Economic Development of the Poor & the Unemployed

Forsa Program

January 2018
Program Title: Economic Empowerment of the Poor and Most Vulnerable in Egypt (FoRSA)

Duration: 60 Months (5 Years)
Initial pilot phase 24 Months (2 Years)

Estimated Starting Date: July 2018

Implementing Agency: Ministry of Social Solidarity, Government of Egypt

Geographical Coverage: National: Policy, institutional and Legislative Reforms & inter-ministerial coordination
Local: Phased coverage of all governorates by the end of the project, with a starting piloting phase in selected governorates (Beni Suif, Minya, Assiut, Luxor, Aswan, Beheira, Daqahlia and Kafr Elsheikh Governorates)

Estimated Project Budget: USD 50 Million
A. Economic Situation in Egypt

Since 2014, the Egyptian government strategy has been focused on spurring the economy, encouraging the country’s business and investment environment while emphasizing inclusive and equitable growth. Hence, it started adopting transformational reform policies to adjust and balance the macroeconomic aspects. Examples of these policies are Value Added Tax Law, reducing energy subsidies, containing the high growth of the wage bill, and the liberation of the Egyptian Pound. These policies were followed by a second wave of reforms targeted improving governance and investment climate these include: Civil Service Reform Law, that was passed in October 2016 as well as the investment law that was passed in May 2017, along with the company law, and the industrial licensing law. This second wave aimed at removing investment barriers and attracting local and foreign investments.

According to the World Bank sources, the economy is gradually improving with the annual rates of GDP growth reaching 4.3 percent in 2015/2016, up from an average of only 2 percent during the period 2010/11-2013/14. The overall budget deficit declined in the first half of FY17 to 5.4 percent of GDP, down from 6.4 percent in the same period last year. Following the floatation of the local currency, the exchange rate has initially displayed some volatility, but has subsequently started to strengthen, notably with the strong foreign investor demand for local debt instruments.

In light of these sweeping economic changes, the Egyptian government has also taken measures to relieve the adverse effects of the subsidy reform on the poor and most vulnerable, and of the economic reforms at large. The Egyptian government has adopted and actually implemented a package of social protection/social safety net mitigating measures and invested all endeavors to diverge from the universal hardly efficient subsidy system to targeted and efficient system that seeks to strengthen the social safety net with special emphasis on the poorest and the most vulnerable.

One of the key targets in Egypt’s Sustainable Development strategy for 2030 is to reduce the percentage of people under extreme poverty line as well as the percentage of poor female headed households to 0% by 2030 from the current 4.5% and 26.3% respectively. The plan is to have Egypt as fair interdependent society characterized by equal economic, social, political rights and opportunities realizing social inclusion. A society that provides not only social protection, but to go beyond and harness productive social safety nets that utilize the existing working force in poor areas, to become more sustainable and productive.

Complementing this, the United Nations Development Action Framework, cascading goals from the Millennium and Sustainable Development Goals down to the national context has highlighted the importance of the social safety nets in linkages with education and employment in order to alleviate people out of poverty. Specifically UNDAF Outcome 1.4 aims to support

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more and better skilled youth, women and other vulnerable groups have decent job opportunities.

B. SOCIAL PROTECTION AND ECONOMIC EMPOWERMENT

Social protection directly reduces poverty and helps make GPD growth more pro-poor. It stimulates the involvement of poor women and men in economic growth, protects the poorest and most vulnerable in a downturn and contributes to social cohesion and stability. It helps build human capital, manage risks, promote investment and entrepreneurship and improve participation in labour markets. Social protection programmes can be affordable, including for the poorest countries, and represent good value for money.

Productive employment and decent work are the main routes out of poverty. Well-functioning labour markets and an enabling environment for local entrepreneurship are essential to increase employment opportunities for the poor. Policies that recognize and improve conditions in the informal economy, where most poor women and men earn their livelihoods, are critical to poverty reduction. Increasing the employability of poor people, especially for women and youth, unlocks their potential to contribute to growth.

C. PROGRAM BACKGROUND

As Egypt is undertaking major economic reforms to ensure its macroeconomic sustainability, social protection and socio-economic empowerment programmes are essential to support the most vulnerable – approximately 36% of the population is currently assessed to be living in poverty because of the increased cost of living.

In March 2015, Egypt has launched its first program on “Conditional Cash Transfer” (CCT) as a part of its subsidy reform system and eventually of its developed social protection strategy. CCT are considered to be functional instruments for reaching the poor and marginalized groups, notably the extreme poor living outside the reach of social protection programs or those who do not have opportunities for formal sector employment or stable income generation source. Yet, CCTs have yet to be adequately introduced within a broader institutional reform of social and economic programs that would bring about economic development, poverty reduction, and effective inclusion.

The government of Egypt is making the shift from unconditional subsidy system on basic goods and services to a conditional cash transfer subsidy system targeting the poor and most vulnerable socio-economic groups. Eventually, the government is allocating huge financial resources for its subsidy program, which almost tripled in less than two years. It is worth mentioning that the government is investing efforts to apply fair targeting and verification mechanisms that rationalizes the use of national resources and allocates it for the best interest of the poor.

To overcome the setbacks of the CCT programs, MoSS is considering the development of parallel programs emphasizing the productive and investment part of the safety nets. The household and persons eligible for the cash transfer system are planned to be only those who are unable to join market mechanisms either because jobs are not available in their locality, or
they do not have the required skills, or due to a physical disability that hampers their capacity to work.

As announced by Minister Ghada Wali, the Forsa programme will be the main driver for the Government of Egypt to support the poor in achieving sustainable, decent incomes and jobs. FORSA will be implemented as an integral component of Egypt’s social protection system, and will complement the CCT programmes, as well as other social assistance and insurance schemes.

The programme will aim at making significant improvements in income, assets and self-confidence. Not only will it achieve gains in participants’ family’s material well-being – but through the economic empowerment, they will see themselves on a pathway to a better future with the dignity of holding own jobs and not being dependent on social assistance in the long-term.

**D. FORSA PROGRAM OBJECTIVES & KEY PRINCIPLES**

The objective of Forsa program is to support the availability and accessibility of income generation opportunities to the poor and most vulnerable, while focusing on their economic empowerment and on fostering an enabling environment to comprehensive local development. The mission of Forsa is to empower, connect and build a conducive environment for local communities to succeed and to contribute to businesses development, employment creation and income generation opportunities.

Being different from jobs created at the competitive industries and business sectors which require high caliber and well trained workforce, job opportunities for the poor and vulnerable are created at the grassroots level through opening new fields of economic activities that capitalize on local assets and resources, or through the expansion of existing economic activities when critical bottlenecks in their value chains are removed.

The identification and/or creation of these job opportunities (work on the supply side) require the cultivation of a local economic development process and the creation of an enabling business environment that would attract internal and external investment. These efforts, on the other hand, have to be complemented with encouraging and qualifying the poor and vulnerable to get the job opportunities made available (work on the demand side). The coordination of these efforts at the local level and their support at the national level requires institutional capacity that has to be built.

**What is Forsa?**

Forsa, a literal translation of the word opportunity, is introducing a complete process of alleviating poverty and reducing vulnerability of poor and vulnerable people, to eventually move off social protection provision into more productive and resilient livelihoods, and thus to help these people to be financially self-sufficient without depending on social welfare.

The logic of Forsa is to provide people with enabling factors that help them get more socially and economically empowered, promote their livelihood, accumulate resources and ultimately to graduate from social protection programs. These enabling factors vary from skills development, vocational training, social integration, economic empowerment and financial inclusion. Economic empowerment has different shapes of income generation opportunity
whether at individual level, group level or community level. It could take the shape of asset transfer, microfinance, cluster work, public work, joining job opportunity or any other form of productive activity that lead into financial accumulation and economic development at large.

**TARGET AUDIENCE IN FORSA PROGRAM**

The FORSA programme is expected to be rolled out gradually across all Egyptian Governorates, with a target beneficiary population of about 200’000 persons in the first year. During the first year, the programme will be pilot tested in 8 Governorates.

FORSA targets people at the working age (18-55) in the households rejected in the conditional cash transfer support system as well as those in the households benefiting from cash transfer who are liable to be graduated or could be excluded from eligibility with minor intervention to change in their socio-economic status to above the poverty line.

The main eligibility criterion for participation in the FORSA programme is whether the applicant’s monthly income is less than the poverty line of EGP482 (set in 2014/15 – needs to be increased in line with inflation).

It is foreseen that FORSA will support both those that are poor but not eligible for the Takaful and Karama programmes (ie they do not have children in school age or are not over 60 or are not disabled) as well as be offered to beneficiaries of T&K to enable them to achieve higher incomes while reducing dependency on social assistance, and reducing the Government’s fiscal pressure.

Those that apply for, and are accepted to benefit from FORSA, will agree to receive a time-limited (one year) cash benefit as consumption support, to support the household until the income-generating service tracks generate income.

Forsa audience is the following:

1) **HH Rejected based on PMT**

   Households or individuals who exceeded the PMT score in Takaful and Karama program and eventually were not eligible for cash transfer, will be automatically targeted for either skills development opportunity or to income generation opportunity.

2) **Graduates of CCT Program (T&K):**

   Graduation from social safety net is an intrinsic stage in any conditional cash transfer program. Graduation normally focuses on persons who have the ability and skill to take part in the livelihood promotion or employment activities. This includes the following:

   1) Young people who are graduated from education;
   2) HH whose children have grown up above the support age, and they themselves are economically active;
   3) HH who have acquired new skills and are prepared to join the job market;
   4) HH whose socio-economic conditions is relatively improved and need technical and/or vocational support and counseling to lead economic development activities.

3) **Geographic targeting:**
As per the poverty map produced by CAPMAS, the poor populations are condensed in specific regions such as rural Upper Egypt, but are disproportionately located in other regions in urban areas. Areas that have intense level of poverty and larger numbers of unemployed will have priority in targeting, while ensuring that these areas are conducive to investment and to generation of economic opportunities. This does not mean that the poor in a region with low poverty will be excluded, but they will be integrated in already existing initiatives or will be given individual economic empowerment opportunities. Under any circumstances, the relevance of the markets, and the type of business or cluster identified will also have impact on the geographic targeting.

4) **Categorical targeting:**

While considering equal opportunities

To focus on particular vulnerabilities or those who are socially and economically discriminated, besides their poverty. Example for the categorical targeting are women, people with disabilities, and unskilled young people, people working in the tourism sector and who lost a stable source of income, as well as returnees from their work in foreign countries due to security or economic reasons.

**E. PROGRAM PRINCIPLES**

The program applies the following principles:

1. **Economic empowerment is a substantial part of an integrated package of social protection interventions.** This could include, separately or complementary, interventions such as cash transfers, food rations cards, health care/insurance, school feeding, labor-intensive public works, and so forth. Thus, the aim is to achieve a shift in the overall development indicators of the whole household.

2. **Public-private collaboration and partnership.** The key is to collaborate among different organizations to provide complementary services that by their combination of efforts, the output is greater than could be done by either alone. Collaboration involves networks especially with private sector, municipal government as well as other government and non-government entities.

3. **Strong link between economic empowerment with “Local Economic Development” (LED).** One of the key strategies to breaking the cycle of poverty is a comprehensive approach that intertwines the individual development with the local development to respond to the variety of services. This includes infrastructure investment, including interstate highways, water, waste disposal, schools and other public facilities. It also includes cluster development, enterprise zones and affordable housing.

4. **Moving from protection to production.** Fora program will go hand in hand with CCT program. Having a household participating in Fora program does not mean that they will be deprived of the diverse benefits of the protection package, but rather means that they would be liable to receive selected benefits based on their needs but also based on their potentials and developed capacities.
5. **Investment in the human capital is significant to the success of economic development.**

   Enhancing the skills of the target individuals and training them is required to increase opportunities for learning and success. The lack of employment leads to lack of consumption and spending due to inadequate incomes, and to inadequate savings, which means that individuals can not invest in training, and would lack the ability to invest in businesses or to start their own businesses. Forsa program is highly considering the training and skills development of individuals targeted to be employed.

**SERVICE DELIVERY MODEL**

MoSS will establish local Single Window Services (SWS) at district or village level – first 2-3 Governorates during the pilot phase, later nation-wide - managed by its existing Social Units, which be supported and supervised by a central Forsa programme management team. The SWS will:

a) **screen** applicants and determine eligibility;

b) **profile** candidates and based on individualised “economic independence and empowerment paths” refer candidates to the appropriate service tracks, to be offered locally (village or district levels);

c) MoSS will also host an essential monitoring system that will: i) assess performance against pre-defined results criteria and targets, and beneficiary satisfaction; ii) monitor and produce statistics on the caseload handling process. Additionally, a third party, socioeconomic impact assessment/evaluation will be undertaken at regular intervals.

**F. SERVICES**

The delivery of the economic empowerment services will be implemented by local service provider networks; major public organisations with extensive capacity for the delivery of relevant services will therefore be associated, including (tentatively) the Social Fund for Development, and the Industrial Training Council; the service network will also incorporate the NGO networks (affiliated to MoSS); finally, private sector actors and organisations will be expected to play a major role and building on best practices in Egypt with respect to on-site training for employment and other similar approaches.

The staff of the Single Window Services will thus:

a) **determine** the eligibility of the applicants, and then

b) **refer** them to one of six alternative Service Tracks. The Single Window Services will also be responsible for

c) Individual counselling/mentoring throughout the beneficiary’s participation of the Forsa programme, will actively provide

d) **job-search assistance** and

e) will administer the time-limited consumption support during approximately two years, ie until when the job creation efforts in the respective service track take effect.

There will be four regular Service Tracks and two for special cases:

**Service Track 1: Job Fairs** - this service is intended for those applicants that have employable skills but need assistance with matching with employers that have vacancies.

**Service Track 2: Short-cycle vocational training + apprenticeships** – this service is for those applicants that need new or refreshed technical skills to enable them to qualify for private sector vacancies in the neighbourhood. It may be 1-3 months of classroom training in a local
vocational training centre to be followed by 1-3 months of structured and supervised on-the-job training. This service track requires a significant commitment by the participant.

**Service Track 3: Basic business management training + microfinance/loans** – this service track is for those applicants that have a vocational skill and a desire to create or grow their own micro- or small business but lack the management skills and/or the working capital. Depending on the potential entrepreneur’s education level, experience and ambition, the training that can be provided may be the ILO’s GET Ahead, Start Your Business, Improve Your Business or Expand Your Business programmes. The initial group training is 3-5 days and is followed by individual counselling.

**Service track 4: Skills training + small asset grants (eg livestock, machinery)** – this service track is a core component of the so-called Graduation approach and is primarily intended for those that are comfortable with agricultural and husbandry income-generating activities. It entails a small asset transfer to enable the beneficiary to pursue an activity that he/she otherwise cannot afford to embark on. Prior to the asset transfer, which can be a goat, a cow, a sewing machine or basic inventory of a small shop, skills training will be provided to ensure that the Forsa beneficiary knows what it takes to transform the asset into a sustainable income. This is an example where it is essential that the continuous face-to-face counselling/mentoring is pursued – approximately every two weeks.

**Service track 5: Community works (cash for work)** – this service track is an exception from the normal FORSA model. The key characteristic of Forsa is that it enables participants to obtain jobs and sustainable incomes. Public works however, provide an income during a limited time but does not necessarily further the ability to get independent employment. The service track can be used as an alternative to just provide consumption support. It can also be used for T&K applicants that have been rejected due to not meeting the required conditions.

**Service track 6: Special needs groups (eg disabilities, psychosocial and other cases)** – finally, this service track is available for those applicants for whom the above five service tracks are not readily suitable.

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**Partnerships**
No single agency can effectively perform all tasks and services of the FORSA programme and it is therefore essential to enter into partnerships with ministries, local authorities, financial institutions, NGOs, private sector entities etc that are represented at district/village level and that can provide specialised services.

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<th>Forsa Stakeholders</th>
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<tr>
<td><strong>Public sector</strong></td>
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<td>Local government</td>
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<tr>
<td>Partner ministries expanding business development opportunities (Industry and trade, Investment, Agriculture, Labor &amp; Manpower)</td>
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<tr>
<td>Partner ministries improving local development and provision of services (health, Housing, youth, Water and irrigation, transportation, environment, Public Utilities, Telecommunication)</td>
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<td>Micro, small, and medium enterprise development Authority</td>
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<td>National Research Institutes.</td>
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<td><strong>Private sector</strong></td>
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<td>Large corporations and big entrepreneurs</td>
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<td>Small, medium and micro-scale</td>
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<td>Banks and other financial groups</td>
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<td>Chambers of commerce</td>
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<td>Business support groups</td>
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<td>Professional associations &amp; Syndicates</td>
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<td><strong>NGOs &amp;Community Sector</strong></td>
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<td>Prominent business and community leaders</td>
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<td>Local religious sector</td>
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<td>Neighborhood groups</td>
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<td>Young volunteers</td>
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G. PROGRAM GEOGRAPHIC SCOPE WE NEED TO DISCUSS IT

1. **Limited Piloting**: piloting the efforts of the EEP in a number of eight governorates, either representing different economic regions such as Delta, Upper Egypt and Suez Canal & Sinai, or selecting the governorates of high potential for the success of the program and the provision of demonstrable results. The latter can be also the governorates where development partners are already engaged in programs of a similar nature that can be coordinated with the EEP.

2. **Medium-scale Coverage**: implementing the EEP in 12-15 governorates, where the Takafol and Karama program is being implemented. The logic for this option is to ensure the targeting of all families enrolled on conditional financial cash transfer. The program then expands to the other governorates hand in hand with the Takafol and Karama program.

3. **Full National Coverage**: implementing the EEP at the 27 governorates. This option is challenging in terms of capacity building, ability to monitor and ensure quality, and the amount of resources needed in the same timeframe.
4. **Do what works for each Governorate:** We have identified innovative policies that improve economic mobility, considered new ideas with a strong theoretical base, and scaled up promising approaches that have begun to show good evidence.

**H. MONITORING AND EVALUATION**

1. **Use a clear set of measurable results.** Successful implementation of Forsa requires a focus on a clear set of measurable results for indicators that show improvement in the living standards of the families, as well as the communities at large. The program is planned to reveal its achieved results to provide stakeholders with information about the difference it makes, but also to make policymakers and funders more willing to align with and invest in them.

**PROGRAM EXPECTED OUTPUTS AND RESULTS**

When achieving its objectives, the program will produce the following outputs:

**Outcome (1):** Institutional capacity at the central government and governorate level is created to manage the economic empowerment program and coordinate efforts supporting its implementation.

**Output (1-1):** Economic Empowerment Program is set up at MOSS as a part of a comprehensive social protection system.

**Output (1-2):** National and governmental coordination committee for the program is formed and activated by relevant stakeholders.

**Output (1-3):** Social Units and NSB branches are equipped to act as one stop shop for receiving applications and orienting HH rejected in Takaful and Karama Program.

**Output (1-4):** A Local Economic Development (LED) Unit is established in collaboration with Governors’ offices to identify areas of economic opportunities. Not sure about it

**Output (1-5):** Business assessment studies are prepared to explore Districts’ and Villages socio-economic profiles and prepare appropriate employment plans.

**Outcome (2): 30,000 young people have their apprenticeship and business skills developed to enhance opportunities for business development and job creation.**

**Output (2-1):** In collaboration with ITC, 20,000 young men and women are technically equipped to explore employment opportunities that correspond to market needs.

**Output (2-2):** In collaboration with MoY, 600 young people have their skills developed on hospitality in Fayoum, plumbing and maintenance of electrical appliances in Gharbeya, and car mechanics.
Output (2-3): In collaboration with Unilever Mashreq UNILEAVER, 400 young people have their skills developed on business and marketing skills under Safir and Zeinab initiative. Not anymore they weren’t ready and didn’t sound honest

Output (2-5): In collaboration with FAO, 750 persons in rural areas have their knowledge and skills developed on Homestead Food Production, budgeting and food marketing out of which 30 will be prepared to be Groups’ Guide Leaders (GGL)

Output (2-6): 30% of the vocational centers supervised by MoSS and run by partner NGOs are developed in partnership with private sector.

Outcome (3): By December 2018, 50,000 Employment opportunities are created in eight Governorates in Upper and Lower Egypt out of which 50% are registered on Takaful and Karama database.

Output (3-1): In collaboration with Mehna and Mostaqbal Foundation, 5000 job opportunities are available for members of HH enrolled and HH rejected from T&K (18-35 years) in 14 Governorates, while ensuring their technical readiness and competency.

Output (3-2): 20,000 business opportunity and SME are jointly produced by MoSS and MEK Foundation to advance HH economic empowerment and contribute to local economic development.

Output (3-3): 5,000 job opportunity are announced by “Shagalmai” in collaboration with private sector partners and with social units in target Governorates as a first phase.

Output (3-4): 20,000 business opportunity at least are available for rural women through funding opportunities from Nasser Social Bank.

Output (3-5): 10,000 employment opportunity are made available for young people (18-35 years) to work in Investment foundations and business firms.

Output (3-6): 320 small and micro projects are implemented in the area of home gardens, roof gardens and food processing.

Output (3-7): 3000 public work opportunity are available for young people of T&K beneficiaries under the initiative of Sakan Kareem.(we need to add those as priority on target group selection (enrolled ones)

Job matching mechanism is established in each governorate to offer identified job opportunities to the beneficiaries of Takaful and Karama program.

Output (9): Technical support packages to entrepreneurs and corporate entities within identified value chains is provided, including training, business services, access to financial support, etc.

RESULT FOUR: The policy and legislative framework is tuned with the economic empowerment program.


- Output (12): Investment, national budget and planning laws are tuned with LED and economic empowerment of poor and vulnerable people.
I. CHALLENGES:

➢ The difficulty to reconcile poverty alleviation and economic empowerment.
➢ The gap in market and entrepreneurial skills needed for sustainable jobs and the abilities of the subscriber families to the subsidy system.
➢ Multi-stakeholder coordination needed to support job creation in all fields of economic development at the local level.

Should we add something about willingness to work instead of CCT?

Guiding Principles to Local Economic Development

1. Identification of Strengths and Gaps to achieve Economic Development

Business and economic development initiatives need to study and recognize the following:

- The distinct characteristics and resources that each area has and could use to optimize its competitiveness at the local level and possibly at the national level.
- The gaps and needs that each area has that is hampering its development track or the risks that could threaten economic development efforts.

Accordingly, a gap analysis need to be primarily conducted in target areas to ensure that the potential resources are not wasted due to gaps that could be identified and dealt with or due to risks that could have been studied and mitigated. By thus, track becomes clearer boost economic development and foster competitiveness or to explore the gaps that could hinder this competitiveness. These actions should be coordinated at local and regional levels to effectively and efficiently increase results. Identification process target the following:

- Natural resources
- Human resources
- Infrastructure
- Governorate’s capital and assets
- Investors and local investment environment
- Major industrial projects and programs
- Clusters and competitive advantage
- NGOs and active civil society actors
- Community engagement & social capital
- External factors that affect the competitive position of the community.
- Information and technology

Role of Local Government

Local Government is expected to lead, in collaboration with other partners, the design of a strategic structure that defines the blue print for various building blocks which hold the development operations of local economy.
A strategic economic architecture designed by the local government becomes successful when it offers certainty to businesses, investors, and the wider community about the future direction of and support for local economic development. It provides a map for guiding the public and private sectors working together. The productivity-enhancing role of social protection depends on sound system design, efficient administration, and good governance. The role of local government could highly add to the following areas:

1. Local Government retain proper information about their specific governorates.
2. Governors and local officials develop strong incentives to develop the local economy.
3. Local Government can build up local enterprise partnerships.
4. Local Government can create favorable setting for business development.
5. Provide resources and assist in improving services
6. Intermediate to avail or secure subsidized bank loans

Local Government can contribute to market expansion

Diverse Approaches to Economic Development

1. High Labor Intensive Public Works

Public works programs are defined as those that provide short-term employment at low wages to skilled and unskilled workers to work on highly labor-intensive projects, thereby permitting the unemployed to join the work force. Common examples of public works programs are road construction, cleaning canals, water and irrigation, sanitation connections, upgrading hospitals, schools and youth centers.

High labor intensive public works programs are considered as one of the most common safety net programs used to address poverty and vulnerability. Both local government and local communities have an important role to play in the selection and proposal of work to be conducted. Projects require the approval of the local administrative authorities, depending on the type of work implemented. NGOs also have a big role to play in collaboration with the local development authorities.

2. SMEs & Microfinance

The most successful examples of microfinance in Egypt are usually provided by NGOs and non-governmental MFIs. The impact of micro-lending and its ability to alleviate poverty has been widely challenged. Microfinance initiatives in Egypt have not yet found a way to lead to entrepreneurship, the projects rarely ever scale and it has not been able to push micro-projects to grow to a point where they can transfer into the formal economy.

Chances for successful micro-lending results is higher when beneficiaries are provided with technical support and mentorship after receiving both funding and training is necessary. In other words, a holistic approach is highly needed to achieve successful results, an approach that addresses skills, financing, and coaching. Access to micro lending at competitive interest rates can be strengthened through export credit guarantee schemes; and subcontracting and specialized soft loans for export activities.
3. Entrepreneurship
Entrepreneurship is defined as “the process of using private initiative to transform a business concept into a new venture or to grow and diversify and to potentially open markets for new products, processes or services. Egypt has a considerably large market, the largest in the MENA region, where there is room for growth and for new innovative and entrepreneurial ideas. Egypt faces a multitude of challenges that can be overcome with simple entrepreneurial ideas: costs of labor, living and rent are very low in rural Egypt, making investment in these parts extremely appealing.

4. Cooperatives
A cooperative is defined as “an autonomous association of people united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly-owned and democratically-controlled enterprises.” Cooperatives build on each other’s skills, utilize them for the group’s benefit, and convert individual risks into collective risks while not increasing informal labor. Capacity building, training and education remain critical for co-operative development, and strengthening networks is crucial.

In Egypt, cooperatives are common in the agriculture and farming sector, 4 million farmers get their income from selling their products through agricultural marketing cooperatives. Egypt has approximately 7,000 cooperatives (with a total membership estimated at 5 million). Most cooperatives are controlled by the government (ILO, 2013). The current law does not allow cooperatives to establish formal companies or participate in them, hence it prevents them from exporting or importing their products, which is a challenge faced by agricultural cooperatives. Cooperatives also suffer from weak governance and lack of knowledge, which threatens their sustainability.

5. Cluster-based Economic Development
Cluster-based economic development thrives to achieve growth by promoting agglomeration, innovation, integration, and clustering of productive economic activity and land-use activities. It simply provides a strategy for inducing industry cluster development to disclose the potentials of micro-, small, and medium-sized enterprises agglomerating in and around selected districts in Egypt. Cluster-based economic development helps create an enabling business environment in peri-urban areas, stimulating industrial growth and increasing job and income opportunities for poverty reduction, and capitalize on the benefit of economic agglomeration in specific areas in Egypt that have competitive economic advantage.

Elements fostering cluster economic development are establishing mechanisms to strengthen networks and exchange knowledge, to invest in skilled human resources, to have access to financial capital, to improve taxation and regulatory environment and to have advanced physical and information infrastructure.

6. One Village One Product (OVOP)
“One Village One Product (OVOP)4 movement is to encourage communities living in villages to adopt a certain craft or industry based on the resources available in the area they live in, and

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2 ILO (2015)
3 ILO (2013). Cooperatives in the Arab World: Reaffirming their validity for local and regional development
4 The One Village One Product (OVOP) movement was initiated in Japan in 1979 by Dr. Morihiko Hiramatsu.
make it a nationally and globally marketable product. Examples of OVOP in Egypt are 1) Dairy production in Ja’afar village in Beni Suef, 2) Artichokes production in Sidi Ghazy village in Behaira, 3) Papyrous production in Toukh El-Aramous in El-Sharqeya, and 4) handmade Carpets in Sa’yet Abo Shaara, Monofeya. Projects were developed within a cluster framework.

The OVOP movement aims to support rural development through community-oriented activities based on the resources and knowledge available in local communities. In most of OVOP successful experiences, it is preferable to cluster groups rather than work with them as individuals. Working with groups is cost-effective and has a higher impact on the community, as the same services are provided to a large number of women who have the same needs.

7. Value Chain Development

Value chain is a positively developed change in a value chain to extend or improve productive operations. It puts at the center the interconnectedness of actors in the value chain who add value to products and services as they move from one link in the chain to another, even though if they are separated by time and space. In the meantime, value chain generates poverty reduction, income and employment generation, economic growth, environmental performance, gender equity and other development goals.

Value chain actors are connected along a chain producing, transforming and bringing goods and services to end-consumers through a sequenced set of activities. Stakeholders in value chain development include many actors, whether those involved in the production, provision of private and public support, or those that include regulators and government and development agencies that intervene, through regulations and development programs in the development of the value chain.

8. VSLAs in Egypt

VSLAs concept is similar to the informal revolving credit lending groups (gam’eyat) that is commonly used in both urban and rural areas. Each VSLA group is approximately made up of between 10 to 15 women who periodically meet and are allowed to borrow up to three times the value of their investment. After a certain period, members can borrow, and any member can take credit with a value of up to three times her number of shares. Groups forming VSLA are mostly women, but could also be available of men groups.

Success factors for having a Successful VSLA

- This model is based on the social characteristics of rural areas where social ties and capital are strong.
- The model should get itself out of the saving model to the investment model, and hence there is a great need to think of successful business models.
- Pairing VSLA with market linkages increases opportunities for saving and investment.

- Linking VSLAs to credit from the formal banking sector enable starting larger projects.
- Collaborating with medical insurance firms to ensure health security for members;

9. The Productive Families Project, MoSS
In 1964, the Ministry of Social Affairs (MSA) established the Productive Families Project that aims to develop human resources to create a new source of income within the household. The project provides technical assistance and training in different skills and crafts, as well as providing families with updated designs to be able to compete in the market. It also offers loans to start the project, and provides marketing services like organizing bazaars and linking to outlets. The current lending scheme has many limitations including the payback grace period being too short for an actual project to start generating returns. The implementers (lending NGOs) have limited capacity to advise the borrowers on best business practices, meaning that borrowers are often left without sufficient business support, added to the small size of current loans.

10. Fair Trade Egypt (FTE)
Fair Trade Egypt is a social business focused specifically on crafts. Their mission is to empower local communities by offering disadvantaged artisans marketing and support services. Their main motives and how they chose their target group depends on ensuring the preservation of traditional crafts; and ensuring that artisans can have a sustainable and stable income. FTE gives great attention to product development, developing new product lines and connecting different crafts together to produce new products. Most of the groups are informal working groups, customers/traders reach them through NGOs that provide the bills, and there are current efforts exerted to formalize these groups.
The Forsa service model

MoSS Key partners: Nasser Bank, MSME Agency, Mo(1), MoM, NGOs, MPs, private sector

Sustainable, decent income and employment

Monitoring and performance assessment re progress criteria, satisfaction with services, socioeconomic impact

Single Window Service
- a) Registration
- b) Referral
- c) Counselling
- d) Job search assistance
- e) Consumption support

Service track 1: Job fairs
Service track 2: Short-cycle vocational training + apprenticeships
Service track 3: Basic business management training + microfinance/loans
Service track 4: Skills training + small asset grants (eg livestock, machinery)
Service track 5: Community works (for work)
Service track 6: Special needs groups (disabilities, psychosocial rehabilitation)