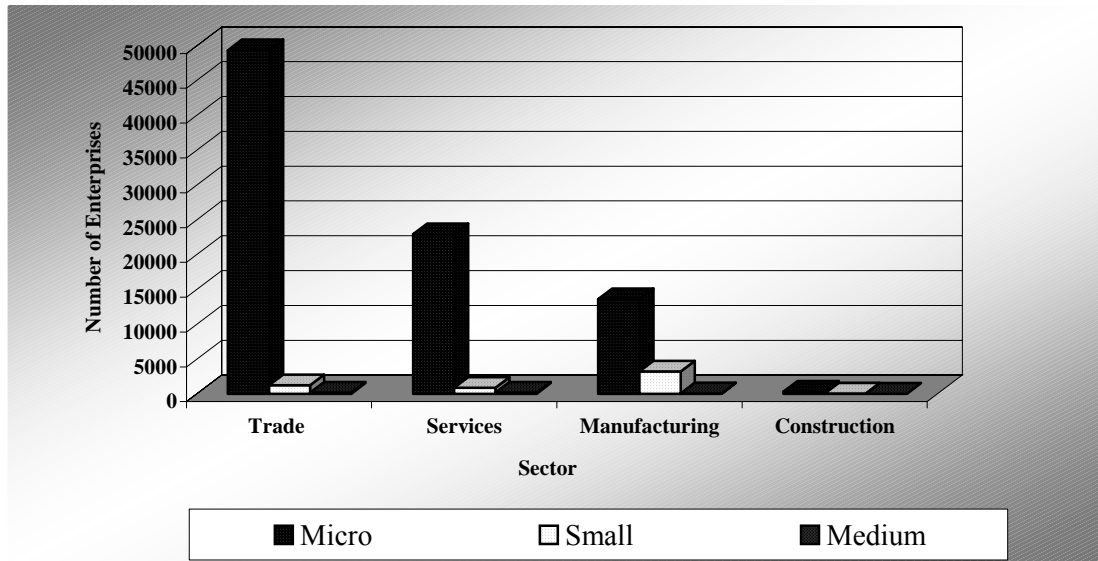
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
Kafr El Sheikh	Trade	31688	439	19	3	<b>32149</b>
	Services	11523	214	27	2	<b>11766</b>
	Manufacturing	7454	804	2	1	<b>8261</b>
	Construction	104	13	0	0	<b>117</b>
	<b>Total</b>	<b>50769</b>	<b>1470</b>	<b>48</b>	<b>6</b>	<b>52293</b>



Trade is the most important sector among microenterprises in Kafr El Sheikh. Microenterprises mainly engage in the retail and wholesale trade of food and beverages. Similar to Damietta, Dakahleya, Sharkeya, and Qalyoubeya, Kafr El Sheikh's small enterprises primarily engage in manufacturing. Medium enterprises are mainly concentrated in the services sector under health and social work as well as education. Half of the large enterprises engage in a variety of trade activities.

*El Gharbeya:*

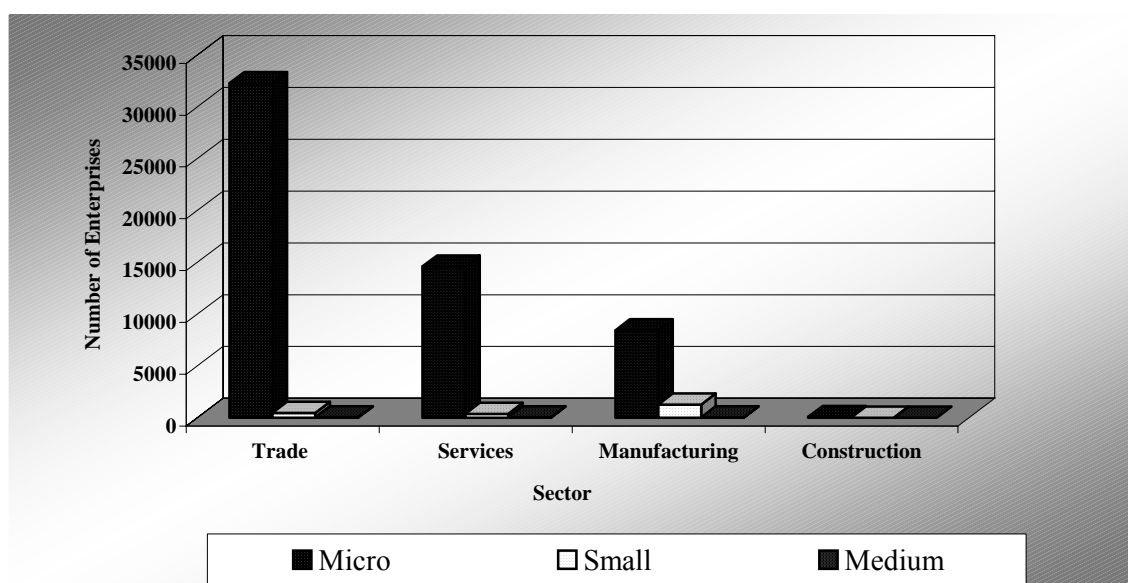
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>El Gharbeya</b>	Trade	49317	1218	169	48	<b>50752</b>
	Services	22907	858	147	55	<b>23967</b>
	Manufacturing	13578	3203	38	31	<b>16850</b>
	Construction	293	23	0	1	<b>317</b>
	<b>Total</b>	<b>86095</b>	<b>5302</b>	<b>354</b>	<b>135</b>	<b>91886</b>



In El Gharbeya, trade also is the most significant sector among microenterprises with more than 44 percent of the trade activities confined to retail and wholesale of food and beverages. Manufacturing is the most important sector among small enterprises with 26 percent of small enterprises engaging in manufacturing of textiles and garments. Most of the medium enterprises engage in trade, while the highest number of large enterprises works in the services sector.

**Menoufeya:**

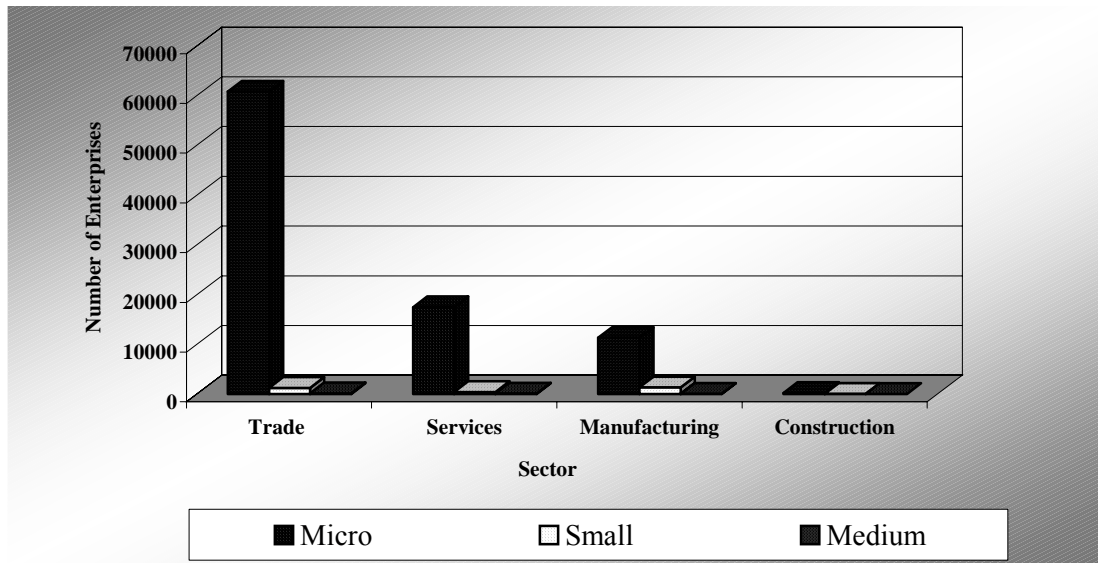
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
Menoufeya						
	Trade	32285	477	51	34	<b>32847</b>
	Services	14597	371	48	32	<b>15048</b>
	Manufacturing	8438	1278	42	35	<b>9793</b>
	Construction	85	15	0	0	<b>100</b>
	<b>Total</b>	<b>55405</b>	<b>2141</b>	<b>141</b>	<b>101</b>	<b>57788</b>



In Menoufeya, the food and beverage business was also found to be significant here, with the majority of microenterprises involved in the trade of food and beverages. The majority of small sized enterprises are involved in the manufacture food and beverages. Medium enterprises are mainly engaged in trade activities, whereby they focus on the trade of specialized commodities in specialized stores. The distribution of large enterprises among the three economic sectors of trade, services and manufacturing is almost equal, with the highest number of enterprises engaged in manufacturing, 40 percent of which manufacture textiles and garments.

***El Beheira:***

	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>El Beheira</b>	Trade	60752	1216	119	46	<b>62133</b>
	Services	17434	379	69	24	<b>17906</b>
	Manufacturing	11276	1333	18	7	<b>12634</b>
	Construction	184	24	0	0	<b>208</b>
	<b>Total</b>	<b>89646</b>	<b>2952</b>	<b>206</b>	<b>77</b>	<b>92881</b>

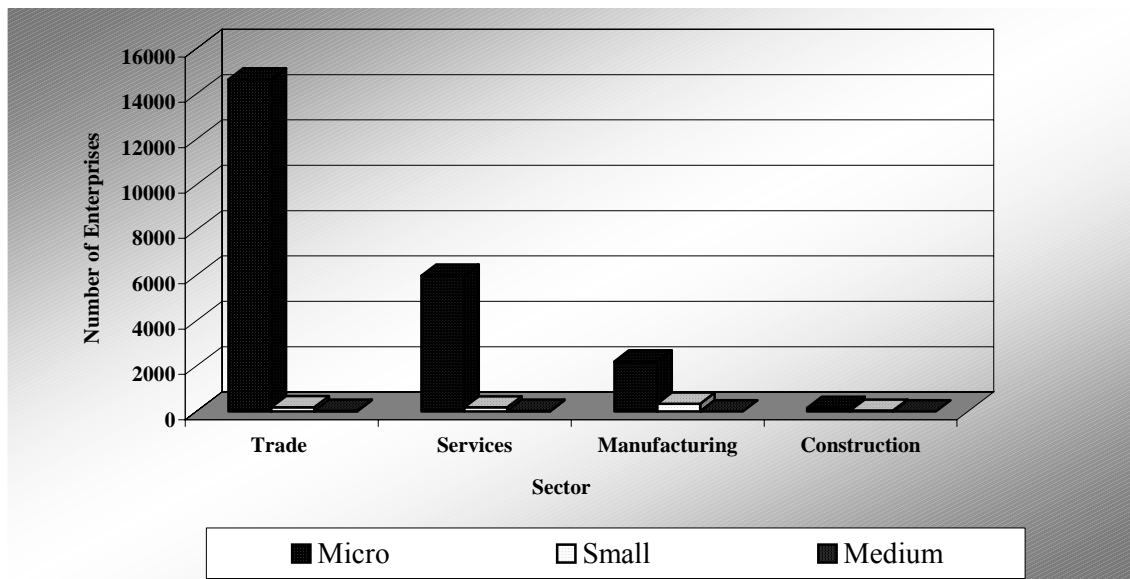


As is the case of El Menoufeya, the largest number of microenterprises in El Beheira engage in trade, especially that related to food and beverages. Small enterprises are concentrated in the manufacturing of food and beverages. Medium and large enterprises are generally engaged in the trade of specialized commodities.



*Ismailia:*

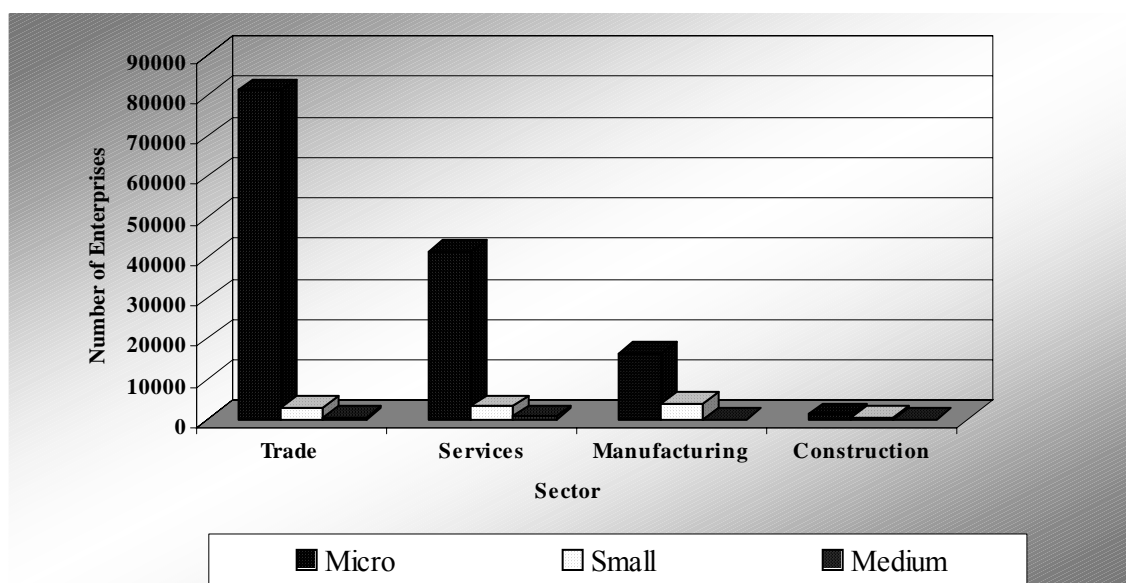
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>Ismailia</b>	Trade	14643	187	32	16	<b>14878</b>
	Services	5993	179	30	31	<b>6233</b>
	Manufacturing	2201	340	7	12	<b>2560</b>
	Construction	156	36	0	0	<b>192</b>
	<b>Total</b>	<b>22993</b>	<b>742</b>	<b>69</b>	<b>59</b>	<b>23863</b>



Trade of food and beverages is the most significant business among microenterprises in Ismailia. Also 46 percent of small enterprises are engaged in the manufacturing mainly focusing on food and beverages too. Medium enterprises are mainly engaged in retail trade of specialized commodities. As for large enterprises, their majority is occupied in the services sector especially in education.

**Giza:**

	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>Giza</b>						
	Trade	81363	3116	644	333	<b>85456</b>
	Services	41468	3262	850	684	<b>46264</b>
	Manufacturing	16460	4084	195	153	<b>20892</b>
	Construction	1203	483	34	9	<b>1729</b>
	<b>Total</b>	<b>140494</b>	<b>10945</b>	<b>1723</b>	<b>1179</b>	<b>154341</b>

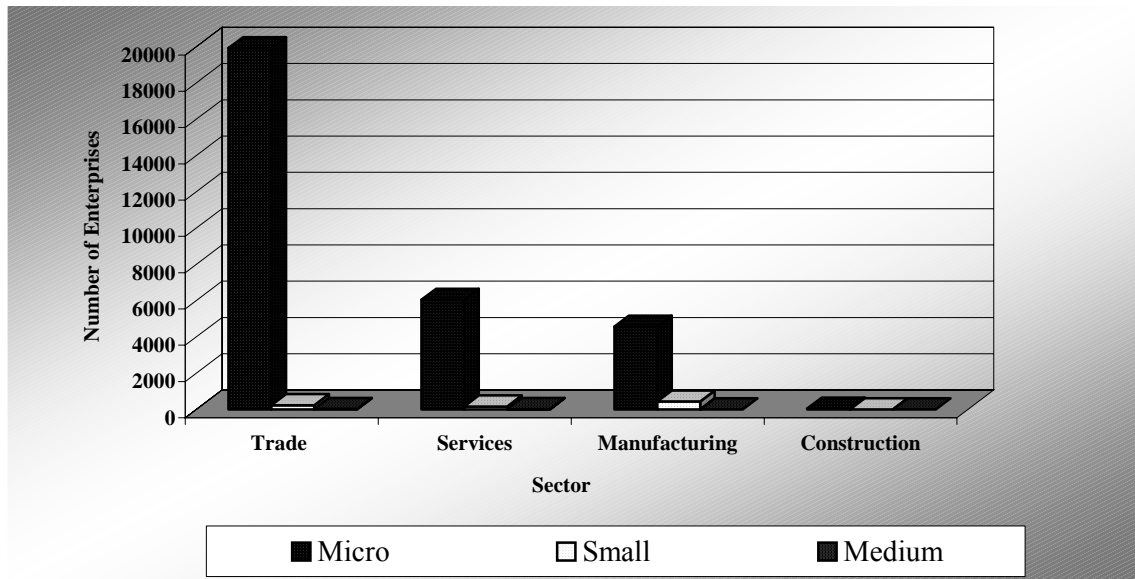


In Giza, 58 percent of microenterprises are involved in trade activities, with the bulk of them trading food and beverages. Also resembling a large number of other governorates, small businesses are primarily involved in the manufacture of food and beverages.

Due to the urban and touristic nature of most of the areas in Giza, medium enterprises are concentrated in the services sector especially in the hotels & restaurants, followed by estate activities, rentals and business services. Similarly, large enterprises are concentrated in the services sector mainly estate activities, rentals and business activities, and hotels and restaurants respectively.

*Beni Suef:*

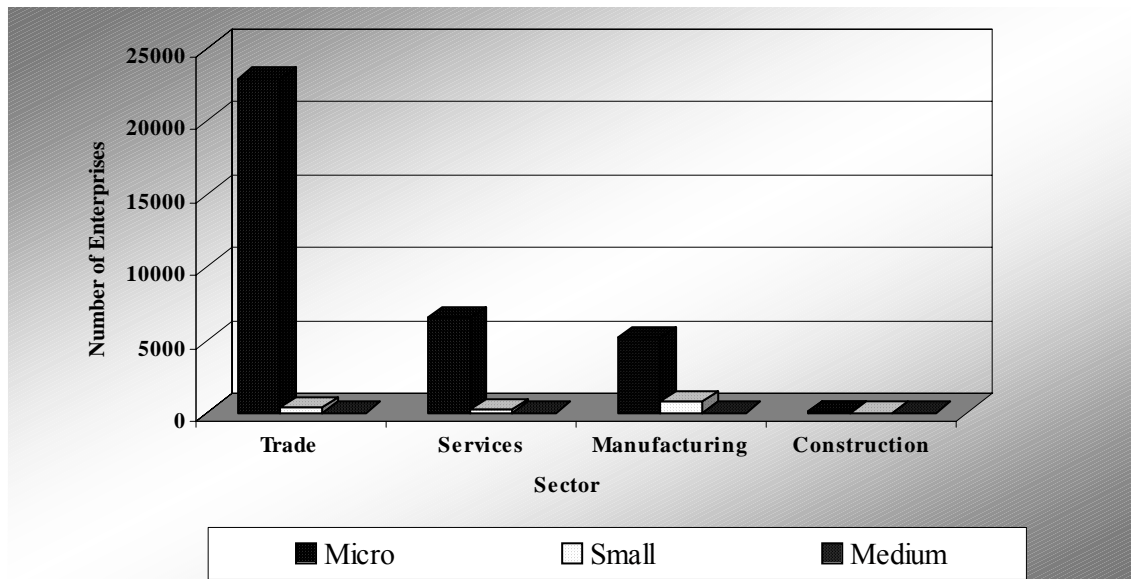
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>Beni Suef</b>	Trade	19918	231	30	4	<b>20183</b>
	Services	6046	165	25	13	<b>6249</b>
	Manufacturing	4566	435	7	6	<b>5014</b>
	Construction	49	7	0	0	<b>56</b>
	<b>Total</b>	<b>30579</b>	<b>838</b>	<b>62</b>	<b>23</b>	<b>31502</b>



The highest percentage of microenterprises in Beni Suef are involved in the trade of food and beverages. As regards small enterprises, 57 percent of them are concentrated in the manufacture of food and beverages, followed by 20.3 percent involved in the manufacture of non-metal products related to mining. Medium enterprises are primarily engaged in the trade of specialized commodities. The majority of large enterprises are in the services sector, mainly in hotels and restaurants, as well as in education.

**Fayoum:**

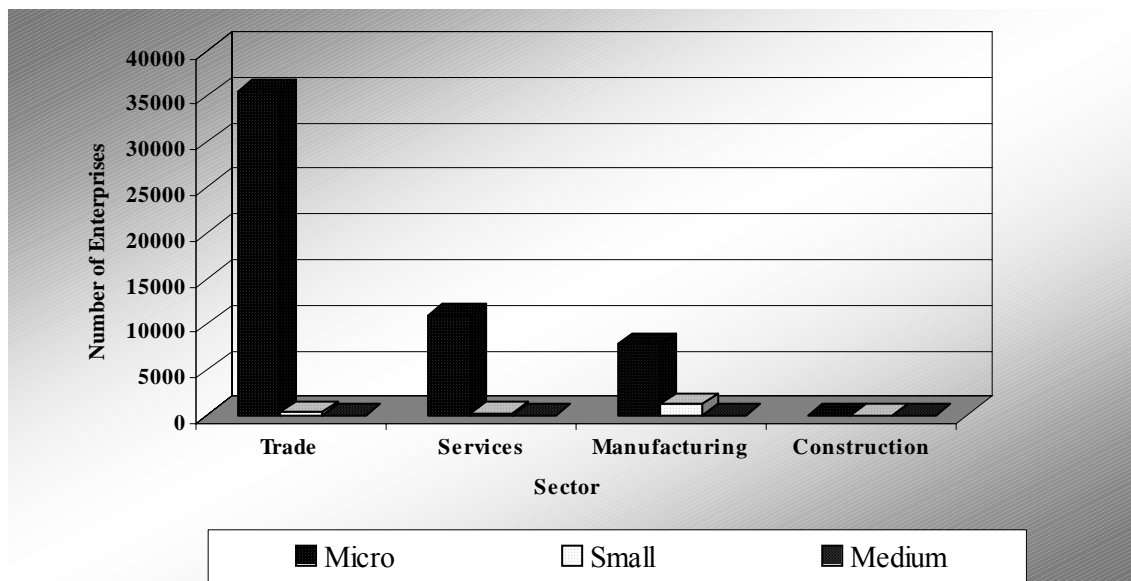
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>Fayoum</b>						
	Trade	22905	399	39	10	<b>23353</b>
	Services	6511	243	34	17	<b>6805</b>
	Manufacturing	5155	802	8	7	<b>5972</b>
	Construction	87	13	0	0	<b>100</b>
	<b>Total</b>	<b>34658</b>	<b>1457</b>	<b>81</b>	<b>34</b>	<b>36230</b>



In Fayoum, microenterprises mainly engage in the trade of food and beverages, followed by specialized commodities. Manufacturing is the most important sector among small enterprises, with most of the enterprises focused in food and beverages. As for medium enterprises, they mainly work in trade related to specialized commodities. Large enterprises engage in the services sector, especially in education.

*El Minia:*

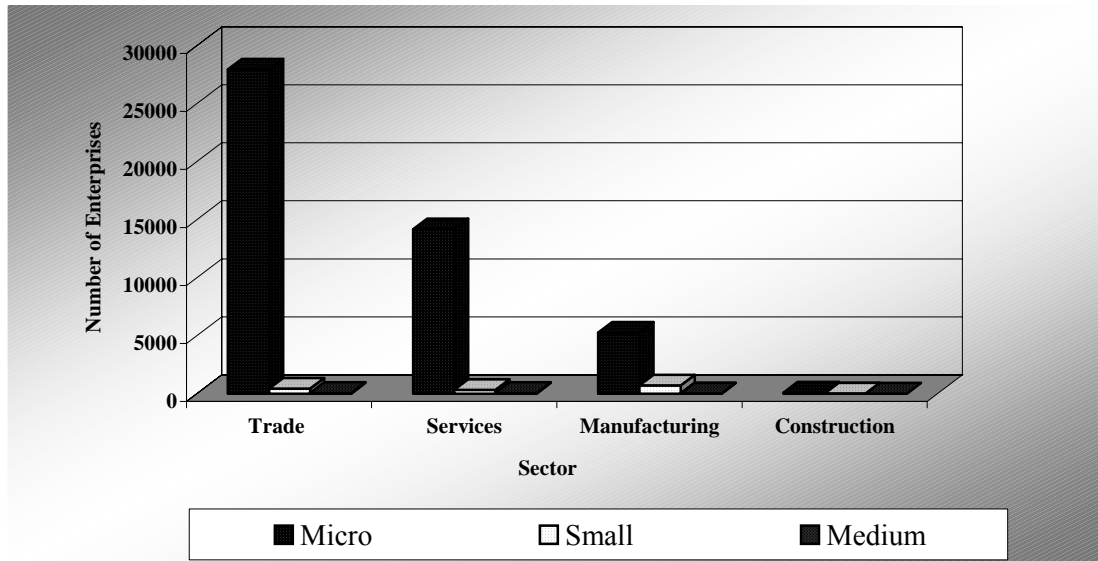
	Sector/Size	Micro	Small	Medium	Large	Total
		1996				
El Minia						
	Trade	35610	419	39	14	<b>36082</b>
	Services	11037	289	41	36	<b>11403</b>
	Manufacturing	7862	1208	1	4	<b>9075</b>
	Construction	85	10	1	0	<b>96</b>
	<b>Total</b>	<b>54594</b>	<b>1926</b>	<b>82</b>	<b>54</b>	<b>56656</b>



Following the same pattern found in the majority of governorates, El Minia's microenterprises are primarily involved in the trade of food and beverages, while small enterprises are concentrated in their manufacture. The bulk of medium sized enterprises are engaged in the services sector, especially in the hotels and restaurants field. Large enterprises also engage in services, however they are concentrated in the education field.

*Assiut:*

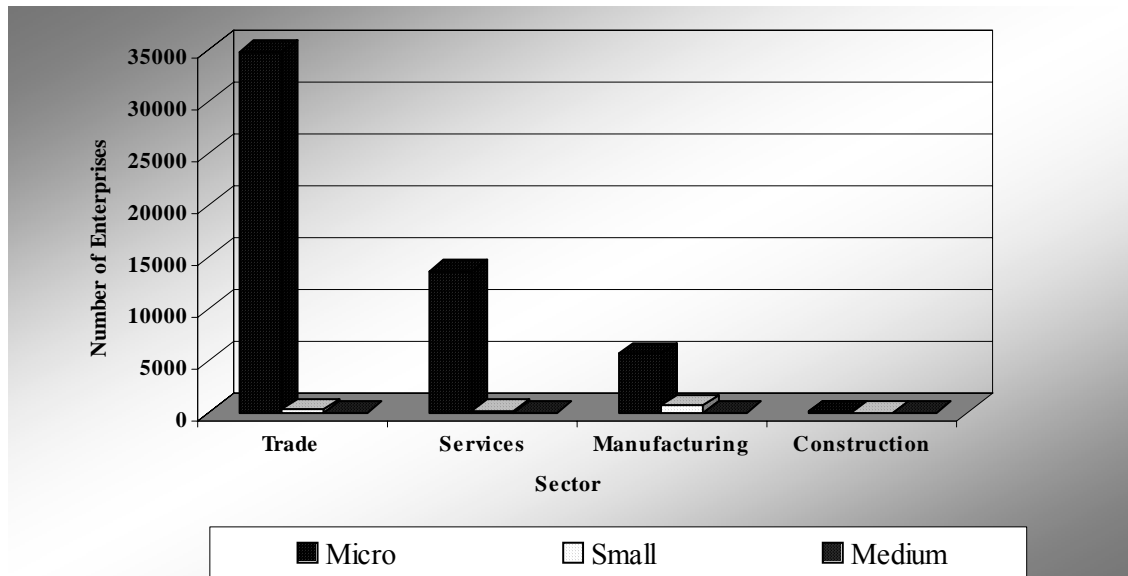
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>Assiut</b>						
	Trade	27918	417	49	12	<b>28396</b>
	Services	14166	305	51	35	<b>14557</b>
	Manufacturing	5260	706	2	0	<b>5968</b>
	Construction	80	20	0	1	<b>101</b>
	<b>Total</b>	<b>47424</b>	<b>1448</b>	<b>102</b>	<b>48</b>	<b>49022</b>



The pattern is not much different in Assiut than it is in the majority of other governorates. Microenterprises mainly engage in the trade of food and beverages, while small enterprises focus on the manufacturing of these same products. The highest number of medium enterprises in Assiut (50 percent) work in the services sector, mainly in health, health related activities, and social work; as well as the hotel and restaurant business.

**Suhag:**

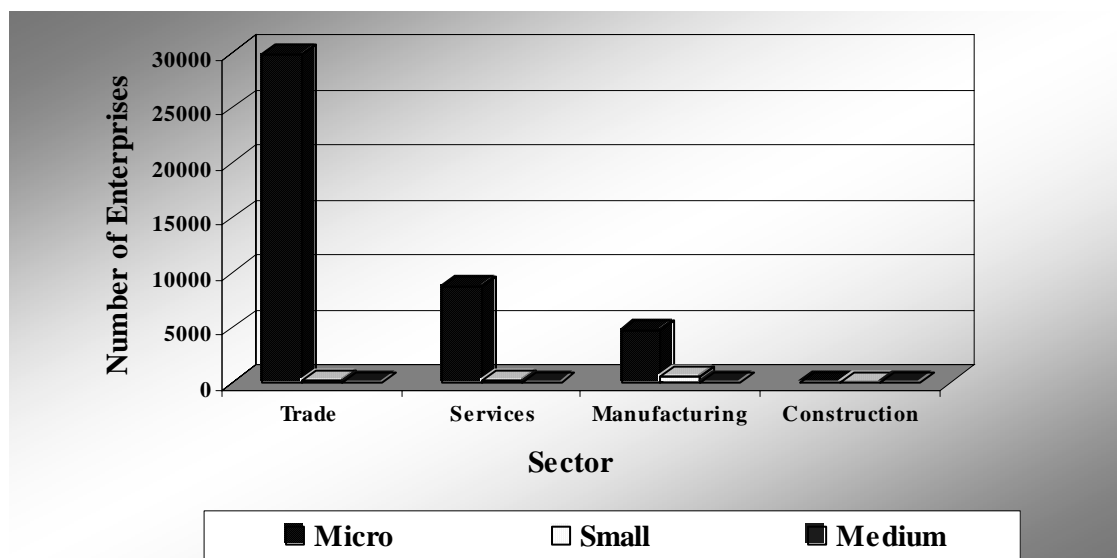
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>Suhag</b>						
	Trade	34754	325	33	17	<b>35129</b>
	Services	13690	238	34	27	<b>13989</b>
	Manufacturing	5657	673	4	3	<b>6337</b>
	Construction	100	17	0	0	<b>117</b>
	<b>Total</b>	<b>54201</b>	<b>1253</b>	<b>71</b>	<b>47</b>	<b>55572</b>



The majority of microenterprises in Suhag are involved in trade activities, primarily in food and beverages. Trade, especially the retail trade of personal and household products, is also the most significant activity among small enterprises. Among medium enterprises, services, mainly in the hotel and restaurant business, is the most significant sector, while the trade of specialized commodities follows with a very minimal gap. Among large enterprises, services are still the most significant area of operation, especially in the field of education.

**Qena:**

	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
Qena	Trade	29756	167	30	4	<b>29957</b>
	Services	8803	162	14	6	<b>8985</b>
	Manufacturing	4706	520	1	0	<b>5227</b>
	Construction	41	11	1	0	<b>53</b>
	<b>Total</b>	<b>43306</b>	<b>860</b>	<b>46</b>	<b>10</b>	<b>44222</b>

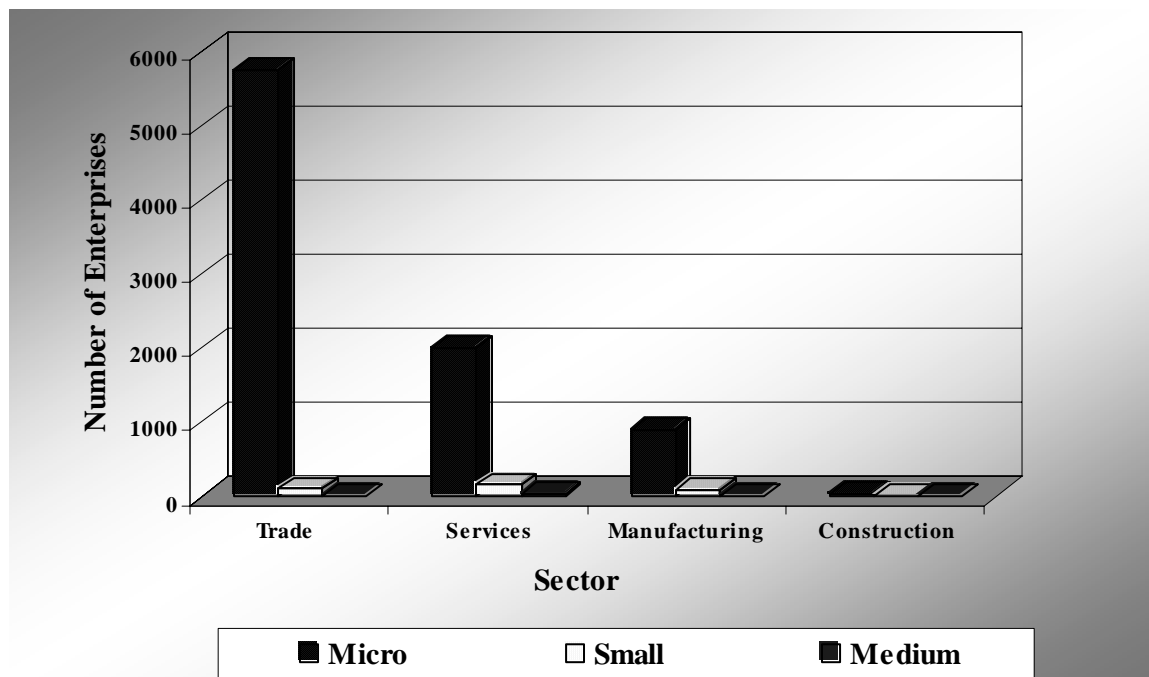


The majority of micro-enterprises in Qena are involved in the trade sector, while manufacturing is the main sector for small enterprises, with most of the businesses concentrated in food and beverages. Following food and beverages with a significant gap, manufacturing of non-metal products from mining occupies the second largest number of small enterprises. Medium sized enterprises primarily engage in the trade of specialized commodities. Large enterprises are absent in the manufacturing sector, while their bulk is engaged in the services sector, focused on the education business.



*Luxor City:*

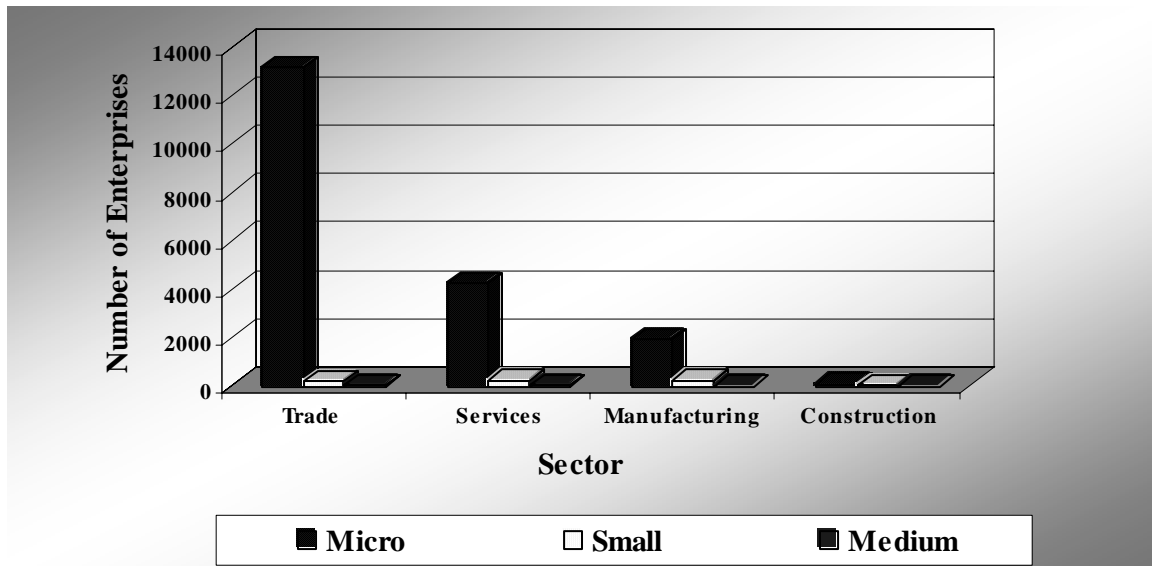
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>Luxor City</b>	Trade	5739	107	4	3	<b>5853</b>
	Services	2004	160	32	27	<b>2223</b>
	Manufacturing	891	95	0	0	<b>986</b>
	Construction	45	5	0	0	<b>50</b>
	<b>Total</b>	<b>8679</b>	<b>367</b>	<b>36</b>	<b>30</b>	<b>9112</b>



Although Luxor City belongs to Qena governorate, it nevertheless has a unique identity, and was, therefore, separately presented by the censuses and studies referred to in this report. Among micro-enterprises, the trade of food and beverages is the most significant activity. Services are the most significant sector for small enterprises, where most of them are concentrated in the hotel and restaurant business, as well as transportation and travel agencies. While they are non-existent in manufacturing, the significant bulk of medium enterprises are engaged in the services sector, mainly in hotels and restaurants. The same applies for large enterprises where the majority also engages in the business of hotels and restaurants.

*Aswan:*

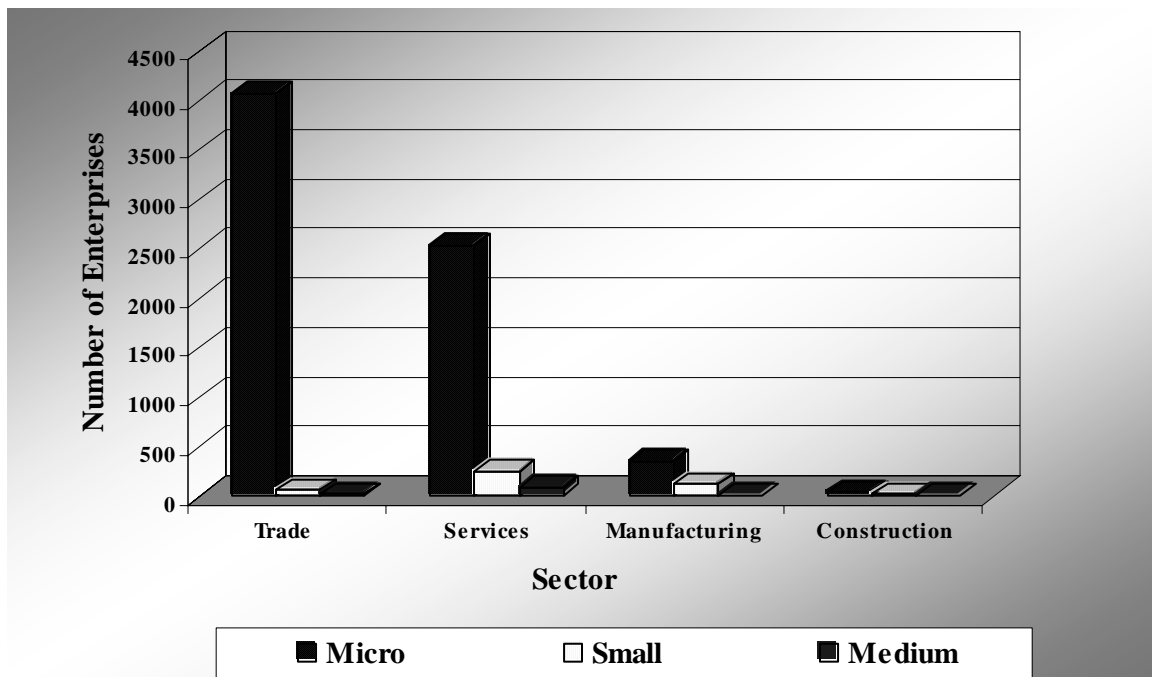
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
Aswan	Trade	13135	192	17	2	<b>13346</b>
	Services	4259	225	35	24	<b>4543</b>
	Manufacturing	1949	227	2	2	<b>2180</b>
	Construction	67	12	0	0	<b>79</b>
	<b>Total</b>	<b>19410</b>	<b>656</b>	<b>54</b>	<b>28</b>	<b>20148</b>



In Aswan, the trade of food and beverages as well as specialized commodities engages the largest number of micro-enterprises. Manufacturing, (especially of food and beverages) and services, together form the bulk of businesses among small enterprises. Due to the touristic nature of Aswan, most of the services in which small enterprises engage are concentrated in transportation and travel agencies.

*The Red Sea:*

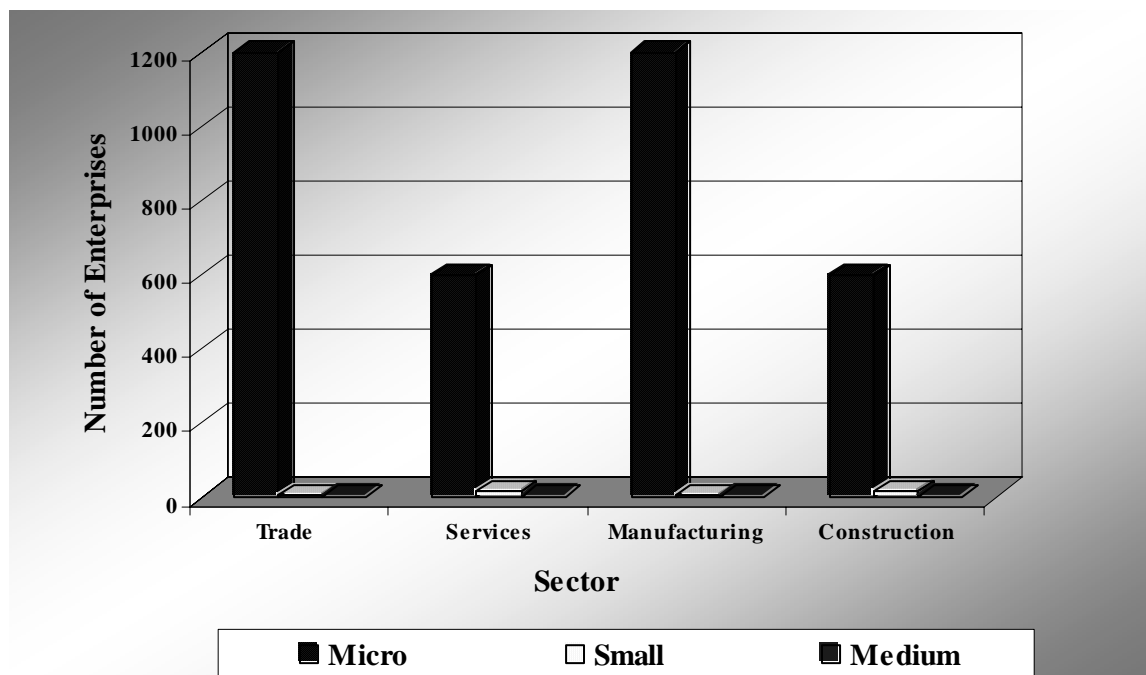
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>Red Sea</b>	Trade	4070	59	16	10	<b>4155</b>
	Services	2533	243	86	99	<b>2961</b>
	Manufacturing	350	117	6	3	<b>476</b>
	Construction	37	18	2	0	<b>57</b>
	<b>Total</b>	<b>6990</b>	<b>437</b>	<b>110</b>	<b>112</b>	<b>7649</b>



Manufacturing was observed to have a significantly lower share among all sizes of enterprises in the Red Sea. The largest portion of micro-enterprises is involved in trade activities, mainly concentrated in specialized commodities. Due to the touristic nature of the Red Sea, the hotel and restaurant business is the most significant among small, medium, and large enterprises.

*The New Valley:*

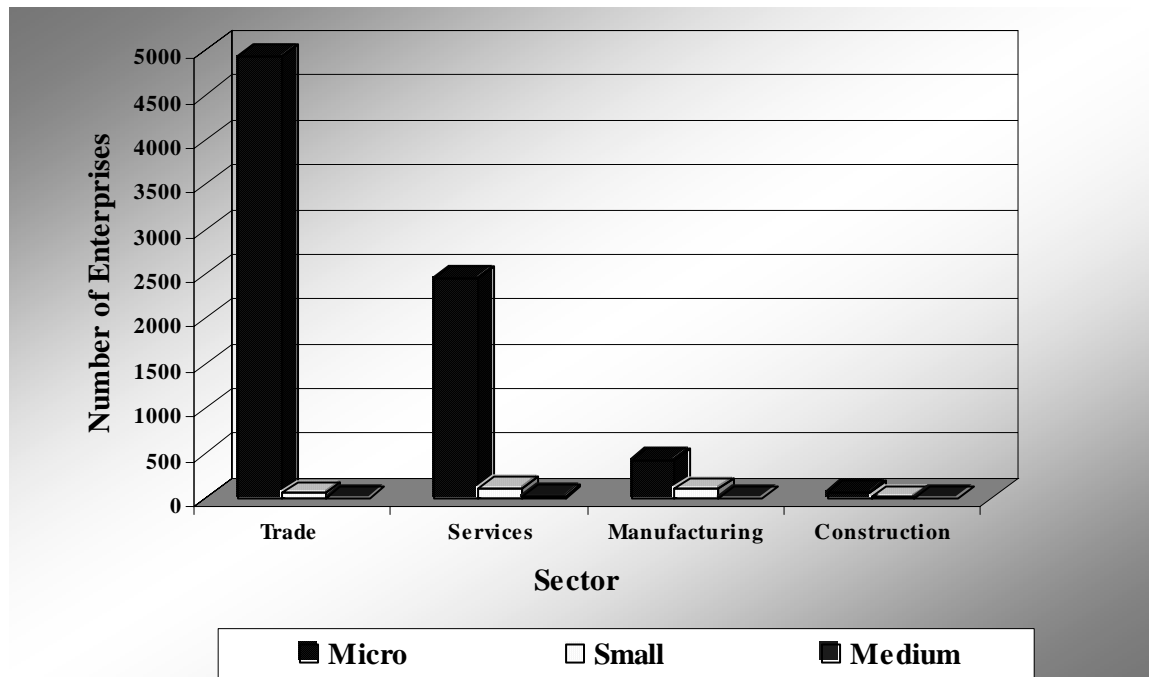
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
New Valley	Trade	1197	5	2	2	<b>1206</b>
	Services	597	16	2	2	<b>617</b>
	Manufacturing	1197	5	2	2	<b>1206</b>
	Construction	597	16	2	2	<b>617</b>
	<b>Total</b>	<b>3588</b>	<b>42</b>	<b>8</b>	<b>8</b>	<b>3646</b>



In the New Valley governorate, the trade and manufacturing of metal products other than machinery occupies an equally significant portion among micro-enterprises. An equally significant portion of small enterprises engage in services, most significantly in hotels and restaurants, and construction.

**Matrouh:**

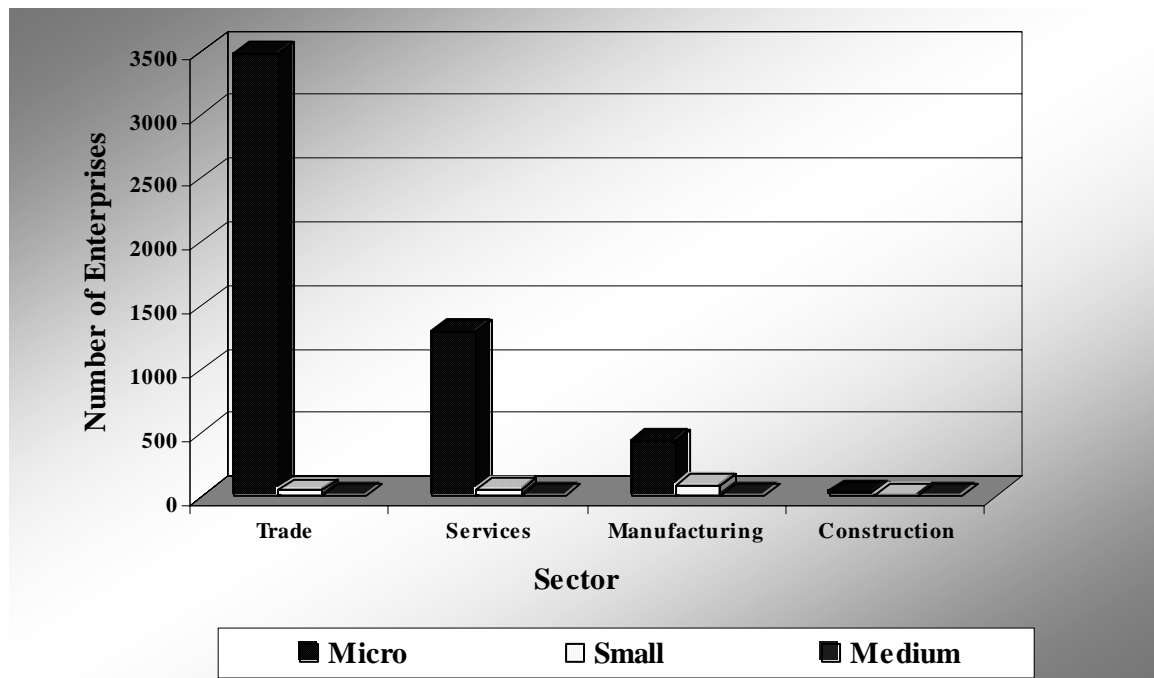
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>Matrouh</b>	Trade	4928	54	2	1	<b>4985</b>
	Services	2458	108	26	19	<b>2611</b>
	Manufacturing	430	96	2	0	<b>528</b>
	Construction	62	8	0	0	<b>70</b>
	<b>Total</b>	<b>7878</b>	<b>266</b>	<b>30</b>	<b>20</b>	<b>8194</b>



In Matrouh, approximately 62 percent of small enterprises engage in trade activities related to food and beverages as well as specialized commodities. Recognizing the coastal nature of the governorate, services - mainly related to hotels and restaurants - are the most significant business activity among small, medium and large enterprises.

*North Sinai:*

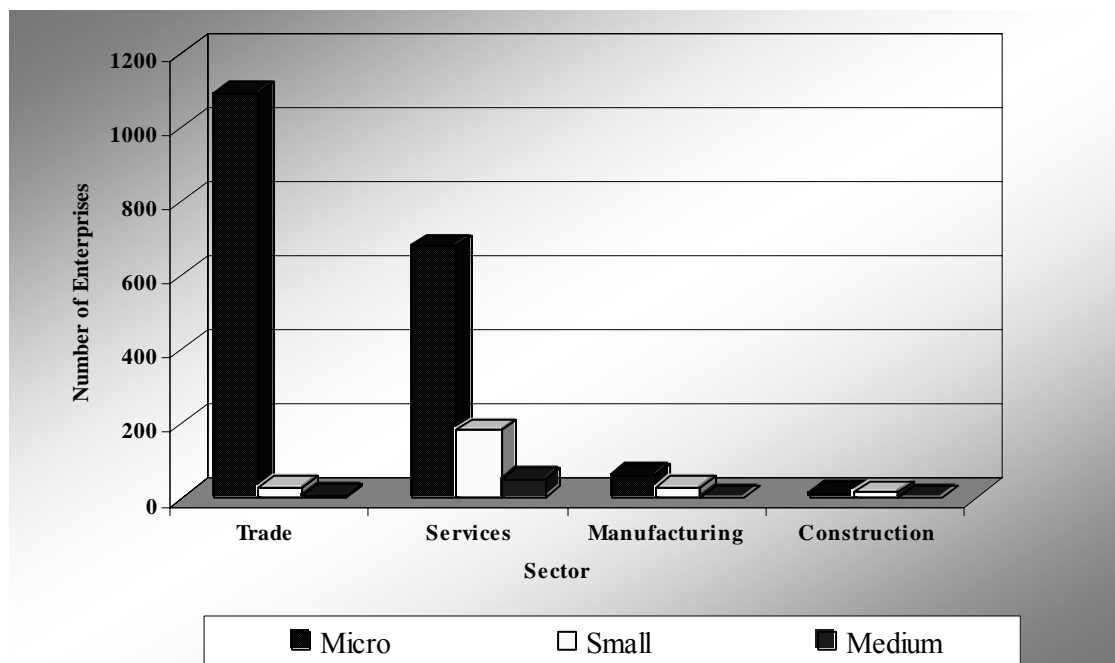
	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>North Sinai</b>	Trade	3484	44	5	1	<b>3534</b>
	Services	1297	51	10	10	<b>1368</b>
	Manufacturing	434	80	1	0	<b>515</b>
	Construction	30	7	0	0	<b>37</b>
	<b>Total</b>	<b>5245</b>	<b>182</b>	<b>16</b>	<b>11</b>	<b>5454</b>



Trade, especially in food and beverages, is the most significant sector among microenterprises in North Sinai. Manufacturing engages the bulk of medium enterprises, where most of them are involved in the manufacture of food and beverages. The majority of medium and large enterprises are involved in the services sector, particularly in hotels and restaurants.

**South Sinai:**

	Sector/Size	Micro	Small	Medium	Large	Total
		<b>1996</b>				
<b>South Sinai</b>	Trade	1089	27	7	1	<b>1124</b>
	Services	678	182	51	78	<b>989</b>
	Manufacturing	61	29	0	1	<b>91</b>
	Construction	12	16	0	1	<b>29</b>
	<b>Total</b>	<b>1840</b>	<b>254</b>	<b>58</b>	<b>81</b>	<b>2233</b>



In South Sinai, most of the micro-enterprises operate in the trade sector, mainly in specialized commodities; while small, medium, and large enterprises are concentrated in the services sector, where the majority engages in the hotel and restaurant business.

#### 4. Distribution of M/SMEs by Governorate

**Table 2: Distribution of M/SMEs<sup>13</sup> by Governorate.**  
CAPMAS Establishment Census for Governorates, 1996

	1996				
	Micro	Small	Medium	Large	Total
<b>Cairo</b>	265812	30151	3863	2165	301991
<b>Alexandria</b>	113407	10312	1364	650	125733
<b>Port Said</b>	18515	1269	153	66	20003
<b>Suez</b>	13957	663	69	33	14722
<b>Damietta</b>	61940	2993	74	30	65037
<b>Dakahleya</b>	123575	5063	239	104	128981
<b>Sharkeya</b>	94261	3927	371	338	98897
<b>Qalyoubeya</b>	82850	5986	348	208	89392
<b>Kafr El Sheikh</b>	50769	1470	48	6	52293
<b>El Gharbeya</b>	86095	5302	354	135	91886
<b>Menoufeya</b>	55405	2141	141	101	57788
<b>El Beheira</b>	89646	2952	206	77	92881
<b>Ismailia</b>	22993	742	69	59	23863
<b>Giza</b>	140494	10945	1723	1179	154341
<b>Beni Suef</b>	30579	838	62	23	31502
<b>Fayoum</b>	34658	1457	81	34	36230
<b>Minia</b>	54594	1926	82	54	56656
<b>Assiut</b>	47424	1448	102	48	49022
<b>Suhag</b>	54201	1253	71	47	55572
<b>Qena</b>	43306	860	46	10	44222
<b>Luxor City</b>	8679	367	36	30	9112
<b>Aswan</b>	19410	656	54	28	20148
<b>Red Sea</b>	6990	437	110	112	7649
<b>New Valley</b>	3588	42	8	8	3646
<b>Matrouh</b>	7878	266	30	20	8194
<b>North Sinai</b>	5245	182	16	11	5454
<b>South Sinai</b>	1840	254	58	81	2233
<b>Total</b>	<b>1538111</b>	<b>93902</b>	<b>9778</b>	<b>5657</b>	<b>1647448</b>

As shown in table 5 above, micro-enterprises constitute the of majority enterprises with 93 percent of micro, small and medium businesses hiring 1 to 4 employees. Small enterprises represent 6 percent of M/SMEs, while medium enterprises represent only 1 percent of M/SMEs. Large enterprises represent only 0.343 percent of the total enterprises in Egypt.

<sup>13</sup> The size is classified according to the SMEPoL definition which was issued in January 2004. (For trade and services, microenterprises are from 1 to 4 employees, small enterprises are from 5 to 9 employees, medium enterprises are from 10 to 19 and large enterprises are 20 employees and above; while for manufacturing and construction, microenterprises are from 1 to 4 employees, small enterprises are from 5 to 49, medium enterprises are from 50 to 99 and large enterprises contain 100 employees and above.



## 5. Distribution of Egyptian Labor Force by Working Status

The total number of unemployed people<sup>14</sup> in Egypt has increased since 1999 from 1,538,000 to reach 2,153,700 by 2005<sup>15</sup>.

**Figure 5: The Number of Unemployed People (000s)**

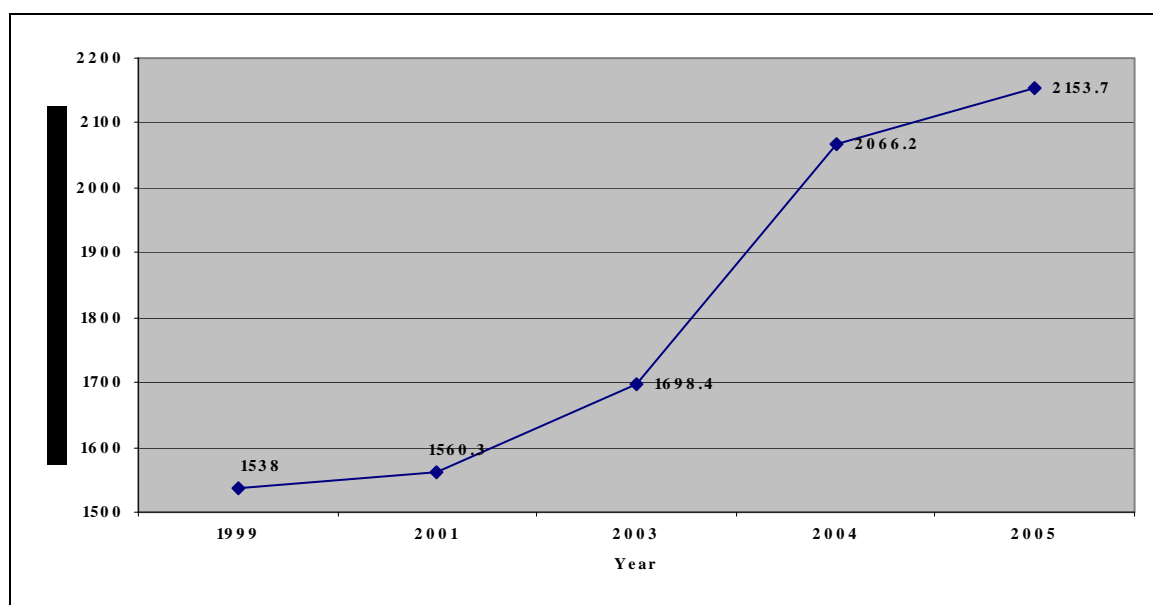


Table 6 shows the variation in number of unemployed people in the different clusters of governorates in Egypt<sup>17</sup>.

**Table (6): The Total Number of Unemployed People (000s) by Cluster of Governorate**

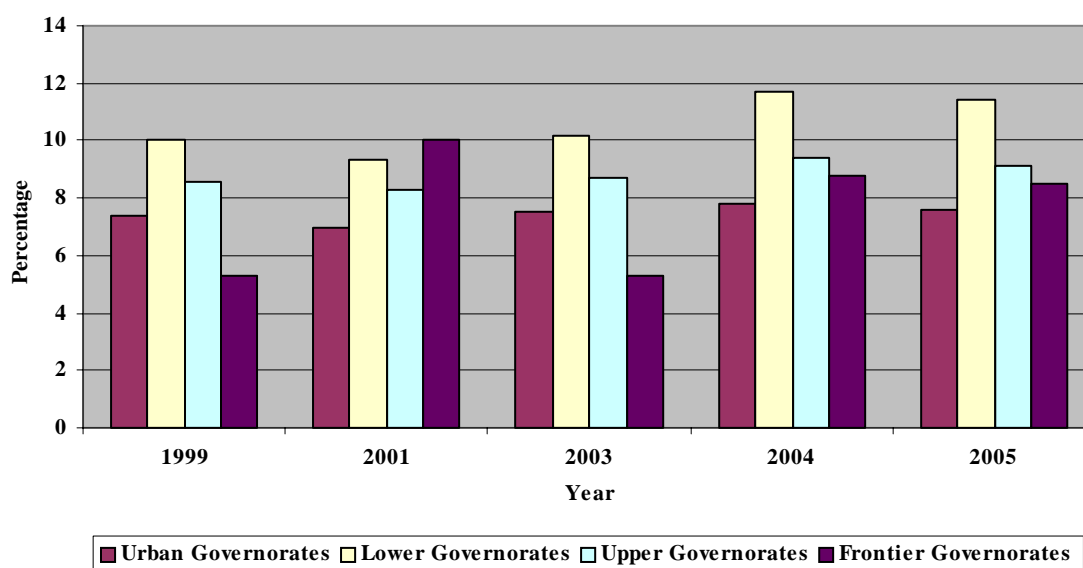
Year	1999	2001	2003	2004	2005
Urban Governorates	259.6	236.6	279.2	282.1	365.5
Lower Governorates	774.7	798.7	857.3	1118.9	1060.9
Upper Governorates	489.1	498.8	545.8	637.5	697.2
Frontier Governorates	14.6	26.2	16.1	27.7	30.1
<b>Total</b>	<b>1538</b>	<b>1560.3</b>	<b>1698.4</b>	<b>2066.2</b>	<b>2153.7</b>

The unemployment rate as a percentage of the labor force<sup>16</sup> (Figure 6) has been the highest in the Lower Egypt governorates since 1999 – except in 2001 – followed by the Upper Egypt ones.

<sup>14</sup> The people who are at least 15 years old

<sup>15</sup> UNDP Egypt's Human Development Database

**Figure (6): Unemployment Rate as a Percentage of Labor Force (15+) by Cluster of Governorates<sup>16</sup>**



**Table 3: Distribution of Total Workers by Age Group, Segregated by Economic Sector. CAPMAS Economic Census, 2000-2001**

Economic Sector	Less than 15			15 - Less than 60			60 and Above		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Trade	332	72	404	374328	47117	421445	1502	85	1587
Services	101929	5373	107302	10482797	1946101	12432526	352767	43974	396741
Manufacturing	11819	245	12064	584351	30517	614868	17278	1155	18433
Construction	16297	864	17161	1291113	165807	1456920	96239	6671	102910
<b>Total</b>	<b>130377</b>	<b>6554</b>	<b>136931</b>	<b>12732589</b>	<b>2189542</b>	<b>14925759</b>	<b>467786</b>	<b>51885</b>	<b>519671</b>

**Table 8: Total Employment Numbers for Non-agricultural Wage Workers in 2002, Percentages from ELMS.<sup>17</sup>**

	9,800,000				Total
	Formal <sup>18</sup>		Informal <sup>19</sup>		
	%	Number	%	Number	
	65.30%	6399400	34.70%	3400600	9800000
Male	74.56%	4771393	85.73%	2915334	
Female	25.44%	1628007	14.27%	485266	
<b>Total</b>	<b>100%</b>	<b>6399400</b>	<b>100%</b>	<b>3400600</b>	<b>9800000</b>

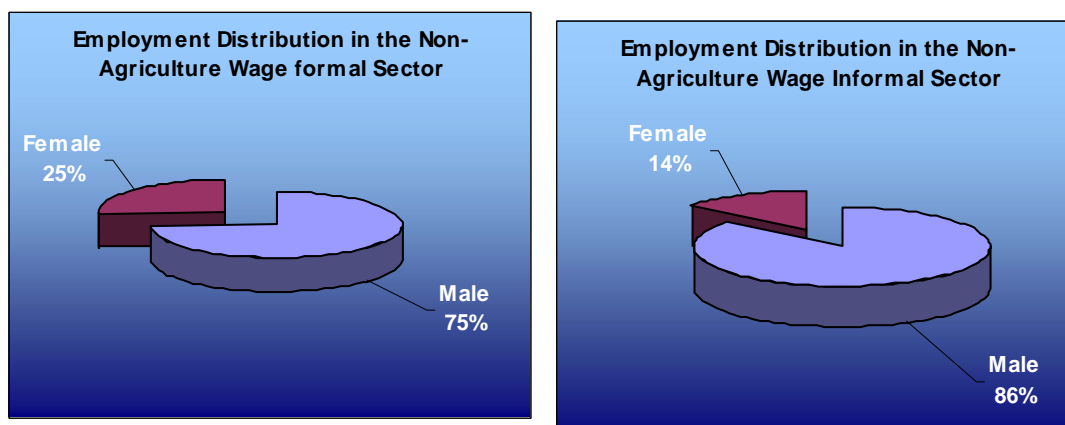
<sup>16</sup> UNDP Egypt's Human Development Database

<sup>17</sup> Mona Amer, Ragui Assad, Safaa El Kogali, Alia EL Mahdi, May Mokhtar, Mona Said, Jackeline Wahba, Nadia Zibani. "The Egyptian Labor Market in an Era of Reform". An Economic Research Forum Edition. The American University in Cairo Press: 2002.

<sup>18</sup> Formal refers to all enterprises governed under law 159 for 1981.

<sup>19</sup> Informal refers to all individual enterprises which are not governed by any law.

**Figure 7: Employment Distribution in the Non-agricultural Wage Formal and Informal Sector.**



### 6. Wage Rates for Those Employed in M/SMEs.

The following two tables illustrate the wage rates of formal and informal workers in M/SMEs, grouped according to number of workers, and segregated by their total daily wages. As shown in the following graphs, the largest concentration lies in the 5 to 10 L.E per day income segment for both the formal and informal sector accounting for almost 4.2 million workers whereas 2,630,153 are in the formal sector and 1,492,863 are in the informal sector. Female workers represent a large proportion of this income group working in the informal sector, and account for approximately 2,329,280 workers.

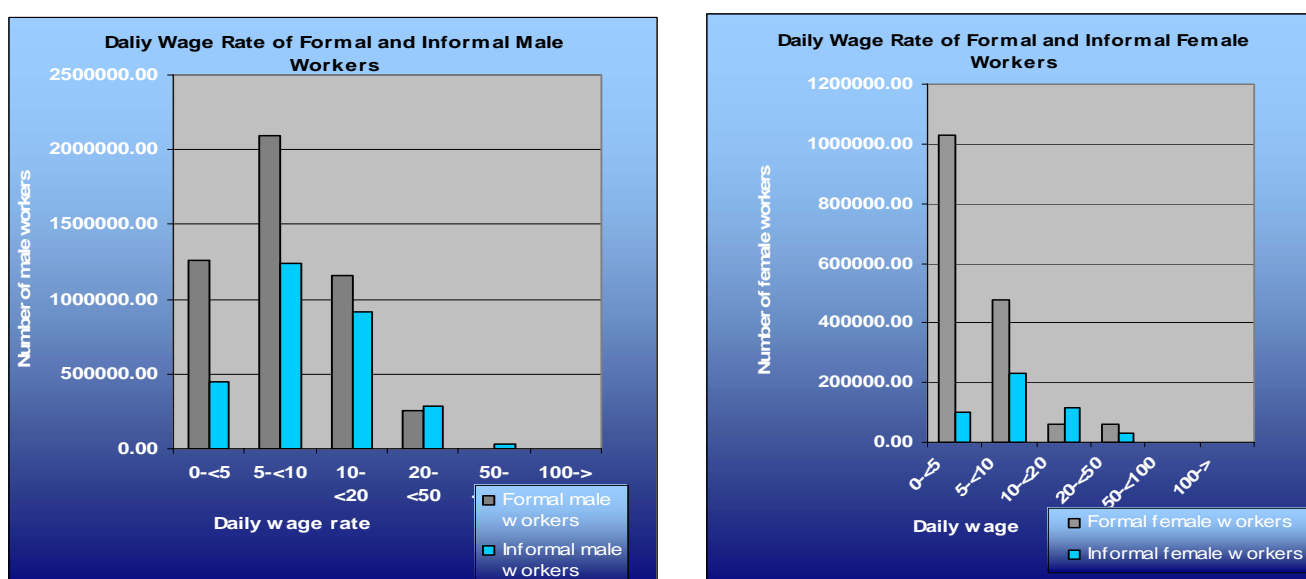
**Tables 9 (a) and (b): Wage Rates of Formal and Informal M/SME Workers, Classified by Number of Workers, Total Daily Wages, and Gender.<sup>20</sup>**

Total Daily Wage (LE)	Formal			Informal		
	Male %	Female %	Total %	Male %	Female %	Total %
0-<5	26.5%	63.3%	33.2%	15.3%	21.1%	16.8%
5-<10	43.8%	29.4%	41.1%	42.5%	48.0%	43.9%
10-<20	24.3%	3.7%	20.5%	31.2%	24.1%	29.4%
20-<50	5.4%	3.6%	5.1%	9.9%	6.5%	9.1%
50-<100				0.9%	0.2%	0.7%
100- <				0.1%	0.1%	0.1%
Total	100.0%	100.0%	99.9%	99.9%	100.0%	100.0%

<sup>20</sup> Ibid.

Daily wage	Formal			Informal		
	Male	Female	Total	Male	Female	Total
0-<5	1264419	1030529	2124601	446046	102391	571301
5-<10	2089870	478634	2630153	1239017	232928	1492863
10-<20	1159448	60236	1311877	909584	116949	999776
20-<50	257655	58608	326369	288618	31542	309455
50-<100				26238	971	23804
100->				2915	485	3401
<b>Total</b>	<b>4771392</b>	<b>1628007</b>	<b>6393000</b>	<b>2912418</b>	<b>485266</b>	<b>3400600</b>

Figure 8: Daily Wage Rate of Formal and Informal M/SMEs.



## 7. The Contribution of M/SMEs to the Economy

### A- Employment

According to the profile of Micro and Small enterprises in Egypt prepared by ERF in 2005, the number of workers per enterprise in small economic units increased from 2.3 workers/enterprise in 2003 to reach 2.6 workers/enterprise in 2004, indicating an almost 13 percent increase in one year. This increase has been attributed to a number of factors, including the open environment of competitiveness that requires growth in the size of MSEs. According to this study, this increase was quite clear in Upper Egypt and the Metropolitan Areas. Lower Egypt, however did not experience such growth, it is in fact more static than other regions in Egypt.

### Number of Formal workers

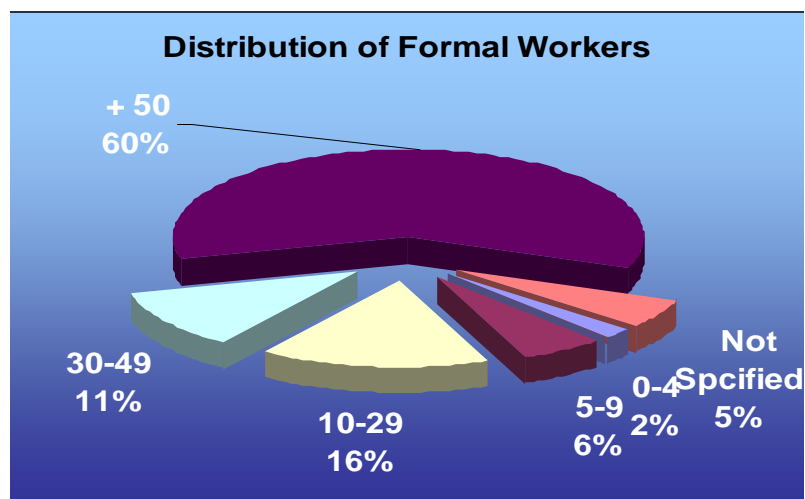
Table 10 and figure 9 illustrate the number of formal workers, grouped according to number of workers, and segregated by gender. The concentration of workers in the formal sector lies in the category of 50 and more workers and accounts for 3,846,039 workers. This is due to the fact that the groups of enterprises employing from 1 to 4, 5 to 9, 10 to 29, and 30 to 49 workers – representing the M/SME sector – usually work within the

informal sector. Within the M/SME sector, most formal workers are concentrated in the 10 to 29 workers segment. Females in formal sector employment represent only 25.4 percent, as compared to male workers who represent 74.56 percent.

**Table 10: Distribution of Formal Labor Segregated by Size of Enterprise.<sup>21</sup>**

Size of the Enterprises (by number of workers)	Formal					
	Male		Female		Total	
	%	Number		Number	%	Number
0 to 4	2%	95428	2.70%	43956	2.10%	134387
5 to 9	5.60%	267198	5.50%	89540	5.60%	358366
10 to 29	15.70%	749109	17.90%	291413	16%	1023904
30 to 49	10.70%	510539	12.60%	205129	11%	703934
50 +	61.10%	2915321	53.70%	874240	60.10%	3846039
Not specified	4.90%	233798	7.50%	122101	5.20%	332769
<b>Total</b>	<b>100%</b>	<b>4771393</b>	<b>100%</b>	<b>1626379</b>		<b>6399399</b>

**Figure 9: Distribution of Formal Workers**



**Number of Informal Workers:**

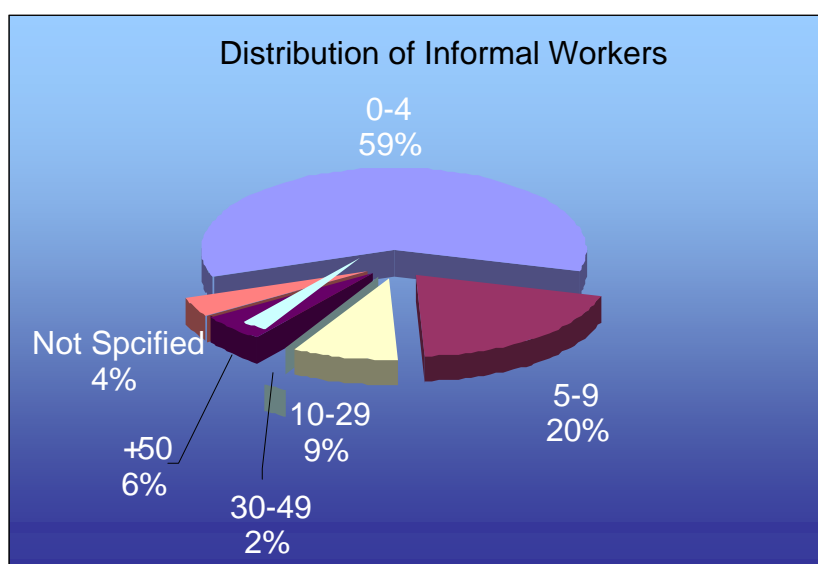
Table 11 and figure 10 present the informal sector size, grouped by the number of workers in each enterprise, and segregated by gender. As shown in table 11, the largest concentration of employment is for enterprises that employ from 1 to 4 workers, (microenterprises) accounting for 2,040,360 workers, which represents almost 60 percent of the private non-agricultural informal sector’s workforce. This provides further evidence that the informality of workers among M/SMEs is greater compared to large enterprises. The second largest employment concentration is among small enterprises, representing almost 20 percent (for the 5 to 9 workers segment) and 30.7 percent (for the 5 to 49 workers segment).

<sup>21</sup> Mona Amer, Ragui Assad, Safaa El Kogali, Alia EL Mahdi, May Mokhtar, Mona Said, Jackeline Wahba, Nadia Zibani. “ The Egyptian Labor Market in an Era of Reform”. An Economic Research Forum Edition. The American University in Cairo Press: 2002.

**Table 11: Distribution of Informal Labor Segregated by Size of Enterprise.<sup>22</sup>**

Size of Enterprise (by number of workers)	Informal					
	M%	Num.	F%	Num.	Total%	Num.
		<b>2915334</b>		<b>485267</b>		<b>3400600</b>
0 to 4	60.50%	1763777	54.30%	263499	60%	2040360
5 to 9	20.50%	597644	13.90%	67452	19.80%	673319
10 to 29	8.40%	244888	12.60%	61143	8.80%	299253
30 to 49	1.90%	55391	4.30%	20866	2.24%	76258
50 +	4.90%	142851	13.60%	65996	5.70%	193834
Not specified	3.80%	110783	1.40%	6794	3.60%	122422
<b>Total</b>		<b>2915334</b>		<b>485750</b>		<b>3405446</b>

**Figure 10: Distribution of Informal Workers**



<sup>22</sup> Ibid.

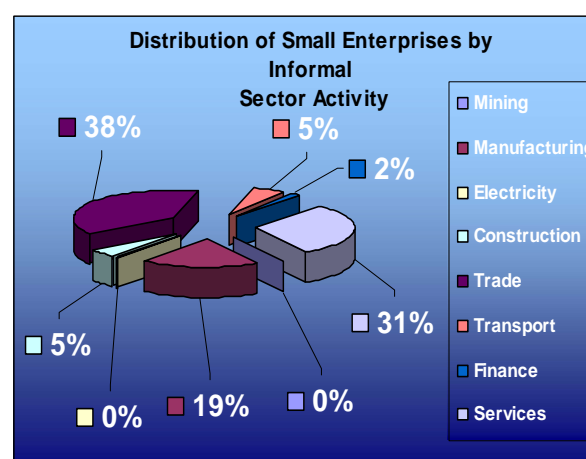
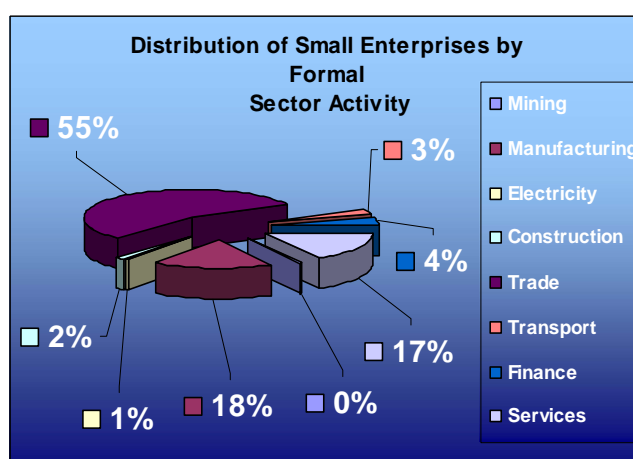
### Distribution of Small Enterprises According to Formality, Gender, Economic Activity, Number of Workers and Capital:

The following table and figure illustrate that the concentration of activity in both the formal and informal sectors lies in the trade sector, representing 55 percent of enterprises in the formal sector, and 38.32 in the informal sector. In the formal sector, male entrepreneurs tend to work in trade and manufacturing. In the informal sector, female entrepreneurs are higher in percentage representing 49.49 percent in the trade sector against males who represent 35.56 percent. Among formal and informal M/SMEs, mining, electricity and construction have witnessed the lowest contribution (nil contribution in the informal sector), an indication of the low capital capacities of the M/SME sector to tap into these activities. Interestingly, female entrepreneurs working in the manufacturing industry are much more concentrated in the informal sector representing only 15.80 percent and 2.97 percent in the formal sector.

**Table 12: Distribution of Enterprises by Formal and Informal Sector Activity.<sup>23</sup>**

Economic Activity	Formal			Informal		
	Male %	Female %	Total %	Male %	Female %	Total %
Mining	0.23%	0.00%	0.20%	0.03%	0.00%	0.03%
Manufacturing	20.20%	2.97%	18.05%	19.84%	15.80%	19.04%
Electricity	0.23%	2.46%	0.51%	0.57%	0.00%	0.45%
Construction	2.03%	0.00%	1.78%	5.92%	0.00%	4.76%
Trade	59.60%	22.85%	55.01%	35.56%	49.59%	38.32%
Transport	2.80%	2.97%	2.82%	5.93%	0.34%	4.83%
Finance	3.93%	5.48%	4.12%	2.12%	0.65%	1.83%
Services	10.98%	63.27%	17.05%	30.03%	33.62%	30.74%
Total	100.00%	100.00%	99.54%	100.00%	100.00%	100.00%

**Figure 11: Distribution of Enterprises by Formal and Informal Sector Activity**



<sup>23</sup> The figures presented in this table, are aggregate figures including micro, small, medium, and large businesses. Source: Mona Amer, Ragui Assad, Safaa El Kogali, Alia EL Mahdi, May Mokhtar, Mona Said, Jackeline Wahba, Nadia Zibani. "The Egyptian Labor Market in an Era of Reform". An Economic Research Forum Edition. The American University in Cairo Press: 2002.

**Table 13: Distribution of Listed MSEs by Governorate and Gender of Owner/Manager.**<sup>24</sup>

Governorate	Sex of Owner /Manager		Total
	Male	Female	
Cairo	4934	306	5240
	94%	6%	
Giza	4737	318	5055
	94%	6%	
Alexandria	2134	113	2247
	95%	5%	
Damietta	1336	80	1416
	94%	6%	
El Gharbeya	2075	225	2300
	90%	10%	
Fayoum	1234	94	1328
	93%	7%	
Assiut	2750	184	2934
	94%	6%	
Suhag	2335	141	2476
	94%	6%	
<b>Total</b>	<b>21535</b>	<b>1461</b>	<b>22996</b>
	<b>94%</b>	<b>6%</b>	

According to the ERF's Profile of Small and Micro Enterprises in Egypt<sup>25</sup>, 94 percent of the managers/owners of the 22,996 MSEs listed in 120 randomly selected villages/towns across 8 governorates were males. El Gharbeya governorate had the highest female share of entrepreneurship at ownership figures that reached 10 percent. While Alexandria, at 5 percent, had the lowest female entrepreneurship rate, lower than that of other Upper and Lower Egyptian governorates such as Fayoum and Suhag, at 7 and 6 percent respectively.

The same report highlights that most informal economic units are in rural areas, with Upper Egypt hosting most of these enterprises, followed by Lower Egypt and Metropolitan Areas. The survey also indicated that the higher the number of workers, the more likely the formality of the enterprise. Another factor affecting the type of enterprise is the value of invested capital: the higher it is the more likely the formality. The report also noted that gender was not a decisive factor within the context of enterprise formality.

According to the findings of the same study, enterprises which employed 1 worker constituted the largest share of all enterprises, which was true regardless of the gender of

<sup>24</sup> Ibid

<sup>25</sup> The Economic Research Forum, Profile of Micro and Small Enterprises in Egypt- A case study within the project on – Promoting Competitiveness in the Micro and Small Enterprises Sector in the MENA Region\_. MSEs Potentials and Success Determinants in Egypt 2003-2004, April 2005.



the owner of the enterprise. Around 58.4 percent of all female owned enterprises and 40.3 percent of all male owned enterprises employed only 1 worker. Enterprises employing 1 to 4 workers, constituted 94.7 percent of all enterprises, 97.3 percent of all female owned enterprises and 94.3 percent of all male owned enterprises. Only 2.9 percent of all enterprises employed 5 to 9 workers.

The ERF report also indicated that the average size of female owned enterprises was smaller (at 1.73 workers) than that of their male counterparts (at 2.33 workers). A similar difference between female and male owned enterprises was found with regard to the value of invested capital, with the average value of assets amounting to LE 12,800 for enterprises owned by females as compared to LE 44,000 for enterprises owned by males.

**Table 14: Size of Enterprise by Gender of Entrepreneur and Number of Workers.<sup>26</sup>**

Size of Enterprise	Male	Female	Total
1 worker	40.3	58.4	42.6
2 workers	34.9	29.8	34.3
3 workers	14.6	5.2	13.4
4 workers	4.5	3.9	4.4
5 to 9 workers	3	1.8	2.9
10 to 49 workers	2.6	1	2.4
<b>Total number</b>	<b>4343</b>	<b>615</b>	<b>4958</b>

The 1998 Egyptian Labour Market Survey found that 18.5 percent of all small entrepreneurs were female. This figure is significantly higher than what is indicated in the ERF report<sup>27</sup>, which finds that only 12.4 percent of entrepreneurs are female. It is important to note that the female owners/manager were over sampled (double-weighted) in the ERF survey in order to maintain a sufficient number of female respondents. In this respect, it is noted in the report that the figure of 12.4 percent indicating the share of female entrepreneurs in reality is closer to 6 percent. The noted difference between the two surveys can be attributed to a number of following factors, including the difference in the size of the two surveys, the difference in time when the two surveys were conducted, and the difference in the methodology used in the two surveys. With regard to the time difference of 5 years between the two surveys, it can be said that Egypt has witnessed several economic changes during this time period. A recession that caused wide scale bankruptcies among large companies, and a large number of unstable micro and small enterprises disappeared. Moreover, there is tendency for new enterprises to be larger in size both with regard to number of workers and value of invested capital.

The ERF report also indicated that most of the economic units in their selected sample (65 percent) were involved in trading activities, followed by services (19 percent) and industry (16 percent). With regard to the gender of the entrepreneurs working in the different economic fields, it is interesting to note that the largest share of female entrepreneurs is found in the trade sector, followed by services and industry.

As regards the value of invested capital for enterprises in the industry, trade and services sectors, the ERF study shows that enterprises with an invested capital of L.E. 1,000 to

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

5,000 constitute the largest share of enterprises for these three sectors. The report highlights that 42.1 percent of enterprises in the service sector, 35.6 percent of enterprises in industry and 34.5 percent of enterprises in trade are enterprises with an invested capital of L.E. 1,000-5,000.

**Table 15: Enterprises by Economic Activity and Gender of Entrepreneur.** <sup>28</sup>

	Male	Female	Total
Industry	17.7	2.3	15.8
Trade	61.8	85.4	64.7
Services	20.6	12.3	19.5
<b>Total number</b>	<b>4342</b>	<b>616</b>	<b>4958</b>

Industry activities are found to be larger than service and trade activities in terms of value of invested capital. 29.8 percent of enterprises working in industry are enterprises with an invested capital of 20,000 LE or more, whereas such enterprises constitute only 18.3 percent of all enterprises in trade, and 16.4 percent of enterprises in services. Looking at enterprises with an invested capital of less than 1000 LE, the ERF report shows that these are most commonly found in trade, making up 18.3 percent of all enterprises working in trade activities. A similar figure of 17 percent is found for service activities, whereas only 8.3 percent of enterprises working in industry are enterprises with an invested capital of less than L.E.1,000.<sup>29</sup>

**Table 16: Enterprises by Gender of Entrepreneur and Invested Capital.** <sup>30</sup>

Size of enterprise	Male	Female	Total
< 1000	14.2	32.8	16.5
1000 to <5000	36.6	32.8	36.2
5000 to < 20000	28.4	22.2	27.6
20000 or more	20.8	12.2	19.7
<b>Total number</b>	<b>4342</b>	<b>616</b>	<b>4958</b>

The ERF report also depicts the number of workers in new and existing economic units. Table 17, below, shows that the total sum of workers in existing units of urban and rural areas is greater than that of the new units by almost 9 percent. Interestingly, male/female differences are very large, where male labor in existing and new units is higher than that of females by 8,342 workers. With reference to economic activities in the existing units, the trade sector holds the highest number of workers, whereas in new units the service sector has the largest number of workers, at 2,149 workers.

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

**Table 17: The Total and Average Number of Workers in New and Existing Enterprises.<sup>31</sup>**

Description	Exiting Units		New Units	
	Average No of Workers	Sum of Workers	Average No of Workers	Sum of Workers
Urban	1.98	4789	2.44	4622
Rural	1.89	672	2.01	362
<b>Total</b>	<b>1.97</b>	<b>5461</b>	<b>2.41</b>	<b>4984</b>
Metropolitan	2	2949	2.67	3204
Lower Egypt	1.68	356	2.04	400
Upper Egypt	1.99	2156	2.05	1380
<b>Total</b>	<b>1.97</b>	<b>5461</b>	<b>2.41</b>	<b>4984</b>
Male	1.95	4446	2.39	4550
Female	1.62	299	2.37	355
<b>Total</b>	<b>1.92</b>	<b>4745</b>	<b>2.39</b>	<b>4905</b>
Manufacturing	2.49	838	3.34	708
Trade	1.65	2513	1.84	2127
Services	2.31	2109	3.06	2149
<b>Total</b>	<b>1.97</b>	<b>5460</b>	<b>2.41</b>	<b>4984</b>

***B- Number of Jobs Created Between 1992 and 2002:***

In 1986, around 11 million job opportunities were created, and increased to around 16 million in 2002. As shown in Box 2, the average yearly number of job opportunities created between 1986 and 2002 is around 300 thousand jobs.

**Box 1: Aggregate Employment From 1986 to 1992 <sup>32</sup>**

Years	Employment
1986	11,385,736
2002	16,182,900
Number of created jobs	4,797,164
The average yearly number of jobs created	299,823

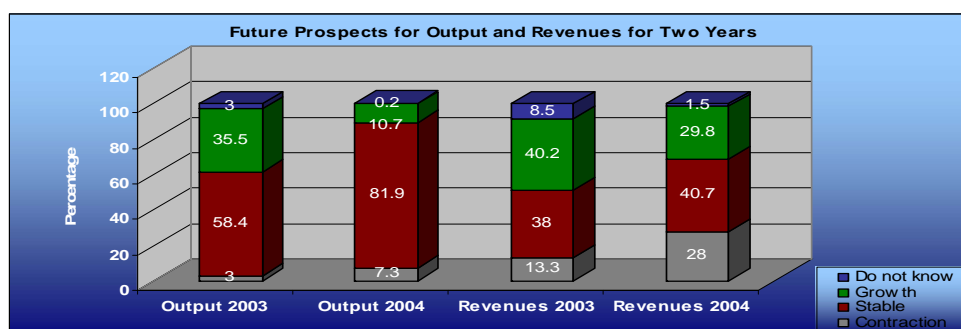
***Future Estimates for Job Creation:***

According the ERF report published in 2005, formal manufacturing enterprises in urban areas, owned by males, (particularly those in metropolitan centers, with 3 to 19 workers and a capital of L.E. 20,000 or more) were the most likely to decrease their number of workers. These enterprises are also the most likely to decrease their future output in the coming two years. Formal manufacturing enterprises owned by males employing 6 to 19 workers and located in urban areas, particularly in metropolitan centers, are the ones with the highest probably to decrease their value of assets as well as their revenues.

**Figure 13: Future Prospects for Output & Revenues for Two Years. <sup>33</sup>**

<sup>31</sup> Ibid.

<sup>32</sup> The figures presented in this table are aggregate figures including micro, small, medium, and large businesses.



### C- Exports

The table below illustrates the total value of exported products by the private sector (including regular, irregular and investment enterprises<sup>34</sup>) in the manufacturing industry in 2001, segregated by the number of employees.

**Table 20: Total Exports. Source: CAPMAS: Industrial Census of 2001.<sup>35</sup>**

Sector (Values in 1000 LE)	Micro < 10	Small 10 - 49	Medium 50 - 99	Total M/SME<99	Large 100 +	SMEs and Large Enterprises
Food & Beverages Industry	0	10884	6109	16,993	482629	499,622
Tobacco Industry	0	350	10570	10,920	59478	70,398
Textiles Industry	0	25390	3417	28,807	797110	825,917
Garments Industry	0	8524	11055	19,579	811645	831,224
Leather Products	0	1290	3152	4,442	67693	72,135
Wood Products	0	3317	0	3,317	13670	16,987
Paper Products	0	1631	19891	21,522	50348	71,870
Publishing & Printing	0	0	12614	12,614	1689	14,303
Coke & Misc. Petroleum and Coal Products	0	0	0	-	192530	192,530
Chemical Products	6684	27332	107554	141,570	903854	1,045,424
Rubber & Plastic Products	0	4201	6418	10,619	36539	47,158
Refractories or Other non-metallic mineral products	0	11516	4125	15,641	313274	328,915
Manufactures of Base Metal Industry	0	0	0	-	511515	511,515
Metal Products	0	1757	2521	4,278	54597	58,875
Manufacturing Equipments & Machines not Mentioned in other Place	0	3181	5680	8,861	110551	119,412

<sup>33</sup> The Economic Research Forum, Profile of Micro and Small Enterprises in Egypt- A case study within the project on – Promoting Competitiveness in the Micro and Small Enterprises Sector in the MENA Region. MSEs Potentials and Success Determinants in Egypt 2003-2004, April 2005.

<sup>34</sup> According to the CAPMAS definition, regular enterprises are those that are regulated under Law 159 for 1981. Investment enterprises are those that are regulated under Law 8 for 1998. Irregular enterprises are those that do not work under any of the above-mentioned laws.

<sup>35</sup> Note that this table, as well as tables 11 and 12, classifies M/SMEs in a manner that contradicts with the M/SME definition issued by the SMEPoL for the manufacturing sector (except for medium enterprises), which classifies microenterprises as 1 to 4 workers, small enterprises 5 to 49 workers, medium enterprises as 50 to 99 workers, and large enterprises as 100 workers and above.

<i>Manufacturing of office equipments and Calculators</i>	0	0	0	-	0	-
<i>Manufacturing of Electrical Equipment &amp; Machinery not mentioned in other place</i>	0	21331	0	21,331	32656	53,987
<i>Manufacturing Radio, Television &amp; Communication Equipments</i>	0	1080	356	1,436	30582	32,018
<i>Manufacturing of Medical equipments and high measurements Utensils</i>	0	905	0	905	28000	28,905
<i>Manufacturing of Vehicles</i>	0	19544	22471	42,015	23379	65,394
<i>Manufacturing of Other Transportation Equipments</i>	0	0	0	-	0	-
<i>Furniture Industry</i>	0	0	2723	2,723	15535	18,258
<i>Recycling</i>	0	0	0	-	0	-
<i>Unclassified</i>	0	115	0	115	697	812
<b>Total Manufacturing "b"</b>	<b>6684</b>	<b>142348</b>	<b>218656</b>	<b>367,688</b>	<b>4537274</b>	<b>4,905,659</b>

As illustrated table 20 above, the M/SMEs share of the total value of exported products represents only 7.49 percent, accounting for L.E. 367,688,000, while large enterprises' exports account for L.E. 5 billion, and represent 92.5 percent of total exports.

It can also be noticed that within the M/SMEs exports, the larger the institution is in terms of size, the larger is its percentage in exports. In this regard, microenterprises only represent 1.81 percent of the M/SME sector's exports, while small and medium enterprises represent 38.7 percent and 59.46 percent respectively. Also within the M/SME sector, exports from the chemical products industry represent the highest value of exports, accounting for 38.5 percent of the total sector's exports. Manufacturing of vehicles follows at 11.4 percent, textiles at 7.8 percent, paper products at 5.8 percent, manufacturing of electrical equipment and machinery at 5.8 percent, garments industry at 5.3 percent, and the food and beverages industry at 4.6 percent. The two tables below illustrate the total value of private sector's exports in the manufacturing industry in 1998 and the trend in value of export in order to get an overview of the changes that occurred during this period of time.

**Table 21: Total Exports. Source: CAPMAS, Industrial Census of 1998.**

<i>Sector (Value in L.E. 1000s)</i>	<b>Micro &lt; 10</b>	<b>Small 10 – 49</b>	<b>Medium 50 - 99</b>	<b>Total M/SME &lt; 99</b>	<b>Large 100 +</b>	<b>SMEs and Large Enterprises</b>
<i>Food &amp; Beverages Industry</i>	0	55722	41216	96,938	264741	361,679
<i>Tobacco Industry</i>	0	6240	0	6,240	206	6,446
<i>Textiles Industry</i>	0	49030	49054	98,084	789887	887,971
<i>Garments Industry</i>	0	2835	31883	34,718	707379	742,097
<i>Leather Products</i>	0	1610	14828	16,438	14462	30,900
<i>Wood Products</i>	0	0	0	0	15428	15,428
<i>Paper Products</i>	0	1616	899	2,515	34729	37,244
<i>Publishing &amp; Printing</i>	0	3475	2803	6,278	660	6,938
<i>Coke &amp; Misc. Petroleum and Coal Products</i>	0	0	0	0	0	0
<i>Chemical Products</i>	0	3503	28710	32,213	210832	243,045
<i>Rubber &amp; Plastic Products</i>	0	4017	7551	11,568	126089	137,657

<i>Refractories or Other non-metallic mineral products</i>	0	14634	740	15,374	137240	152,614
<i>Manufactures of Base Metal Industry</i>	0	278	2414	2,692	88259	90,951
<i>Metal Products</i>	0	5858	0	5,858	40440	46,298
<i>Manufacturing Equipments &amp; Machines not Mentioned in other Place</i>	0	1247	10084	11,331	16679	28,010
<i>Manufacturing of office equipments and Calculators</i>	0	0	0	0	0	0
<i>Manufacturing of Electrical Equipments &amp; Machinery not mentioned in other place</i>	0	0	2367	2,367	39369	41,736
<i>Manufacturing Radio, Television &amp; Communication Equipment</i>	0	664	0	664	7540	8,204
<i>Manufacturing of Medical equipments and high measurements Utensils</i>	0	0	3010	3,010	0	3,010
<i>Manufacturing of Vehicles</i>	0	0	0	0	262708	262,708
<i>Manufacturing of Other Transportation Equipments</i>	0	182	0	182	0	182
<i>Furniture Industry</i>	0	0	76	76	15706	15,782
<i>Recycling</i>	0	0	0	0	0	0
<i>Unclassified</i>	0	543	0	543	44714	45,257
<b>Total Manufacturing "b"</b>	<b>0</b>	<b>151454</b>	<b>195635</b>	<b>347,089</b>	<b>2817068</b>	<b>3,164,157</b>

**Table 22: Percentage Change in Value of Export Production 1998-2001. CAPMAS: Industrial Census of 1998 and 2001**

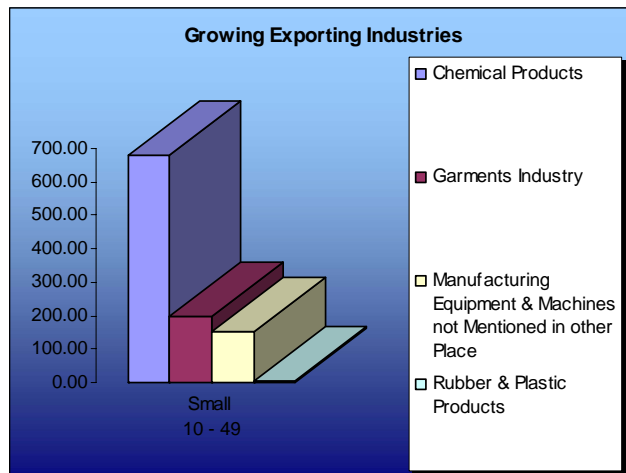
<b>Sector</b>	<b>Small 10 - 49</b>	<b>Medium 50 - 99</b>	<b>Large 100 +</b>	<b>Total</b>
<i>Food &amp; Beverages Industry</i>	-80.47	-85.18	82.30	38.14
<i>Tobacco Industry</i>	-94.39	0.00	28772.82	992.12
<i>Textiles Industry</i>	-48.22	-93.03	0.91	-6.99
<i>Garments Industry</i>	200.67	-65.33	14.74	12.01
<i>Leather Products</i>	-19.88	-78.74	368.07	133.45
<i>Wood Products</i>	0.00	0.00	-11.39	10.11
<i>Paper Products</i>	0.93	2112.57	44.97	92.97
<i>Publishing &amp; Printing</i>	-100.00	350.02	155.91	106.15
<i>Coke &amp; Misc. Petroleum and Coal Products</i>	0.00	0.00	0.00	0.00
<i>Chemical Products</i>	680.25	274.62	328.71	330.14
<i>Rubber &amp; Plastic Products</i>	4.58	-15.00	-71.02	-65.74
<i>Refractories or Other non-metallic mineral products</i>	0.00	457.43	128.27	115.52
<i>Manufactures of Base Metal Industry</i>	-100.00	-100.00	479.56	462.41
<i>Metal Products</i>	-70.01	0.00	35.01	27.17
<i>Manufacturing Equipments &amp; Machines not Mentioned in other Place</i>	155.09	-43.67	562.82	326.32

<i>Manufacturing of office equipments and Calculators</i>	0.00	0.00	0.00	0.00
<i>Manufacturing of Electrical Equipments &amp; Machinery not mentioned in other place</i>	0.00	-100.00	-17.05	29.35
<i>Manufacturing Radio, Television &amp; Communication Equipment</i>	0.00	0.00	305.60	290.27
<i>Manufacturing of Medical equipments and high measurements Utensils</i>	0.00	-100.00	0.00	860.30
<i>Manufacturing of Vehicles</i>	0.00	0.00	-91.10	-75.11
<i>Manufacturing of Other Transportation Equipments</i>	-100.00	0.00	0.00	-100.00
<i>Furniture Industry</i>	0.00	3482.89	-1.09	15.69
<i>Recycling</i>	0.00	0.00	0.00	0.00
<i>Unclassified</i>	-78.82	0.00	-98.44	-98.21
<b>Total Manufacturing "b"</b>	<b>-6.01</b>	<b>11.77</b>	<b>61.09</b>	<b>55.04</b>

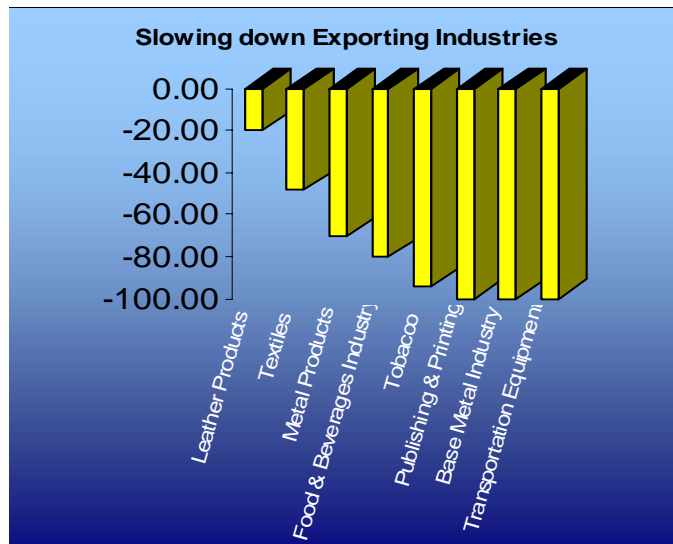
### **Trends Among Small Enterprises:**

Small manufacturing enterprises have witnessed an aggregate slowdown of 6 percent during the period from 1998 to 2001. However, among SEUs, the export of chemical products has seen the highest growth, comprising an increase of 680 percent; followed by the garments industry with an increase of 200 percent; the manufacturing of equipment, and machinery at 155 percent; and the manufacture of rubber and plastic products at 4 percent. Among those enterprises experiencing a slow down in their growth are those involved in publishing and printing, base metal and manufacture of transportation equipment, with a slowdown rate of 100 percent. The tobacco industry has also seen a 94.3 percent slowdown rate during the same period of time. Also witnessing a cut back in value of exports were the food and beverages industry (-80.4 percent), metal products (-70 percent), textiles (-48 percent) and leather products (-19.8 percent).

**Figure 14: Growing Small Exporting Industries, Based on Trends From 1998 to 2001.**



**Figure 15: Slowing Down Small Exporting Industries, Based on Trends From 1998 to 2001.**



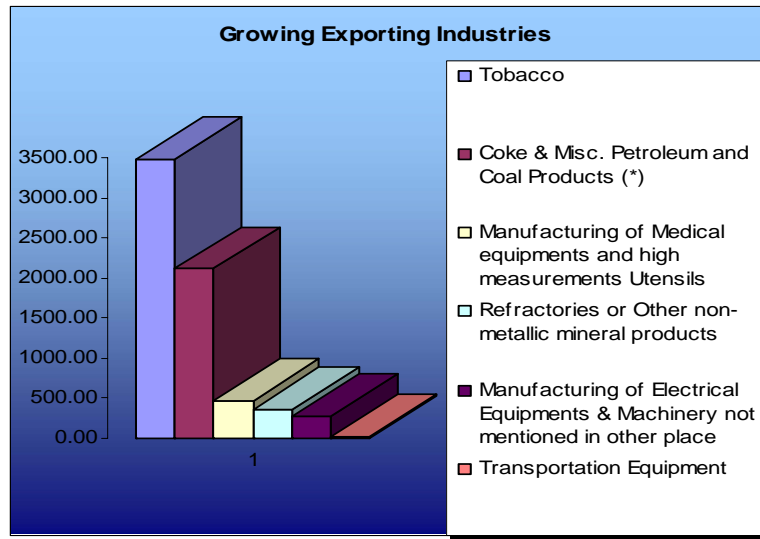
**Trends among Medium Enterprises:**

Despite the tremendous growth experienced by some medium manufacturing enterprises, the sector’s exports have only grown by an aggregate rate of 11.7 percent from 1998 to 2001. The tobacco industry has witnessed a surprising increase of 3,482 percent in the value of exports. Also coke and other petroleum and coal products have experienced another surprising increase of 2,112.2 percent over the same period of time. The manufacturing of medical equipment and high measurements utensils follows at 457 percent; non-metallic mineral products at 350 percent; and finally the manufacturing of electrical equipment and machinery, and the transportation manufacturing industries, at growth rates of 274.62 percent and 11.7 percent respectively.

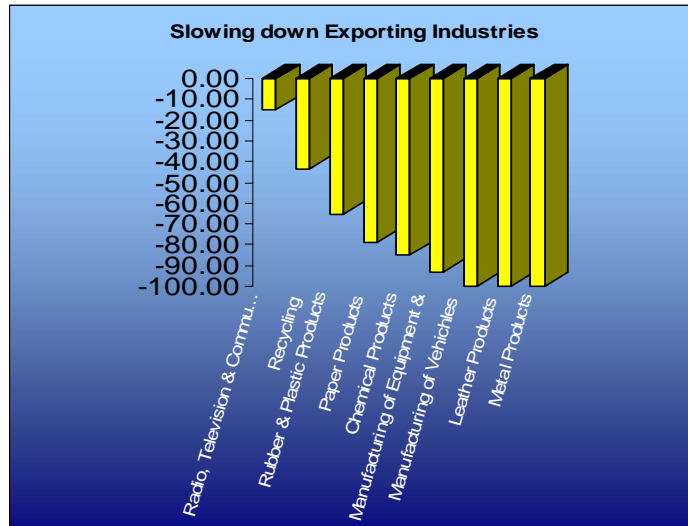
Other slowing down industries in terms of value of exports are those involved in the manufacturing of vehicles, leather products, and metal products, with a slow down rate of 100 percent from the period of 1998 to 2001 among medium enterprises. These are followed by enterprises involved in the manufacturing of equipment and machines (-93 percent), chemical products (-85.1 percent), paper products (-78.7 percent), rubber and plastic products (-65.3 percent) and finally recycling, and radio, television and communication equipment, with slowdown rates of 43.67 percent and 15 percent respectively.



**Figure 16: Growing Medium Exporting Industries, Based on Trends from 1998 to 2001**



**Figure 17: Slowing Down Medium Exporting Industries, Based on Trends form 1998 to 2001.**



# **APPENDICES**

## Appendix One

### 1- M/SME Definitions used by Other Organizations in Egypt

AUTHORITY	MSME-DEFINITION
Ministry of Industry	10 – 100 workers 0 – 500 000 EGP Fixed Assets
Ministry of Planning	0 - 50,000 in fixed assets including land and buildings.
Ministry of Rural Development	Definition does not use economic criteria.
Institute for National Planning	10 - 49 workers
Central Agency for Public Mobilization and Statistics	50 – 100 workers.
Industrial Development Bank:	Uses value of fixed assets, adjusted periodically.
Credit Guarantees Corporation (CGC)	EGP 40,000 - EGP 7 million of Assets (excluding land and buildings); 1 to 5 resp. 6 workers
USAID: For National Bank For Development (NBD)	0- 15 workers 0- 25,000 Fixed Assets
For Business Associations	Micro: (1-5) Employees Small: (6-15) employees

Developed by the German Financial Cooperation with Egypt: Pre-Feasibility Study for a KfW Micro Finance Program Phase I. December 2002.

2- “The Definition of Micro, Small and Medium Enterprises” published by SMEPoL, January 2004:

SIZE OF ENTERPRISE	DEFINING CRITERIA
<b>Micro (Manufacturing)</b>	1 – 4 employees 0-25,000 LE in capital 0 – 100,000 LE in annual sales
<b>Micro (Services &amp; Trade)</b>	1 – 4 employees 0 – 25,000 LE in capital 0 – 100,000 LE in annual sales
<b>Small (Manufacturing)</b>	5 – 49 employees 25,000 – 5,000,000 LE in capital 100,000 – 10,000,000 LE in annual sales
<b>Small (Services &amp; Trade)</b>	5 – 9 employees 25,000 – 500,000 LE in capital 100,000 – 1,000,000 LE in annual sales
<b>Medium (Manufacturing)</b>	50 – 99 employees 5,000,000 – 10,000,000 in capital 10,000,000 – 20,000,000 in annual sales
<b>Medium (Services &amp; Trade)</b>	10 – 19 employees 500,000 – 2,000,000 LE in capital

	1,000,000 – 4,000,000 LE in annual sales
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3- The “*Small Enterprise Development Law*” - approved by the Egyptian parliament on May 29, 2004 - set a definition for micro (referred to as very small enterprises) and small enterprises in Egypt. Box 1, below, depicts the definition provided by the new law:

**Box 2: Articles 1 and 2 of the ‘New SME Law’.**<sup>36</sup>

**The New SME Law: “The Law on Development of Small Enterprises”**

***Section I: Definitions***

**Article I:**

**In the context of application of the provisions hereof, by a small enterprise shall be meant every company or sole proprietorship practicing an economic activity, whether productive, service-rendering or commercial in which the paid-up capital shall not be less than fifty thousand pounds and shall not exceed one million pounds and in which the number of employees shall not be more than fifty employees.**

**Article II:**

**In the context of application of the provisions hereof, by a very small enterprise shall be meant every company or sole partnership practicing an economic activity, whether productive, service-rendering or commercial whose paid-up capital shall be less than fifty thousand pounds.**

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<sup>36</sup> Quoted from the Social Fund for Development (SFD) website, section on “The Law on Development of Small Enterprises”.

## Appendix Two

### The Percentage of Large Enterprises in 1996.<sup>37</sup>

Governorate	Percentage of Large enterprises (%)
Cairo	0.72
Alexandria	0.52
Port said	0.33
Suez	0.22
Damietta	0.05
Dakahleya	0.08
Sharkeya	0.34
Kalyoubeya	0.23
KafrEl Sheikh	0.01
El Gharbeya	0.15
El Menoufeya	0.17
El Beheira	0.08
Ismailia	0.25
Giza	0.76
Beni Suef	0.07
Fayoum	0.09
Minia	0.10
Assiut	0.10
Suhag	0.08
Qena	0.02
Luxor	0.33
Aswan	0.14
Red Sea	1.46
New Valley	0.22
Matrouh	0.24
North Sinai	0.20
South Sinai	3.63

<sup>37</sup> CAPMAS, Establishment for Governorates, 1996.

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