# Egypt-SMEs Internationalization using digital tools and services

A. Brief overview of SME exports in Egypt

Main indicators

In 2020/2021, Egypt's export of commodities reached USD 28.7 bn, up from USD 26.4 bn in 2019/2020 when COVID hit (15.3% growth rate) and USD 28.5 bn in 2018/2019, indicating that exports are picking up after the pandemic strong hit in 2020. Out of 2020/2021 exports, petroleum products accounted for 30% while non-petroleum products accounted for 70%. The main exported non-petroleum products were gold (7%), phosphate & mineral fertilizers and organic and non-organic compounds (4% each), followed by ready-made garments and household electrical appliances (3% each), and textiles, wires & cables, vegetables[1], fruits[2] and ethylene-propylene polymer (2% each).[3]
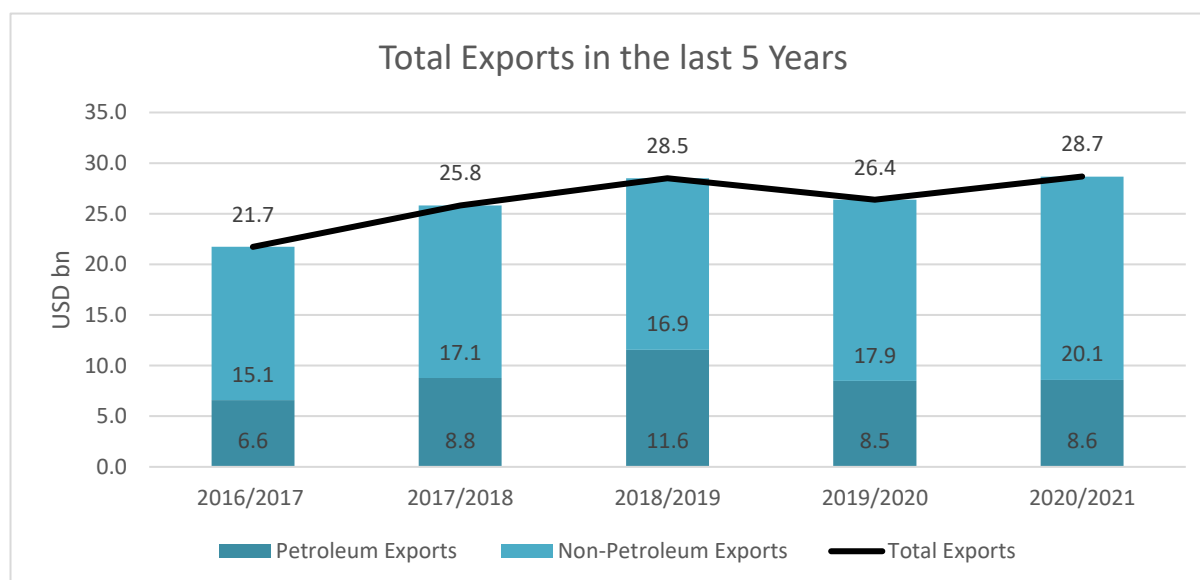
Source: CBE

In terms of contribution to GDP growth, net exports were contributing to the positive growth of the GDP before the pandemic, after which it started to have a negative contribution (contributing by -1.8% of the 7.7% rate realized in Q4 2020/2021).

International benchmarking,

An important factor that facilitates SMEs access international markets is competitiveness. Egypt was the 93rd most competitive nation in the world out of 140 countries ranked in the

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[1] Fresh, chilled or cooked.
[2] Fresh or dried.
[3] CBE, Balance of Payments

2019 edition of the Global Competitiveness Report (Global competitiveness Index, GCI) published by the World Economic Forum.[4]

Egypt's trade openness value for 2020 was 33.96% ranked 125th, while the world average for the same period based on 137 countries was 86.4%[5]. The trade openness is the export and import as a percentage of GDP, which is equal to USD 363 bn. The trade openness was 43.24% and 48.28% in 2019 and 2018 respectively. This is due to the fact that the GDP has increased and the exports and imports were not aligned.[6]

According to the ITC's SME Competitiveness Outlook of 2021, on a scale of 0-100, the capacity of firms to compete is measured at 32.9 in small firms, and 53.3 and 56.0 for medium and large firms, respectively. The capacity to connect is weak in small firms at 14.4, compared to 31.0 and 47.6 in medium and large firms. This is opposed to the highest capacity to change in medium firms at 39.8 and 30.0 and 31.1 in small and large firms.

Furthermore, one of the most widely used international reports that compares global economies in terms of business environment is the World Bank's Doing Business Report. In the 2020 Doing Business report, Egypt ranked 171st in the Trading Across Borders indicator out of 190 countries, with a low index score of 42.2, which is the same score of 2019.

Policies

In Egypt's Sustainable Development Strategy (SDS): Vision 2030, enhancing competitiveness, increasing exports' contribution to the economic growth rate and improving the trade balance deficit are examples of the strategic objectives under the Economic Development pillar.[7]

Similarly, in its Trade and Industry Development Strategy 2016-2020, the Ministry of Trade and Industry (MoTI) identified five main pillars, Export Development was the third one.[8] The Strategy set a target to increase the non-petroleum exports by 10% per annum over the five years, bringing the total target of non-petroleum exports to rise to 61%; i.e. increasing the Egyptian non-petroleum exports from USD 18.6 bn in 2015 to more than USD 30 bn by 2020. Moreover, under the Export Development Pillar, the Strategy identified six projects to be developed:

- Development of the procedures & legislations regulating exporting & importing (EGY trade).
- Egyptian exports competitiveness enhancement.
- Improving the standards, quality, inception & control of export and import.

[4] https://www.weforum.org/
[5] https://www.theglobaleconomy.com/Egypt/trade_openness/
[6] https://www.theglobaleconomy.com/Egypt/exports/
[7] http://sdsegypt2030.com/%d8%a7%d9%84%d8%a8%d8%b9%d8%af-
%d8%a7%d9%84%d8%a5%d9%82%d8%aa%d8%b5%d8%a7%d8%af%d9%8a/%d8%a7%d9%84%d9%85%d8%a
d%d9%88%d8%b1-%d8%a7%d9%84%d8%a5%d9%82%d8%aa%d8%b5%d8%a7%d8%af%d9%89/
[8] http://www.mti.gov.eg/English/MediaCenter/News/PublishingImages/Pages/2017-
Strategy/2017%20Strategy.pdf

- Logistics development.
- Activation of preferential agreements and trade facilitation.
- Marketing and promoting Egyptian exports.

In the same context, the National Strategy and Action Plan to Double the Egyptian Exports has included higher value exports, inclusion of SMEs in the exporters' base and targeting the promising export markets in the main objectives of the strategy. The selection of target markets is based on demand trends, free trade agreements, logistics and a regional focus on Africa. As for products, export readiness, being demand-driven and the production capacity are key factors for prioritization.[9]

As far SMEs are concerned, the MSME and Entrepreneurship National Strategy (2018-2023) included six main pillars, one of which is Exports and Integration into Local and Global Value Chains. The Strategy focuses on:

- Facilitating the development of export readiness amongst MSMEs in targeted sectors.
- Facilitating value chain access through supporting the development of linkages between MSMEs and larger exporting companies.
- Developing clusters and industrial zones that facilitate innovation and product differentiation.
- Facilitating knowledge-based policy-making that supports innovation and quality management systems.
- Promoting access to export finance services.

Conclusion

Egyptian exports play a pivotal role in the economic development in Egypt, with improving performance during the last few years, that was interrupted by the global pandemic crisis. However, there is room for improvement to tap the export potential of Egyptian enterprises, including SMEs. National policies are geared towards the achievement of this end, with the legal framework, infrastructure, knowledge and access to information being key cross-cutting themes in these strategies.

B. The Export Ecosystem

The **Ministry of Trade and Industry** is the main organization concerned with export development, with its affiliates taking specific mandates. The Ministry of Trade and Industry portal covers an exhaustive list of e-services related to trade and export. Nevertheless, many other services require manual intervention.

The **Export Development Authority** is the consolidated export hub including all export-related government entities, with the mission to take the role in implementing the Strategy of the Ministry of Trade and Industry for increasing and promoting the Egyptian exports through the electronic marketing and promotion means, international exhibitions, trade missions and B2B meetings. In addition to building the export capabilities through

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[9] http://www.expoegypt.gov.eg/resources/Export_Doubling_Strategy_Feb_2019_Executive_Summary.pdf

specialized training and technical support.[10] On its website, EDA provides data and information on Egyptian export companies, exports of certain products, to certain countries, opportunities, etc. However, some of the reports are restricted to registered companies only, thus excluding potential exporters/entrepreneurs, and the scope and depth of information required to cover for all products in all existing and potential markets is considered unrealistic to make available and to keep regularly updated. The portal also shows an e-commerce hub that is still under construction.

Other **organizations affiliated to the MoTI** that are geared towards the promotion of export and product substitution and are working to align with SDS Vision 2030, are the Export Development Fund (EDF), Egyptian Commercial Service (ECS), the Egypt Expo and Convention Authority (EECA), the General Organization for Export and Import Control (GOEIC), the Egyptian Organization For Standardization & Quality (EOS) and the Foreign Trade Training Center (FTTC).[11] Other organizations that are indirectly related through focusing on technical support are the Industrial Modernisation Centre (IMC) and the Industrial Council For Technology & Innovation (ICTI).

Egyptian **Exports Councils** are quasi-governmental organizations regulated by MoTI and headed representatives of the private sector. The Export Councils, whose members are producers and exporters, have a wide mandate of the various export promotion efforts including preparation of market studies, statistics and plans and making them publicly available. There are 12 sectoral export councils, including for example a Food Export Council, an Agriculture Export Council and an Engineering Export Council.

The Medium, Small and Micro Enterprise Development Agency (**MSMEDA**), was established in 2017, replacing the Social Fund for Development and further regulated by the new SME Law 152 of 2020. With its strong presence and network in all governorates, MSMEDA's role includes provision of information and technical assistance that would support SMEs willing to export. It has also implemented several programs to help and facilitate MSMEs business development such as the "One Stop Shop Services", leading businesses through training and guidance, project financing, social and human development, marketing and technical support.[12] The agency also seeks to explore channels and adopt programs that enhance women's capabilities and develop their skills through the implementation of several gender related programs such as "Get Ahead" Program, "UN Women Initiative", and "Women in Business".

The Egyptian Exporters Association (**Expolink**) promotes and facilitates exports using digital and virtual services[13], provides platforms for exporters to compete with industry players and showcase their competitive edge in potential markets internationally, offering pre-organized sectorial business trips to potential markets with pre-scheduled B2B meetings, offering specialized roadshows for pre-identified markets and compiling the finest products, industries, and services for international distribution & marketing. Expolink supports exporters in finding the best markets for their products through invaluable information inclusive of their products' potentials in any given market, markets' business environment, trends, and practices, and best prospects for success with insights to potential customers and market competition. However, wide MSMEs access to this kind of information at the sub-

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[10] http://www.expoegypt.gov.eg/
[11] https://fttceg.org/en/
[12] http://www.msmeda.org.eg/MSMEDA/events
[13] https://www.expolink.org/our-solutions/

sector level with the specificities of each potential exporter's, products and target markets requires availing and continuously updating information at a large scale that goes beyond this mandate.

The Export Incubator Program (EIP) is another project executed by Expolink that aims to develop and support the export journey of young entrepreneurs, fresh graduates, innovative start-ups, local manufacturers or established enterprises willing and able to export to global markets. Participants will acquire the theoretical knowledge and practical mentorship required to capitalize on potential global export opportunities. By building export capacities, the EIP ultimately aims to contribute to job creation and inclusive social and economic development in Egypt.

The **Export Development Bank** of Egypt with its main mission to boost and facilitate the Egyptian exports in all sectors, agricultural, industrial and trade adopted digitization to support their clients that are mostly SMEs that are exporting or willing to export. Therefore, digitization is a core pillar within EBE's transformation. EBE has improved its website, added new features, launched mobile banking and introduced e-wallet. EBE enhanced its ATM network and upgraded ATM's to offer foreign exchange and deposits. [14]

As far as digitalization is concerned, legislations regulating e-commerce started by the Electronic Signature Law No. 15 of 2004. This legislation was established by the Information Technology Industry Development Agency (**ITIDA**)[15] which acts as the electronic trade regulatory authority. In addition, as part of the SDS: Vision 2030, the Ministry of Communication and Information Technology launched an ICT strategy to support the development of the sector and its contributions to economic growth through initiatives that encourage e-commerce. Export-IT Rebate program is an integral part of ITIDA strategy to promote exports of ICT companies and support them in penetrating key markets. ITIDA is one of the leading organizations in the region that introduced Export rebate program to support the ICT industry.

C. COVID-19 Impact on Exports

Egypt's export-oriented sectors that were contracting since the beginning of the crisis (tourism, manufacturing, extractives, and Suez Canal) started rebounding during April—June 2021 (Q4-FY2020/2021); pushing growth to 7.7 percent, compared to a contraction of 1.7 percent in Q4-FY2019/20. In part, this reflects favorable annual base effects, in addition to the resumption of economic activity and international travel and trade, both domestically and abroad.[16]

COVID-19 had a severe impact on the manufacturing sector in Egypt. The crisis obliged all manufacturing sectors to slow down their production, with some exceptions of specific food and medical industries. This has negatively influenced manufacturing value added growth rate and its contribution to the GDP. The expected recession in the global economy, resulting from the decline in international trade patterns and the travel restrictions that were currently applied in more than 100 countries, negatively impacted Egyptian exports.

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[14] https://brusselsresearchgroup.org/interview-with-mervat-sultan-chairperson-export-development-bank-of-egypt-ebe/
[15] https://itida.gov.eg/English/Pages/default.aspx
[16] https://www.worldbank.org/en/country/egypt/overview#1

COVID-19 accelerated the growth of an already thriving e-commerce sector. The e-commerce boom created a ripple effect across logistics and fintech and uncovered the resilient supply chains need for greater localization. Cash on delivery is still dominant as a means of payment, decreased dependence on cash on delivery (COD) requires building trust in e-payments. Conversational commerce and super apps are opening new e-commerce markets. This represents an opportunity for SMEs to access markets provided that they have access to information on the market needs (being demand-driven) in addition to access to connectivity, access to online platforms, and most importantly consumers' trust.

D. The Digital Transition

a. Internet penetration and use of E-commerce

In January 2021, there were 59.19 million internet users in Egypt with a big increase by 8.1% (+ 4.5 mn) between 2020 and 2021[17]. Internet penetration stood at 57.3% while the average in the MENA region is roughly 72%. On social media, there were 49 million users with an increase of 17% (+ 7 million) between 2020 and 2021, accounting for 47.4% of the total population. From a mobile connection perspective, there were 95.75 million connections in January 2021 with an increase of 2.9% (+ 2.7 million connections) between 2020 and 2021 which represented 92.7% of the total population.

Egypt launched its National E-Commerce Strategy in 2017 in cooperation with the UNCTAD[18] with an overarching strategic objective to leverage e-commerce to increase the wealth of the nation through economic growth, export competitiveness, enhanced productive capacity and job creation. Egypt's National E-commerce strategy indicates that "E-commerce offers opportunities to many businesses to extend their market reach and to become competitive producers for the local market or as part of global supply chains. This includes suppliers of traditional Egyptian products such as handicrafts, furniture and textiles, as well as agricultural products and other rural products of micro, small and medium-sized enterprises (MSMEs)".

E-commerce has been booming in the last two years in particular, thanks to the economic growth, the market size, the digitization and infrastructure policies and projects, and higher online shopping trends because of the pandemic's containment measures.

According to the UNCTAD B2C E-commerce Index 2020[19], Egypt ranked 109th with an index value of 36.6 compared to ranking 107th and an index value of 38.7 in 2019. Egypt is the 48th largest market for ecommerce with a revenue of USD 3.6 bn in 2020, placing it ahead of Singapore and behind Peru. Market expansion in Egypt is expected to continue over the next few years, as indicated by the Statista Digital Market Outlook. It has been predicted that the compound annual growth rate (CAGR) for 2020-2024 be 29%. Compared to the year-over-year growth of 79%, this decrease suggests a moderately flooded market.

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[17] https://datareportal.com/reports/digital-2021-egypt?rq=egypt
[18] https://unctad.org/system/files/official-document/dtlstict2017d3_en.pdf
[19] https://unctad.org/system/files/official-document/tn_unctad_ict4d17_en.pdf

Another indicator is the online penetration of 34% in Egypt; in other words, 34% of the Egyptian population has bought at least one product online in 2020.[20]

b. Digitalization initiatives

Aligning with Egypt Vision 2030, the Government of Egypt has formulated a comprehensive vision that includes the fundamentals related to transforming Egypt into a digital society where all technologies in almost all fields of life can be integrated. The Government has worked on promoting and developing the infrastructure of communications and information technology improving digital services at all ministries and government agencies. The Government has taken significant steps towards transformation into a digital economy. The strategic objectives of digital transformation in Egypt mainly rely on improving services presented to citizens via digitizing them and linking governmental digital systems to ensure efficiency and effectiveness. Promoting electronic governance and principles of transparency, accountability, and monitoring at all government agencies is another strategic objective.[21]

Three years ago, the "Digital Transformation Initiative" was launched to reach a sustainable competitive digital secured knowledge society and strong digital economy. The services are being reengineered to provide government E-services efficiently and effectively 24/7 via the internet, so that the citizen receives the E-services through Omni channels including mobile Apps, Government E-Portals, digital Egypt E-platform, post offices, service centers and kiosks. The citizen can access these platforms through the citizen's Digital Identity and can pay the expenses of the E-services through E-Payments Gateways, credit cards and POS. It is expected that within 2 years, the initiative will included 550 E-services to all ministers and localities.

The Egyptian Government has issued the following laws and legislations to provide a good environment to safe protection and privacy for data, institutions and individuals from piracy acts and to encourage investment in the field of ICT for the digital, knowledge-based society:
- The Data privacy Protection Law No. 151 of 2020
- The National Council for the Artificial Intelligence of 2019
- Law of Combating Information Technology Crimes No. 175 of 2018.
- Establishment of The National Council for Payments in 2017, chaired by the President.
- The Supreme Council for the Digital Society Law No 501 of 2017.
- Establishment of the Supreme Council for Cyber Security in 2017.
- Investment Law No. 72 of 2017.
- Electronic Signature Law No. 15 of 2004.

The Egyptian Government allocated investments of USD 1.9 bn to develop informational digital infrastructure, create technological innovation pools in the Governorates, and established high-tech industries in the economic zone of the Suez Canal, where most of the submarine cables that carry communications and internet between Asia and Europe pass through the Suez Canal.

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[20] https://ecommercedb.com/en/markets/eg/all

[21] https://idsc.gov.eg/Upload/DocumentLibrary/Attachment_A/4798/3%20-%20EGYPT%20DIGITALIZATION.pdf

The Government is working as a participatory digital government to implement financial inclusion and FinTech Apps towards secured cashless, paperless digital knowledge society. A FinTech Strategy has been launched and the Central Bank of Egypt is hosting a sandbox that has received two cohorts so far.

The Federation of Egyptian Chambers of Commerce (FEDCOC) has launched the "Digital Future" initiative which aims to develop the local production of software and local applications, and raise their efficiency, including the SME sector, hence supporting their digital transformation. It has been set up in cooperation with the Ministry of Public Enterprises Sector, Microsoft, and Fiber Misr Systems.[22] It is crucial that this kind of information about the initiative and how to benefit from it reaches MSMEs led by men and women and youth, of different size categories, in all governorates.

One example of the growing enterprises in this field is the Egypt-based fintech company Fawry, which offers a pioneering banking and payment technology service. It enables both the banked and unbanked to pay their bills and top-up their mobile phones through ATMs and dedicated service points.[23]

E. Trade and Business Procedures Facilitation Initiatives

The following are examples of the undergoing initiatives or key procedures that aim at enhancing Egyptian exports:

- The Export Support Program 2021 proposed by the Export Development Fund includes multiple dimensions to promote exports. Its main pillars include a higher value-added, geographical focus on Upper Egypt, border governorates, and the Suez Canal Zone, and most importantly, granting SMEs[24] additional support.

- Export Support Fund allocated EGP 1bn for payment of export subsidy arrears, 10% in cash payments to exporters.

- USAID launched the Trade Reform & Development in Egypt (TRADE) Project. TRADE is a 2021-2026 project that aims to increase Egypt's international trade by boosting exports from SMEs in the target sectors, with a goal to help increase exports in selected sectors by at least 10% annually. The project's Theory of Change is that if competitiveness is enhanced through targeted technical assistance (TA) to New and Expanding Export-Ready Enterprises (NEEREs) and commercially sustainable business models, quality and relevance of trade support services to exporters are increased, and barriers to trade and investment are removed, USAID TRADE will not only catalyze a short-term increase in exports, but develop an ecosystem that supports inclusive, sustained growth for years. The Project focuses on five sectors; namely,

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[22]https://www.zawya.com/mena/en/business/story/Egypt_government_launches_SMEs_digital_transformation_initiative-SNG_180061126/

[23] https://legatum.mit.edu/wp-content/uploads/2021/03/170321-MIT-Wamda-E-Commerce-COVID19-report-EN-01.pdf

[24] Up to USD 10 mn exports annually.

engineering products, food processing, home textiles, ready-made garments, and chemicals and building materials.[25]

- On the 24th of June 2019, Egypt ratified the World Trade Organization's Trade Facilitation Agreement Facility[26] where the current rate of implementation commitments stands at 23.1% with a timeframe spanning from February 2017 to December 2030. The TFATF has developed an exhaustive list of support activities (more than 35) facilitating import and export such as transit, single window, training and inclusion of SMEs in export facilitation.

- The National Trade and Facilitation Committee (NTFC)[27] that was created in collaboration between the private and the public sector, played an important role during the TFA negotiations phase and the implementation of several activities such as the introduction of a set of rules that will reduce the number of documents required to carry out import or export transactions, implement a national single window that will facilitate electronic communication among all control authorities concerned with the cross border trade and with the General Organization for Import and Export Control (GOEIC).

- The International Trade Center (ITC) developed a preliminary version of an "Import & Export Guide" focusing on trade related procedures and customs requirements for the clearance of goods in Egypt. The objective is to provide key information that will enable economic operators (importers and exporters) and beginners to have a comprehensive overview about the basics for the importation and exportation in Egypt.[28]

- Current trade agreements and partnerships:
  - Greater Arab Free Trade Agreement "GAFTA".
  - Common Market for Eastern and Southern Africa "COMESA".
  - Egypt – EU Partnership: 27 countries of the EU Community.
  - Agadir Agreement (Egypt, Jordan, Morocco, Tunisia)
  - Qualified Industrial Zones "QIZ" (Egypt, Jordan, Israel)
  - Egypt – Turkey Free Trade Agreement
  - European Free Trade Association "EFTA"
  - Egypt - Mercado Común del Sur "MERCOSUR" Free Trade Agreement (Latin America)

F. Proposal of Reinforcement Axes

In the SME Export Country Profile, Egypt's working group related to SME Internationalization identified eight national priorities to boost SME export:
1. Develop SME competencies, standards, and certifications to meet the international standards of GVCs and export markets.

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[25] https://eg.linkedin.com/company/usaid-trade-reform-development-in-egypt-trade-project
[26] https://www.tfafacility.org/country/egypt
[27] https://unctad.org/system/files/non-official-document/TFC_EG_EN.pdf
[28] https://euromed.tradehelpdesk.org/euromed/en/market-access-info/customs-procedures-guides/download?reporter=818

2. Strengthen the digitalization of SMEs and the ecosystem actors to boost export possibilities.
3. Business reforms to further simplify, streamline, and digitalize the import-export requirements and procedures.
4. Increase the participation of Egyptian SMEs as suppliers of export-focused firms in the SEZs, Free Zones and industrial estates.
5. Access more diversified, new export markets with a priority on opportunities in the African Continent.
6. Implement the UNIDO "Roadmap for Improving PPE Production in Egypt".
7. Take advantage of the EU green transformation to boost integration of Egyptian SME in EU value chains and expand exports.
8. Update the National Industry and Trade Development/Export Strategy to reflect the post-COVID-19 realities and respond to the need for greater collaboration of ecosystem partners in its design and implementation.

G. Potential support projects

a. Features of the Pilot Project
● The project should be targeting Egypt SME exports and have direct impact on SME / Export agencies, support services and procedures
● It has to be aligned with the national priorities.
● Ideally pilots build on projects that have already started and where the digital component can be an accelerator of impact
● Potential for duplication, scaling, regional collaboration.
● Pilot budget 50K Euros: duration 2 to 4 months.
● Should be validated by the SBAC coordinator and the MED MSMEs Programme.

b. Suggestions

It is suggested to develop one of the four pilot project proposals that might serve the purpose taking into consideration the futures mentioned earlier. It remains to the IMC and Egypt SBA coordinator's evaluation and, if needed, the working group to decide whether to adopt any or propose differently.

Below is a summary of the suggested pilot projects:

1. **Export pact and blueprint of a digital one stop shop portal offering services to exporting SMEs**

Collaboration between stakeholders of the exporting ecosystem has been highlighted as a challenge. This challenge has been solved by some of the benchmarked countries by creating collaboration frameworks like the Italian Pact for Export or French Team France Export Strategy that aligns stakeholders behind a common vision and strategy. This collaboration can be sealed in an MoU or Pact that offers a framework for collaboration. This collaboration should lead to the creation of a digital portal integrating all services targeting exporting SMEs, these services will be organized around the user journey, turning it into a user friendly one stop shop for exporting SMEs and stakeholders of the export ecosystem. MED MSMEs program can facilitate the development of the Pact and the concept and user experience design for the portal. A project owner on the strategic and operational level is to be defined.

2. **Streamlining export procedures, mapping of steps and procedures for exporting SMEs**

Digitalizing a system that is not efficient makes it even worse. Export procedures are currently complex and sometimes unclear. Mapping these processes in collaboration with the working group will give all stakeholders the same understanding of the current situation but also dependencies and overlaps. The exercise of rethinking the process by leveraging design thinking (which is a methodology from the digital/ innovation space) will make it more efficient and user centered. Enabling it by a digital portal will accelerate it even more. This exercise is collaborative and will include all stakeholders of the export ecosystem to succeed. MED MSME can assist with identifying a mapping methodology and facilitating the mapping exercise and rethinking the current procedures towards a more streamlined, efficient, user-friendly process. Digitalizing it could be a subsequent step of the pilot. A project owner on the strategic and operational level is to be defined.

3. **Access to relevant information**

Lots of information is available but stays fragmented and inefficiently used unless it becomes aggregated and organized in a way that allows end beneficiaries to find relevant information in a timely manner that caters to their current needs and stage in the export process (information about the sub-sector, target markets, processes in markets, trade agreements, processes locally, certifications and standards, trainings available, funding sources, guarantees, etc). Without this kind of information and the regular update of the data, exporters will not be able to assess the opportunities or assess their competitiveness in the market. A framework for aggregation and presentation of this information needs to be designed. Inspired by the Irish or Danish export portals, a similar experience can be designed to capture information about exporting SMEs in a smart and user friendly way. The design of a dynamic portal can be facilitated by MED MSMEs with a data collection framework to allow the sustainability of this initiative. This can be considered a pilot to start with the food sector in cooperation with the Food Export Council. Project owners on the strategic and operational level are to be defined.

It is recommended to select this pilot project for the following reasons:

- Access to market information is crucial for exporting SMEs.
- SMEs' marketing constraints are largely due to their inability to be demand-driven, hence ending up being unable to market their products.
- The food sector is one of the priority sectors in the national policies and there is room for integration with other projects and initiatives such as the USAID TRADE project, which can take it to implementation.
- The business representation bodies in this sector are active (Chamber of Food Industries and the Food Export Council), hence high prospects for sustainability of the project.
- The Food Export Council has previously expressed interest in having a Business intelligence Unit and is expected to effectively cooperate in this pilot and adopt it.
- The scale of the intervention and the resources required are suitable for the MED Project resources allocated for this project.
- The nature of the project can be split into phases (e.g. starting with 2 priority sub-sectors) and not necessarily a full launch of an integrated system (e.g. unlike a digital process that has to be launched all in one step), thus convenience and flexibility in line with the resources available.

- Having an online platform for collection and sharing of information makes use of the digital efficiencies and can be integrated with or linked to e-commerce platforms in the future.

4. Design a digital transformation program for exporting SMEs

One of the main challenges of digitalization of export promotion is the level of digital readiness of the exporting SMEs themselves. Countries who came out strong out of the COVID crisis have supported their SMEs with their digital transformation. Inspired by [Malaysian](#) and [Chinese](#) bold initiatives, MED MSMEs offers to design a digital transformation framework that allows the industrialization of the advisory support to exporting SMEs. A self digital maturity assessment can be conducted to evaluate the current readiness state and articulate a desired state. MED MSMEs program can support with a concept how to get there.

H. Annex: Pilot Projects mechanisms

1. **Export pact and blueprint of a digital one stop shop portal offering services to exporting SMEs**

Action	Cooperation pact between the actors of the ecosystem for the digitalization of services dedicated to exporting SMEs. Design of the digital user experience and interactions with the actors involved. The digital portal is an aggregator of services t.o the exporter (a one stop shop, where they find information and services)
Relevance of the action: Why?	The actors of the export ecosystem are aware of the importance of coordination but need to set up a framework for this coordination for it to become systematic.
Inspiration	Italian Export Pact, Team France export Italian export portal , Industry-specific portals (France)
General objective	Increased coordination among ecosystem actors and harmonization of initiatives for providing digital services to exporters to increase the efficiency and quality of the digital service offering. Provide the exporting SME with an integrated, efficient, easy-to-understand and easy-to-follow experience.
Specific objectives	Enable ecosystem players to join forces to develop a digital service offering in the form of a single platform. Create a forum for the discussion and future development of digital export services (export procedures, export promotion, export development) that are well coordinated and adequately take into account the target group perspective. Create a design for a digital portal integrating the steps of the exporter's journey and connecting the actors involved in each step.
Expected results	A cooperation pact signed by all the actors of the ecosystem A roadmap of coordinated activities to develop digital export services, including an export platform A committee has been created to steer the implementation of the pact. A user experience defined (Users being the exporting SME but also the actors of the export ecosystem).

Project owner	to be discussed with country WG
Target group	Exporting SMEs
Activities suggested as part of the MED MSMEs program	Creation of a working group for the implementation of the Pact, with input from experts on international best practices, including the Italian Export Pact. Expert support on how to set up an export platform harmonizing current initiatives into a single portal.
Implementation timeline	November 2021 – April 2022
Deliverables	Draft pact, established Export pact, signed Roadmap for an export platform, developed Mockups and user stories developed A collaborative concept around the platform

2. **Streamlining export procedures, mapping of steps and procedures for exporting SMEs**

Action	Build a comprehensive mapping for steps and players involved in the journey of exporting SMEs. Identify bottlenecks and possibilities to rethink the process prior to digitalizing it.
Relevance of the action: Why?	Export Ecosystem players have identified the need to have a common view of the current procedures with touch points and players involved at every step. This mapping will also help identify possible data entry points and identify data collection strategies. This mapping will help assess the gaps in the current export ecosystem and rethink it partially or completely.
Inspiration	Exporter Portal (Italy) - https://export.gov.it/ PortNet (Morocco) - https://www.portnet.ma/
General objective	Simplifying export procedures first by building a common view of the current procedures map and ideas for simplification. Once simplified the procedures can be digitalized.

Specific objectives	Allow stakeholders of the export ecosystem to have a common view of the procedures by building a services map including for every step the owner, touch points, inputs and outputs, dependencies, challenges, etc. This exercise is the basic first step to start a series of design thinking workshops to, collaboratively, design the ideal process, and adjust it considering the constraints of your country.
Expected results	A comprehensive map of the current export and internationalization procedures. A conversation is initiated between stakeholders Empathy for exporting SMEs and acknowledgement of the complexity of the current procedures if applicable. Ideation for streamlined and enhanced procedures for exporting companies.
Project owner	to be discussed with working group
Target group	Export support ecosystem Final beneficiaries: exporting SMEs
Activities suggested as part of the MED MSMEs program	Working group maps procedures according to a services mapping framework suggested by experts. Map is developed in a collaborative way with the working group. Workshops facilitated by experts help working group identify challenges and potential solutions through simplification and or digitalization Design thinking workshops to design optimized procedures. Develop a concept for digitalization of the streamlined processes
Implementation timeline	November 2021 – April 2022
Deliverables	Map of current export procedures including for every step the owner, touch points, inputs and outputs, dependencies, challenges, etc. Concept for a streamlined process Concept for digitalization of the process or parts of it

3. Access to relevant information - Recommended

Action	Aggregate relevant information and provide information to SMEs that are currently or potentially exporting through a digital experience through a pilot platform specialized in the food sector.
Relevance of the action: Why?	Export Ecosystem players have identified the need to have a common view of the current procedures with touch points and players involved at every step. This mapping will also help identify possible data entry points and identify data collection strategies. This mapping will help assess the gaps in the current export ecosystem and rethink it partially or completely. There is lack of regularly updated information on specific sub-sectors and markets and the opportunities where Egyptian SMEs can be competitive. The Food Export Council is already interested in having a Business Intelligence Unit that would collect this kind of information and make it available to SMEs in operating the food sector.
Inspiration	Denmark export portal - https://thetradecouncil.dk/en/services Enterprise Ireland - https://www.enterprise-ireland.com/en/
General objective	Simplify access to relevant information (related to country processes, market information, target market information, relevant programs on the national and regional level, international databases, standards,) Aggregate information and make them available in a digital way for exporting SMEs.
Specific objectives	Allow exporting SMEs to access relevant information. Information needs to be identified, aggregated and access facilitated. Collect data and information that are relevant to priority sub-sectors. Identify complementary information on relevant enabling factors such as trade agreements, product-specific regulations, country-specific standards and certification, etc.
Expected results	Priority sub-sectors identified (suggested to start with 2 sub-sectors at this stage). Information aggregated and is simple to use. Data automatically and regularly updated.

	User experience is compatible with the profile and needs of the exporting SME
	Information curated and added systematically.
	Concept for personalization of information fine-tuned (could be a set of questions to narrow down the selection of information)
Project owner	Food Export Council
Target group	Export support ecosystem Final beneficiaries: exporting SMEs
Activities suggested as part of the MED MSMEs program	Methodologically identify priority sub-sectors to start with. Design of the digital platform experience Design a data collection framework Identify potential sources of data Learning expedition to inspiration countries
Implementation timeline	November 2021 – April 2022
Deliverables	Identification of priority sub-sectors Concept for the data collection and update (data sources identified and automatic update framework) Concept for the information portal (owner, stakeholders, roles, budget, etc) User experience for the portal (user journey, mockups, user stories)

4. **Design a digital transformation program for exporting SMEs**

Action	Design a digital transformation program for exporting SMEs
Relevance of the action: Why?	One of the main challenges of digitalization of export promotion is the level of digital readiness of the exporting SMEs themselves.

Inspiration	Malaysia, China have run massive programs to support SMEs with their digital transformation for more resilience.
	EBRD Tunisia is also running a new support program for exporting SMEs "Insadder" with a digital transformation advisory component.
General objective	Elevating the capabilities of exporting SMEs to adopt digital tools and models.
	These SMEs will then integrate easier and better in a transformation of the export promotion landscape and will make better use of any new offerings and opportunities.
	Ideally export promotion agencies would have developed libraries, SMEs could tap into.
Specific objectives	Have a clear view of the current digital maturity level of identified exporting SMEs pool.
	Establish strategic and tactical roadmaps to get them from the current state to the desired state.
	Reach a stronger maturity of exporting SMEs in all pillars of digital transformation by supporting them in the implementation of these strategies
	Create a systematic approach to delivering advisory to selected SMEs and a model that allows this concept to scale and serve a bigger number of SMEs.
	Build communities and fora where these SMEs can exchange and create a dialogue with export promotion organizations
Expected results	A clear map of the digital maturity level of a selected pool of SMEs.
	Supported SMEs progressed from current state, reaching stronger maturity levels.
	Collaboration between exporting SMEs and export promotion agencies reinforced.
	Data collection in the export ecosystem improved.
	Funding partners for the full concept identified.
Project owner	To be decided by Working Group
Target group	Exporting SMEs

Activities suggested as part of the MED MSMEs program	Build a digital transformation advisory support concept Self digital maturity assessment to be filled in by exporting SMEs in country Roadmap about how to take identified SME pool from the current maturity state to the desired state. The concept suggests an approach to support startups with roadmap implementation, additional fundings would be required for this. The concept will serve as tool to raise funds for a large program. Potential funding partners are to be identified.
Implementation timeline	November 2021 – April 2022
Deliverables by MED MSMEs	A concept and roadmap of the project (budget and delivery partner identified) Self assessment developed and delivered, Analysis of collected data