



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country  
Partnership **Egypt**



# EGYPT

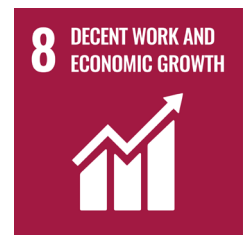
Programme for Country Partnership — PCP

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Annual Report **2020**



# SUSTAINABLE DEVELOPMENT GOALS



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# PCP EGYPT AT A GLANCE

## STATUS

Date of approval of the development of the PCP by the UNIDO Executive Board: October 2018

Programming: Initiated in 2019

**Implementation: To start in 2021**

Expected completion date: 2025

## PRINCIPLE NATIONAL POLICY / STRATEGY SUPPORTED BY THE PCP

Egypt Sustainable Development Strategy: Vision 2030

Industry and Trade Development Strategy (2016-2020)

Micro-, Small- and Medium-Sized Enterprise (MSMEs) and Entrepreneurship National Strategy (2020-2025)

## FOCUS SECTORS / AREAS

**Industrial policy and governance**

**Investment promotion**

**Green industry**

**Smart cities and sustainable industrial parks**

**Value chains**

**Mainstreaming Industry 4.0**

The sectoral priorities of the PCP are food, textiles and leather, furniture and handicrafts, chemicals, and electronics.

## MAIN PARTICIPATING MINISTRIES

Prime Minister's Office, Ministry of Trade and Industry, Ministry of Finance, Ministry of Housing and Urban Communities, Ministry of Environment, Ministry of International Co-operation, Ministry of Planning and Economic Development, Ministry of Foreign Affairs, Ministry of Agriculture and Land Reclamation, Ministry of Local Development, Ministry of Communication & Information Technology, Ministry of Public Business Sector, Micro, Small and Medium Enterprises Development Agency - Cabinet, General Authority for the Suez Canal Economic Zone - Cabinet, General Authority for Investment - Cabinet.

## KEY DEVELOPMENT PARTNERS

**Financial institutions:** African Development Bank, Afreximbank, European Bank for Reconstruction and Development, International Finance Corporation, International Fund for Agricultural Development, National Bank of Egypt, Export Development Bank, EFG Hermes and World Bank.

**Bilateral/multilateral partners:** Canada, China, European Union, Italy, Switzerland, Slovenia, Global Environment Facility, Montreal Protocol, International Islamic Trade Finance Corporation (ITFC)

**UN entities:** Food and Agriculture Organization, International Labour Organization, UN Resident Coordinator in Egypt, United Nations Development Programme, United Nations Human Settlements Programme, UN Women, International Trade Centre

**Business sector:** Alexandria Business Association, Egyptian Junior Businessmen Association, Federation of Egyptian Industries, Siemens, Huawei

**Other partners:** Organisation for Economic Co-operation and Development (OECD)

## UNIDO PROJECTS WITH FUNDING SECURED (COMPLETED AND ONGOING)

Total number of projects: 9

Total funding: \$20,060,177

Total expenditures to end of current reporting period: \$3.7 million

Total balance available: \$16.4 million

## TOTAL INVESTMENTS LEVERAGED (CUMULATIVE)

N/A

## TOTAL PCP VOLUME

N/A

# 1. EXECUTIVE SUMMARY

As part of the formulation of the Programme for Country Partnership (PCP) for Egypt, UNIDO conducted a Country Diagnostic, which was finalized during the first quarter of 2020. The Diagnostic helped to embed PCP operations in the current strategy and policy setting of Egypt, and guide the development of the programme document and technical assistance interventions within the identified priority areas. The Diagnostic also served as a baseline for additional studies conducted in 2020.

In 2020, UNIDO finalized a comprehensive PCP Egypt programme document, building on the results of the Diagnostic and consultations with national stakeholders, various technical advisors and working groups, and partners. Technical assistance for the identified PCP Egypt components was formulated under the framework of the PCP Egypt programme document. In addition, UNIDO, through the PCP, supported the development of an Inclusive and Sustainable Industrial (ISID) Road Map for Egypt covering the period 2020-2024, building on the results of the country diagnostic. The Road Map identifies six strategic dimensions for the development of the Egyptian industrial sector, which are reflected in the six components of the PCP for Egypt. The technical cooperation projects and initiatives within the framework of the PCP will serve to implement this Road Map.

In terms of coordination and governance, in March 2020, the Egyptian Prime Minister, Mostafa Madbouly, issued a decree officially establishing the High-Level National Steering Committee of the PCP, chaired by the Ministry of Trade and Industry. The Committee reports to the Prime Minister on PCP plans, operations and results. The Committee includes representation from the following ministries: Ministry of Finance; Ministry of Foreign Affairs; Ministry of Environment; Ministry of International Cooperation; Ministry of Planning and Economic Development; Ministry of Energy and Renewable Energy; Ministry of Education and Technical Education; Ministry of Higher Education; Ministry of Communication and Information Technology; Ministry of Agriculture and Land Reclamation; and the General Authority for the Suez Canal Economic Zone. The National Steering Committee convened its first meeting in October 2020 and endorsed the PCP document.

The PCP has been supporting the Government in addressing the economic and social impacts of COVID-19, in particular through the following initiatives: seven capacity-building activities on various topics including the development of an Industrial Performance Index, COVID-19 Guidelines for the Manufacturing Sector, and within the framework of some specific PCP technical cooperation (TC) projects on the topics of eco-industrial parks, circular economy, and value chain development. The PCP also contributed to the organization of a series of webinars on the strategic foresight exercise on the future of the manufacturing sector in Egypt, the drafting of three industrial strategies and policy documents (ISID Road Map for Egypt, a policy note on COVID-19 and the manufacturing sector of Egypt, and a Road Map for the personal protection equipment supply chain), as well as the publishing of five analytical studies. The analytical studies include a working paper on Egypt's industry and COVID-19 triggered transformation, an Industrial Performance Index, Guidelines for the manufacturing sector in times of COVID-19, a rapid assessment of the impact of COVID-19 on the agro-sector, and an industrial sector diagnosis for the CCA report.

UNIDO also supported the development of three concept notes: "Catapulting Egyptian SMEs into the Digital Economy", "Clusters Development and Market Access Facilitation for Handicrafts and Local Food Products in Upper Egypt", and "Market Access Facilitation Project for Typical Food Products (PAMPAT approach): Promoting Local Food for Local Markets". This is in addition to four joint programmes with other UN agencies (Section 4.2.1) and reaching out to over 50 stakeholders, engaging at programme level over 1,320 firms, institutions, government bodies and global actors.

## 2. INTRODUCTION

The Programme for Country Partnership (PCP) is UNIDO's flagship programme to support countries in achieving their long-term ISID goals. It is founded on a multi-stakeholder partnership to ensure synergy between different interventions and maximize impact. PCP interventions aim to unlock public and private investment in selected priority industrial sectors and areas. The PCP delivers an integrated service package by combining UNIDO's advisory and normative services, technical assistance and convening function. Each PCP is tailored to country needs, aligned with the national development agenda and owned by the host government.

In October 2018, the Executive Board of UNIDO approved the development of the Programme for Country Partnership (PCP) for Egypt, the second PCP in the Arab region after Morocco. In December 2018, the Director General of UNIDO met with the President of Egypt, Abdel Fattah Al-Sisi, as well as the Prime Minister, Mostafa Kemal Madbouly, and other national stakeholders during an official visit to the country, during which the Government reaffirmed its full commitment to this new phase of collaboration with UNIDO. At this occasion, meetings were also held with representatives from key national ministries, the private sector, financial institutions, the donor community and other development partners, to explore partnerships as part of the PCP.

The PCP will support Egypt in advancing ISID in line with its national policies and development strategies, including the Government of Egypt's Vision 2030, which aims to develop a competitive, balanced and diversified economy, based on innovation and knowledge, inclusiveness, and a collaborative eco-system. The programme will support the implementation of the national Industry and Trade Development Strategy 2016-2020, which seeks to increase the share of manufacturing value added from 18% to 21% of the gross domestic product. Additionally, the PCP will contribute to the implementation of the Micro, Small and Medium Enterprises (MSMEs) and Entrepreneurship National Strategy 2020-2025, which seeks to enhance the competitiveness of MSMEs and entrepreneurs.

The programming phase of the PCP was initiated in early 2019, in close collaboration with the Government of Egypt. Collaboration with the UN Country Team was initiated from the onset, with the strong support and engagement of the UN Resident Coordinator (UNRC) in Egypt. Notably, in July 2019, the UNIDO Representative in Egypt, jointly with the UNRC, met with the Prime Minister of Egypt to discuss the next steps towards the realization of the PCP.

A PCP Committee composed of senior officials from relevant ministries, chaired by the Assistant Prime Minister, was established to lead and coordinate the programming phase of PCP Egypt. The Committee held its first meeting in August 2019. It highlighted the importance of the PCP for advancing ISID in Egypt and discussed the development of a national roadmap for industrial development. The second meeting, held in September 2019, focused on the country diagnostic, the PCP's focus areas of intervention, and the overall timeframe for the PCP. In December 2019, the Director General met again with the President of Egypt to discuss the next steps for the PCP. In February 2020, Government PCP focal points validated the PCP Egypt programme document, subsequently endorsed by the high-level national PCP Steering Committee in October 2020.

The PCP has the following six main components: i) Industrial policy and governance; ii) Investment promotion; iii) Green industry; iv) Smart cities and sustainable industrial parks; v) Value chains; and vi) Mainstreaming Industry 4.0. The sectoral priorities of the PCP include chemicals, electronics, textiles,



Meeting between the UNIDO Director General, LI Yong (second from left) and the President of Egypt, Abdel Fattah Al-Sisi (third from left) during the World Youth Forum in December 2019.

# PCP Egypt focus areas and components

## PILLARS OF THE INDUSTRIAL BLUEPRINT

- Whole of government approach
- Trade to value-added manufacturing
- 4IR readiness
- Vertical with horizontal
- Clean production
- Zones to regional value-chains

## 1. INDUSTRIAL POLICY AND GOVERNANCE

### 2. SECTORIAL FOCUS

FOOD

TEXTILE  
AND  
LEATHER

FURNITURE  
AND  
HANDICRAFTS

CHEMICALS  
AND  
PLASTIC

ELECTRONICS

## 3. MAINSTREAMING THE 4<sup>TH</sup> INDUSTRIAL REVOLUTION

## 4. INVESTMENT PROMOTION

## 5. GREEN INDUSTRY

## 6. REGIONAL VALUE CHAINS, INDUSTRIAL ZONES, SMART CITIES AND REGIONAL INCLUSIVENESS



### Moving from focus areas to PCP components

## 1. INDUSTRIAL POLICY AND GOVERNANCE

## 2. INVESTMENT PROMOTION

## 3. GREEN INDUSTRY

## REGIONAL INCLUSIVENESS

## 4. SMART CITIES AND SUSTAINABLE INDUSTRIAL PARKS

## 5. VALUE CHAINS

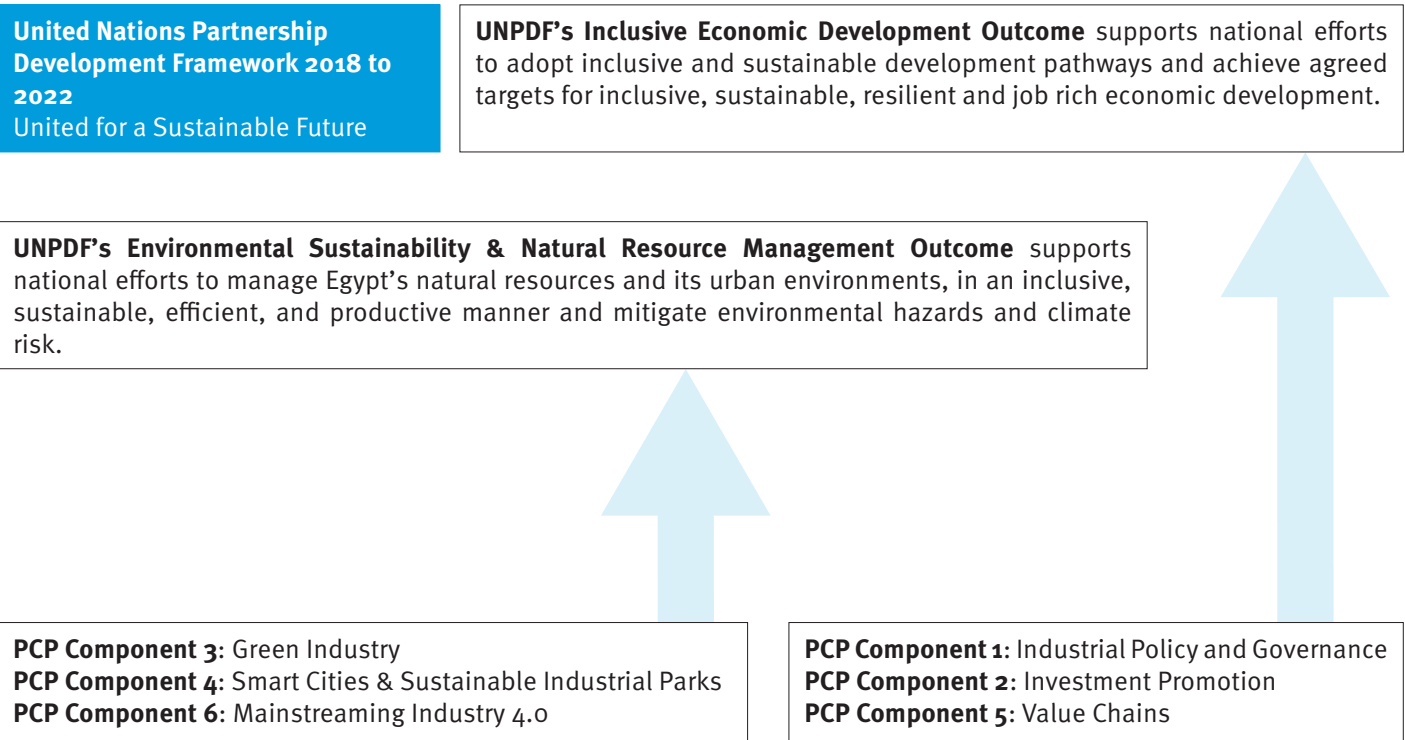
## 6. MAINSTREAMING INDUSTRY 4.0

### 3. ALIGNMENT WITH AND CONTRIBUTION TO UNSDCF

The PCP for Egypt supports the achievement of the UN Partnership Development Framework (UNPDF) covering the period 2018 to 2022. Its focus areas contribute particularly to two outcomes of the UNPDF, which are “inclusive economic development” and “environmental sustainability and natural resource management”.

The “inclusive economic development” outcome consists of three pillars, namely policy development and enhancement, institutional strengthening and capacity-building, and the provision of direct services and support to beneficiaries. Contributing to policy development and enhancement, in 2020, the Industrial Performance Index was developed within the framework of the PCP, in collaboration with the Industrial Modernization Centre (IMC) of the Ministry of Trade and Industry (MoTI), through surveying 1,300 industrial firms (large, medium and small) in key manufacturing sub-sectors. Based on the above, UNIDO worked with the Government to develop several policies to promote inclusive economic development and mitigate the negative impacts of COVID-19 on the economy. Contributing to institutional capacity-building and strengthening, UNIDO supported the IMC in their efforts to help the manufacturing sector cope with the pandemic and prevent the spread of the virus at production facilities. This included the launching of COVID-19 guidelines for the manufacturing sector in Egypt, launching of a road map for improving the personal protective equipment (PPE) value chain, etc. UNIDO is working on the formulation of proposals for PCP Egypt components on industrial policy and governance, and investment promotion, which will also contribute to the UNPDF’s inclusive economic development outcome.

UNIDO’s contribution to the UNPDF’s “environmental sustainability and natural resource management” outcome in 2020 can be categorized into two broad areas, namely access to clean and renewable energy, and ozone phase out. With the support of UNIDO, a revolving fund of \$4 million was set up and a business frame established with the National Bank of Egypt (NBE) dedicated to financing projects promoting solar thermal technology installations in the industrial sector. To secure the sustainability of the action, UNIDO provided support to the National Renewable Energy Authority (NREA) to enhance their capacity of testing solar water heater (SWH) components. In the area of ozone phase out, UNIDO supported the Government in the introduction and transformation of the foam manufacturing sector, residential air conditioning sector and the commercial air conditioning sector, to cyclopentane technology. Within the support to the overarching strategy for the servicing sector of the HCFC Phase-out, which is implemented in coordination with the UN Environment Programme, UNIDO supplied gas identifiers for training and the refrigerants surveillance programme.





## 4. PROGRAMME-LEVEL RESULTS

### 4.1. COORDINATION AND GOVERNANCE

The high-level National Steering Committee, as the national coordination body of PCP Egypt, includes representation from the following ministries: the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Environment, the Ministry of International Cooperation, the Ministry of Planning and Economic Development, and the General Authority for the Suez Canal Economic Zone. It convened its first meeting on 27 October 2020 and endorsed the PCP programme document. Additionally, the Committee agreed to form sub-committees to coordinate strategic tasks of the PCP. This will include a sub-committee to raise funds from the public budget, financial institutions and donors, composed of UNIDO, the Ministry of Trade and Industry, the Ministry of Finance, and the Ministry of Planning and Economic Development.

This high-level National Steering Committee was preceded by a PCP Committee composed of senior officials from relevant ministries, chaired by the Assistant Prime Minister, which led and coordinated the earlier programming phase of the PCP in 2019.

### NATIONAL COORDINATION BODY

#### High-Level National Steering Committee Minister of Trade and Industry – Chair

Members: (additional ones to be considered)

Ministry of Energy and Renewable Energy  
Ministry of Foreign affairs  
Ministry of Education and Technical Education  
Ministry of Higher Education  
Ministry of Planning and Economic Development  
Ministry of International Cooperation  
Ministry of Finance  
Ministry of Environment  
Ministry of Communication and Information Technology  
Ministry of Agriculture and Land Reclamation  
General Authority for the Suez Canal Economic Zone



PCP Steering Committee meeting headed by the Minister of Trade and Industry in October 2020

## 4.2. PARTNERSHIPS AND RESOURCE MOBILIZATION

The Government of Egypt is leading partner and resource mobilization for the PCP, notably through the high-level National Steering Committee, and provided support to the resource mobilization, formulation and implementation of UNIDO's technical cooperation projects within the framework of the PCP. Among these, the Ministry of Trade and Industry, the Ministry of Environment, and the Ministry of International Cooperation initiated dialogue with the Embassy of Japan in Egypt to promote collaboration between Japan and UNIDO on the topics of plastic value chains and circular economy. UNIDO developed a concept note as part of the PCP's component on green industry, with Japan identified as the potential donor. The Government of Egypt, through the Ministry of Planning and Economic Development and the Ministry of Trade and Industry, facilitated the pledged funding by the International Islamic Trade Finance Corporation towards the Better Cotton Initiative. The Government, through the Ministry of Trade and Industry and the Ministry of Environment, provided in-kind contributions and facilitated resource mobilization for a UNIDO technical project supporting inclusive green growth. Similar efforts were undertaken with regard to support by the Italian Agency for Cooperation and Development for funding Phase II of a UNIDO-implemented project focused on cotton, and preparations of the project "Greening Hurghada" for submission to the GEF-7. The Ministry of Planning and Economic Development also issued an endorsement letter for a concept note submitted to the Joint SDG Fund.

During 2020, UNIDO engaged in various activities to support the Government of Egypt, particularly the Ministry of Trade and Industry, the Ministry of Planning and Economic Development, the Ministry of Environment, the Ministry of International Cooperation, and other government affiliates, including the Micro, Small and Medium Enterprises Development Agency (MSMEDA) and the Industrial Modernization Centre (IMC), mainly in the fields of the COVID-19 response and recovery, and strengthening institutional capacity. In June 2020, UNIDO convened an Expert Group Meeting under the umbrella of the UN Inter-Ministerial Task Force on the Economic Impact of COVID-19 to examine disruptions to global value chains (GVC) and industrial policy measures needed to support the economic recovery, which led to the adoption of a comprehensive action plan. The AfDB and UNIDO joined hands with Egypt's Ministry of Trade and Industry to further investigate the impacts of COVID-19 on Egypt's participation in global and regional VCs and its impact on overall economic development.

Working with the UN Country Team and the UN Resident Coordinator in Egypt, UNIDO contributed to the preparation of the Common Country Analysis (CCA) in 2020, as the lead author of the ISID paper and co-author of three papers (Egypt's Macro-economic Landscape, Urbanization and Infrastructure, and CCA). The UNIDO Country Diagnostic (conducted as part of programming) and the UNIDO Country and Industry Profile for Egypt informed the CCA in the assessment and policy recommendations.

UNIDO also participated in various UN activities and developed a series of joint programmes/projects in 2020 including a Joint Programme (JP) concept note, titled "Digitalization support for safe recovery of micro-, small- and women-led enterprises in the manufacturing sector", with UNDP, UN Women and ILO, as well as a JP concept note on enhancing local competitiveness, sustainability, recovery and resilience for the Damietta city region project with FAO and UN-Habitat. In addition, a JP project document on "Catalyzing private investments for a green and competitive Egyptian economy" with FAO and UNDP, and a JP concept note with ILO on "Promoting Decent Jobs and Growth in High-Growth and Priority Value Chains in Egypt" were developed.

UNIDO expanded its partnership network through, for instance, enhanced cooperation with Rome-based agencies in Egypt — the World Food Programme (WFP), the Food and Agriculture Organization (FAO), and the International Fund for Agricultural Development (IFAD) — to develop a report titled "Agri-Food and COVID-19 in Egypt: Adaptation, Recovery and Transformation". The project "Utilizing Solar Energy for Industrial Process Heat in Egyptian Industry" involves a partnership with the National Bank of Egypt (NBE). A revolving fund was set up with the NBE in order to provide loans to promote the use of the Solar Water Heaters (SWH) for thermal applications in the industrial sector. To expand the scope of the project "Market access facilitation for typical agri-food products, Phase II (PAMPAT)", together with the MoTI, UNIDO initiated a partnership with the Chamber of Food Industries and the Food Export Council. Within the framework of the "Global Eco-Industrial Parks Programme", UNIDO established a partnership with the Suez Canal Economic Zone Authority and the General Authority for Investments (GAFI), and developed the country action plan.

In order to mobilize resources and develop new initiatives for the PCP, several broad consultations with stakeholders from the private sector and financial institutions were carried out in the course of 2020. For instance, during the programming of the Joint SDG Fund project on catalyzing investments, UNIDO, in collaboration with FAO and UNDP, consulted with a wide spectrum of potential partners, including financial institutions (e.g., NBE, EFG Hermes, AfDB, Afreximbank, European Bank for Reconstruction and Development), industrial park developers and associated businesses (including Polaris Industrial Parks, Elsewedy Industrial Development, Suez Industrial Development Co., Olam International, Siemens, Nilepreneurs, and the Federation of Egyptian Industries). Another example is the development of the Industrial Performance Index for which the intervention triggered consultations and discussions with stakeholders, including the World Bank, OECD, Egypt's line ministries, national research centres and think tanks, as well as social media platforms. In terms of specific TC projects, for

instance, the “Women economic empowerment” project in collaboration with the National Council for Women, MoTI and MSMEDA, initiated dialogue with Microsoft and IBM, to discuss potential cooperation particularly in the field of information and communications technologies.

### **4.3. RESULTS OF PCP ADVISORY SERVICES**

UNIDO conducted a Country Diagnostic as part of PCP programming, which included the review of the Egypt Vision 2030 and other policies and strategies relevant to industrialization, to support the identification of PCP priority sectors/areas and its technical interventions. Building on the results of the Diagnostic, UNIDO developed a Road Map for the Inclusive and Sustainable Industrial Development (ISID) of Egypt (2020-2024). Six components were identified to achieve ISID in Egypt, namely: industrial policy and governance, investment promotion, green industry, smart cities and sustainable industrial parks, value chains, and mainstreaming Industry 4.0. In addition, priority sectors were selected including chemicals, electronics, food, textiles, leather, furniture and handicrafts. Suggested measures that respond to the economic implications of COVID-19, are also included in the ISID Road Map. The PCP will serve as the implementation mechanism and action plan to achieve the strategic vision of the Road Map.

The Diagnostic also served as a baseline for additional studies conducted in 2020. UNIDO contributed to the analysis of the agro-food value chain, in collaboration with the OECD. This exercise is still in progress. In addition, UNIDO supported the multi-stakeholder Strategic Foresight Exercise of Egypt's manufacturing sector, the findings of which were presented by the Ministry of Planning and Economic Development to the Prime Minister and the Cabinet for their consideration and reference regarding the formulation of relevant policies and strategies in the future.

Due to the ongoing pandemic, PCP advisory services in 2020 mainly focused on the response to COVID-19. For instance, under the framework of PCP Egypt, UNIDO organized a webinar on the Disruptions to Global Value Chains (GVC) and Industrial Policy on 24 June 2020. The webinar produced a number of policy options and technical solutions to help Egypt's manufacturing sector cope with the impacts of COVID-19. The solutions discussed included developing a transformational industrial policy, designing an Industry 4.0 road map, establishing a digital economy observatory, infrastructure and skills upgrading for Industry 4.0, facilitating the linkages between FDIs, large public enterprises and local SMEs, moving towards a resource-efficient and green economy, supporting the competitiveness and sustainability of industrial SMEs, and enhancing Egypt's integration in Africa and the Arab region. See Section 5 for further details with regard to policy advisory services in the context of COVID-19.

### **4.4. TECHNICAL COOPERATION RESULTS**

UNIDO initiated the development of technical interventions within the identified PCP priority areas and sectors, in line with the programme document validated in March 2020, while seeking synergies with initiatives of the UN system and other partners to upscale results and leverage funds.

#### **4.4.1 PCP PRIORITY AREA: INDUSTRIAL POLICY AND GOVERNANCE**

This component focuses primarily on horizontal policies (i.e. policies with an impact across sectors and activities) and will support the design of an industrial policy as well as an industrial strategy. In 2020, UNIDO's PCP team initiated the preparation of the project document for the industrial policy and governance component, based on the findings of the Country Diagnostic. Through support to the policy process, capacity-building for Egyptian policymakers and the establishment of a policy infrastructure, the project aims to enhance the productivity and competitiveness of the manufacturing sector in Egypt.

#### **4.4.2 PCP PRIORITY AREA: INVESTMENT PROMOTION**

In 2020, UNIDO completed an inception phase of the project titled “Global Quality and Standards Programme: Strengthen- This component will focus on two key objectives to support the Government of Egypt in meeting its national targets: (1) Enhancing Egypt's capacity to attract inward foreign direct investment (FDI) in manufacturing, with an emphasis on attracting higher value-added, higher complexity FDI; and (2) Increasing linkages between multinational corporations, large private and public enterprises, and local firms to maximize benefits from these investments.

In 2020, UNIDO, UNDP and FAO jointly developed a project proposal on catalyzing private investments for a green and competitive Egyptian economy, which was submitted to the Joint SDG Fund for funding consideration in November 2020. The project focuses on green small- and medium-sized enterprises (SMEs), including early stage businesses, mainly in the agriculture and manufacturing sectors. Moreover, gender sensitive technical assistance and financing solutions will be provided to ensure that women-led, owned and majority staffed SMEs are supported.

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
200080	Catalyzing private investments for a green and competitive Egyptian economy (Joint Programme, PA)	UN Joint SDG Fund	PA 186,916

#### 4.4.3 PCP PRIORITY AREA: GREEN INDUSTRY

Interventions in the green industry component will contribute to an integrated framework linking environmental policy with skills, innovation and technology, to support Egypt’s transition towards a circular economy model. There are five ongoing projects supporting the objectives of this component.

The “Industrial Motors Energy Efficiency Programme” aims at creating the market conditions to accelerate the uptake of energy efficient motors in industry through a range of measures on policy, financing, awareness raising, and technical assistance. Activities undertaken during 2020 include: establishment of a Project Management Unit; identification and contracting of the IMC as the national execution entity; identification of policy scope; awareness raising activities initiated; development of training materials for the compressed air systems (CASO) and motor system (MSO) completed; the first round of MSO user-level training conducted for 100 persons; the first round of CASO user-level training conducted for 100 persons; and registration of 25 beneficiary factories within the project.



Training on testing protocols and procedures for solar water heating components in November 2020, as part of the UNIDO project “Solar heating for industrial processes”.



Training on business development and growth management for solar thermal markets in November 2020, as part of the UNIDO project “Solar heating for industrial processes”.

UNIDO is implementing a project on inclusive green growth, which contributes to the efforts of the Government of Egypt to boost growth, productivity and job creation, while at the same time safeguarding the environment. In 2020, UNIDO developed and launched the “Online Training on Circular Economy in Egypt”, prepared a report titled “Agri-Food and COVID-19 in Egypt: Adaptation, Recovery and Transformation”, and conducted a “Green Clusters and Value Chain Analysis and Policy and Regulatory Framework Assessment”. In total so far, 58 actors were reached by the project and 46 actors were closely engaged in the different activities, including firms, intermediary institutions, government bodies and global actors.

Another project, titled “Egypt HPMP stage II” 2nd tranche, residential air-conditioning in the manufacturing sector” contributes to the green industry priority of the PCP. As part of this, a first component is a “Group Project” for the transformation of commercial air conditioning companies, through which UNIDO provides technical assistance to the participating companies, helping them to transform their manufacturing lines and products to handle alternative low-GWP refrigerants. In 2020, discussions were undertaken with companies and service providers who will implement the project, which will focus on the phase out of HCFC-22 at three commercial air conditioning establishments, to agree on the terms of reference and the work plan. The second component is HCFC-22 conversion in the manufacture of residential air-conditioning units. In 2020, a contract was signed between UNIDO and Miraco to implement the project; a kick-off meeting was carried out to agree on the work plan. As for the other four companies (El-Araby, Fresh, Power and Unionaire), it was agreed that UNIDO will implement the project, and international bidding was undertaken to procure the manufacturing lines for the companies. The selection of suppliers is expected to be undertaken in January 2021.

Egypt also benefits from SwitchMed II, which is an interregional programme. The SwitchMed initiative aims to stimulate the creation of business opportunities and decent employment, while reducing the environmental footprint of existing economic activities in the Southern Mediterranean. SwitchMed II will build upon the results of the first phase to further support and scale-up the transition towards sustainable consumption and production practices that contribute to green and circular economy in the region. In 2020, the project obtained the national security approvals and held the kick-off meeting to agree on the country action plan.

An ongoing project focused on solar thermal use in industrial processes is also contributing to this PCP component. The project aims to develop the market environment for the diffusion and local manufacturing of solar energy systems for industrial process heat. In 2020, the framework for the certification of the Solar Water Heaters (SWH) personnel in the Egyptian market was set and a revolving fund was set up with the NBE in order to provide loans to promote the use of the SWH for thermal applications in the industrial sector. The project also provided technical assistance to support factories in completing 237 walk-throughs and 43 detailed thermal energy audits as a step towards the development of the feasibility studies for the factories to install SWH. SWH system designs were completed for 8 beneficiaries. Technical assistance was also provided for nine small- and medium-sized enterprises, start-ups, and solar energy entrepreneurs. Additionally, capacity-building conducted with a total of 104 companies and 470 trainees in different sectors to enhance the local manufacturing process, business development, steam system optimization and SWH systems’ design.

## Funding

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
160007	Industrial Motors Energy Efficiency Programme	GEF	2,799,664
170146	Inclusive green growth in Egypt	Switzerland	4,493,907
200006	EGYPT HPMP stage II 2nd tranche, residential air-conditioning manufacturing sector	Multilateral Fund for the implementation of the Montreal Protocol	3,843,214
180228	Switch-Med II (Interregional)	EU	National budget to be determined (Inter-regional total \$22,651,627)
120073	Utilizing Solar Energy for Industrial Process Heat in Egyptian Industry	GEF	1,750,393 (for 2020 and 2021)
<b>Total</b>			<b>12,887,188</b>

#### 4.4.4 PCP PRIORITY AREA: SMART CITIES AND SUSTAINABLE INDUSTRIAL PARKS

Technical interventions in this area will focus on three aspects, namely the development of sustainable industrial parks, smart cities, and integrated urban-industrial approaches. The Global Eco-Industrial Parks (EIP) Programme has a country-level intervention in Egypt focused on two outcomes: i) EIPs incentivized and mainstreamed in relevant policy and regulations, leading to an increased role of EIPs in environmental, industry and other relevant policies at the national level; and ii) EIP opportunities identified and implementation started, with environmental (e.g., resource productivity) economic and social benefits achieved by enterprises. In 2020, the Programme developed the Egypt country-level action plan, and held two awareness-raising seminars in July and December 2020, respectively. One such seminar was held for industrial park management units and service providers, and the other for government officials and lawmakers on international experiences in EIP policy development. UNIDO also carried out an assessment to identify policy and regulatory gaps for setting a favorable EIP policy framework in Egypt.

#### Funding

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
190088	Global Eco-Industrial Parks Programme - Egypt: Country Level Intervention	Switzerland	1,800,566

#### 4.4.5 PCP PRIORITY AREA: VALUE CHAINS

Value chain development provides important opportunities for Egypt to integrate into the global economy, benefit from knowledge and technology, and add value to products. Interventions within this priority area seek to improve the performance and competitiveness of selected value chains, in line with the objectives of the national Sustainable Development Strategy: Egypt Vision 2030, and more particularly the first pillar on economic development.

UNIDO is implementing two projects to support value chain development in Egypt. The first focuses on the tomato value chain by increasing value addition and enhancing the technical capacities of youth, thereby enhancing their employability and job/business opportunities. This project focuses on the establishment of a Pilot Training and Service Center, primarily serving the tomato processing value chain, by linking primary producers with the processing industry, and offering support services and specialized training courses to support innovative products and/or processes for increased market competitiveness.

The project is still at an early stage of implementation; the kick-off meeting with national counterparts and donors was held in 2020. The second project focuses on women's economic empowerment for inclusive and sustainable growth and targets five value chains: agri-business, creative industries, energy, tourism, and information technology. This project is being implemented through a consortium composed of UN Women and UNIDO. The initiative is expected to result in enhanced participation of women in the target sectors, increased productivity of businesses, strengthened ability of women-led businesses to attract and retain workers (women and men), increased employment of women by businesses, and enhanced employability of women in the sectors of focus. The primary target of the project is women; however, the interventions proposed include men as implementers and beneficiaries. The project is in its early stages of implementation; an action plan, the target value chains and the geographical focus of the project were identified, and a mapping of value chains in two of the target sectors started in 2020.

#### Funding

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
170251	Inclusive and sustainable development of the tomato value chain in Egypt	Slovenia & Italy	2,111,242
150385	Women's economic empowerment for inclusive and sustainable growth	Canada	2,641,963
<b>Total</b>			<b>4,753,205</b>

#### 4.4.6 PCP PRIORITY AREA: MAINSTREAMING INDUSTRY 4.0

The main goal of the Industry 4.0 component of the PCP is to support Egypt in consolidating its transition to the new Industrial Revolution through the following:

- Developing a national Industry 4.0 policy and road map
- Upgrading the existing technology and innovation centers
- Preparing Industry 4.0 curricula to support skills development
- Implementing tailored Industry 4.0 technologies for smart cities
- Promoting the development of the electronics sector through Industry 4.0 technology integration
- Enhancing national quality infrastructure through Industry 4.0
- Supporting value chain development through E-commerce integration
- Establishing an industrial design development acceleration programme

UNIDO's PCP team initiated the formulation of the project document on mainstreaming Industry 4.0, and initiate collaboration with Huawei Technologies Egypt and the Ain Shams University. In addition, in June 2020, UNIDO participated in the webinar titled "Supporting Economic Resilience and Recovery from COVID-19 through Digitalization", which helped to develop a set of recommendations to support the Government of Egypt in responding to COVID-19 by adopting an economic digitalization road map.

#### 4.4.7 CROSS-CUTTING INTERVENTIONS

Data shows that there is a high gender gap among business owners in Egypt. Women-led enterprises account for 9% of total business owners, as compared to a global average of approximately 30%<sup>1</sup>. Moreover, the Egyptian women-owned enterprises are highly concentrated in low technology sectors as the agriculture sector absorbs 58% of women-led enterprises, followed by wholesale and retail at 32%, then the manufacturing sector at 3%<sup>2</sup>.

Additionally, there is a gender imbalance in employment within the manufacturing sector. Males represent 13.5%, while females account for 5.8% of total employment<sup>3</sup>. Egypt lags behind many countries as female employment in Tunisia accounts for 32.2%, Malaysia 16.7%, Indonesia 15.6%, Turkey 14.1%, and Morocco 11.3%<sup>4</sup>. This gender gap is the result of different challenges including the levels of skills, education and experience, access to markets, finance, business development services, information and technology, as well as roles and responsibilities assigned to women.

UNIDO projects within the PCP will therefore also address constraints hindering women's access to the labour market, with a focus on women entrepreneurship and micro-, small-, and medium-sized enterprises. PCP Egypt pays special attention to developing entrepreneurial and technical skills of women, enabling them to increase their employability, engage in productive activities and sustainably generate income, thereby improving their socio-economic security. Interventions that contribute to this cross-cutting area will be implemented within the framework of the ongoing project on "Women's economic empowerment for inclusive and sustainable growth", and the pipeline project of "Catalyzing private investments for a green and competitive Egyptian economy", which was submitted to the Joint UN SDG Fund.

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<sup>1,2</sup> ILO (2016). Women's entrepreneurship development assessment: Egypt; available on: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---ifp\\_seed/documents/publication/wcms\\_551168.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_551168.pdf)

<sup>3,4</sup> International Labour Organization. (2020). ILOSTAT database; available on: <https://ilostat.ilo.org/data/>

## 5. RESPONSE TO COVID-19

In line with the [Organization's response framework to the COVID-19 pandemic](#), which supports Member States to “prepare and contain, respond and adapt, recover and transform”, UNIDO is working with partners to provide tailored solutions to help Egypt recover and build an inclusive, sustainable and resilient economy.

In collaboration with the Industrial Modernization Centre (IMC) of Egypt's Ministry of Trade and Industry, UNIDO produced an Industrial Performance Index (IPI) to measure the impact of COVID-19 on the manufacturing sector. UNIDO surveyed 1,300 industrial firms (large, medium and small) in the key manufacturing sub-sectors. Results show that the IPI recorded a score of 0.413, which reflects the negative impact of COVID-19 on the manufacturing sector in Egypt. The majority of surveyed enterprises suffered reductions in their sales and exports scoring 0.26, labor force scoring 0.28, finance and cash flow scoring 0.30, production and supply chain scoring 0.31, and tax payment ability scoring 0.37. Small firms were most impacted as their IPI indicated a drop of 0.39, followed by medium enterprises (0.42), then large corporations (0.43). On the other hand, a rise in the application of communication technologies was observed during the crisis. The communication technology sub-index recorded 0.75, where the majority of industrial firms explored a diversity of technological tools to manage their businesses and retain their customers. The IPI informed policymakers about the performance of the manufacturing sector during the crisis, and triggered consultations and discussions with various stakeholders, including the World Bank, the OECD, and national ministries, research centres and think tanks. The IPI will be measured periodically by the IMC. In view of this, UNIDO provided capacity-building services to IMC experts, covering the IPI methodology, sampling, analytical tools and report writing.

UNIDO also developed and published guidelines for the manufacturing sector during the COVID-19 crisis and a road map for improving the production of personal protection equipment (PPE) in Egypt. The road map contains six pillars: 1) Raising public awareness about the importance of PPE in containing COVID-19; 2) Investing in spun-melt technology; 3) Strengthening audit and regulatory bodies; 4) Providing business development services to PPE sector; 5) Increasing the supply of PPE by introducing public-private partnerships; and (6) Repurposing of manufacturing facilities as a temporary measure to produce PPE.

Working with other entities of the UN development system in Egypt, UNIDO:

- Contributed to the COVID-19 Socio-Economic Response and Recovery Plan for Egypt and the United Nations Country Preparedness and Response Plan, in collaboration with the UN Country Team.
- Contributed to the UN Inter-Ministerial Task Force on Covid-19's Economic Impact in Egypt. Two webinars were held: the first one on “Supporting Economic Resilience and Recovery From COVID-19 through Digitalization,” which was moderated by UNDP; and the second on “Disruptions to Global Value Chains and Industrial Policy”, which was moderated by UNIDO.
- Contributed to the assessment of “Leaving no one behind in the time of COVID-19”.
- Organized the multi-stakeholder strategic foresight exercise with the UN Resident Coordinator's Office and ITC to plan scenarios, guide decision-making and prepare for the future of manufacturing sector.
- Supported the UN Egypt COVID-19 insight series, which aims to promote the UN's analytical work and studies related to COVID-19.
- Conducted an industrial sector diagnosis for the CCA report.
- Contributed to a rapid situational analysis on the implications of COVID 19 on the agro-food sector jointly with the World Food Programme (WFP), the Food and Agriculture Organization (FAO), and the International Fund for Agricultural Development (IFAD). The Ministry of Planning and Economic Development expressed its willingness to use the analysis and data of the report as baseline for the Ministry's strategy concerning the sector's development.

In addition, UNIDO was involved in the development of various Joint Programmes (JPs) with other United Nations entities to mitigate the negative effects of COVID-19, as follows:

- Submitted the JP proposal on “Catalyzing private investments for a green and competitive Egyptian economy”, with FAO and UNDP, to the Joint SDG Fund.
- Submitted two JP concept notes to the United Nations COVID-19 Response and Recovery Multi-Partner Trust Fund: 1) “Digitalization support for safe recovery of micro, small and women-led enterprises in the manufacturing sector” with UNDP, UN Women and ILO; and 2) “Enhancing Local competitiveness, preparedness, recovery and resilience for Damietta” with UN-Habitat, FAO and WHO. The two projects were shortlisted by the UNRC for the pipeline.
- Developed the joint concept note with ILO entitled “Promoting decent jobs in high-growth and priority value chains in Egypt”.
- Initiated the preparation of a joint concept note with UN-Habitat on smart cities.



## 6. LESSONS LEARNED AND BEST PRACTICES

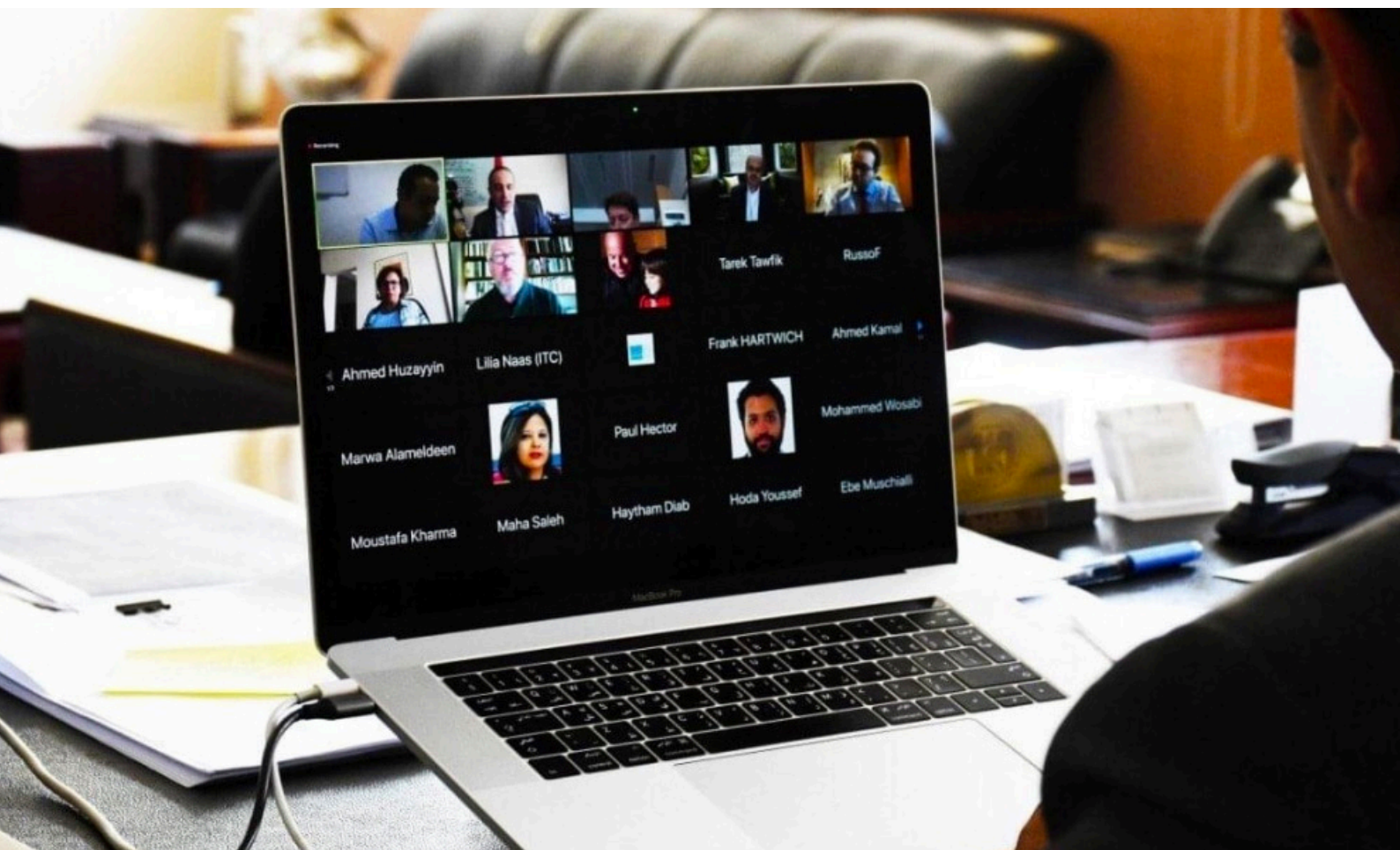
**Partnerships:** Partnerships with all relevant stakeholders are critical elements to the success of the PCP. UNIDO and the Government established a broad partnership network with the UNRC and UNCT, financial institutions, donor agencies, and the private sector from the onset of the programming phase. At the technical cooperation project level, leveraging private sector partnerships in designing new initiatives will bring added value and vitality. An example of this is the collaboration and consultation with the private sector (e.g., Siemens, Olam spices), which contributed to the design of the Joint Programme submitted to the Joint SDG Fund.

**Digitalization:** New technologies are contributing to the fight against COVID-19, and digital solutions will remain essential to the survival of many industries in the face of the ongoing pandemic. Interventions should support national capacity-building for the production of national-level data and statistics for the manufacturing sector, and investing in information and communication technologies and digitalization.

## 7. COMMUNICATION

Different communication tools were used in 2020 to raise awareness of the PCP and the industrial development projects in Egypt, and showcase their impact on the economy and contribution to achieving the SDGs. Due to COVID-19, various analytical works conducted by UNIDO were promoted on the [UNIDO Egypt Webpage](#), [UNIDO PCP Egypt Webpage](#), and UNIDO's platforms on [facebook](#), [linkedin](#), and [twitter](#). In an effort to have a greater outreach, all ongoing UNIDO projects through their social media platforms promote their success stories and achieved outcomes. The following are their Facebook pages: [The Egyptian Cotton Project](#), [Inclusive Green Growth Egypt](#), [Solar Heating for Industrial Process](#), and [MOTORS](#).

Webinar on disruptions to global value chains and industrial policy, June 2020.



## 8. UPCOMING MILESTONES AND MAJOR RESULTS EXPECTED IN 2021

The official signing ceremony of the PCP document by the Government of Egypt and UNIDO is expected towards the beginning of 2021. UNIDO's PCP team will continue the implementation of ongoing projects, and promote the formulation and resource mobilization of key pipeline projects, together with the Government (see Annex 1).

In 2021, PCP Egypt will also focus on solutions to mitigate the negative impacts of COVID-19 and support Egypt's socio-economic recovery. As part of this, it is expected to complete the study on Egypt's participation in global and regional value chains in times of COVID-19 in collaboration with the AfDB. The final report will contain policy recommendations and implementation guidelines, and include the required financial and technical support services, with a set of key performance indicators measuring the effects of policy implementation and investment generation. These recommendations will further cover both macro (i.e. horizontal) and sectoral (i.e. vertical) policies.

The PCP will also promote knowledge sharing and experience sharing through global forums and activities, including the International Expert Group Meeting-Industry 4.0 in Egypt: Opportunities, Challenges and the Way Forward, and the Forum-Egypt Can by Industry, in collaboration with the Ministry of Emigration, which will address challenges and opportunities of technical and vocational education and training in Egypt, benefitting from UNIDO's expertise. The PCP will also support a policy dialogue webinar, in collaboration with the AfDB, to discuss the results of the study on Egypt's participation in global and regional value chains in times of COVID-19, which focuses on three sectors (i.e. food/agro-industry, pharmaceuticals, and electrical appliances and electronics).

## 9. ANNEX 1: PCP PORTFOLIO OVERVIEW

ERP ID	PCP component or cross-cutting area	Ongoing project / sub-programme title	Donor	Funding (US\$)
160107	Green Industry	Industrial Motors Energy Efficiency Programme	GEF	2,799,664
170146	Green Industry	Inclusive green growth in Egypt	Switzerland	4,493,907
200006	Green Industry	EGYPT HPMP stage II 2nd tranche, residential air-conditioning manufacturing sector	Multilateral Fund for the implementation of the Montreal Protocol	3,843,214
180228	Green Industry	Switch-Med II (Interregional)	EU	National budget to be determined (Interregional total \$22,651,627)
120073	Green Industry	Utilizing Solar Energy for Industrial Process Heat in Egyptian Industry	GEF	1,750,393 (for 2020 and 2021)
190088	Smart Cities and Sustainable Industrial Parks	Global Eco-Industrial Parks Programme - Egypt: Country Level Intervention	Switzerland	1,800,566
170251	Value Chains	Inclusive and sustainable development of the tomato value chain in Egypt	Slovenia & Italy	2,111,242
150385	Value Chains	Women's economic empowerment for inclusive and sustainable growth	Canada	2,641,963
200080	Investment Promotion	Catalyzing private investments for a green and competitive Egyptian economy (Joint Programme, PA)	UN Joint SDG Fund	PA 186,916
190029	Cross-cutting: Programming and coordination	Programme for Country Partnership in Egypt	Partnership Trust Fund- China	432,303
<b>Total</b>			<b>US\$ 20,060,177</b>	

ERP ID	PCP component or cross-cutting area	Pipeline project / sub-programme title	Potential donor	Estimated funding (US\$)
190152	Green Industry	Promoting circular economy practices in the single-use plastic value chain	Government of Japan	3,500,000
180313	Smart Cities and Sustainable Industrial Parks	Greening Hurghada	GEF	TBD
	Value Chains	Promoting Decent Jobs and Growth in High-Growth and Priority Value Chains in Egypt	TBD	5,000,000
	Value Chains	Trade and Domestic Market Enhancement Programme	EU	TBD
160068	Value Chains	Better Cotton Initiative	International Islamic Trade Finance Corporation (ITFC)	75,000
	Value Chains	The Egyptian Cotton Project - Phase II	Italian Agency for Cooperation and Development (AICS)	TBD
<b>Total estimated</b>			<b>US\$ 8,575,000</b>	

For more information, please scan the QR Code to  
[access the PCP Egypt UNIDO website.](#)



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